

**SCANWOLF**®

Scanwolf Corporation Berhad

200601021156 (740909-T)



*REACHING THE*  
**PRECISE VISION**

Annual Report 2021



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## REACHING THE PRECISE VISION



Scanwolf Corporation Berhad is reaching its precise vision, sprinting towards the right direction despite hard times. With the right speed and mile, the Company will move forward and breakthrough any challenges with great persistent and great condition. The Company will ensure its business to sustain through its way to great vision, perfecting the finishing to all its products and services to ensure its success.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting ("15<sup>th</sup> AGM") of the Company will be conducted on a fully virtual basis by way of live streaming and online remote voting through the Remote Participation and Voting ("RPV") facilities via TIH Online websites at <https://tih.online> or <https://tih.com.my> (Domain Registration No. with MYNIC: D1A282781) on Friday, 26 November 2021 at 10:30 a.m. for the following purposes:-

## AGENDA

### As Ordinary Business:

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2021 and the Reports of the Directors and Auditors thereon. **Please refer to the Explanatory Notes**
2. To approve the payment of Directors' fees and benefits amounting to RM155,200.00 for the financial year ended 30 June 2021. **Ordinary Resolution 1**
3. To approve the payment of Directors' fees and benefits amounting to RM156,500.00 for the financial year ending 30 June 2022. **Ordinary Resolution 2**
4. To re-elect the following Directors retiring under the respective provision of the Constitution of the Company, and who being eligible, offer themselves for re-election:
  - (a) Dato' Tan Sin Keat - Article 95 **Ordinary Resolution 3**
  - (b) Encik Saffie Bin Bakar - Article 95 **Ordinary Resolution 4**
  - (c) Mr. Cheong Chen Khan - Article 102 **Ordinary Resolution 5**
5. To re-appoint Messrs. PKF as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

### As Special Business:

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

#### **AUTHORITY TO ISSUE SHARES**

6. "That pursuant to Sections 75 & 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Main LR") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any right granted, to be issued from conversion of any securities, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate")." **Ordinary Resolution 7**

"THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021."



# NOTICE OF ANNUAL GENERAL MEETING (Cond't)

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## As Special Business: (Cond't)

To consider and if thought fit, to pass with or without modifications the following resolution:- (Cond't)

### **AUTHORITY TO ISSUE SHARES (Cond't)**

"That with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Main LR provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights grants, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate")."

"That the Proposed 10% General Mandate shall continue to be in force until:

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

which is the earlier."

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandates")

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

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

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

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

By Order of the Board,

**WONG YEE LIN (MIA15898)**  
**SSM Practicing No: 201908001793**

**HING POE PYNG (MAICSA 7053526)**  
**SSM Practicing No: 202008001322**  
Joint Company Secretaries

Penang

Date: 28 October 2021



# NOTICE OF ANNUAL GENERAL MEETING (Cond't)

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## Notes :

1. The 15<sup>th</sup> AGM will be conducted on a fully virtual basis via TIIH Online website at <https://tiih.online>, members/proxies/corporate representatives/attorneys are advised to refer to the Administrative Guide on the registration and voting process for the 15<sup>th</sup> AGM.
2. Members/proxies/corporate representatives/attorneys are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the 15<sup>th</sup> AGM via the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn Bhd (the "**Share Registrar**", "**Tricor**" or "**TIIH**") via its TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV provided in the Administration Guide of the 15<sup>th</sup> AGM and read the notes therein in order to participate remotely via RPV.
3. A member entitled to attend and vote is entitled to appoint at least one (1) proxy but not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportions of shareholdings to be represented by each proxy are specified.
5. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
6. A member who has appointed a proxy or attorney or corporate representative to attend and vote at the 15<sup>th</sup> AGM must request his/her proxy or attorney or corporate representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Guide of the 15<sup>th</sup> AGM.
7. To be valid, the instrument appointing a proxy must be deposited at the Registered Office, 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang, Malaysia not less than twenty-four (24) hours before the time for holding the Meeting or any adjournments thereof PROVIDED that in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).
8. Please ensure **ALL** the particulars as required in the Proxy Form are completed, signed and dated accordingly.
9. Last date and time for lodging the Proxy Form is **Thursday, 25 November 2021 at 10.30 a.m.**
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Registered Office, 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang, Malaysia not less than twenty-four (24) hours before the time for holding the Meeting or any adjournments thereof at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. For a corporate member who has appointed an authorised representative, please deposit the **original or duly certified** certificate of appointment of authorised representative at the Registered Office, 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang, Malaysia not less than twenty-four (24) hours before the time for holding the Meeting or any adjournments thereof. The certificate of appointment of authorised representative should be executed in the following manner:
  - a. If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - b. If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - i. at least two (2) authorised officers, of whom one shall be a director; or
    - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.



# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Notes : (Cont'd)

12. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69(2) of the Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at 18 November 2021 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
13. All resolutions as set out in this notice of 15<sup>th</sup> AGM are to be voted by poll.

## **Explanatory Note on Ordinary Business**

### **Agenda 1 - To receive the Audited Financial Statements for the financial year ended 30 June 2021 and the Reports of the Directors and Auditors thereon.**

This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

### **Ordinary Resolution 1 – To approve the payment of Directors' fees and benefits amounting to RM155,200.00 for the financial year ended 30 June 2021.**

The proposed Ordinary Resolution 1, if passed, will authorise the payment of Directors' benefits pursuant to Article 104 of the Company's Constitution and Section 230(1) of the Companies Act 2016.

### **Ordinary Resolution 2 – To approve the payment of Directors' fees and benefits amounting to RM156,500.00 for the financial year ending 30 June 2022.**

The proposed Ordinary Resolution 2 is to facilitate payment of Directors' fees and benefits on current financial year basis, calculated based on the number of scheduled Board and Board Committee meetings for year 2022 and assuming that all Directors will hold office until the end of the financial year. In the event the Directors' fees and benefits proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees and benefits to meet the shortfall.

## **Explanatory Note on Special Business**

### **Ordinary Resolution 7 – Authority to issue shares**

The proposed Resolution 7, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021. However if the 20% mandate is not utilised by 31 December 2021, it will revert to the original 10% limit ("Proposed 10% General Mandate") as prescribed in Paragraph 6.03 of the Main LR if exercise on or after 1 January 2022.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution 7 is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval as to avoid incurring additional costs and time.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions, settlement of banking facilities and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grants of rights to subscribe, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, no new shares of the Company were issued pursuant to the mandate granted at the last Annual General Meeting held on 27 November 2020 and which will lapse at the conclusion of this Annual General Meeting.

A renewal of this authority is being sought at the 15<sup>th</sup> Annual General Meeting under proposed Ordinary Resolution 7.

## **PERSONAL DATA POLICY**

By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company (and/or its agents/ service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting, and any adjournment thereof.



# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

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As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 7 as stated in the Notice of Annual General Meeting of the Company for the details.

## NOTES ON ADMINISTRATIVE MATTERS

Please refer to the Letter to Shareholders for details on administrative matters for the AGM.



# ADMINISTRATIVE GUIDE

## FIFTEENTH ANNUAL GENERAL MEETING OF SCANWOLF CORPORATION BERHAD

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Meeting Date	: Friday, 26 November 2021
Time	: 10.30 a.m.
Online Meeting Platform	: TIIH Online websites at <a href="https://tiih.online">https://tiih.online</a> or <a href="https://tiih.com.my">https://tiih.com.my</a> (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia

### MODE OF MEETING

As a result of the implementation of the Phase 3 of National Recovery Plan (“NRP”), the Securities Commission Malaysia had revised the Guidance Note and FAQs on the conduct of General Meetings for Listed Issuers (the “**Revised Guidance Note and FAQs**”) stated that with effective from 16 July 2021, any general meeting conduct during Phase 3 of NRP, is encouraged to conduct a fully virtual general meeting where all meeting participants including the Chairman of the meeting, board members, senior management and members are required to participate in the meeting via online.

### REMOTE PARTICIPATION AND VOTING (“RPV”) FACILITIES

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “**participate**”) remotely at the 15<sup>th</sup> Annual General Meeting (“**15<sup>th</sup> AGM**”) using RPV Facilities provided by Tricor Investor & Issuing House Services Sdn Bhd (the “**Share Registrar**” or “**Tricor**” or “**TIIH**”) via its **TIIH Online** website at <https://tiih.online>.

Members who appoint proxies to participate via RPV Facilities in the 15<sup>th</sup> AGM must ensure that the duly executed Proxy Form are deposited in a hard copy form to the Registered Office no later than **Thursday, 25 November 2021 at 10.30 a.m.**

Corporate representatives of corporate members must deposit their **original or duly certified** certificate of appointment of corporate representative to the Registered Office not later than **Thursday, 25 November 2021 at 10.30 a.m.** in order to participate the 15<sup>th</sup> AGM via RPV Facilities.

Attorneys appointed by power of attorney are to deposit their power of attorney to the Registered Office not later than **Thursday, 25 November 2021 at 10.30 a.m.** in order to participate the 15<sup>th</sup> AGM via RPV Facilities.

**A member who has appointed a proxy or attorney or authorised representative to participate at this 15<sup>th</sup> AGM via RPV Facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.**

As the 15<sup>th</sup> AGM of Scanwolf Corporation Berhad (“**Scanwolf**”) is a fully virtual 15<sup>th</sup> AGM, members who are unable to participate in this 15<sup>th</sup> AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.





# ADMINISTRATIVE GUIDE (Cond't)

## FIFTEENTH ANNUAL GENERAL MEETING OF SCANWOLF CORPORATION BERHAD

### PROCEDURES FOR RPV FACILITIES

Members/proxies/corporate representatives/attorneys who wish to participate the 15<sup>th</sup> AGM remotely using the RPV Facilities are to follow the requirements and procedures as summarised below:

	Procedure	Action
<b>BEFORE THE 15<sup>TH</sup> AGM DAY</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services" select "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.</li> </ul>
(b)	Submit your request to attend 15 <sup>th</sup> AGM remotely	<ul style="list-style-type: none"> <li><b>Registration is open from 10.00 a.m. Thursday, 28 October 2021 until the day of 15<sup>th</sup> AGM, Friday, 26 November 2021.</b> Member(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 15<sup>th</sup> AGM to ascertain their eligibility to participate the 15<sup>th</sup> AGM using the RPV.</li> <li>Login with your user ID and password and select the corporate event: <b>"(REGISTRATION) SCANWOLF 15TH AGM"</b>.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select "Register for Remote Participation and Voting".</li> <li>Review your registration and proceed to register.</li> <li>System will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors as at <b>18 November 2021</b>, the system will send you an <b>e-mail after 25 November 2021 to approve or reject</b> your registration for remote participation.</li> </ul> <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i></p>
<b>ON THE 15<sup>TH</sup> AGM DAY (26 November 2021)</b>		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 15<sup>th</sup> AGM at any time from <b>9.30 a.m.</b> i.e. 1 hour before the commencement of the 15<sup>th</sup> AGM on <b>Friday, 26 November 2021 at 10.30 a.m.</b></li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: <b>"(LIVE STREAM MEETING) SCANWOLF 15TH AGM"</b> to engage in the proceedings of the 15<sup>th</sup> AGM remotely.</li> <li>If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the 15<sup>th</sup> AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences from <b>10.30 a.m. on Friday, 26 November 2021</b> until a time when the Chairman announces the completion of the voting session of the 15<sup>th</sup> AGM.</li> <li>Select the corporate event: <b>"(REMOTE VOTING) SCANWOLF 15TH AGM"</b> or if you are on the live stream meeting page, you can select <b>"GO TO REMOTE VOTING PAGE"</b> button below the Query Box.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the 15<sup>th</sup> AGM, the live streaming will end.</li> </ul>



# ADMINISTRATIVE GUIDE (Cond't)

## FIFTEENTH ANNUAL GENERAL MEETING OF SCANWOLF CORPORATION BERHAD

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### Note to users of the RPV Facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

### PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Members may submit questions for the Board prior to the 15<sup>th</sup> AGM via Tricor's **TIIH Online** website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Thursday, 25 November 2021** at **10.30 a.m.** The Board will endeavour to answer the questions received at the 15<sup>th</sup> AGM.

### ENTITLEMENT TO PARTICIPATE / GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears on the ROD as at **18 November 2021** shall be entitled to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the 15<sup>th</sup> AGM or appoint proxies/corporate representatives/attorneys to participate remotely on their behalf.

### APPOINTMENT OF PROXY / CORPORATE REPRESENTATIVES / ATTORNEYS

The 15<sup>th</sup> AGM will be conducted in a fully virtual basis via TIIH Online Platform, if you are unable to participate the meeting via RPV on 26 November 2021, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Proxy Form.

Accordingly, Proxy Form and/or document relating to the appointment of proxy/corporate representative/attorney for the 15<sup>th</sup> AGM shall be deposited at Registered Office, 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang, Malaysia not later than **Thursday, 25 November 2021** at **10.30 a.m.**, otherwise the Proxy Form and/or document relating to the appointment of proxy/corporate representative/attorney shall not be treated as valid.

### POLL VOTING

The Voting at the 15<sup>th</sup> AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Members can proceed to vote on the resolutions at any time from the commencement of the 15<sup>th</sup> AGM at 10.30 a.m. but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to the note above, "Procedures for RPV Facilities" for guidance on how to vote remotely from **TIIH Online** website at <https://tiih.online>.

Upon completion of the voting session for the 15<sup>th</sup> AGM, the Scrutineers will verify the poll results followed by the Chairman to declare whether the resolutions are duly passed.

### ANNUAL REPORT 2021

The Company's Annual Report 2021 is available at the Company's website at [http://www.scanwolf.com/investor\\_relation.html](http://www.scanwolf.com/investor_relation.html).

Should you require a printed copy of the Annual Report 2021, please request at our Share Registrar's website at <https://tiih.online> by selecting "Request for Annual Report/Circular" under the "Investor Services". Alternatively, you may also make your request through telephone/e-mail to our Share Registrar at the number/e-mail addresses give below. We will send it to you by ordinary post as soon as possible upon receipt of your request. Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.



# ADMINISTRATIVE GUIDE (Cond't)

## FIFTEENTH ANNUAL GENERAL MEETING OF SCANWOLF CORPORATION BERHAD

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### NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the 15<sup>th</sup> AGM since the meeting is being conducted on a fully virtual basis.

We would like to thank our members for your kind co-operation and understanding in these challenging times.

### RECORDING OR PHOTOGRAPHY

Strictly **NO** unauthorised recording or photography of the proceedings of the 15<sup>th</sup> AGM is allowed.

### ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

#### Share Registrar – Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299

Fax Number : +603-2783 9222

Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

#### Contact Persons

- Mr. Jake Too : +603-2783 9285 / Email : [Chee.Onn.Too@my.tricorglobal.com](mailto:Chee.Onn.Too@my.tricorglobal.com)
- Ms. Vivien Khoh : +603-2783 9091 / Email : [Vivien.Khoh@my.tricorglobal.com](mailto:Vivien.Khoh@my.tricorglobal.com)
- Mr. Alven Lai : +603-2783 9283 / Email : [Siew.Wai.Lai@my.tricorglobal.com](mailto:Siew.Wai.Lai@my.tricorglobal.com)



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Lau Tiang Hua**  
Non-Independent Non-Executive Director/ Chairman

**Dato' Tan Sin Keat**  
Executive Director

**Mr. Ng Chee Wai**  
Executive Director

**Mr. Ong Sing Guan**  
Independent Non-Executive Director

**Mr. Liew Peng Chuen @ Liew Ah Choy**  
Independent Non-Executive Director

**Encik Saffie Bin Bakar**  
Independent Non-Executive Director

**Mr. Cheong Chen Khan**  
Non-Independent Non-Executive Director  
(appointed on 4 October 2021)

## AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman  
**Mr. Ong Sing Guan**

Members  
**Mr. Liew Peng Chuen @ Liew Ah Choy**  
(appointed on 1 September 2020)

**Encik Saffie Bin Bakar**  
(appointed on 1 September 2020)

## REMUNERATION COMMITTEE

Chairman  
**Encik Saffie Bin Bakar**  
(appointed on 1 September 2020)

Members  
**Mr. Liew Peng Chuen @ Liew Ah Choy**  
(appointed on 1 September 2020)

**Mr. Ong Sing Guan**

## NOMINATION COMMITTEE

Chairman  
**Mr. Liew Peng Chuen @ Liew Ah Choy**  
(appointed on 1 September 2020)

Members  
**Mr. Ong Sing Guan Encik Saffie Bin Bakar**  
(appointed on 1 September 2020)

## COMPANY SECRETARIES

**Ms. Hing Poe Pyng**  
(MAICSA 7053526)  
SSM PC NO. 202008001322

**Ms. Wong Yee Lin**  
(MIA15898)  
SSM PC NO. 201908001793

## REGISTERED OFFICE

51-8-A, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 George Town  
Pulau Pinang, Malaysia.  
Tel No.: 04-373 6616  
Fax No.: 04-373 6615

## SHARE REGISTRAR

**Tricor Investor & Issuing House Services Sdn Bhd**  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No.8, Jalan Kerinchi,  
59200 Kuala Lumpur, Malaysia.

**Tricor Customer Service Centre**  
Unit G-3, Ground Floor,  
Vertical Podium,  
Avenue 3, Bangsar South,  
No.8, Jalan Kerinchi,  
59200 Kuala Lumpur, Malaysia.  
Tel No.: 03-2783 9299  
Fax No.: 03-2783 9222  
Email: [is.enquiry@mytricorn.org](mailto:is.enquiry@mytricorn.org)  
Website: [www.tricorn.org](http://www.tricorn.org)

## BUSINESS ADDRESS

No.19, 19A, 19B & 19C,  
Jalan Pusat Perniagaan Falim 5,  
Pusat Perniagaan Falim,  
30200 Ipoh, Perak.  
Tel No.: 05-285 0063  
Fax No.: 05-285 0072

## PRINCIPAL BANKERS

RHB Bank Berhad  
Malayan Banking Berhad  
Pac Lease Berhad

## AUDITORS

**PKF**  
No.9 Lebuhr Lasam,  
30350 Ipoh,  
Perak.  
Tel No.: 05-241 1770  
Email: [general@pkfmalaysia.com](mailto:general@pkfmalaysia.com)

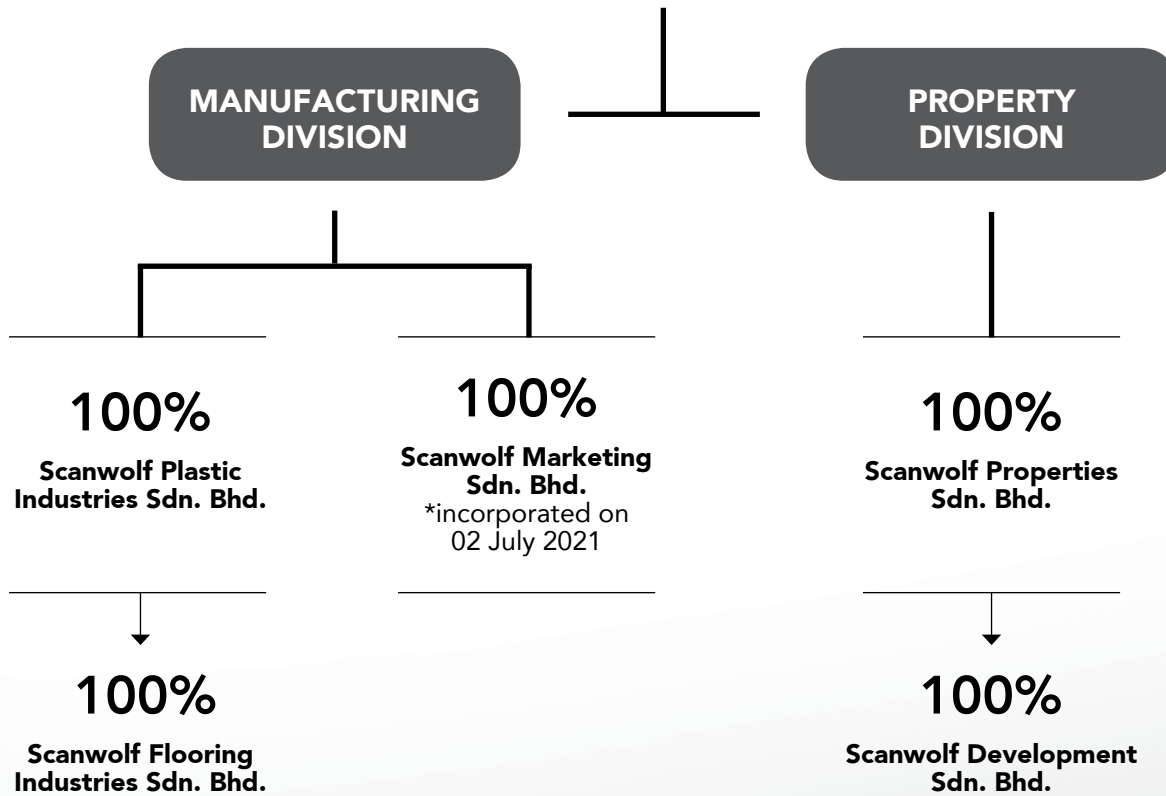
## STOCK EXCHANGE LISTING

Main Market  
Bursa Malaysia Securities Berhad  
Stock Name: SCNWOLF  
Stock Code: 7239  
Sector: IND-PROD



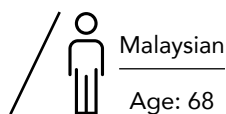
# GROUP STRUCTURE

**SCANWOLF**<sup>®</sup>  
Scanwolf Corporation Berhad  
200601021156 (740909-T)



# DIRECTORS' PROFILE

## MR. LAU TIANG HUA



Non-Independent Non-Executive Director/Chairman

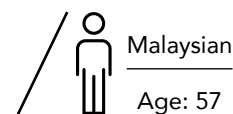
**Mr. Lau Tiang Hua** was appointed as Independent Non-Executive Director on 26 June 2020 and re-designated to Non-Independent Non-Executive Director on 21 July 2020. He was subsequently designated as Non-Independent Non-Executive Chairman on 28 August 2020.

He is a member of the Malaysian Institute of Certified Public Accountants ("CPA"), Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia. He articulated with Peat Marwick, Mitchell & Co and qualified as a CPA in the year 1979 and later served as an Audit Manager with Arthur Young & Co. Thereafter, in 1981, Mr. Lau joined a major newspaper company as an Accountant and was subsequently promoted to the position of General Manager for Finance and Administration. In the year 1985, he established his own accounting practice, JB Lau & Associates, which has since become a member firm of Grant Thornton International Ltd in 2008. He is currently the Managing Partner of the Penang practice of Grant Thornton Malaysia PLT.

Mr. Lau also sits on the Board of Tomei Consolidated Berhad as an Independent Non-Executive Director. He does not have any family relationship with any other director of the Company. He is the spouse of Madam Bernadette Jeanne De Souza, a major shareholder of the Company.



## DATO' TAN SIN KEAT



Executive Director

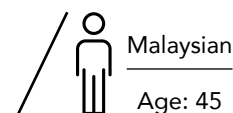
**Dato' Tan Sin Keat** was appointed as Executive Director on 2 April 2007. He is one of the founders of Scanwolf Plastic Industries Sdn. Bhd. and still serves as the Executive Director.

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

Dato' Tan was conferred Darjah Indera Mahkota Pahang (D.I.M.P.) by Kebawah Duli Yang Maha Mulia Sultan Pahang Darul Makmur Sultan Haji Ahmad Shah on 20 May 2014.

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

## MR. NG CHEE WAI



Executive Director

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

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

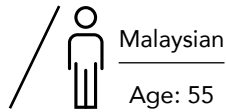
In 2007, he was involved in the Initial Public Offering exercise of Scanwolf Corporation Berhad. He oversees all financial matters and holds the responsibility for establishing and executing on the Company's strategy.

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



## DIRECTORS' PROFILE (Cont'd)

### MR. ONG SING GUAN



Independent Non- Executive Director

**Mr. Ong Sing Guan** was appointed as an Independent Non-Executive Director of the Company. He resigned on 3 June 2015 and was re-appointed to the Board on 13 July 2015. He is a member of Malaysia Institute of Accountants and Chartered Tax Institute of Malaysia. Mr. Ong Sing Guan graduated with Chartered Accountant of Malaysia Institute of Accountants and Diploma in Financial Accounting from Tunku Abdul Rahman College.

Mr. Ong Sing Guan was a Senior Tax Consultant (Tax Manager) in PricewaterhouseCoopers from 1992 to 2005. He joined Best Store Corporation Sdn. Bhd. as Financial Controller/General Manager from 2005 to 2011. He moved to Konsortium Bas Express Semenanjung (M) Sdn. Bhd. as Financial Controller from 2011 to 2012. Presently, he is the Director of T.H. Yew & Co.

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

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

### MR. LIEW PENG CHUEN @ LIEW AH CHOY



Independent Non-Executive Director

**Mr. Liew Peng Chuen @ Liew Ah Choy** was appointed as Independent Non-Executive Director on 28 August 2020. He graduated with a BA [Hons] with major in Law from City of London Polytechnic (now London Metropolitan University) in 1987. He obtained the Malaysian Certificate in Legal Practice in 1988, and was admitted to the Bar in 1989.

He has more than 50 years' experience in the Malaysian media industry. He began his media career in the New Straits Times in 1969 and joined The Star in 1977, where he became Group Chief Editor in 1983. He resigned in 1986 to study law in England, and rejoined The Star in 1989 as Editorial Consultant. He left in 1992 to join the Westmont Group, where he was appointed Executive Director of Westmont Land (Asia) Berhad. In 1995, he returned to the publishing industry by joining Nanyang Press Holdings Berhad ("NPHB") as Senior General Manager and was later re-designated as the Chief Operating Officer of NPHB. The following year, he joined the Sin Chew Media Group, where he became Group Chief Executive Officer. In 2001, he was appointed as Group Managing Director of NPHB until he retired in 2006, and has been in legal practice in Messrs CH Yeoh & Yiew since 2007.

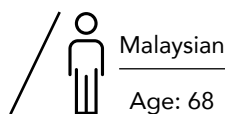
He sits on the Board of PUC Berhad and Sin Chew Media Corporation Berhad.

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



# DIRECTORS' PROFILE (Cont'd)

## ENCIK SAFFIE BIN BAKAR



Independent Non-Executive Director

**Encik Saffie Bin Bakar** was appointed as Independent Non-Executive Director on 28 August 2020. He graduated with a Bachelor of Arts (Honors) majoring in Geography in 1977 and subsequently received a Postgraduate Diploma in Public Administration (DPA) from the Faculty of Economics and Administration, University of Malaya, Kuala Lumpur, Malaysia in 1978. In 1988, he obtained his Master of Business Administration (MBA) from the United States International University (USIU)(ALLIANT) in San Diego, California, USA.

He has more than 43 years of experience specializing in management with extensive knowledge and skills in industrial project planning, internal auditing, corporate governance, business development, property development, human resources management, project management, cross-border investment / Foreign Direct Investment (FDI), mining exploration, privatization, corporate advisory transactions including Initial Public Offering (IPO), Reverse Takeovers (RTO), Mergers and Acquisitions (M&A) and General Offer (GO).

He was attached to the Perlis State Government, Malaysia from May 1978 to August 1983, during which he served as Director of Perlis State Economic Planning Unit (SEPU). He joined Perlis State Economic Development Corporation (SEDC) in September 1983 as Business Development Manager until his optional retirement from the Government Service in August 1994.

He had undergone numerous training programs with the World Bank, UNDP, UNCTC, University of California, Berkeley, USA, University of Hong Kong and Catholic University of Leuven, Belgium. Between August 1978 and March 1981, he also received in-house training in the "State and Rural Development Project" (SRDP), which was funded by the Malaysia Economics Affairs Ministry (MEA) and organized by UNDP and the World Bank. He became a Local Counterpart to the Regional Planning Advisor, the Industrial Project Advisor and the Infrastructure Project Advisor who are all World Bank experts.

He is a Chartered Audit Committee Director (CACD) of The Institute of Internal Auditors Malaysia (IIAM) since 2008, an Associate Member of Certified System Investigator (CSI), World Headquarters, Singapore, a Central Committee Member of Malaysian Exporters Association (MEXPA) and also a life member of Malaysian Drug Prevention Association.

Between September 1994 to December 2016, he was the Advisor to Shorubber (Malaysia) Sdn.Bhd., a wholly owned subsidiary of SHOWA Group, a Japanese Own-Brand Manufacturer (OBM) and exporter of industrial gloves.

Currently he is an Independent Non-Executive Director of AE Multi Holdings Berhad (AEM) since 2005 and MESB Berhad, which he is a member of the Board of Directors since 2004 and Chairman of the Board of Directors since 2016.

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





# DIRECTORS' PROFILE (Cont'd)

## MR. CHEONG CHEN KHAN

Non-Independent Non- Executive Director



Mr. Cheong Chen Khan was appointed as Non-Independent Non-Executive Director on 04 October 2021.

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

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

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

### Other Information:-

- **Directors' Shareholdings**  
Details of Directors' shareholdings in the Company are as disclosed on page 105 of the Annual Report 2021.
- **Family Relationship with Directors and Major Shareholders**  
None of the Directors of the Company have any family relationship with any Director and/or major shareholder of the Company, save for Mr. Lau Tiang Hua, who is the spouse of a major shareholder, Mdm Bernadette Jeanne De Souza.
- **Conflict of interest**  
All the Directors of the Company have no conflict of interest with the Company.
- **Conviction of Offences or public sanction or penalty imposed by the relevant regulatory bodies**  
None of the Directors of the Company have any convictions for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2021.
- **Attendance of the Board Meetings**  
The attendance of the Directors is disclosed in the Corporate Governance Overview Statement of this Annual Report.



# PROFILE OF KEY SENIOR MANAGEMENT

## DATO' TAN SIN KEAT

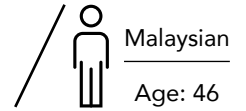
Executive Director of  
Manufacturing and Property  
Divisions



Dato' Tan's profile is set out on page 13 of this Annual Report.

## MR. NG CHEE WAI

Executive Director of  
Manufacturing and Property  
Divisions/ Chief Financial Officer



Mr Ng's profile is set out on page 13 of this Annual Report.



# CHAIRMAN'S STATEMENT

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## Dear Shareholders,

We are in the 2nd year of the COVID-19 pandemic and as at the date of this report, the situation has somewhat improved globally with some countries opening up their borders. If the abatement persists, it will augur well for trade and tourism and the global economy should recover and sustain.

For the financial year under review, our Group has achieved improvements in its two operating segments – revenue from manufacturing increased by 20% to RM35,455k and 813.0% to RM13,353k for property. The resultant Group revenue increased by 58% to RM48,808k. Group pre-tax loss reduced substantially to RM264k from an adjusted pre-tax loss of RM10,415k (after adjusting for gain on bargain purchase of a subsidiary amounting to RM12,375k) recorded in the last financial year. Our performance would have been better if not for the MCO 3.0 imposed throughout the country from 12 May 2021.

We completed our rights issue of 3% Irredeemable Convertible Unsecured Loan Stocks with free warrants with the listing and quotation of same on 9 August 2021 on Bursa Securities. The total gross proceeds raised was RM10,497k. With subsequent conversion of ICULS, the cash flow of the Group is further enhanced thereby contributing to a healthy working capital position.

Your Board has delivered on its promise to create value for the shareholders as reflected by the four-fold increase in market capitalisation to RM88m as at 11 October 2021.

Going forward, your Board is cautiously optimistic of the future financial performance of the Group after taking into consideration of its healthy working capital position and the abatement of the pandemic which should help regularise the supply chain.

In conclusion, I would like to extend a warm welcome to Mr Cheong Chen Khan to your Board as a non-independent non-executive director, and to thank my fellow Board members for their commitment and dedication to the affairs of our Group during the year under review.

On behalf of the Board, my heartfelt thanks to you, our bankers, customers, suppliers, service providers, government agencies, regulatory bodies and employees for your unwavering support to our Group.

With your continuous support, we are inspired to deliver.

Stay safe. Stay healthy.

John Lau  
**Chairman**



# MANAGEMENT DISCUSSION AND ANALYSIS

## Company Profile

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

### Manufacturing Division

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

In April 2021, SPI commenced the manufacturing of a new product, plastic film for the packaging industry, to complement its existing business.

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

### Property Division

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

## Financial Review

The unprecedented movement restrictions throughout financial year ended 30 June 2021 (“FYE 2021”), triggered by the Covid-19 pandemic, have resulted in continuous work stoppages at our factories and that of our customers.

Despite the challenges, our Group managed to achieved higher revenue of RM48.81 million for the FYE 2021 as compared to RM30.90 million recorded in the last financial year. Accordingly, our Group reported a substantially reduced pre-tax loss of RM0.26 million as compared to the adjusted pre-tax loss of RM10.42 million (after adjusting for gain on bargain purchase of a subsidiary amounting to RM12.38 million) recorded in the last financial year.

The revenue by geographical segments is analysed as follows:

Revenue	FYE 2021 RM'000	FYE 2020 RM'000
Asia	6,087	4,671
Oceania	2,665	5,275
Middle East	425	737
Africa	48	71
Others	472	341
Total export	9,697	11,095
Malaysia	39,111	19,801
Total	48,808	30,896
Malaysia	80%	64%
Export	20%	36%



# MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

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## Financial Position

The Group's financial position remains solid with net assets per share of 35 cents (2020: 36 cents).

Cash and bank balances of the Group have decreased from RM0.47 million to RM0.14 million due mainly to the increase in payment made to suppliers for the current financial year under review.

Meanwhile, the Group's borrowings have decreased from RM28.75 million to RM28.11 million due mainly to less utilisation of bankers' acceptance to finance the operating activities of the Group. The Group managed to maintain the gearing ratio at 0.80 (2020: 0.87) times.

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

## Outlook and Prospects

The Covid-19 pandemic still remains the major challenge and impact on global economy. Our Government had instituted more stringent Standard Operating Procedures with various phases of movement controls under National Recovery Plan. These movement controls did impact our local customers as limited workforce was allowed at any one time in their factories and intermittent closure of factories.

As the full impact arising from the Covid-19 pandemic including the movement controls remains to be seen, the Board and management of the Group will continue to exercise due care and prudence in view of the uncertainties and challenges ahead.

The Group will continue to be vigilance in responding to the unpredictable condition and will be on the lookout for new income stream to improve our performance.

## Dividend Policy

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

Premised on the financial performance of the Group, our Board is not recommending any dividend payment for the FYE 2021.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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The Board of Directors ("**the Board**") recognizes the importance of good corporate governance and will continue to ensure that the highest standard of corporate governance is practiced throughout the Group in order to safeguard stakeholders' interests as well as enhancing shareholders' value. The principles and best practices set out in the Malaysian Code on Corporate Governance ("**MCCG**" or "**the Code**") and pursuant to para 15.25 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("**LR**") have been complied by the Group wherever possible in observing the highest standard of transparency, accountability and integrity unless otherwise stated. The Board has also provided specific disclosures on the application of each Practice in its Corporate Governance Report ("**CG Report**"). The CG Report was announced together with the Annual Report of the Company on 28 October 2021 and is available on the Company's website at [www.scanwolf.com](http://www.scanwolf.com).

## Principle A - Board Leadership and Effectiveness

### 1. Board Responsibilities

#### 1.1 Strategic Aims, Values and Standards

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

The Board delegates and confers some of its authorities and discretion on the Chairman, Executive Directors, and Management as well as on properly constituted Board Committees comprising solely Independent Non-Executive Directors as at financial year ended 30 June 2021 ("**FYE 2021**"). The role of Management is to support the Executive Directors and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

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

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

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

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

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

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



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## Principle A - Board Leadership and Effectiveness (Cont'd)

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

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

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

Name of director	Board	Audit Committee	Nomination Committee
Mr Lau Tiang Hua	5/5	4/4	1/1
Dato' Tan Sin Keat	5/5	4/4	1/1
Mr Ng Chee Wai	5/5	4/4	1/1
Mr Ong Sing Guan	5/5	4/4	1/1
Mr Liew Peng Chuen @ Liew Ah Choy (appointed on 28 August 2020)	4/4	4/4	1/1
Encik Saffie Bin Bakar (appointed on 28 August 2020)	4/4	4/4	1/1
Mr Cheong Chen Khan (appointed on 4 October 2021)	0/0	0/0	0/0

No Remuneration Committee Meeting were held during the financial year ended 30 June 2021 as the Remuneration Committee Meetings for discussion of the Directors' Fees and the remuneration package of executive directors for year ended 30 June 2020 and 30 June 2021 were held on 26 June 2020 and 13 September 2021 respectively.

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

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

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

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

Name of Director	Course Title	Date
Mr Lau Tiang Hua	National Tax Conference 2020	25 to 26 August 2020
	Seminar Percukaian Kebangsaan 2020	12 November 2020
	Section 17A: Who is Criminally Liable in Bribery Cases	18 to 19 November 2020
	MIA Webniar Series: Valuation in Practice for Transactions and Reporting: Part 1- Valuation Fundamentals	2 December 2020
	MIA Webniar Series: Valuation in Practice for Transactions and Reporting: Part 2- Valuation for Business Combination	9 December 2020
	MIA Webniar Series: Valuation in Practice for Transactions and Reporting: Part 3- Valuation for Intangible Assets	16 December 2020



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## Principle A - Board Leadership and Effectiveness (Cont'd)

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

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

Name of Director	Course Title	Date
Mr Ng Chee Wai	Sustainability Reporting Workshop: Scope & Material in Sustainability Reporting	30 March 2021
	Malaysia Budget 2021 Webinar	17 November 2020
	Budget Seminar 2021	26 February 2021
	Earning MACC's T.R.U.S.T- Implementing an effective Anti-Bribery and Corruption Framework Confirmation	23 July 2020
Mr Ong Sing Guan	Webinar Series: Company Secretaries - Practical Steps under Section 17A MACCA 2009	01 October 2020
	MIA Webinar Series: Practical Preparation of Financial Statement using MFRS for MBRS template	21 to 22 December 2020
Mr Liew Peng Chuen @ Liew Ah Choy	Implementing Amendments in the Malaysian Code on Corporate Governance	14 June 2021
Encik Saffie Bin Bakar	Corporate Liability On Corruption Under Malaysian Anti-Corruption Act 2009 (Amended 2018)	25 August 2020
	GO Environmental, Social and Governance (ESG) ASEAN Corporate Sustainability Virtual Summit 2020	23 to 24 November 2020
	ESG Shariah-Compliant Screening for Securities: Industry Briefing	26 November 2020
	Environmental, Social and Governance (ESG)	3 February 2021
	Section 17A of the MACC Act 2009 (Amended 2018)	22 February 2021
	ESG in the New Normal: A Corporation's Lens by CEO, Bursa Malaysia Berhad	17 March 2021
	Webinar on Building Strategy for Business Resilience Management	9 April 2021
	Covid-19 Management at Workplace	15 May 2021
	Directors Duties, Regulatory Updates and Governance for Directors of PLCs	27 May 2021
	Implementing Amendments in Malaysian Code on Corporate Governance	1 June 2021
	Biodiversity in Perlis State	16 June 2021
	Tackling Tax: How to Handle a Corporate Tax Audit	18 June 2021
	Advancing Sustainable Development with Foreign Direct Investment (FDI) – Why Policy Must be Reset	29 June 2021
Corruption Risk: Political Financing and Accountability	30 June 2021	

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

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





# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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## Principle A - Board Leadership and Effectiveness (Cont'd)

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

#### 1.2 Chairman of the Board

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

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

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

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

#### 1.3 Separation of the position of Chairman and the Managing Director

The Chairman of the Board is Mr Lau Tiang Hua, the Non-Independent Non-Executive Director of the Company and the Chief Executive Officer of the Company is Dato' Tan Sin Keat.

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

#### 1.4 Qualified and competent Company Secretary

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

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

#### 1.5 Access to information and advice

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



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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## Principle A - Board Leadership and Effectiveness (Cont'd)

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

#### 1.5 Access to information and advice (Cont'd)

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

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

### 2. Demarcation of responsibilities

#### 2.1 Board Charter

The Board has made available its Board Charter on the corporate website. The document clearly sets out the roles and responsibilities of the Board and Board Committees and the processes and procedures for convening their meetings. It serves as a reference and primary induction literature providing prospective and existing Board members and Management insights into the fiduciary and leadership functions of the Directors of the Company. The Board reviews its charter regularly, to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives.

### 3. Good business conduct and corporate culture

#### 3.1 Code of Ethics and Conduct

The Company's Codes of Conduct and Ethics for Directors continue to govern the standards of ethics and good conduct expected of Directors. The Code of Conduct and Ethics for Directors includes principles relating to corporate governance; conflict of interest; relationship with employees; shareholders and business partners; social responsibilities and environmental commitment; compliance with laws, rules and regulations and dealings in securities are available at the Company's website at [www.scanwolf.com](http://www.scanwolf.com).

#### 3.2 Whistleblowing Policy

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

#### 3.3 Anti-Bribery & Corruption Policy

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



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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## Principle A - Board Leadership and Effectiveness (Cont'd)

### II. BOARD COMPOSITION

#### 4. Board Objectivity

##### 4.1 Board composition

As at 30 June 2021, the Board members comprise 6 Directors of whom 3 are Independent Non-Executive Directors, 1 is Non-Independent Non-Executive Director and 2 are Executive Directors. The Independent Directors constitute 50.0% of the Board. The Board composition also complies with the LR that requires a minimum of 2 Directors or 1/3 of the Board, whichever is higher, to be Independent Directors.

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

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

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

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

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

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

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

##### 4.5 Gender diversity

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

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

Notwithstanding the absence of female board member, the Group's female staff made up 14% of the total staff.

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

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



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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## Principle A - Board Leadership and Effectiveness (Cont'd)

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

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

##### 4.7 Nomination Committee

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

Chairman	:	Mr Liew Peng Chuen @ Liew Ah Choy Independent Non-Executive Director <i>(appointed on 1 September 2020)</i>
		Dato' Ong Boon Aun @ Jaymes Ong Independent Non-Executive Director <i>(resigned on 24 August 2020)</i>
Members	:	Mr Ong Sing Guan Independent Non-Executive Director
		Encik Saffie Bin Bakar Independent Non-Executive Director <i>(appointed on 1 September 2020)</i>
		Dato' Ibrahim Bin Saleh Independent Non-Executive Director <i>(resigned on 1 September 2020)</i>

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

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

- Reviewed the composition, mix of skills and experience and other qualities, including core competencies as well as contribution of each individual Director and the effectiveness of the Board as a whole and the Board Committees as well as contribution of each individual Director.
- Reviewed the level of independence of the Independent Directors.
- Discussed the character, experience, integrity and competency of the Directors, chief executive or chief financial officer and ensured that they have the time to discharge their respective roles.
- Discussed and recommended the re-election of Directors, as applicable at AGM.
- Reviewed the term of office and performance of the AC and its members pursuant to para 15.20 of the MMLR of Bursa Securities. The assessment was carried out by way of a discussion in the Board and self-evaluation by the AC given that the composition of the NC is the same with AC.
- Conducted annual assessment on Board, Board Committees and individual Directors.

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

#### 5. Board Assessment

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

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

The NC, upon conclusion of the exercise carried out on 13 September 2021, was satisfied that the Board and Board Committee composition had fulfilled the criteria required, possess a right blend of knowledge, experience and the appropriate mix of skills. Additionally, independent Directors were assessed to be objective in exercising their judgement.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## Principle A - Board Leadership and Effectiveness (Cont'd)

### III. REMUNERATION

#### 6. Level and composition of Remuneration

##### 6.1 Remuneration Policy

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

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

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

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

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

##### 6.2 Remuneration Committee

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

Chairman	:	Encik Saffie Bin Bakar Independent Non-Executive Director (appointed on 1 September 2020)
		Dato' Ibrahim Bin Saleh Independent Non-Executive Director (resigned on 1 September 2020)
Members	:	Mr Ong Sing Guan Independent Non-Executive Director (appointed on 1 September 2020)
		Mr Liew Peng Chuen @ Liew Ah Choy Independent Non-Executive Director (appointed on 1 September 2020)
		Dato' Ong Boon Aun @ Jaymes Ong Independent Non-Executive Director (resigned on 24 August 2020)
		Tuan Abdul Hamid Bin Abdul Shukor Independent Non-Executive Director (resigned on 1 September 2020)

The RC reviews and recommends matters relating to the remuneration of Board and Senior Management. The RC has established a written Terms of Reference to encompass authorities and duties of the RC. The said Terms of Reference is published on the Company's website.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## Principle A - Board Leadership and Effectiveness (Cont'd)

### III. REMUNERATION (Cont'd)

#### 6.2 Remuneration Committee (Cont'd)

The key duties of the Remuneration Committee included the following:

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

### 7. Remuneration of Directors and Senior Management

#### 7.1 Details of Directors' remuneration

The details of the remuneration received and receivable by the Directors of the Company from the Company for the FYE 2021 are as follow:-

	Company			Total (RM)
	Fee (RM)	Salaries (RM)	Others* (RM)	
<b>Executive Directors</b>				
Dato' Tan Sin Keat	12,000	340,500	128,911	<b>481,411</b>
Mr Ng Chee Wai	12,000	240,000	112,823	<b>364,823</b>
<b>Independent Directors</b>				
Mr. Ong Sing Guan	30,000	-	5,400	<b>35,400</b>
Mr. Liew Peng Chuen @ Liew Ah Choy (appointed on 28 August 2020)	25,000	-	2,500	<b>27,500</b>
Encik Saffie Bin Bakar (appointed on 28 August 2020)	25,000	-	2,500	<b>27,500</b>
Dato'Ong Boon Aun@ Jaymes Ong (resigned on 1 September 2020)	-	-	3,000	<b>3,000</b>
Tuan Abdul Hamid Bin Abdul Shukor (resigned on 1 September 2020)	-	-	3,000	<b>3,000</b>
Dato Ibrahim Bin Saleh (resigned on 1 September 2020)	-	-	3,000	<b>3,000</b>
<b>Non-Independent Director</b>				
Mr Lau Tiang Hua	30,000	-	3,000	<b>33,000</b>
<b>Total</b>	<b>134,000</b>	<b>580,500</b>	<b>264,134</b>	<b>978,634</b>

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

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

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



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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## Principle B - Effective Audit and Risk Management

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

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

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

The Chairman of the ARMC is Mr Ong Sing Guan who is an Independent Director whereas the Chairman of the Board is Mr Lau Tiang Hua. Presently, the AC are comprised solely of Independent Directors.

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

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

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

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

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

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

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

On 13 September 2021, an annual assessment on the suitability and independence of external auditors was conducted by the ARMC. The ARMC, having assessed the independence of external auditors as well as reviewed the level of non-audit services rendered by them for FYE 2021, was satisfied with their competency, suitability and independence. The ARMC has recommended their re-appointment to the Board, upon which shareholders' approval will be sought at the Fifteenth AGM.

In addition to the above, the ARMC meets with external auditors at least twice a year to discuss their audit plans, audit findings and the Company's financial statements. At least one of these meetings is held without the presence of the Executive Directors and the Management. Also, the ARMC meets with the external auditors additionally whenever the need arises. Two discussion sessions between the ARMC and the external auditors were held on 16 October 2020 and 24 May 2021, respectively. Furthermore, the external auditor attends every annual general meeting whereby the financial statements of the company for a financial year are to be laid to respond according to his knowledge and ability to any question raised in regards to the financial statements' audit.

##### 8.4 Composition of the Audit Committee

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

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

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



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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## Principle B - Effective Audit and Risk Management (Cont'd)

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

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

##### 8.5 Diversity in skills of the Audit and Risk Management Committee (Cont'd)

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

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

##### 9.1 The board should establish an effective risk management and internal control framework

In order to be effective in discharging these responsibilities, the Board is assisted by the ARMC which functions as an oversight body to review controls and systems in general and to carry out on-going assessment over the adequacy and effectiveness of the risk management and internal control practices within the organisation.

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

##### 9.2 Disclosure on the features of its risk management and internal control framework

During the year, an assurance is provided by the Managing Director and Executive Director that the Group's risk management and internal controls have been operating adequately and effectively, in all material aspects, during the year under review and up to the date of this Statement to the Board. Taking into consideration this assurance during the Board's assessment of the Group's risk management and internal control, the Board is of the view that the systems of internal control and the risk management is considered adequate for the Group's business operations.

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

##### 9.3 Establishment of a Risk Management Committee

On 13 September 2021, the Risk Management Committee was integrated with the existing Audit Committee to be known as Audit and Risk Management Committee

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

##### 10.1 Effective of internal audit function

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

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

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

Details of the internal audit function and activities relevant to the discharge of the ARMC's responsibilities are set out in the Statement on Risk Management and Internal Control and the Audit Committee Report of the Company's Annual Report 2021.





# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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## Principle B - Effective Audit and Risk Management (Cont'd)

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Cont'd)

#### 10. Effective governance, risk management and internal control (Cont'd)

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

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

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

## Principle C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

### I. COMMUNICATION WITH STAKEHOLDERS

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

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

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

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

##### 11.2 Integrated Reporting

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

### II. CONDUCT OF GENERAL MEETINGS

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

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

The notice to the upcoming AGM in 2021 has been provided more than twenty-eight (28) days in advance to enable stockholders to make adequate preparation.

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

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

All Directors attended the Fourteenth Annual General Meeting (AGM) of the Company held on 27 November 2020.

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



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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## Principle C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Cont'd)

### II. CONDUCT OF GENERAL MEETINGS (Cont'd)

#### 12. Encourage Shareholder Participation at General Meetings (Cont'd)

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

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

Arising from the COVID-19 pandemic, The Company held its first fully virtual Annual General Meeting on 27 November 2020. The Company tapped on digital infrastructure to facilitate live streaming of the Company's 14th Annual General Meeting as well as online remote participation and online voting by its shareholders. This allowed the Company's Directors to continue to engage effectively with its shareholders, despite the restriction on physical social contact.

#### Compliance Statement

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

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

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 25 October 2021.



# SUSTAINABILITY STATEMENT

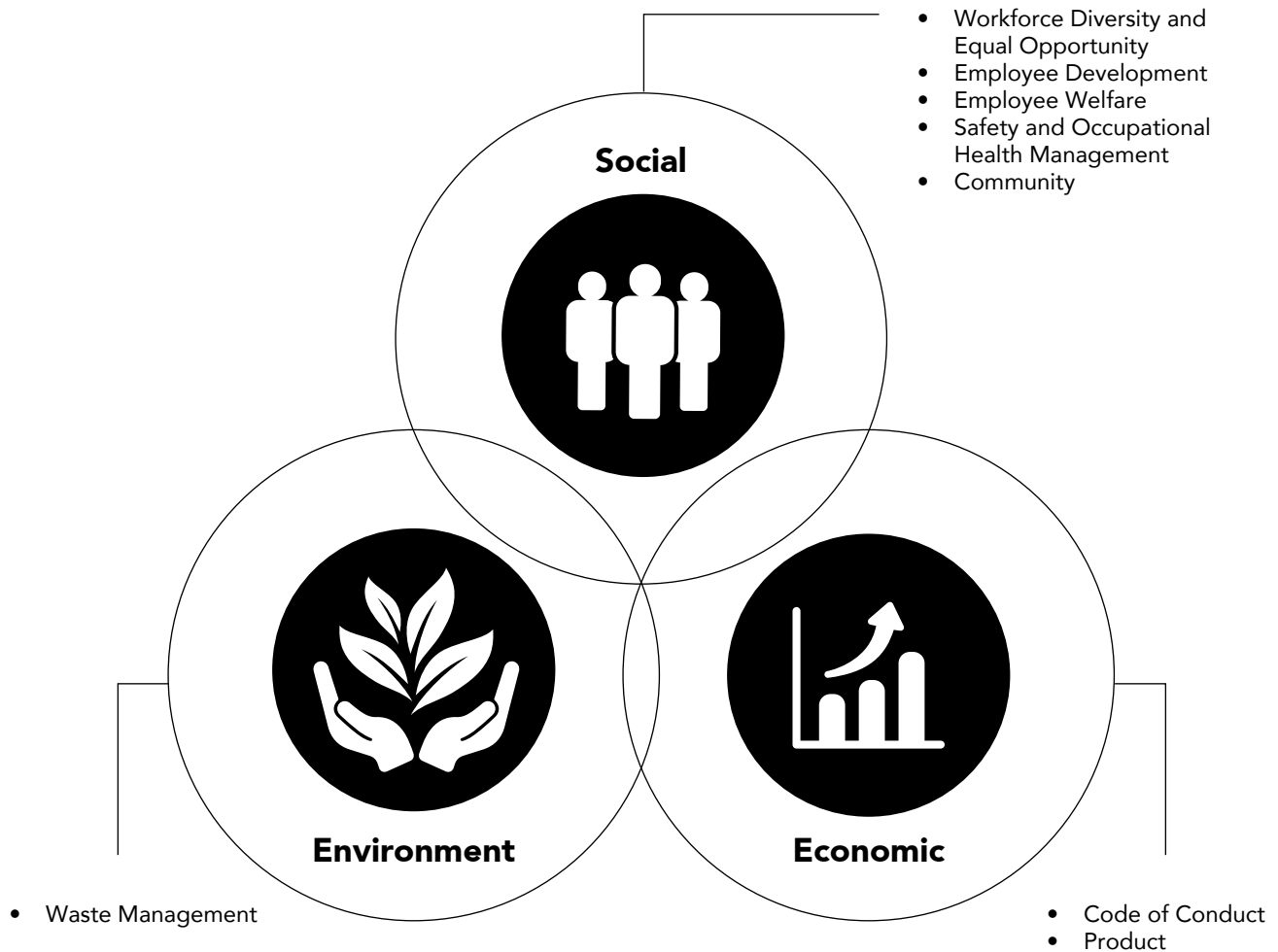
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The Group recognises that sustainability is important for securing long term environmental, economic and social benefits. Sustainability management should be part of our corporate culture and as we weave sustainability into our daily operational activities,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

## Overview and Scope of Sustainability

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

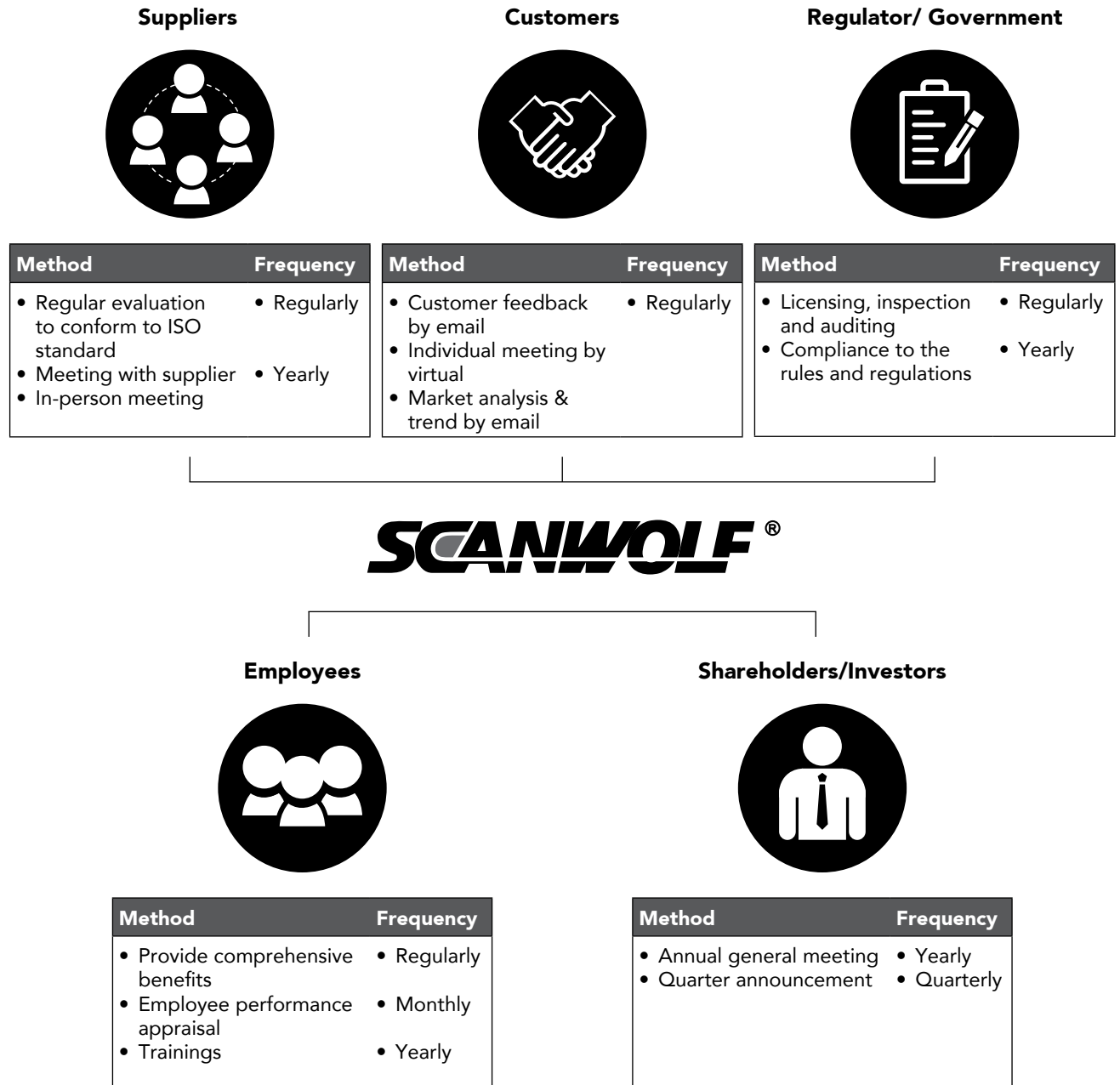
Our overall sustainability framework comprises 3 pillars:



# SUSTAINABILITY STATEMENT (Cont'd)

## Stakeholder Engagement

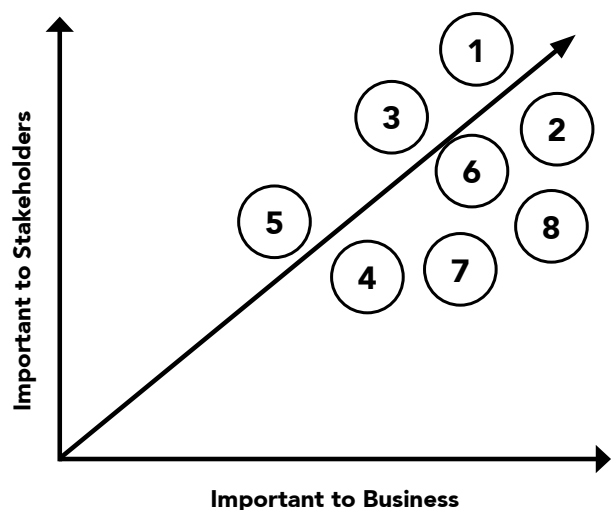
We interact with stakeholders to identify and respond to their respective concerns. Engagement with our stakeholders not only provides us with insight, but also enables us to build stronger relationships through meaningful dialogue where concerns are properly addressed accordingly.



# SUSTAINABILITY STATEMENT (Cont'd)

## Assessment of Material Matters

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



### Economic

- 1. Product Safety
- 2. Business Growth
- 3. Customer Satisfaction

### Social

- 4. Employee Advancement and Development
- 5. Workplace Diversity and Equal Opportunity
- 6. Occupational Safety and Health

### Environment

- 7. Energy Management
- 8. Waste Management

## Economic, Environmental and Social

### 1.0 Economic

#### 1.1 Code of conduct

The Group is aware that ethics, integrity and transparency have increasingly become the mainstream business issue in today's business environment. We are committed to establish a corporate culture which encompasses a set standard of conduct and ethical behaviour. The Group adopted the Code of Conduct and Ethics for directors as a guide for all directors to conduct business ethically and sustainably.

All directors and employees must comply with anti-bribery and anti-corruption laws and regulations including the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption (Amendment) Act 2018 and any other laws and regulations that may be applicable. The group takes zero-tolerance approach towards fraud, corruption and money laundering.

Our Anti-Bribery and Anti-Corruption Policy provides guidance to all employees on how to deal with bribery and corruption and related issues that may arise in the course of business. It is prohibited for directors and employees to offer or receive gifts, be it in cash or other gratifications, except for customary gifts of modest nature during festive or special occasions to avoid conflict of interest and ensure compliance with anti-bribery and anti-corruption laws.

We have also put in place a Whistleblowing Policy to facilitate the reporting of unethical and improper business conducts that would affect the interest of the Group and its stakeholders.

#### 1.2 Product

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

Scanwolf is ISO 9001:2015 certified on quality management system on our products through extrusion process.

Our Group's products which are sold in overseas with metal testing from SGS to ensure that our component parts are safe, reliable and meet stringent regulatory standards.

# SUSTAINABILITY STATEMENT (Cont'd)

## 2.0 Environmental

### 2.1 Waste and Environment

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

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

- In preserving the waste and environment: -
- Employees are encouraged to practice 3R (Reduce, Reuse and Recycle).
- Light-emitting diode (LED) lights are used throughout our production facilities to save energy.
- Most of the forklifts used in production facilities are which utilize rechargeable batteries with no emissions of carbon dioxide.
- The air-conditioning system in our office building is set to be auto turned-off during lunch hours.

### 2.2 Compliance

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

## 3.0 Social

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

### 3.1 Workforce Diversity and Equal Opportunity

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

### 3.2 Employee Development

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

Date	Topics
20 October 2020	ISO-9001: 2015 Internal Audit Training

### 3.3 Employee Welfare

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

### 3.4 Safety and Occupational Health Management

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

- To provide and maintain our working system in safety and healthy environment.
- To ensure all employees being brief, trained and supervised in the way of doing job as accordance to safety procedure and risk free.



# SUSTAINABILITY STATEMENT (Cont'd)

## 3.0 Social (Cont'd)

### 3.4 Safety and Occupational Health Management

- To investigate all workplace accident, illness, potential threat and to take necessary preventive actions from time to time.
- To obey all requirements under the Act of Occupational Safety & Health 1994.
- To provide safety training to the employees.
- To provide safety equipment to the employees.

During the financial year 2021, the Group had conducted a Noise Risk Assessment (NRS) in compliance with Occupational Safety and Health (Noise Exposure) Regulation 2019 by Competence Noise Risk Assessor to ensure the health and safety of employees who are exposed to noise.

Our Group is providing safety training throughout the year for our employee in order to improve group safety awareness and reduce the chances of workplace accident.

The following are the safety and occupational health programmes conducted in the financial year under review:-

Date	Topics
08 August 2020	<ul style="list-style-type: none"><li>• Chemical Handling and PPE Training</li></ul>
06 February 2021	<ul style="list-style-type: none"><li>• Hearing Conservation Training</li></ul>

Our Group is committed to provide a safe and healthy workplace for all the employees and others. Our Group had implemented preventive approaches that are consistent with Ministry of Health ("MOH") guidelines to prevent the spread of Covid-19 in the workplace. Our Group takes several preventive measures as follows:-

#### Covid-19 Standard Operating Procedures ("SOP") and Prevention Actions

- Provided hand sanitizer at all entrances
- Provided face mask to all the employees
- Practice social distancing – maintain a distance of minimum 1 meter from others
- Conduct temperature screening for all the employees and visitors before they are allowed to enter the company premises and maintain record for reporting and tracing purposes. Only those with body temperature of below 37.5 degree Celsius were permitted enter to our premises.
- Scanning MySejahtera QR code before enter to our premises
- Conduct regular disinfection exercise in workplace and common area.
- Conduct virtual meeting.

In February 2021, Our Group had conducted Covid-19 Polymerase Chain Reaction ("PCR") test screening of the production workers.



### 3.5 Community

We had sponsored few school's activity, provide morale and material support local authorities in enforcement team facility improvement for local police station.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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## Introduction

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

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

## Responsibility

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

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

## Risk Management

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

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

## Anti-Bribery Management Systems

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

## Internal Control

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

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

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

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





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

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## **Review of Effectiveness**

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

## **Review by External Auditors**

In accordance with paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 30 June 2021 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board adopted in the review of adequacy and integrity of internal controls of the Company.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 25 October 2021.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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## Audit and Risk Management Committee

### Chairman

Mr Ong Sing Guan (Independent Non- Executive Director)

### Members

Mr Liew Peng Chuen @ Liew Ah Choy (Independent Non-Executive Director)  
*(appointed on 1 September 2020)*

Encik Saffie Bin Bakar (Independent Non-Executive Director)  
*(appointed on 1 September 2020)*

Dato' Ibrahim Bin Saleh (Independent Non-Executive Director)  
*(resigned on 1 September 2020)*

Tuan Abdul Hamid Bin Abdul Shukor (Independent Non-Executive Director)  
*(resigned on 1 September 2020)*

### Introduction

The Audit and Risk Management Committee ("ARMC") of Scanwolf Corporation Berhad is pleased to present the ARMC Report for the financial year ended 30 June 2021 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

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

### Meeting and Attendance

The Committee had met 4 times during the financial year ended 30 June 2021, the attendance record of the Committee members are as follows:-

Name of Committee Members	Attendance
Mr Ong Sing Guan (Chairman, Independent Non-Executive Director)	4/4
Mr Liew Peng Chuen @ Liew Ah Choy (Member, Independent Non-Executive Director) <i>(appointed on 1 September 2020)</i>	4/4
Encik Saffie Bin Bakar (Member, Independent Non-Executive Director) <i>(appointed on 1 September 2020)</i>	4/4

### Duties and Responsibilities

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

- (a) in respect of external auditors:
  - to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment;
  - to consider the nomination of a person or persons as external auditors and to determine the audit fee;
  - to consider any questions of resignation or dismissal of external auditors; and
  - to conduct annual assessment on the suitability, objectivity and independence of the external auditor through established policies and procedures;



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

## Duties and Responsibilities (Cont'd)

- (b) to discuss with the external auditors before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
- to discuss problems and reservations arising from the audit with the auditors, without Key Senior Management presence, if necessary;
  - to review the external auditors' Key Senior Management letter and Key Senior Management's response;
  - to review the audit plan;
  - to discuss with the external auditors their evaluation of the system of internal controls;
  - to discuss with the external auditors their audit report; and
  - to review the assistance given by the employees of the Company to the external auditors.
- (c) to review the quarterly and year-end financial statements and focus on:
- financial reporting process, detection of financial irregularities, to ascertain that the financial statements are consistent with operational information;
  - any changes in or implementation of major accounting policy changes;
  - significant matters highlighted including financial reporting issues, significant judgments made by Key Senior Management, significant and unusual events or transactions, and how these matters are addressed; and
  - compliance with accounting standards and other legal requirements.
- (d) to report to the Board all pertinent issues which are necessary to be reported or on any key issues affecting the Group;

The duties and responsibilities of the ARMC included the following:- (Cont'd)

- (e) to perform the following duties in relation to the internal audit function:
- review the adequacy of the scope, function, budget, competency, resources and authority necessary to carry out the work and that it reports directly to the ARMC;
  - review the internal audit plan, processes and results of the internal audit assessments, investigation undertaken and ensure that appropriate action is taken on the recommendations;
  - review and appraise the performance of the internal audit function;
  - approve the appointment and termination of internal auditor;
  - review the resignations of internal auditor and give them the opportunity to submit reasons for their resignations; and
  - review the follow-up actions by Key Senior Management on the weaknesses of internal accounting procedures and controls as highlighted by the internal auditors.
- (f) to review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of Key Senior Management integrity;
- (g) consider major findings of internal investigations and Key Senior Management's response;
- (h) to review the Group's risk Key Senior Management and internal control;
- (i) to promptly report such matter to Bursa Securities if the ARMC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
- (j) to verify the allocation of options during the year if any, under the Company's Employees Share Option Scheme ("ESOS") to ensure that this was in compliance with the allocation criteria determined by the ESOS committee and in accordance with the By-Laws of the ESOS; and
- (k) to perform any other work as may be directed by the Board from time to time.

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

For the financial year ended 30 June 2021, the ARMC had carried out the following activities in the discharge of its duties and responsibilities:-

- (1) Met with the external auditors twice in the absence of Management to discuss on any significant audit issues which may have arisen in the course of their audit of the Group.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

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

- (2) Reviewed and approved the Directors' Report and Audited Financial Statements from the external auditors in respect of their audit of the Group for the financial year ended 30 June 2021. The Committee also reviewed and approved the Audit Plan for financial year ended 30 June 2021 as presented by the external auditors.
- (3) Reviewed the quarterly financial results announcements for each quarter of the Group to ensure the Company's compliance with the Main Market Listing Requirements ("MMLR"), applicable approved accounting standards and other legal and regulatory requirements, prior to recommending them for the Board of Director's consideration and approval.
- (4) The ARMC received and discussed the updated Internal Audit Plan for the financial year ended 30 June 2021. Internal Audit Reports containing the audit findings and recommendations made by the internal auditors on weaknesses in the systems of internal control and the Management responses on those issues. The ARMC monitored the progress on the corrective actions taken by the Management on a quarterly basis until it is satisfied that the weaknesses identified had been adequately addressed.
- (5) Reviewed and discussed the quarterly financial presented by the Management, including monitoring the progress on long outstanding debts, banking facilities and project updates.
- (6) The report of Recurrent Related Party Transaction ("RRPT") of the Group was tabled and reviewed by the ARMC at every quarterly meeting. The ARMC was satisfied that all RRPTs were within arm's length, fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders.
- (7) Reviewed and discussed the effectiveness of the Group's risk management and internal control system.
- (8) Discussed the re-appointment of the external auditors. The ARMC agreed to recommend the reappointment of the external auditors at a remuneration and terms to be agreed upon by the Board.

## Summary of Activities of the Internal Audit Function

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

The cost incurred for the internal audit function in respect of the financial year ended 30 June 2021 was RM19,330.

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

During the financial year ended 30 June 2021, the Internal Auditors carried out the internal audit work for the Group reviews on the legal and contractual compliance of Section 17A of the Malaysian Anti-Corruption Commission Act ("MACC Act") and Risk Management on Property Development Segment. The final audit reports containing audit findings and recommendations together with management's responses thereto were circulated to all members of the ARMC. Areas of improvement identified were communicated to the management for further action. All internal audit reports were reviewed by the ARMC and discussed at the ARMC meetings. Follow-up reviews would be subsequently performed to ascertain the extent of implementation of the recommended corrective action for improvements.

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

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



# STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING FINANCIAL STATEMENTS

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

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 30 June 2021, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements.

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

The Directors approved the financial statements for the year ended 30 June 2021 on 25 October 2021.



# ADDITIONAL COMPLIANCE INFORMATION

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## 1. Utilisation of Proceeds

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

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

The amount of audit and non-audit fees incurred for services rendered to the Company and the Group for the financial year ended 30 June 2021 by PKF and/or their affiliates are as follows:-

	Company (RM)	Group (RM)
Audit services rendered by PKF	27,000	100,000
Non-audit services rendered by PKF and their affiliates for:		
- Review of Statement on Risk Management and Internal Control	10,000	10,000

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

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors, Chief Executive who is not a director or major shareholders, either still subsisting as at 30 June 2021 or entered into since the end of the previous financial year.

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

There was no recurrent related party transaction of revenue or trading nature during the financial year ended 30 June 2021.

## 5. Employee Share Scheme

There was no Employee Share Scheme implemented by the Company during the financial year ended 30 June 2021.



# DIRECTORS' REPORT

## DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

### Principal activities

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

There has been no significant change in the nature of these activities during the financial year.

### Results

	Group RM	Company RM
Loss for the financial year	217,247	9,910,114

### Reserves and provisions

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

### Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend any final dividend for the financial year ended 30 June 2021.

### Directors

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

Dato' Tan Sin Keat

Ong Sing Guan

Ng Chee Wai

Lau Tiang Hua

Saffle Bin Bakar

- Appointed on 28 August 2020

Liew Peng Chuen @ Liew Ah Choy

- Appointed on 28 August 2020

Cheong Chen Khan

- Appointed on 4 October 2021

Dato' Ong Boon Ann @ Jaymes Ong

- Resigned on 1 September 2020

Tuan Abdul Hamid Bin Abdul Shukor

- Resigned on 1 September 2020

Dato' Ibrahim Bin Saleh

- Resigned on 1 September 2020



# DIRECTORS' REPORT (Cont'd)

## Directors' interests in shares

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and its related corporations during the financial year ended 30 June 2021 as recorded in the Register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia, were as follows:

	Number of Ordinary Shares			Balance as at 30.6.2021
	Balance as at 1.7.2020	Bought	Sold	
<b>In the Company</b>				
<b>Direct interest</b>				
Dato' Tan Sin Keat	3,177,781			<b>3,177,781</b>
Lau Tiang Hua	180,600			<b>180,600</b>
Liew Peng Chuen @ Liew Ah Choy	3,071,400		(350,000)	<b>2,721,400</b>
Saffie Bin Bakar	30,000			<b>30,000</b>
Ng Chee Wai	-	3,190,000		<b>3,190,000</b>
<b>Other shareholdings in which directors are deemed to have interest</b>				
Dato' Tan Sin Keat	150,000	850,000		<b>1,000,000</b>
Lau Tiang Hua	5,262,400	16,200,000		<b>21,462,400</b>

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

## Directors' benefits

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

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

## Directors' remuneration and fee

Directors' remuneration of the Group and of the Company amounted to RM844,635 as disclosed in Note 4 to the financial statements.

Directors' fee of the Group and of the Company are amounted to RM134,000 as disclosed in Note 4 to the financial statements.

## Indemnity and insurance for directors, officers and auditor

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

## Issue of shares and debentures

There were no changes in the shares capital of the Company during the financial year.

There were no debentures issued during the financial year.





# DIRECTORS' REPORT (Cont'd)

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## Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

## Other statutory information

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

- (i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts and that provision had been made for doubtful debts; and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

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

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

No contingent liability or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the abilities of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 June 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Significant event

Details of significant event is disclosed in Note 33 to the financial statements.

## Subsequent event after reporting period

Details of subsequent event after reporting period is disclosed in Note 34 to the financial statements.



# DIRECTORS' REPORT (Cont'd)

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## Auditors

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

The auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2021 amounted to RM100,000 and RM27,000 respectively.

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

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DATO' TAN SIN KEAT

Kuala Lumpur

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NG CHEE WAI



# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016 IN MALAYSIA

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In the opinion of the Directors, the accompanying financial statements as set out on pages 56 to 126 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia, so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2021 and of their financial performances and their cash flows for the financial year ended on that date.

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

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DATO' TAN SIN KEAT

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NG CHEE WAI

Kuala Lumpur

# STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016 IN MALAYSIA

I, NG CHEE WAI, being the director primarily responsible for the financial management of SCANWOLF CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 56 to 126 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

Subscribed and solemnly declared by the )  
above-named at Kuala Lumpur in Wilayah )  
Persekutuan on 25 October 2021 )

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NG CHEE WAI  
(MIA No. 23200)

Before me,

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COMMISSIONER FOR OATHS



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD

(Incorporated in Malaysia)

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## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of SCANWOLF CORPORATION BERHAD, which comprise the statements of financial position as at 30 June 2021 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 56 to 126.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the financial year ended 30 June 2021 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

The Covid-19 pandemic still remains the major challenge and impact on global economy since March 2020 in Malaysia. Throughout the period, the Malaysian Government had instituted more stringent Standard Operating Procedures and commence various phases of movement controls since beginning of 2021 under National Recovery Plan. These movement controls did impact the Group's operation with limited workforce allowed at any one time in their factories and intermittent closure of factories.

In assessing the going concern assumption used in the preparation of the financial statements of the Group, management has considered the repayment obligations for borrowings, other liabilities and cost overheads which are due in the next 12 months, taking into consideration the following:

- a) On 9 August 2021, Rights Issue of irredeemable convertible unsecured loan stocks ("ICULS") with Warrants and the Creditor Capitalisation for 134,971,200 ICULS and 52,485,600 Warrants were completed. Total proceeds of RM10,497,200 was raised after the financial year end by issuing 104,971,200 ICULS pursuant to the Rights Issue of ICULS with Warrants.
- b) Ability of the Group to generate sufficient cash flows from its existing demand and supply and upcoming committed orders.

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



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD (Cont'd)

(Incorporated in Malaysia)

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## Key Audit Matters (Cont'd)

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

Our procedures included:

- a) Inquired management as to its knowledge of events or conditions beyond the period of management's going concern assessment;
- b) Evaluated management's going concern assessment that covers twelve months from the date of financial statements through review of the cash flow forecast;
- c) Assessed the reasonableness of the management's key assumptions used and judgements exercised on its cash flow forecast;
- d) Performed sensitivity test for a range of reasonable possible scenarios; and
- e) Considered the completeness and accuracy of disclosure in the financial statements.

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

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

Certain subsidiaries of the Group have reported net current liabilities, losses during the financial year and under utilisation of machineries due to limited workforce allowed at any one time in their factories and intermittent closure of factories as required under the movement controls restriction.

These are indications that impairment might have occurred on the carrying amount of the property, plant and equipment and right-of-use assets of RM 34,715,561 and RM 2,745,322 respectively as at 30 June 2021. Management has performed an impairment review and concluded that there is no impairment in respect of the property, plant and equipment and right-of-use assets as their recoverable amounts were higher than their carrying amounts.

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

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

Our procedures included:

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

### (iii) Net realisable value of inventories of property development costs

(Refer to Notes 1(d)(iii), 2(k) and 14 to the financial statements)

The Group has significant property development cost as its inventories. These inventories are stated at the lower of their cost and their net realisable values. As at 30 June 2021, property development cost stated at cost amounted to RM 48,880,805.



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD

(Incorporated in Malaysia)

## Key Audit Matters (Cont'd)

### (iii) Net realisable value of inventories of property development costs (Cont'd)

Given the prevailing weak sentiment in the property development market in Malaysia arising from macroeconomic factors and a slowdown in economic activity during Covid-19 Pandemic in Malaysia, there is downward pressure on transaction volumes and residential and commercial property prices. This could lead to future trends in the market departing from known trends based on past experience. There is therefore a risk that the estimates of net realisable values exceed future selling prices, resulting in more losses when inventories are sold. The determination of the estimated net realisable value of this development cost is critically dependent upon the Group's expectations of future selling prices.

Our procedures included:

- a) Reviewed the appropriateness of the management's estimation on the valuation of inventories;
- b) Comparing the recent transacted prices of comparable completed properties, after taking into consideration of the discount given, or where applicable, for certain properties, reviewed valuation reports obtained by management to facilitate the assessment;
- c) Assessed the objectivity, independence, reputation, experience and expertise of the independent valuers;
- d) Reviewed the methodology adopted by the independent valuers in estimating the fair value of the land; and
- e) Evaluated the appropriateness of the data used by the independent valuers as input into their valuations.

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

(Refer to Notes 2(m) and 15 to the financial statements)

The gross carrying amount of the amount due from subsidiaries amounted to RM 20,953,349 of which the Directors has made an impairment of RM4,627,944. The Company carries significant amount due from subsidiaries which subject to a high credit risk exposure.

Due to the difficulties in determining the probability of default on amount due from subsidiaries, we consider the estimation and judgement made by the Directors to be an area of audit focus.

Our procedures included:

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

## Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Group and of the Company are responsible for the other information. The other information comprises the Management Discussion and Analysis, Risk Management and Audit Committee Report, and Statement on Risk Management and Internal Control in Relation to the Financial Statements and Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD (Cont'd)

(Incorporated in Malaysia)

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## Responsibilities of the Directors for the Financial Statements

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

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

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

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

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

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



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD

(Incorporated in Malaysia)

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

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

## **Other Matters**

- (i) 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.
- (ii) The comparative figures were audited by another firm of auditors who expressed an unmodified opinion on those statements on 21 October 2020.

PKF  
AF 0911  
CHARTERED ACCOUNTANTS

Kuala Lumpur

NGU SIOW PING  
03033/11/2021 J  
CHARTERED ACCOUNTANT





# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	3 (a)	<b>48,808,077</b>	30,895,844	<b>720,000</b>	780,000
Other operating income	3 (b)	<b>196,880</b>	13,897,296	-	1,082,299
Changes in inventories of completed projects		<b>(8,599,133)</b>	(982,570)	-	-
Changes in inventories of finished goods and work in progress		<b>225,147</b>	502,739	-	-
Raw materials and consumables used		<b>(21,539,120)</b>	(13,687,913)	-	-
Changes in inventories of trading merchandise		<b>(873,455)</b>	(2,249,169)	-	-
Employee benefits expenses	4	<b>(7,360,048)</b>	(10,015,465)	<b>(1,012,470)</b>	(1,600,848)
Depreciation		<b>(3,292,102)</b>	(3,353,173)	-	-
Reversal/(Allowance) for expected credit losses		<b>112,256</b>	(158,967)	<b>(4,627,944)</b>	(228,000)
Other operating expenses		<b>(6,400,196)</b>	(10,594,309)	<b>(227,778)</b>	(348,467)
Impairment loss on investment in subsidiary		-	-	<b>(5,118,196)</b>	(100,000)
<b>Profit/(Loss) from operations</b>		<b>1,278,306</b>	4,254,313	<b>(10,266,388)</b>	(415,016)
Finance income	5	-	10,828	<b>356,274</b>	754,928
Finance cost	6	<b>(1,542,625)</b>	(2,305,677)	-	-
Net finance (costs)/income		<b>(1,542,625)</b>	(2,294,849)	<b>356,274</b>	754,928
<b>(Loss)/Profit before tax</b>	7	<b>(264,319)</b>	1,959,464	<b>(9,910,114)</b>	339,912
Tax income/(expenses)	8	<b>47,072</b>	(1,337,533)	-	-
<b>(Loss)/Profit, representing total comprehensive (loss)/income, for the financial year</b>		<b>(217,247)</b>	621,931	<b>(9,910,114)</b>	339,912
<b>(Loss)/Earnings per share</b>	9				
- Basic		<b>(0.21)</b>	0.64		
- Diluted		<b>(0.21)</b>	0.64		

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



# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		Group			Company	
		30.06.2021	Restated 30.06.2020	Restated 01.07.2019	2021	2020
	Note	RM	RM	RM	RM	RM
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	10	<b>34,715,561</b>	41,599,221	28,565,176	-	-
Right-of-use assets	11	<b>2,745,322</b>	2,966,238	-	-	-
Investment in subsidiaries	12	-	-	-	<b>16,705,880</b>	21,824,076
Deferred tax assets		-	-	1,483,221	-	-
Inventories	14	<b>8,731,448</b>	8,731,448	10,175,459	-	-
Other receivables	15	-	-	7,808,983	<b>16,325,405</b>	17,345,713
		<b>46,192,331</b>	53,296,907	48,032,839	<b>33,031,285</b>	39,169,789
<b>Current assets</b>						
Inventories	14	<b>49,337,105</b>	55,665,892	57,015,625	-	-
Contract assets		-	-	425,000	-	-
Trade receivables	15	<b>5,036,666</b>	4,363,195	6,068,259	-	3,952,044
Other receivables, deposits and prepayments	15	<b>2,618,467</b>	1,798,392	1,921,426	<b>552,213</b>	13,998
Tax recoverable	16	-	-	15,099	-	-
Fixed deposits with licensed banks		-	-	283,610	-	-
Cash and bank balances	17	<b>140,500</b>	468,168	773,849	<b>11,871</b>	21,184
		<b>57,132,738</b>	62,295,647	66,502,868	<b>564,084</b>	3,987,226
<b>Assets classified as held for sale</b>		<b>5,469,976</b>	-	-	-	-
		<b>62,602,714</b>	62,295,647	66,502,868	<b>564,084</b>	3,987,226
<b>TOTAL ASSETS</b>		<b>108,795,045</b>	115,592,554	114,535,707	<b>33,595,369</b>	43,157,015

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



# STATEMENTS CONSOLIDATED OF FINANCIAL POSITION (Cont'd)

AS AT 30 JUNE 2021

	Note	Group			Company	
		30.06.2021	Restated 30.06.2020	Restated 01.07.2019	2021	2020
		RM	RM	RM	RM	RM
<b>EQUITY AND LIABILITIES</b>						
<b>Equity attributable to owners of the parent</b>						
Share capital	18	<b>49,724,006</b>	49,724,006	49,056,011	<b>49,724,006</b>	49,724,006
Other reserves	19	<b>(16,043,068)</b>	(15,932,220)	(15,113,789)	<b>(307,138)</b>	(307,138)
Retained profits/ (Accumulated losses)	20	<b>3,417,360</b>	3,523,759	2,083,397	<b>(16,811,821)</b>	(6,901,707)
<b>Total equity</b>		<b>37,098,298</b>	37,315,545	36,025,619	<b>32,605,047</b>	42,515,161
<b>Non-current liabilities</b>						
Other payable	21	<b>3,170,247</b>	1,290,185	1,063,362	-	-
Lease liabilities	22	<b>946,794</b>	1,343,159	1,169,015	-	-
Borrowings	23	<b>11,748,472</b>	5,236,211	5,891,156	-	-
Deferred tax liabilities	24	<b>1,506,195</b>	1,551,330	1,596,599	-	-
		<b>17,371,708</b>	9,420,885	9,720,132	-	-
<b>Current liabilities</b>						
Trade payables	25	<b>23,935,961</b>	33,431,465	35,899,673	-	-
Other payables, deposits and accruals	21	<b>11,198,153</b>	10,243,780	8,230,750	<b>990,322</b>	641,854
Contract liabilities	26	-	467,500	-	-	-
Lease liabilities	22	<b>636,940</b>	675,620	523,551	-	-
Borrowings	23	<b>16,357,633</b>	23,515,871	23,553,621	-	-
Amount due to directors	27	<b>1,761,964</b>	-	-	-	-
Tax payables		<b>434,388</b>	521,888	582,361	-	-
		<b>54,325,039</b>	68,856,124	68,789,956	<b>990,322</b>	641,854
<b>Total liabilities</b>		<b>71,696,747</b>	78,277,009	78,510,088	<b>990,322</b>	641,854
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>108,795,045</b>	115,592,554	114,535,707	<b>33,595,369</b>	43,157,015

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



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Group	Note	Share capital RM	Treasury shares RM	Reverse acquisition reserve RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
At 1 July 2019 (as previously stated)		49,056,011	(307,138)	(19,524,076)	4,717,425	2,083,397	36,025,619
Prior year adjustments	35	-	-	-	(707,583)	707,583	-
At 1 July 2019 (restated)		49,056,011	(307,138)	(19,524,076)	4,009,842	2,790,980	36,025,619
Issuance of shares	18	667,995	-	-	-	-	667,995
Profit, representing total comprehensive income, for the financial year		-	-	-	-	621,931	621,931
Realisation on revaluation reserve		-	-	-	(110,848)	110,848	-
At 30 June 2020		49,724,006	(307,138)	(19,524,076)	3,898,994	3,523,759	37,315,545
Loss, representing total comprehensive loss, for the financial year		-	-	-	-	(217,247)	(217,247)
Realisation on revaluation reserve		-	-	-	(110,848)	110,848	-
At 30 June 2021		<b>49,724,006</b>	<b>(307,138)</b>	<b>(19,524,076)</b>	<b>3,788,146</b>	<b>3,417,360</b>	<b>37,098,298</b>

Company	Note	Share capital RM	Treasury shares RM	Retained profits/ (Accumulated losses) RM	Total RM
At 1 July 2019		49,056,011	(307,138)	(7,241,619)	41,507,254
Issuance of shares	18	667,995	-	-	667,995
Profit for the financial year		-	-	339,912	339,912
At 30 June 2020		49,724,006	(307,138)	(6,901,707)	42,515,161
Loss for the financial year		-	-	(9,910,114)	(9,910,114)
At 30 June 2021		<b>49,724,006</b>	<b>(307,138)</b>	<b>(16,811,821)</b>	<b>32,605,047</b>

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



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash flows from operating activities</b>					
(Loss)/Profit before tax		(264,319)	1,959,464	(9,910,114)	339,912
Adjustments for:					
Property, plant and equipment					
- depreciation		2,832,991	2,929,995	-	-
- loss/(gain) on disposal		1,258	(8,749)	-	-
- written off		2,008	6,976	-	-
Right-of-use assets					
- depreciation		459,111	423,178	-	-
- written off		14,954	-	-	-
Gain on bargain purchase		-	(12,374,554)	-	-
Allowance/(Reversal) of impairment loss on investment in subsidiaries		-	-	5,118,196	(982,299)
Allowance for expected credit loss/impairment loss					
- charge for the financial year		1,856	206,888	4,399,944	228,000
- reversal		(114,112)	(47,921)	-	-
Interest					
- expense		1,542,625	2,305,677	-	-
- income		-	(10,828)	(356,274)	(754,928)
Inventories					
- reversal of allowance for slow moving		-	(1,956,400)	-	-
- written down		33,000	859,086	-	-
- written off		-	1,444,011	-	-
Bad debts written off		-	6,013	-	-
Changes in fair value on amount due from an associate		-	(470,183)	-	-
Foreign exchange					
- unrealised loss		30,096	44,782	-	-
<b>Operating gain/(loss) before working capital changes</b>		<b>4,539,468</b>	<b>(4,690,565)</b>	<b>(748,248)</b>	<b>(1,169,315)</b>
Decrease in inventories		6,295,787	4,012,612	-	-
Decrease in contract assets		-	425,000	-	-
(Decrease)/Increase in contract liabilities		(467,500)	467,500	-	-
(Increase)/Decrease in receivables		(1,381,290)	2,248,056	(986,115)	(771,682)
(Decrease)/Increase in payables		(6,243,684)	(2,250,406)	348,468	269,913
Increase in amount due to Directors		1,761,964	-	-	-
<b>Cash generated from/(used in) operations</b>		<b>4,504,745</b>	<b>221,073</b>	<b>(1,385,895)</b>	<b>(1,671,084)</b>



# STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash generated from/(used in) operations</b>		<b>4,504,745</b>	221,073	<b>(1,385,895)</b>	(1,671,084)
Tax paid		(101,063)	(53,000)	-	-
Tax refunded		15,500	108,045	-	-
<b>Net cash from/(used in) operating activities</b>		<b>4,419,182</b>	276,118	<b>(1,385,895)</b>	(1,671,084)
<b>Cash flows from investing activities</b>					
Decrease in fixed deposits pledged		-	283,610	-	-
Deposits paid for purchase of plant equipment		-	(52,810)	-	-
Interest received		-	10,828	<b>356,274</b>	754,928
Proceeds from disposal of property, plant and equipment		<b>2,200</b>	75,000	-	-
<b>Acquisition of property, plant and equipment</b>		<b>(1,362,980)</b>	(837,608)	-	-
Additions or right-of-use assets	11	(61,792)	(79,087)	-	-
Repayments from subsidiaries		-	-	<b>1,020,308</b>	247,829
Net cash inflow arising from business combination	13	-	3,071,814	-	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(1,422,572)</b>	2,417,747	<b>1,376,582</b>	1,002,757



# STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash flows from financing activities</b>					
Interest paid		(1,542,625)	(1,788,832)	-	-
Drawdown of term loan		396,485	-	-	-
Proceeds from					
- issuance of shares		-	667,995	-	667,995
- banker's acceptances		32,929,876	37,861,000	-	-
- term loans		-	83,329	-	-
Repayments of					
- back-to-back loan arrangement with a company in which a director has interest		(439,510)	(48,554)	-	-
- banker's acceptances		(33,411,491)	(37,872,000)	-	-
- bridging and term loans		(1,154,560)	(884,042)	-	-
- lease liabilities		(688,194)	(628,789)	-	-
<b>Net cash (used in)/from financing activities</b>		<b>(3,910,019)</b>	<b>(2,609,893)</b>	<b>-</b>	<b>667,995</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(913,409)</b>	<b>84,022</b>	<b>(9,313)</b>	<b>(332)</b>
<b>Cash and cash equivalents at 1 July 2020/2019</b>		<b>(5,089,393)</b>	<b>(5,181,539)</b>	<b>21,184</b>	<b>21,516</b>
<b>Effect of exchange differences</b>		<b>(7,970)</b>	<b>8,124</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 30 June</b>	(ii)	<b>(6,010,772)</b>	<b>(5,089,393)</b>	<b>11,871</b>	<b>21,184</b>



# STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

## Notes:

### (i) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances		140,500	468,168	11,871	21,184
Less: Bank overdrafts	23	(6,151,272)	(5,557,561)	-	-
Total cash and cash equivalents		<u>(6,010,772)</u>	<u>(5,089,393)</u>	<u>11,871</u>	<u>21,184</u>

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

	As at 1 July RM	Cash flows RM	Non cash changes RM	As at 30 June RM
<b>2021</b>				
<b>Group</b>				
Bankers' acceptances	8,689,000	(481,615)	-	8,207,385
Back to back arrangement liability	2,274,244	(439,510)	-	1,834,734
Bridging loans	8,394,332	(220,371)	-	8,173,961
Lease liabilities	2,018,779	(688,194)	253,149	1,583,734
Term loans	<u>6,111,189</u>	<u>(934,189)</u>	<u>396,486</u>	<u>5,573,486</u>
<b>2020</b>				
<b>Group</b>				
Bankers' acceptances	8,700,000	(11,000)	-	8,689,000
Back to back arrangement liability	2,322,798	(48,554)	-	2,274,244
Bridging loans	8,092,526	(215,039)	516,845	8,394,332
Lease liabilities	1,692,566	(628,789)	955,002	2,018,779
Term loans	<u>6,696,863</u>	<u>(585,674)</u>	<u>-</u>	<u>6,111,189</u>





# NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2021

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## 1. Basis of preparation

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

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

### (a) Standards issued and effective

On 1 July 2020, the Group and the Company have also adopted the following new and amended MFRS which are mandatory for annual financial periods beginning on or after 1 January 2020.

#### Description

- Amendments to MFRS 3, *Business Combinations*: Definition of Business
- Amendments to MFRS 4, *Insurance Contracts*: Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures*: Interest Rate Benchmark Reform
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Material
- Amendments from other Standards:
  - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
  - Amendments to MFRS 3, *Business Combinations*
  - Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
  - Amendments to MFRS 7, *Financial Instruments: Disclosures*
  - Amendments to MFRS 9, *Financial Instruments*
  - Amendments to MFRS 15, *Revenue from Contracts with Customers*
  - Amendments to MFRS 101, *Presentation of Financial Statements*
  - Amendments to MFRS 107, *Statement of Cash Flows*
  - Amendments to MFRS 110, *Events after the Reporting Period*
  - Amendments to MFRS 116, *Property, Plant and Equipment*
  - Amendments to MFRS 119, *Employee Benefits*
  - Amendments to MFRS 126, *Accounting and Reporting by Retirement Benefit Plans*
  - Amendments to MFRS 128, *Investments in Associates and Joint Ventures*
  - Amendments to MFRS 132, *Financial instruments: Presentation*
  - Amendments to MFRS 134, *Interim Financial Reporting*
  - Amendments to MFRS 136, *Impairment of Assets*



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

### (a) Standards issued and effective (Cont'd)

On 1 July 2020, the Group and the Company have also adopted the following new and amended MFRS which are mandatory for annual financial periods beginning on or after 1 January 2020. (Cont'd)

#### Description

- Amendments from other Standards: (Cont'd)
  - Amendments to MFRS 137, Provision, Contingent Liabilities and Contingent Assets
  - Amendments to MFRS 138, Intangible Assets
  - Amendments to MFRS 140, Investment Property
- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 16, Leases: Covid-19-Related Rent Concessions
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases: Interest Rate Benchmark Reform - Phase 2
- Amendments to MFRS 16, Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

Adoption of above amended MFRS did not have any material impact to the financial performances or positions of the Group and of the Company.

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

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

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 9, <i>Financial Instruments</i> , MFRS 139, <i>Financial Instruments: Recognition and Measurement</i> , MFRS 7, <i>Financial Instruments: Disclosures</i> , MFRS 4, <i>Insurance Contracts</i> and MFRS 16, <i>Leases: Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
• Amendments to MFRS 16, <i>Leases: Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
• Amendments to MFRS 3, <i>Business Combinations: Reference to the Conceptual Framework</i>	1 January 2022
• Amendments to MFRS 116, <i>Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

### (b) Standards issued but not yet effective (Cont'd)

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective: (Cont'd)

Description	Effective for annual periods beginning on or after
· Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
· Annual improvements to MFRSs 2018 - 2020 cycle	
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
- Amendments to MFRS 9, Financial Instruments	1 January 2022
- Amendments to MFRS 16, Leases	1 January 2022
- Amendments to MFRS 141, Agriculture	1 January 2022
· MFRS 17, Insurance Contracts	1 January 2023
· Amendments to MFRS 17, Insurance Contracts	1 January 2023
· Amendments to MFRS 101, Presentation of Financial Statements: Classifications of Liabilities as Current or Non-current	1 January 2023
· Amendments to MFRS 101, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
· Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
· Amendments to MFRS 112, Income Tax: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
· Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred

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

### (c) Basis of measurement

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

The financial statements of the Company are also prepared on a going concern basis. At the reporting date, the Company's current liabilities exceeded its current asset by RM426,238. The Group and the Company also incurred a net loss of RM217,247 and RM9,910,114 respectively for the financial year ended 30 June 2021.

The Covid-19 pandemic still remains the major challenge and impact on global economy since March 2020 in Malaysia. Throughout the period, the Malaysian Government had instituted more stringent Standard Operating Procedures and commence various phases of movement controls since beginning of 2021 under National Recovery Plan. These movement controls did impact the Group's operation with limited workforce allowed at any one time in their factories and intermittent closure of factories.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

### (c) Basis of measurement (Cont'd)

In assessing the going concern assumption used in the preparation of the financial statements of the Group, management has considered the repayment obligations for borrowings, other liabilities and cost overheads which are due in the next 12 months, taking into consideration the following:

- a) On 9 August 2021, Rights Issue of irredeemable convertible unsecured loan stocks ("ICULS") with Warrants and the Creditor Capitalisation for 134,971,200 ICULS and 52,485,600 Warrants were completed. Total proceeds of RM10,497,200 was raised after the financial year end by issuing 104,971,200 ICULS pursuant to the Rights Issue of ICULS with Warrants.
- b) Ability of the Group to generate sufficient cash flows from its existing demand and supply and upcoming committed orders.

The Directors are of the opinion that the going concern basis used for the preparation of the financial statements of the Group and of the Company is appropriate as the Group had successfully raised the fund from Rights Issue of ICULS with Warrants and the Creditor Capitalisation on 9 August 2021.

Therefore, the Group and the Company are able to meet its obligations as and when they fall due.

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

### (d) Significant accounting estimates and judgements

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

#### (i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

#### (ii) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipate that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (iii) Impairment of Non-financial Assets

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

#### (iii) Impairment of Non-financial Assets (Cont'd)

- Property development project

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

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

- Others inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

#### (iv) Provision for Expected Credit Losses ("ECLs") of Trade Receivables

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

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

#### (v) Deferred Tax Assets and Liabilities

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

#### (vi) Recognition of Property Development Profits

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

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

#### (vi) Recognition of Property Development Profits (Cont'd)

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

#### (vii) Carrying Amount of Investment in Subsidiaries

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

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

#### (ix) Leases

##### (a) Lease term

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

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

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

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

In determining the incremental borrowing rate, the Group and the Company uses interest rate of 6,16% as a starting point and makes adjustments specific to the lease, for example, three (3) years.

## 2. Summary of significant accounting policies

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

#### (i) Subsidiaries (Cont'd)

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

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

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

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

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

#### (ii) Business combinations

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

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

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

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

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

#### (iii) Loss of control

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

#### (iv) Transaction eliminated on consolidation

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

#### (iv) Transaction eliminated on consolidation (Cont'd)

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

### (b) Foreign currencies

#### (i) Functional and presentation currency

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

#### (ii) Foreign currencies transactions

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

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

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

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

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

	2021	2020
	RM	RM
100 Chinese Renminbi	0.6433	0.5894
1 Euro	4.9444	4.7385
1 Singapore Dollar	3.0902	3.0581
1 United States Dollar	4.1543	4.3415
100 New Taiwan Dollar	14.8813	0.1604





# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

### (c) Revenue and other income

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

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

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

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

#### (ii) Sales of manufactured goods

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

#### (iii) Sales of trading goods

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

#### (iv) Management fees

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

### (d) Employee benefits expense

#### (i) Short-term benefits

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

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

#### (ii) Defined contribution plans

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

### (e) Borrowing costs

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

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

### (f) Tax expense

#### (i) Current tax

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

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### (ii) Deferred tax

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

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

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

### (g) Impairment

#### (i) Financial assets

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

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

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

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

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

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

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

#### (ii) Non-financial assets

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

### (h) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

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

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

### (i) Leases

#### (i) Initial recognition and measurement

##### (a) As a lessee

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

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

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

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

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

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

##### (b) As a lessor

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

#### (ii) Subsequent measurement

##### (a) As a lessee

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

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

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

##### (b) As a lessor

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

### (j) Inventories

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

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

#### (i) Inventory properties

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

Cost includes:

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

#### (i) Inventory properties (Cont'd)

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

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

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

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

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

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

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

### (l) Financial assets

#### (i) Initial recognition and measurement

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

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

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

#### (ii) Subsequent measurement

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

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

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

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

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

#### (a) Amortised costs

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

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

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

##### 1. Debt investments

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

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

##### 2. Equity investments

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

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

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

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

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

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





# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

#### (iii) Derecognition

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

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

### (m) Cash and cash equivalents

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

### (n) Financial liabilities

#### (i) Initial recognition and measurement

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

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

#### (ii) Subsequent measurement

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

##### (a) Amortised cost

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

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

#### (iii) Financial guarantee contracts

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

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

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

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

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

#### (iv) Derecognition

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

### (o) Provision

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

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

### (p) Equity instruments

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

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

### (q) Fair value measurements

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

### (r) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

### (s) Non-current assets held for sales (Cont'd)

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

### (t) Earnings per share

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

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

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

## 3 (a). Revenue

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Revenue from contract customers	<b>48,808,077</b>	30,895,844	<b>720,000</b>	780,000

### (i) Disaggregation of revenue

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Revenue from contract customers</b>				
Finished goods				
- Manufacturing and goods	<b>30,725,722</b>	26,614,304	-	-
- Trading	<b>4,729,355</b>	2,819,209	-	-
Property development				
- Completed development units	<b>13,353,000</b>	1,462,331	-	-
Management fees charged to subsidiaries	-	-	<b>720,000</b>	780,000
	<b>48,808,077</b>	30,895,844	<b>720,000</b>	780,000



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

### (i) Disaggregation of revenue (Cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Geographical markets</b>				
Africa	48,294	71,019	-	-
Rest of Asia	6,087,229	4,671,274	-	-
Middle East	425,154	737,264	-	-
Oceania	2,664,935	5,274,829	-	-
Malaysia	39,110,919	19,800,969	720,000	780,000
Others	471,546	340,489	-	-
	<b>48,808,077</b>	<b>30,895,844</b>	<b>720,000</b>	<b>780,000</b>
<b>Timing of revenue recognition</b>				
At a point in time	48,808,077	30,895,844	-	-
Over time	-	-	720,000	780,000
	<b>48,808,077</b>	<b>30,895,844</b>	<b>720,000</b>	<b>780,000</b>

## 3 (b). Other operating income

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Rental income	-	26,500	-	-
Miscellaneous income	80,159	1,586	-	-
Wages subsidy received	99,000	6,000	-	-
Gain on disposal of property, plant and equipment	-	24,999	-	-
Realised on foreign exchange	1,118	-	-	-
Gain on bargain purchase	-	12,374,554	-	-
Others	16,603	1,463,657	-	1,082,299
	<b>196,880</b>	<b>13,897,296</b>	<b>-</b>	<b>1,082,299</b>

## 4. Employee benefits expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(a) Staff cost:				
Salaries, wages and allowances	5,734,772	7,500,616	120,450	120,800
Contributions to defined contribution plan	502,164	661,187	18,880	18,560
Social security contributions	90,812	111,078	593	593
Other short-term employee benefits	170,415	139,011	10,662	18,577
Total staff costs	<b>6,498,163</b>	<b>8,411,892</b>	<b>150,585</b>	<b>158,530</b>



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM

### (b) Directors' remuneration:

#### (i) Executive directors:

- fees				
- current year	<b>24,000</b>	82,500	<b>24,000</b>	82,500
- overprovision in prior year	<b>(41,250)</b>	-	<b>(41,250)</b>	-
- salaries and allowances	<b>708,300</b>	1,176,155	<b>708,300</b>	1,014,900
- defined contribution plan	<b>112,088</b>	158,976	<b>112,088</b>	158,976
- social security contributions	<b>1,847</b>	2,242	<b>1,847</b>	2,242
	<b>804,985</b>	1,419,873	<b>804,985</b>	1,258,618

#### (ii) Non-executive directors:

- fees				
- current year	<b>110,000</b>	151,000	<b>110,000</b>	151,000
- overprovision in prior year	<b>(75,500)</b>	-	<b>(75,500)</b>	-
- allowances	<b>22,400</b>	32,700	<b>22,400</b>	32,700
	<b>56,900</b>	183,700	<b>56,900</b>	183,700

Total directors' remuneration	<b>861,885</b>	1,603,573	<b>861,885</b>	1,442,318
Total employee benefits expense	<b>7,360,048</b>	10,015,465	<b>1,012,470</b>	1,600,848

## 5. Finance income

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM

### Interest income from

- advances to a subsidiary	-	-	<b>356,274</b>	754,928
- fixed deposits with licensed banks	-	8,404	-	-
- housing development accounts	-	2,424	-	-
	-	10,828	<b>356,274</b>	754,928



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 6. Finance cost

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Interest expense on				
- back to back arrangement	(314,073)	231,707	-	-
- bank overdrafts	339,210	408,060	-	-
- bankers' acceptances	89,328	385,451	-	-
- bridging loans	657,148	748,847	-	-
- other lease liabilities	6,665	46,694	-	-
- lease liabilities	114,390	123,553	-	-
- promissory note	202,875	-	-	-
- term loans	410,100	361,365	-	-
- others	36,982	-	-	-
	<b>1,542,625</b>	<b>2,305,677</b>	-	-

## 7. (Loss)/Profit before tax

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>(Loss)/Profit for the year is arrived at after charging:</b>				
<b>Auditors' remunerations</b>				
Audit fees	100,000	115,500	27,000	36,500
<b>Material expenses</b>				
Property, plant and equipment				
- depreciation	2,832,991	2,929,995	-	-
- disposal	1,258	(8,749)	-	-
- written off	2,008	6,976	-	-
Right-of-use assets				
- depreciation	459,111	423,178	-	-
- written off	14,954	-	-	-
Allowance expected credit losses	(112,256)	158,967	4,627,944	228,000
Reversal of allowance for slow moving inventories	-	(1,956,400)	-	-
Allowance/(Reversal) of impairment loss on investment in subsidiaries	-	-	5,118,116	(982,299)
Bad debts written off	-	6,013	-	-
Changes in fair value on amount due from as associates	-	(470,183)	-	-
Unrealised loss on foreign exchange	30,097	44,782	-	-



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 8. Tax income/(expense)

### (a) Recognised in profit or loss

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax:				
- Current year	-	103,000	-	-
- Overprovision in prior years	(1,937)	(203,419)	-	-
	<b>(1,937)</b>	<b>(100,419)</b>	-	-
Deferred tax: (Note 24)				
- Current year	-	1,484,221	-	-
- Crystallisation of deferred tax liabilities arising from revaluation reserve	(45,135)	(45,269)	-	-
- Overprovision in prior years	-	(1,000)	-	-
	<b>(45,135)</b>	<b>1,437,952</b>	-	-
	<b>(47,072)</b>	<b>1,337,533</b>	-	-

### Reconciliation of tax expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(Loss)/Profit before tax	<b>(264,319)</b>	1,959,464	<b>(9,910,114)</b>	339,912
Tax calculated at statutory tax rate of 24%	<b>(63,437)</b>	470,000	<b>(2,378,427)</b>	82,000
Crystallisation of deferred tax liabilities arising from revaluation reserve	<b>(45,135)</b>	(45,269)	-	-
Non-deductible expenses	<b>38,616</b>	374,972	<b>32,274</b>	88,000
Non-taxable income	<b>(46,525)</b>	(3,048,381)		(260,000)
Deferred tax asset not recognised	<b>71,346</b>	3,086,409	<b>2,346,153</b>	90,000
Utilisation of deferred tax not recognised in previous year	-	(313,000)	-	-
Derecognition of deferred tax assets previously recognised	-	1,017,221	-	-
	<b>(45,135)</b>	<b>1,541,952</b>	-	-
Overprovision of current tax in prior year	<b>(1,937)</b>	(203,419)	-	-
Overprovision of deferred tax in prior year	-	(1,000)	-	-
Tax (income)/expense	<b>(47,072)</b>	<b>1,337,533</b>	-	-





# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 8. Tax income/(expense) (Cont'd)

### (a) Recognised in profit or loss (Cont'd)

#### Reconciliation of tax expense (Cont'd)

The Group has unabsorbed capital allowance and unutilised tax losses amounting to approximately RM11,646,218 and RM36,282,779 (2020: RM19,454,000 and RM27,774,983) respectively for set off against future taxable profits.

The Company has unutilised tax losses amounting to approximately RM2,522,939 (2020: RM2,637,000) for set off against future taxable profits.

Effective from year of assessment 2019, the unutilised tax losses can be carried forward for a period of 7 years from year of assessment 2018 onwards to set off against future taxable profit as follows:

Group	RM	Utilised Up to
YA 2018 and above	8,798,000	YA 2025
YA 2019	8,870,000	YA 2026
YA 2020	10,522,300	YA 2027
YA 2021	<b>8,092,479</b>	<b>YA 2028</b>

## 9. Earnings per share

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

### (a) Basic earnings per share

	Group	
	2021	2020
Net (loss)/profit for the financial year attributable to owners of the parent (RM)	<b>(217,247)</b>	621,931
Weighted average number of ordinary shares in issue (units)	<b>104,971,000</b>	97,814,100
Basic (loss)/earnings per share (sen)	<b>(0.21)</b>	0.64

There are no diluted (loss)/earnings per share disclosed as there were no dilutive potential ordinary shares.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 10. Property, plant and equipment

2021	Leasehold land RM	Leasehold land and factory buildings RM	Office building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Renovation and signboards RM	Total RM
<b>Group</b>								
<b>Cost/Valuation</b>								
At 1 July 2020	4,120,000	17,702,179	2,300,000	1,521,478	692,876	24,100,526	4,410,068	54,847,127
Additions	-	-	-	41,286	27,000	911,844	382,850	1,362,980
Disposals	-	-	-	(5,803)	-	-	-	(5,803)
Written off	-	-	-	(3,443)	-	-	-	(3,443)
Reclassification to assets classified as held for sale	-	(5,802,405)	-	-	-	-	-	(5,802,405)
Reclassification from right-of-use assets	-	-	-	-	461,633	132,199	-	593,832
At 30 June	4,120,000	11,899,774	2,300,000	1,553,518	1,181,509	25,144,569	4,792,918	50,992,288
<b>Accumulated depreciation</b>								
At 1 July 2020	316,470	984,493	191,667	910,542	550,345	9,870,358	424,031	13,247,906
Charge for the financial year	99,938	310,611	45,999	135,736	76,872	2,049,658	114,177	2,832,991
Disposal	-	-	-	(2,345)	-	-	-	(2,345)
Written off	-	-	-	(1,435)	-	-	-	(1,435)
Reclassification to assets classified as held for sale	-	(332,429)	-	-	-	-	-	(332,429)
Reclassification from right-of-use assets	-	-	-	-	458,229	73,810	-	532,039
At 30 June	416,408	962,675	237,666	1,042,498	1,085,446	11,993,826	538,208	16,276,727
<b>Carrying amount</b>								
At 30 June	3,703,592	10,937,099	2,062,334	511,020	96,063	13,150,743	4,254,710	34,715,561
<b>Representing:</b>								
At cost	-	2,518,100	2,062,334	511,020	96,063	13,150,743	4,254,710	22,592,970
At valuation	3,703,592	8,418,999	-	-	-	-	-	12,122,591
	3,703,592	10,937,099	2,062,334	511,020	96,063	13,150,743	4,254,710	34,715,561



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

2020	Leasehold land RM	Leasehold land and factory buildings RM	Office building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Renovation and signboards RM	Total RM
<b>Group</b>								
<b>Cost/Valuation</b>								
<b>At 1 July 2019</b>	4,120,000	17,702,179	2,300,000	1,442,768	1,822,396	10,104,278	334,550	37,826,171
Acquisition of a subsidiary	-	-	-	173,914	274,120	15,915,467	3,953,198	20,316,699
Reclassification from right-of-use assets	-	-	-	(136,000)	(678,192)	(2,584,411)	-	(3,398,603)
Additions	-	-	-	50,096	-	464,822	322,690	837,608
Disposals	-	-	-	-	(718,948)	-	-	(718,948)
Written off	-	-	-	(9,300)	(6,500)	-	-	(15,800)
Reclassification	-	-	-	-	-	200,370	(200,370)	-
<b>At 30 June</b>	<b>4,120,000</b>	<b>17,702,179</b>	<b>2,300,000</b>	<b>1,521,478</b>	<b>692,876</b>	<b>24,100,526</b>	<b>4,410,068</b>	<b>54,847,127</b>
<b>Accumulated depreciation</b>								
<b>At 1 July 2019</b>	216,532	661,724	145,667	727,180	1580,239	5,838,304	91,349	9,260,995
Acquisition of a subsidiary	-	-	-	40,940	81,761	2,388,835	250,177	2,761,713
Reclassification from right-of-use assets	-	-	-	(9,973)	(525,806)	(507,497)	-	(1,043,276)
Charge for the financial year	99,938	322,769	46,000	154,720	73,347	2,150,716	82,505	2,929,995
Disposal	-	-	-	-	(652,697)	-	-	(652,697)
Written off	-	-	-	(2,325)	(6,499)	-	-	(8,824)
<b>At 30 June</b>	<b>316,470</b>	<b>984,493</b>	<b>191,667</b>	<b>910,542</b>	<b>550,345</b>	<b>9,870,358</b>	<b>424,031</b>	<b>13,247,906</b>



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

2020	Leasehold land RM	Leasehold land and factory buildings RM	Office building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Renovation and signboards RM	Total RM
<b>Carrying amount</b>								
<b>At 30 June</b>	3,803,530	16,717,686	2,108,333	610,936	142,531	14,230,168	3,986,037	41,599,221
<b>Representing:</b>								
At cost	-	8,101,714	2,108,333	610,936	142,531	14,230,168	3,986,037	29,179,719
At valuation	3,803,530	8,615,972	-	-	-	-	-	12,419,502
	3,803,530	16,717,686	2,108,333	610,936	142,531	14,230,168	3,986,037	41,599,221



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

The recoverable amount of the property, plant and equipment of the subsidiaries, were determined based on its value-in-use calculations using cash flows projections from financial budget prepared by management covering a five (5) years period and inclusive of terminal value. The following are the key assumptions:

- (i) The discounted rate used for the value-in-use calculation is based on the Company's weighted average cost of capital specific to the industry at rate of 8.01% (2020: 9.20%).
- (ii) The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future business trends and its historical data.
- (iii) In calculation of the terminal value, there were no growth in revenue assumed.

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

### (ii) At reporting date:

- (a) The property, plant and equipment of the Group which have been charged as collaterals to secure the banking facilities and term loans referred to Note 23 are as follows:

Carrying amount	Group	
	2021 RM	2020 RM
Leasehold land	3,703,592	3,803,530
Leasehold buildings	10,937,099	16,717,686
Office buildings	2,062,334	2,108,333
	<b>16,703,025</b>	<b>22,629,549</b>

### (iii) Revaluation

The leasehold land and buildings for the manufacturing business segment of the Group were revalued in April 2017 by the directors based upon valuations carried out by independent professional valuers using the fair value method which is determined reference to "Comparison Method", "Depreciation Replacement Cost" and "Cost Method" basis.

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

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

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

	Group	
	2021	2020
Long-term leasehold land	RM	RM
At cost	350,000	350,000
Less: Accumulated depreciation	(45,870)	(37,658)
Carrying amount	<u>304,130</u>	<u>312,342</u>
<b>Short-term leasehold land</b>		
At cost	2,560,000	2,560,000
Less: Accumulated depreciation	(651,190)	(534,654)
Carrying amount	<u>1,908,810</u>	<u>2,025,346</u>
<b>Factory buildings</b>		
At cost	9,071,000	9,071,000
Less: Accumulated depreciation	(2,156,794)	(1,922,179)
Carrying amount	<u>6,914,206</u>	<u>7,148,821</u>
Total carrying amount	<u>9,127,146</u>	<u>9,486,509</u>



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 11. Right-of-use assets

	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Hostel RM	Total RM
<b>2021</b>					
<b>Group</b>					
<b>Cost</b>					
At 1 July 2020	136,000	678,192	3,449,657	168,843	4,432,692
Addition	-	-	252,000	62,941	314,941
Written off	-	-	-	(65,468)	(65,468)
Reclassification from property, plant and equipment	-	(461,631)	(132,199)	-	(593,830)
At 30 June	<u>136,000</u>	<u>216,561</u>	<u>3,569,458</u>	<u>166,316</u>	<u>4,088,335</u>
<b>Accumulated amortisation</b>					
At 1 July 2020	20,853	588,212	786,554	70,836	1,466,455
Charge for the financial year	10,880	43,312	346,446	58,473	459,111
Written off	-	-	-	(50,514)	(50,514)
Reclassification from property, plant and equipment	-	(458,229)	(73,810)	-	(532,039)
At 30 June	<u>31,733</u>	<u>173,295</u>	<u>1,059,190</u>	<u>78,795</u>	<u>1,343,013</u>
<b>Carrying amount</b>					
At 30 June 2021	<u>104,267</u>	<u>43,266</u>	<u>2,510,268</u>	<u>87,521</u>	<u>2,745,322</u>
<b>2020</b>					
<b>Group</b>					
<b>Cost</b>					
At 1 January 2019	-	-	-	-	-
Reclassification from property, plant and equipment	136,000	678,192	2,584,411	-	3,398,603
Effects arising from adoption of MFRS 16	-	-	-	168,843	168,843
Additions	-	-	865,246	-	865,246
At 30 June	<u>136,000</u>	<u>678,192</u>	<u>3,449,657</u>	<u>168,843</u>	<u>4,432,692</u>



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Hostel RM	Total RM
<b>Accumulated amortisation</b>					
At 1 January 2019	-	-	-	-	-
Reclassification from property, plant and equipment	9,973	525,806	507,497	-	1,043,276
Charge for the financial year	10,880	62,406	279,056	70,836	423,178
At 30 June	<u>20,853</u>	<u>588,212</u>	<u>786,553</u>	<u>70,836</u>	<u>1,466,454</u>
<b>Carrying amount</b>					
At 30 June 2021	<u>115,147</u>	<u>89,980</u>	<u>2,663,104</u>	<u>98,007</u>	<u>2,966,238</u>

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

	2021 RM	Group 2020 RM
Total additions	314,941	865,246
Lease liabilities	<u>(253,149)</u>	<u>(786,159)</u>
Cash payments	<u>61,792</u>	<u>79,087</u>

### (i) Impairment review of right-of-use assets

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

- (i) The discounted rate used for the value-in-use calculation is based on the Company's weighted average cost of capital specific to the industry at rate of 8.01% (2020: 9.20%).
- (ii) The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future business trends and its historical data.
- (iii) In calculation of the terminal value, there were no growth in revenue assumed.

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





# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 12. Investment in subsidiaries

	Company	
	2021	2020
	RM	RM
Unquoted shares at cost	<b>21,924,076</b>	21,924,076
Less: Impairment loss		
At 1 April 2020/2019	<b>100,000</b>	1,082,299
Addition during the financial year	<b>5,118,196</b>	100,000
Reversal of impairment loss for the year	-	(1,082,299)
At 30 June	<b>5,218,196</b>	100,000
	<b>16,705,880</b>	21,824,076

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

Name of subsidiaries	Country of incorporation	Percentage of equity held (%)		Principal activities
		2021	2020	
		%	%	
<b>Subsidiaries of the Company</b>				
Scanwolf Plastic Industries Sdn. Bhd. ("SPI")	Malaysia	<b>100</b>	100	Design and manufacture of plastic extrusions, PVC compounding, procession of PVC coils and trading of industrial consumables
Scanwolf Properties Sdn. Bhd. ("SPSB")	Malaysia	<b>100</b>	100	Property development
<b>Subsidiary of Scanwolf Plastic Industries Sdn. Bhd.</b>				
Scanwolf Flooring Industries Sdn. Bhd. ("SFI")	Malaysia	<b>100</b>	100	Manufacturing of plastic related products, in particular luxury vinyl tiles, calendar molding related products, construction materials and its related products
<b>Subsidiary of Scanwolf Properties Sdn. Bhd.</b>				
Scanwolf Development Sdn. Bhd. ("SDSB")	Malaysia	<b>100</b>	100	Property development

### In the current reporting year

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



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

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

### In the previous reporting period

Scanwolf Properties Sdn Bhd ("SPSB") has been persistently making losses which is considered as at triggering event for impairment review on the investment cost amounting to RM100,000. The impairment review results in a full impairment loss of RM100,000 (zero recoverable amount) which has been recognised in profit or loss under "Other operating expenses" line item of the Company.

### Reversal of impairment loss of investment in a subsidiary

The Company had reversed its impairment of investment in Scanwolf Plastic Industries Sdn Bhd ("SPI") amounting to RM1,082,299 during the reporting period. This amount has been recognised in profit or loss under "Other income" line item of the Company. The reversal was made in view of the higher recoverable amount in respect of the investment in this subsidiary.

## 13. Business combinations

The following table summaries the consideration paid, the fair value of the identifiable assets acquired and liabilities assumed of the subsidiary acquired at the date of business combination:

	<b>Group 2020 RM</b>
<b>Scanwolf Flooring Industries Sdn. Bhd.</b>	<b>RM</b>
Property, plant and equipment	17,554,986
Inventories	1,574,565
Trade receivables	76,574
Other receivables, deposits and prepayments	475,919
Cash and bank balances	3,071,815
Trade payables	(471,166)
Other payables and accruals	(9,908,138)
Fair value of identifiable net assets acquired	12,374,555
Gain on bargain purchase arising from business combination (included in "other operating income" line item)	(12,374,554)
Purchase consideration by way of cash	1
Cash and cash equivalents acquired	(3,071,815)
Net cash inflow arising from business combination	(3,071,814)



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 14. Inventories

	Group	
	2021 RM	2020 RM
<b>Manufacturing</b>		
- raw materials	3,306,448	2,333,857
- work in progress	2,092,821	2,339,756
- finished goods	3,212,587	2,961,878
- production supplies	575,892	227,416
	<b>9,187,748</b>	7,862,907
<b>Properties</b>		
- properties held for development	8,731,448	8,731,448
- properties held for sale	40,149,357	47,802,985
	<b>48,880,805</b>	56,534,433
	<b>58,068,553</b>	64,397,340
Less: non-current portion	(8,731,448)	(8,731,448)
	<b>49,337,105</b>	55,665,892
Recognised in profit or loss		
Inventories recognised as cost of sales	26,152,325	29,806,798
Inventories written down	33,000	859,086
Inventories written off	-	1,444,011
Reversal of inventories written down	-	(1,956,400)

## 15. Receivables, deposits and prepayments

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Trade receivables</b>				
- third parties	5,036,666	4,363,195	-	-
- amount due from subsidiaries	-	-	-	3,952,044
	<b>5,036,666</b>	4,363,195	-	3,952,044
<b>Non-trade receivables</b>				
- third parties	999,471	256,183	538,215	-
- amount due from subsidiaries	-	-	16,325,405	17,345,713
	<b>999,471</b>	256,183	<b>16,863,620</b>	17,345,713
Deposits	434,115	632,865	4,000	4,000
Prepayment	1,184,881	909,344	9,998	9,998
	<b>2,618,467</b>	1,798,392	<b>16,877,618</b>	17,359,711
	<b>7,655,133</b>	6,161,587	<b>16,877,618</b>	21,311,755



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current asset</b>					
Amount due from subsidiaries	(a)	-	-	<b>16,325,405</b>	17,345,713
<b>Current assets</b>					
Trade receivables	(b)	<b>5,255,007</b>	4,693,792	-	-
Less: Impairment		<b>(218,341)</b>	(330,597)	-	-
		<b>5,036,666</b>	4,363,195	-	-
Amount due from subsidiaries	(a)	-	-	<b>4,627,944</b>	4,180,044
Less: Impairment		-	-	<b>(4,627,944)</b>	(228,000)
		-	-	-	3,952,044
Non-trade receivables	(c)	<b>999,471</b>	256,183	<b>538,215</b>	-
Less: Impairment		-	-	-	-
		<b>999,471</b>	256,183	<b>538,215</b>	-
Deposits		<b>434,115</b>	632,865	<b>4,000</b>	4,000
Prepayments		<b>1,184,881</b>	909,344	<b>9,998</b>	9,998
		<b>2,618,467</b>	1,798,392	<b>552,213</b>	13,998
		<b>7,655,133</b>	6,161,587	<b>16,877,618</b>	21,311,755

### (a) Amounts due from subsidiaries

#### Trade in nature

Amount due from subsidiaries which are trade in nature and normal trade credit terms of the Group are 0 to 120 days (2020: 0 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

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

	Group	
	2021 RM	2020 RM
<b>Loss allowance</b>		
At 1 July 2020/2019	<b>228,000</b>	-
Additions	<b>4,399,944</b>	228,000
Reversal of allowance for impairment	-	-
At 30 June	<b>4,627,944</b>	228,000

#### Non-trade in nature

Amount due from subsidiaries are non-trade, unsecured, borrowing loan interest ranging from 3.00% to 6.70% per annum.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

### (b) Trade receivables

The normal trade credit terms of the Group are 0 to 120 days (2020: 0 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The movements in the loss allowance of trade receivables during the financial year are as follows:

	Group	
	2021	2020
	RM	RM
<b>Loss allowance</b>		
At 1 July 2020/2019	330,597	171,630
Additions	1,856	206,888
Reversal of allowance for impairment	(114,112)	(47,921)
At 30 June	<u>218,341</u>	<u>330,597</u>

### (c) Non-trade receivables

	Group		Company	
	2021	2020	2021	2020
Current	RM	RM	RM	RM
Advance payments to suppliers		630,000	-	-
Deposits paid for purchase of plant and equipment	-	52,180	-	-
Deposits refundable from				
- a subsidiary	-	-	3,000	3,000
- others	434,115	580,055	1,000	1,000
Goods and services tax recoverable	14,576	171,405	-	-
Other receivables	984,895	84,778	538,215	-
Prepayment	<u>1,184,881</u>	<u>279,044</u>	<u>9,998</u>	<u>9,998</u>
	<u>2,618,467</u>	<u>1,798,392</u>	<u>552,213</u>	<u>13,998</u>

## 16. Cash and bank balances

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash on hand	14,442	10,420	507	97
Cash at bank	<u>126,058</u>	<u>457,748</u>	<u>11,364</u>	<u>21,087</u>
	<u>140,500</u>	<u>468,168</u>	<u>11,871</u>	<u>21,184</u>



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 17. Assets classified as held for sales

On 30 April 2021, the management has concluded the decision on disposal of warehouse which located at Shah Alam. Process of disposal of warehouse has not completed up to current date as the appointed lawyer firm have not received the letter of state consent from Inland Revenue Board of Malaysia.

As at 30 June 2021, this warehouse was classified as assets held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The details are as follows:

	Note	Group	
		2021 RM	2020 RM
<b>Assets classified as held for sale</b>			
Cost of warehouse		5,802,405	-
Less: Accumulated depreciation		(332,429)	-
		<u>5,469,976</u>	<u>-</u>

## 18 Share capital

	Group and Company		Group and Company	
	2021 No. of shares	2020 No. of shares	2021 RM	2020 RM
<b>Issued and fully paid:</b>				
At 1 July 2020/2019	105,752,100	96,209,300	49,724,006	49,056,011
Issuance of shares pursuant to private placement	-	9,542,800	-	667,995
At 30 June	<u>105,752,100</u>	<u>105,752,100</u>	<u>49,724,006</u>	<u>49,724,006</u>

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one (1) vote per share without restriction and rank equally with regards to the Company's residual interests.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 19. Other reserves

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-distributable:</b>					
Revaluation reserve	(a)	<b>3,788,146</b>	3,898,994	-	-
Reverse acquisition reserve	(b)	<b>(19,524,076)</b>	(19,524,076)	-	-
Treasury reserve	(c)	<b>(307,138)</b>	(307,138)	<b>(307,138)</b>	(307,138)
		<b>(16,043,068)</b>	(15,932,220)	<b>(307,138)</b>	(307,138)

### (a) Revaluation reserve

The revaluation reserve represents revaluation surplus arising from leasehold land and buildings. The revaluation reserve is used to record increase in the fair value of leasehold and buildings and decreases to the extent that such decrease relates to an increase on the same assets previously recognized in other comprehensive income.

### (b) Reverse acquisition reserve

The reverse acquisition reserve arose from the reverse acquisition of the Company by Scanwolf Plastic Industries Sdn. Bhd. in 2008.

### (c) Treasury reserve

Treasury shares relate to ordinary shares of the Company that are held by the Company in accordance with Section 127(4)(b) of the Companies Act, 2016 and are presented as a deduction from shareholders' equity.

Total number of ordinary shares is 105,752,100 (2020: 105,752,100) issued and fully paid ordinary shares as at 30 June 2021, 780,900 (2020: 780,900) are held as treasury shares by the Company. As at 30 June 2021, the number of outstanding shares in issue after the set off is therefore 104,971,200 (2020: 104,971,200).

## 20. Retained profits

Under the single-tier system introduced by the Finance Act, 2007 in Malaysia which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained profits can be distributed to shareholders as tax-exempt dividends.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 21. Other payables and accruals

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Current liabilities</b>					
Non-trade payables		<b>8,719,920</b>	6,929,225	<b>558,834</b>	150,538
Accruals		<b>3,041,606</b>	1,147,028	<b>383,296</b>	439,145
Accruals of tax penalty		<b>39,060</b>	39,060	-	-
Amount due to a company in which a director has interest					
- back to back arrangement	(a)	<b>1,834,734</b>	2,274,244	-	-
- subsidiary		-	-	<b>17,000</b>	-
Deposits received from customers – non refundable		<b>526,700</b>	841,225	-	-
Services tax payable		<b>82,889</b>	71,768	-	-
Statutory liabilities		<b>123,491</b>	231,415	<b>31,192</b>	52,171
		<b>14,368,400</b>	11,533,965	<b>990,322</b>	641,854
Less: non-current portion		<b>(3,170,247)</b>	(1,290,185)	-	-
		<b>11,198,153</b>	10,243,780	<b>990,322</b>	641,854

### (a) Back to back arrangement

Back to back arrangement represents term loan and bank overdraft facilities of RM4,500,000 and RM1,000,000 respectively granted to a joint venture partner which were utilised by a subsidiary. Under the arrangement, interest expenses arising from the utilisation of such facilities are borne by the subsidiary. These facilities are secured by a charge on 8 completed unites of three storey shop office included in inventories with carrying amount of RM3,169,581 (2020: RM3,740,000).

	Group	
	2021 %	2020 %
<b>Term loan</b>	<b>2.22</b>	3.47

## 22. Lease liabilities

	Group	
	2021 RM	2020 RM
<b>Representing:</b>		
Current liabilities	<b>636,940</b>	675,620
Non-current liabilities	<b>946,794</b>	1,343,159
	<b>1,583,734</b>	2,018,779
<b>Recognised in profit or loss:</b>		
Interest expense on lease liabilities	<b>121,055</b>	170,247

The effective interest rates of hire-purchase creditors ranged from 4.76% to 8.45% (2020: 6.16% to 6.68%) per annum.





# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 23. Borrowings

	Group	
	2021	2020
	RM	RM
<b>Non-current:</b>		
Bridging loans	7,276,578	-
Term loans	4,471,894	5,236,211
	<b>11,748,472</b>	5,236,211
<b>Current:</b>		
Bank overdrafts	6,151,272	5,557,561
Bankers' acceptances	8,207,385	8,689,000
Bridging loans	897,384	8,394,332
Term loans	1,101,592	874,978
	<b>16,357,633</b>	23,515,871
	<b>28,106,105</b>	28,752,082

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

	Group	
	2021	2020
	RM	RM
Within one year	1,998,963	874,978
More than one year but less than five years	6,174,998	3,029,358
More than five years	5,573,486	2,206,853
	<b>13,747,447</b>	6,111,189

The borrowings are secured by the following:

- (i) The property development assets;
- (ii) Leasehold land and buildings and office buildings as disclosed in Note 10;
- (iii) For borrowings of subsidiaries, corporate guarantees by the Company; and
- (iv) Joint and severally guarantees by all directors of the borrowing subsidiaries.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 24. Deferred tax (assets)/liabilities

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
At 1 July 2020/2019	1,551,330	113,378	-	-
Recognised in profit or loss (Note 8)				
- current year	-	1,484,221	-	-
- Crystallisation of deferred tax liabilities arising from revaluation reserve	(45,135)	(45,269)	-	-
- underprovision in prior years	-	(1,000)	-	-
	<u>(45,135)</u>	<u>1,437,952</u>	<u>-</u>	<u>-</u>
At 30 June	<u>1,506,195</u>	<u>1,551,330</u>	<u>-</u>	<u>-</u>

Presented after offsetting as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deferred tax assets	(2,941,727)	(3,104,000)	-	-
Deferred tax liabilities	<u>4,447,922</u>	<u>4,655,330</u>	<u>-</u>	<u>-</u>
	<u>1,506,195</u>	<u>1,551,330</u>	<u>-</u>	<u>-</u>

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

	Property, plant and equipment	Revaluation reserve	Total
	RM	RM	RM
<b>Group</b>			
<b>2021</b>			
<b>Deferred tax liabilities</b>			
At 1 July 2020	3,104,000	1,551,330	4,655,330
Recognised in profit or loss	<u>(162,273)</u>	<u>(45,135)</u>	<u>(207,408)</u>
At 30 June	<u>2,941,727</u>	<u>1,506,195</u>	<u>4,447,922</u>



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

	Unrealised gain on foreign exchange	Property, plant and equipment	Revaluation reserve	Total
	RM	RM	RM	RM
<b>Group</b>				
<b>2020</b>				
<b>Deferred tax liabilities</b>				
At 1 July 2019	5,000	1,694,500	1,596,599	3,296,099
Recognised in profit or loss	(5,000)	1,409,500	(45,269)	1,359,231
At 30 June	-	3,104,000	1,551,330	4,655,330

	Unabsorbed capital allowance	Unutilised tax losses	Others	Total
	RM	RM	RM	RM

### Tax effects of:

#### Group

##### 2021

#### Deferred tax assets

At 1 July 2020	(894,000)	(2,032,796)	(177,204)	(3,104,000)
Recognised in profit or loss	15,077	(30,008)	177,204	162,273
At 30 June	(878,923)	(2,002,804)	-	(2,941,727)

##### 2020

#### Deferred tax assets

At 1 July 2019	(894,000)	(2,111,517)	(177,204)	(3,182,721)
Recognised in profit or loss	-	78,721	-	78,721
At 30 June	(894,000)	(2,032,796)	(177,204)	(3,104,000)



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Unabsorbed capital allowance	<b>7,984,039</b>	15,729,000	-	-
Unutilised tax losses	<b>27,687,762</b>	19,305,000	<b>2,522,939</b>	2,637,000
Unrealised loss on foreign exchange	-	44,000	-	-
Provision	-	330,000	<b>9,746,140</b>	228,000
Right-of-use assets	<b>3,327</b>	-	-	-
Others	-	4,590,000	-	-
	<b>35,675,128</b>	39,998,000	<b>12,269,079</b>	2,865,000

## 25. Trade payables

Credit terms of trade payables granted to the Group range from 30 days to 120 days (2020: 30 days to 120 days).

## 26. Contract liabilities

Contract assets primarily relate to the Group's right to consideration in exchange for property units but not yet billed at the reporting date. The amount will be billed subsequently. Conversely, if the Group billed to the contract customers but revenue has yet to be recognised, then the obligation is recognised as contract liabilities.

	Group	
	2021	2020
	RM	RM
Deferred income	-	-
Accrued income	-	467,500
	-	467,500

## 27. Amount due to directors

Amounts due to directors which are non-trade in nature, unsecured, interest free and payable on demand.

## 28. Significant related party disclosures

### (a) Identities of related parties

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

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Entities in which directors have substantial financial interests; and
- (iii) Key management personnel of the Group and of the Company, comprising persons having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 28. Significant related party disclosures (Cont'd)

### (b) Significant related party transactions

Significant related party transactions are as follows:

Name of company	Type of transaction	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>With subsidiaries</b>					
Scanwolf Plastic Industries Sdn.Bhd.	Advances	-	-	<b>2,054,681</b>	3,135,712
Scanwolf Properties Sdn Bhd	Management fee income	-	-	<b>360,000</b>	360,000
	Rental expense	-	-	<b>(24,000)</b>	(24,000)
	Interest income	-	-	<b>356,274</b>	754,928
	Advances	-	-	<b>12,119,342</b>	11,694,911
	Refundable deposit	-	-	-	3,000
Scanwolf Development Sdn. Bhd.	Management fee income	-	-	<b>360,000</b>	420,000
	Advances	-	-	<b>2,151,383</b>	2,515,090
<b>With a company in which a director has interest</b>					
Alma Development (M) Sdn. Bhd.	Interest expense	-	48,140	-	-
<b>With a director</b>					
Dato' Loo Bin Keong	Rental expense	-	1,750	-	-

The balances outstanding with related parties in respect of the above transactions are disclosed in Notes 15,21 and 27 to the financial statements.

The Directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions mutually agreed between the relevant parties.

### (c) Key management compensation

The key management personnel are defined as directors of the Group and the Company. The remuneration of key management personnel during the financial year is as disclosed in Note 4 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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## 29. Segment reporting

For management purpose, the Group is organized into business units based on their nature of business and has three reportable operating segments as follows:

### **Business segments**

Property development  
Manufacturing  
Investment and others

The above reportable segments operate in Malaysia.

Management monitors the operating results of its business units as well as relying on the segment information as disclosed below for the purpose of making decision about resource allocation and performance assessment.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 29. Segment reporting (Cont'd)

### (a) Analysis of results and financial position

Group	Property development	Manufacturing	Investment and others	Total	Elimination	Consolidated
	RM	RM	RM	RM	RM	RM
<b>2021</b>						
<b>Revenue</b>						
Revenue from external customers	13,353,000	35,455,077	-	48,808,077	-	48,808,077
Inter-segment revenue	-	2,916,586	720,000	3,636,586	(3,636,586)	-
	13,353,000	38,371,663	720,000	52,444,663	(3,636,586)	48,808,077
<b>Results</b>						
Profit/(loss) from operations before finance income	2,700,448	121,246	10,266,387	13,088,081	(11,809,775)	1,278,306
Finance income	-	-	356,274	356,274	(356,274)	-
(Loss)/Profit from operations	2,700,448	121,246	10,622,661	13,444,355	(12,166,049)	1,278,306
Finance cost	(754,943)	(1,143,956)	-	(1,898,899)	356,274	(1,542,625)
(Loss)/Profit before tax	1,945,505	(1,022,710)	10,622,661	11,545,456	(11,809,775)	(264,319)
Tax expense	-	47,072	-	47,072	-	47,072
Loss for the financial year	1,945,505	(975,638)	10,622,661	11,592,529	(11,809,775)	(217,247)
<b>Assets and liabilities</b>						
Segment assets	58,297,479	70,934,638	33,595,369	162,827,486	(54,032,441)	108,795,045
Segment liabilities	63,929,005	53,356,258	990,322	118,275,585	(46,578,837)	71,696,748



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 29. Segment reporting (Cont'd)

### (a) Analysis of results and financial position (Cont'd)

	Property development	Manufacturing	Investment and others	Total	Elimination	Consolidated
	RM	RM	RM	RM	RM	RM
<b>Group</b>						
<b>2021</b>						
Capital expenditure on:						
- Property, plant and equipment	28,142	1,334,838	-	1,362,980	-	1,362,980
- Right-of-use assets	-	314,941	-	314,941	-	314,941
Depreciation						
- Property, plant and equipment	111,440	2,721,551	-	2,832,991	-	2,832,991
- Right-of-use assets	-	459,111	-	459,111	-	459,111
Non-cash items other than depreciation and amortisation:						
Inventories written down	33,000	-	-	33,000	-	33,000
Property, plant and equipment	2,008	-	-	2,008	-	2,008
Net allowance for expected credit losses	-	(112,256)	4,627,944	4,515,688	(4,627,944)	(112,256)
Unrealised loss on foreign exchange	-	30,097	-	30,097	-	30,097





# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 29. Segment reporting (Cont'd)

### (a) Analysis of results and financial position (Cont'd)

Group	Property development RM	Manufacturing RM	Investment and others RM	Total RM	Elimination RM	Consolidated RM
<b>2020</b>						
<b>Revenue</b>						
Revenue from external customers	1,462,331	29,433,513	-	30,895,844	-	30,895,844
Inter-segment revenue	-	-	780,000	780,000	(780,000)	-
	<u>1,462,331</u>	<u>29,433,513</u>	<u>780,000</u>	<u>31,675,844</u>	<u>(780,000)</u>	<u>30,895,844</u>
<b>Results</b>						
(Loss)/Profit from operations before finance income	(4,291,209)	(2,659,718)	11,959,538	5,008,611	(754,298)	4,254,313
Finance income	9,765	1,063	754,928	765,756	(754,928)	10,828
(Loss)/Profit from operations	(4,281,444)	(2,658,655)	12,714,466	5,774,367	(1,509,226)	4,265,141
Finance cost	(1,817,125)	(1,243,480)	-	(3,060,605)	754,928	(2,305,677)
(Loss)/Profit before tax	(6,098,569)	(3,902,135)	12,714,466	2,713,762	(754,298)	1,959,464
Tax expense	(1,280,203)	(57,330)	-	(1,337,533)	-	(1,337,533)
Loss for the financial year	<u>(7,378,772)</u>	<u>(3,959,465)</u>	<u>12,714,466</u>	<u>1,376,229</u>	<u>(754,298)</u>	<u>621,931</u>
<b>Assets and liabilities</b>						
Segment assets	59,919,486	55,640,886	43,157,015	158,717,387	(43,124,833)	115,592,554
Segment liabilities	62,534,569	36,629,343	641,854	99,805,766	(21,528,757)	78,277,009



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 29. Segment reporting (Cont'd)

### (a) Analysis of results and financial position (Cont'd)

Group	Property development	Manufacturing	Investment and others	Total	Elimination	Consolidated
2020	RM	RM	RM	RM	RM	RM
Capital expenditure on:						
- Property, plant and equipment	-	837,608	-	837,608	-	837,608
- Right-of-use assets	-	865,246	-	865,246	-	865,246
Depreciation						
- Property, plant and equipment	120,007	1,366,697	-	1,486,704	-	1,486,704
- Right-of-use assets	-	1,866,469	-	1,866,469	-	1,866,469
Non-cash items other than depreciation and amortisation:						
Bad debts written off	-	6,013	-	6,013	-	6,013
Changes in fair value on amount due from an associate	-	(470,183)	-	(470,183)	-	(470,183)
Inventories written off	1,444,011	-	-	1,444,011	-	1,444,011
Inventories written down	859,086	-	-	859,086	-	859,086
Net allowance for expected credit losses	-	158,967	228,000	386,967	(228,000)	158,967
Plant and equipment written off	1	6,975	-	6,976	-	6,976
Reversal of allowance for slow moving inventories	-	(1,956,400)	-	(1,956,400)	-	(1,956,400)
Unrealised loss on foreign exchange	-	44,782	-	44,782	-	44,782



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 30. Financial instruments

### Categories of financial instruments

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC").

	Carrying amount	AC
	RM	RM
<b>Group</b>		
<b>2021</b>		
<b>Financial assets</b>		
Trade receivables	5,036,666	5,036,666
Other receivables and deposits (exclude prepayment)	1,433,586	1,433,586
Cash and bank balances	140,500	140,500
	<u>6,610,752</u>	<u>6,610,752</u>
<b>Financial liabilities</b>		
Borrowings	28,106,105	28,106,105
Lease liabilities	1,583,734	1,583,734
Trade payables	23,935,961	23,935,961
Other payables and accruals	11,181,154	11,181,154
Amount due to director	1,761,964	1,761,964
	<u>66,568,918</u>	<u>66,568,918</u>
<b>Company</b>		
<b>2021</b>		
<b>Financial assets</b>		
Other receivables and deposits (exclude prepayment)	16,867,620	16,867,620
Cash and bank balances	11,871	11,871
	<u>16,879,491</u>	<u>16,879,491</u>
<b>Financial liability</b>		
Other payables and accruals	<u>990,322</u>	<u>990,322</u>



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 30. Financial instruments (Cont'd)

### Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC").

	Carrying amount	AC
	RM	RM
<b>Group</b>		
<b>2020</b>		
<b>Financial assets</b>		
Trade receivables	4,363,195	4,363,195
Non-trade receivables (exclude prepayment)	889,048	889,048
Cash and bank balances	468,168	468,168
	<u>5,720,411</u>	<u>5,720,411</u>
<b>Financial liabilities</b>		
Borrowings	28,752,082	28,752,082
Lease liabilities	2,018,779	2,018,779
Trade payables	33,431,465	33,431,465
Non-trade payables and accruals	10,243,780	10,243,780
	<u>74,446,106</u>	<u>74,446,106</u>
<b>Company</b>		
<b>2020</b>		
<b>Financial assets</b>		
Trade receivables	3,952,044	3,952,044
Non-trade receivables (exclude prepayment)	17,349,713	17,349,713
Cash and bank balances	21,184	21,184
	<u>21,322,941</u>	<u>21,322,941</u>
<b>Financial liability</b>		
Non-trade payables and accruals	<u>641,854</u>	<u>641,854</u>



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 30. Financial instruments (Cont'd)

### Categories of financial instruments (Cont'd)

#### Net gains/(losses) arising from financial instruments

	2021	2020
	RM	RM
<b>Group</b>		
<b>Net (losses)/gains arising on:</b>		
<b>Financial assets measured at amortised cost</b>		
Allowance for expected credit loss		
- (reversal)/charge for the financial year	(112,256)	158,967
Interest income	-	10,828
Realised gain on foreign exchange	7,970	8,124
Unrealised foreign exchange loss	30,097	44,782
Bad debts written off	-	6,013
	<u>(74,189)</u>	<u>228,714</u>
<b>Financial liabilities measured at amortised cost</b>		
Interest expenses	<u>1,542,625</u>	<u>2,305,677</u>
<b>Company</b>		
<b>Net (losses)/gains arising on:</b>		
<b>Financial assets measured at amortised cost</b>		
Allowance for expected credit loss		
- charge for the financial year	<u>4,627,944</u>	<u>228,000</u>

#### Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing its credit risk, interest rate risk and liquidity risk.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and deposits with banks and institutions, as well as credit exposures to the Group's customers, including outstanding receivables.

##### Risk management

The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 30. Financial instruments (Cont'd)

### Financial risk management objectives and policies (Cont'd)

#### (a) Credit risk (Cont'd)

##### Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 3 (2020: 2) major customers which constituted approximately 87% (2020: 73%) of its trade receivables for the trade in nature transaction as at the end of the reporting period.

##### Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

##### Impairment of financial assets

The Group's trade receivables are subject to expected credit loss model.

While cash and cash equivalents, refundable deposits and loans are subject to the impairment requirements of MFRS 9.

##### Trade receivables

On the basis as disclosed in Note 1(d)(iv) to the financial statements, the loss allowance as at 30 June 2021 was determined as follows for trade receivables:

	Gross amount RM	Loss allowances RM	Carrying amount RM
<b>Group</b>			
<b>2021</b>	<b>2,756,341</b>	-	<b>2,756,341</b>
Not past due			
Past due:			
- more than 30 days	2,100,995	-	2,100,995
- more than 60 days	87,953	-	87,953
- more than 90 days	309,718	(218,341)	91,377
	<u>5,255,007</u>	<u>(218,341)</u>	<u>5,036,666</u>
<b>2020</b>			
Not past due	2,151,191	-	2,151,191
Past due:			
- less than 30 days	847,218	-	847,218
- more than 30 days	254,413	-	254,413
- more than 60 days	390,326	-	390,326
- more than 90 days	1,050,644	(330,597)	720,047
	<u>4,693,792</u>	<u>(330,597)</u>	<u>4,363,195</u>

#### (b) Interest risk

The Group's fixed rate borrowings are exposed to fair value interest rate risk. The Group's variable rate borrowings are exposed to cash flows interest rate risk.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 30. Financial instruments (Cont'd)

### Financial risk management objectives and policies (Cont'd)

#### (b) Interest risk (Cont'd)

##### Risk management

The Group's policy is to obtain the most favourable rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

##### Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Effective interest rate per annum (%)	Group	
		2021	2020
		RM	RM
<b>Fixed rate instruments</b>			
Borrowings			
- bankers' acceptances	1.00%	<b>89,328</b>	385,451
- term loans	6.00% to 8.50%	<b>410,100</b>	361,365
- bridging loan	7.12% to 8.22%	<b>657,148</b>	748,847
		<b>499,428</b>	746,816
<b>Variable rate instruments</b>			
Borrowings			
- bank overdraft	0.50%	<b>339,210</b>	408,060
- back to back arrangements	2.22%	<b>314,073</b>	231,707
		<b>653,283</b>	639,767

##### Interest rate risk sensitivity analysis

##### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and financial liabilities at FVTPL. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### *Cash flow sensitivity analysis for variable rate instruments*

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of debt investments at FVOCI. This analysis assumes that all other variables remain constant.

	2021	2020
	Increase/ (Decrease)	Increase/ (Decrease)
	RM	RM
<b>Effects on profit after taxation:</b>		
Increase by 10 basis points	<b>49,650</b>	48,622
Decrease by 10 basis points	<b>(49,650)</b>	(48,622)



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

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## 30. Financial instruments (Cont'd)

### Financial risk management objectives and policies (Cont'd)

#### (c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

#### Risk management

The Group and the Company practice prudent risk management by maintaining sufficient cash balances.

#### Maturity analysis

The table below analyse the Company' financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.





AS AT 30 JUNE 2021

## 30. Financial instruments (Cont'd)

### Financial risk management objectives and policies (Cont'd)

#### (c) Liquidity risk

##### Maturity analysis (Cont'd)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	Between 2 to 5 years RM
<b>Group</b>				
<b>2021</b>				
Lease liabilities	1,583,734	1,704,789	697,468	1,007,321
Banker acceptances	8,207,385	8,296,713	8,296,713	-
Term loan	5,573,486	5,983,586	1,306,642	4,676,944
Bridging loan	8,173,962	8,831,110	7,605,152	1,225,958
Trade payables	23,935,961	23,935,961	23,935,961	-
Non-trade payables and accruals	14,368,402	14,368,402	14,368,402	-
	<b>61,842,930</b>	<b>63,120,561</b>	<b>56,210,338</b>	<b>6,910,223</b>
<b>Company</b>				
<b>2021</b>				
Non-trade payables and accruals	<b>973,606</b>	<b>973,606</b>	-	-
<b>Group</b>				
<b>2020</b>				
Lease liabilities	2,857,885	3,028,132	1,599,849	1,428,283
Banker acceptances	8,689,000	9,074,451	9,074,451	-
Term loan	6,111,189	6,472,554	1,055,660	5,416,894
Bridging loan	8,394,332	9,143,179	9,143,179	-
Trade payables	33,431,465	33,431,465	33,431,465	-
Non-trade payables and accruals	15,068,952	15,068,952	13,778,767	1,290,185
	<b>74,552,823</b>	<b>76,218,733</b>	<b>68,083,371</b>	<b>8,135,362</b>
<b>Company</b>				
<b>2020</b>				
Non-interest bearing debts	641,854	641,854	-	-



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 30. Financial instruments (Cont'd)

### Financial risk management objectives and policies (Cont'd)

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk as a result of its normal trade activities that are denominated in currencies other than Ringgit Malaysia.

The Group's sales are mostly denominated in US Dollar and Ringgit Malaysia and to a lesser extent the Euro whilst purchases are denominated in US Dollar ("USD"), Chinese Renminbi ("RMB") and Ringgit Malaysia ("RM").

The Group mitigates its foreign currency exchange risk through the natural hedge of operating foreign currency accounts using the deposits from its export proceeds to pay imported purchases where both are denominated in the same foreign currency. The Group also enters into foreign currency forward contracts to hedge certain of the export proceeds and import purchases, whenever considered necessary.

The Group's exposure to foreign currency is as follows:

	RMB	USD	EURO	SGD	Total
	RM	RM	RM	RM	RM
<b>Group</b>					
<b>2021</b>					
<b>Financial assets</b>					
Receivables	-	999,393	-	4,836	1,004,229
Cash and bank balances	-	2,608	-	-	2,608
	-	1,002,001	-	4,836	1,006,837
<b>Financial liabilities</b>					
Payables	161,051	2,277,274	4,103	695	2,443,123
Net currency exposure	(161,051)	(1,275,273)	(4,103)	4,141	(1,436,286)



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 30. Financial instruments (Cont'd)

### Financial risk management objectives and policies (Cont'd)

#### Foreign currency risk (Cont'd)

The Group's exposure to foreign currency is as follows: (Cont'd)

	RMB	USD	EURO	SGD	JAPANESE	TAIWAN	Total
	RM	RM	RM	RM	YEN	DOLLAR	RM
<b>Group</b>							
<b>2020</b>							
<b>Financial assets</b>							
Receivables	-	732,727	-	4,836	-	-	737,563
Cash and bank balances	-	144,699	-	-	-	-	144,699
	-	877,426	-	4,836	-	-	882,262
<b>Financial liabilities</b>							
Payables	51,382	1,716,146	4,182	695	6,599	62,556	1,841,560
Net currency exposure	(51,382)	(838,720)	(4,182)	4,141	(6,599)	(62,556)	(959,298)



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 30. Financial instruments (Cont'd)

### Foreign currency risk (Cont'd)

#### Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	2021 Increase/ (Decrease) RM	2020 Increase/ (Decrease) RM
<b>Group</b>		
<b>Effects on profit after taxation:</b>		
<b>RMB/RM</b>		
Strengthen by 10% (2020: 10%)	<b>(12,240)</b>	(3,905)
Weaken by 10% (2020: 10%)	<b>12,240</b>	3,905
<b>USD/RM</b>		
Strengthen by 10% (2020: 10%)	<b>(96,921)</b>	(63,743)
Weaken by 10% (2020: 10%)	<b>96,921</b>	63,743
<b>Euro/RM</b>		
Strengthen by 10% (2020: 10%)	<b>(312)</b>	(318)
Weaken by 10% (2020: 10%)	<b>312</b>	318
<b>SGD/RM</b>		
Strengthen by 10% (2020: 10%)	<b>(315)</b>	(315)
Weaken by 10% (2020: 10%)		
<b>Japanese Yen/RM</b>		
Strengthen by 10% (2020: 10%)	-	(502)
Weaken by 10% (2020: 10%)	-	502
<b>Taiwan Dollar/RM</b>		
Strengthen by 10% (2020: 10%)	-	(4,754)
Weaken by 10% (2020: 10%)	-	4,754



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 31. Fair values

- (i) The financial assets and financial liability maturing within the next 12 months approximated their fair values due to the relatively short term maturity of the financial instruments except for amount due from subsidiaries, amount owing to a director and amount due to a subsidiary, as it is not practical to estimate the fair value due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. The directors are at the opinion that the carrying amounts recorded at the statement of financial position date do not differ significantly from the values that would eventually be recovered.
- (ii) The fair value of the floating interest rate borrowings approximates its carrying value as at the reporting date.

### Fair value hierarchy

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<b>Group</b>				
<b>2021</b>				
<b>Non-recurring fair values measurement</b>				
Long term leasehold land	-	410,000	-	410,000
Short term leasehold land	-	3,710,000	-	3,710,000
Long term leasehold land and factory building	-	2,659,774	-	2,659,774
Factory buildings	-	-	9,240,000	9,240,000
<b>2020</b>				
<b>Non-recurring fair values measurement</b>				
Long term leasehold land	-	410,000	-	410,000
Short term leasehold land	-	3,710,000	-	3,710,000
Long term leasehold land and factory building	-	8,462,179	-	8,462,179
Factory buildings	-	-	9,240,000	9,240,000

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: those derived from inputs other than quoted prices included within level 1 that are for the assets or liabilities; either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: those derived from valuation techniques that included inputs for the assets or liabilities that are not based on observable market data (unobserved inputs).



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 32. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2021 and 30 June 2020.

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

	Group	
	2021	2020
	RM	RM
Total debts		
- Borrowings	<b>28,106,104</b>	28,752,082
- Lease liabilities	<b>1,583,734</b>	2,018,779
- Back to back arrangement	<b>1,834,734</b>	2,274,244
	<b>31,524,572</b>	33,045,105
Less: Cash and bank balances	<b>(140,500)</b>	(468,168)
Net debt	<b>31,384,072</b>	32,576,937
Total equity	<b>37,098,296</b>	37,315,545
Total capital	<b>68,482,368</b>	69,892,482
Gearing ratio (times)	<b>0.46</b>	0.47

Under the requirement of Bursa Malaysia Practice Note 17, the Group is required to maintain a consolidated shareholder's equity equal to or not less than the 25% of the issued and paid up capital (including treasury shares). The Group has complied with this requirement.

## 33. Significant event

The directors of the Company are of the opinion that the outbreak of the COVID-19 may affect the business performance and position of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that resulted in delays in commencement of work and delivery of products to customers. Meanwhile, due to inherent nature and unpredictability of future development of the virus and market sentiment, the extent of the impact depends on (i) ongoing precautionary measures introduced by each country to address this pandemic and (ii) the durations of the pandemic. Accordingly, the financial impact of the COVID-19 outbreak to the Company cannot be reasonably estimated as at this juncture. The directors will continue to monitor the situations and respond proactively to mitigate the impact on the Company's financial performance and financial position.

## 34. Subsequent event after reporting period

### Corporate exercise

On 9 August 2021, on behalf of our Board, AmlInvestment Bank Berhad has announced that the Rights Issue of irredeemable convertible unsecured loan stocks ("ICULS") with Warrants and the Creditor Capitalisation have been completed following the listing of and quotation for 134,971,200 ICULS and 52,485,600 Warrants on the Main Market of Bursa Securities on 9 August 2021.

104,971,200 ICULS were issued pursuant to the Rights Issue of ICULS with Warrants and the total proceeds raised was RM10,497,120.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

AS AT 30 JUNE 2021

## 35. Prior year adjustment

### Overstatement of revaluation reserve

In the prior financial years, the Group has not amortised the revaluation reserve of the leasehold land and buildings in accordance to MFRS 116, Property, Plant and Equipment which resulted in overstatement of revaluation reserve in the prior year.

Therefore, the prior year adjustment has been made in accordance with the requirements of MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors as a correction of errors.

The summary of these adjustments are set out below:

	As previously reported	Adjustments	As restated
	RM	RM	RM
Statement of changes in equity as at 1 July 2019			
Revaluation reserve	4,717,425	(707,583)	4,009,842
Retained earnings	<u>2,083,397</u>	<u>707,583</u>	<u>2,790,980</u>
Statement of financial position as at 30 June 2020			
Revaluation reserve	4,717,425	(818,431)	3,898,994
Retained earnings	<u>2,705,328</u>	<u>818,431</u>	<u>3,523,759</u>

## 36. General information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

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

There has been no significant change in the nature of these activities during the financial year.

The principal place of business of the Company are located at No.19, 19A, 19B & 19C, Jalan Pusat Perniagaan Falim 5, Pusat Perniagaan Falim, 30200 Ipoh, Perak Darul Ridzuan.

The registered office of the Company is located at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The financial statements were approved and authorised for issue by the Board of Directors on 25 October 2021.



# LIST OF GROUP PROPERTIES

Item	Location	Description	Usage	Area	Tenure	Age of Buildings (Years)	Net Book Value 30-Jun-2021 RM	Date of Valuation	Company Name
1	Title No. HS (D) 44267, Lot P.T. 404, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with two single storey detached factory/office buildings	Factory	3.7 acres	Lease period expiring on 13/6/2054	24 and 17	7,303,899.14	8 June 2018	Scanwolf Plastic Industries Sdn. Bhd.
2	Title No. Pajakan Negeri 148201, Lot 192446, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with a single storey detached factory	Factory	3.2 acres	Lease period expired on 2/12/2051	14	3,309,192.06	13 April 2017	Scanwolf Plastic Industries Sdn. Bhd.
3	Title No. Pajakan Negeri 90115, Lot 195536, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with a single storey warehouse	Warehouse	2.9 acres	Lease period expiring on 26/5/2052	3	3,637,997.71	8 June 2018	Scanwolf Plastic Industries Sdn. Bhd.
4	(HSM 1048, P.T. 4528), (HSM 1049, P.T. 4529), (HSM 1050, P.T. 4530), (HSM 1051, P.T. 4531), (HSM 1052, P.T. 4538), (HSM 1053, P.T. 4539), (HSM 1054, P.T. 4540), (HSM 1055, P.T. 4541), (HSM 1059, P.T. 4552), (HSM 1067, P.T. 4583), (HSM 1068, P.T. 4584), (HSM 1069, P.T. 4585), (HSM 1070, P.T. 4586), (HSM 1071, P.T. 4587), (HSM 1072, P.T. 4590), (HSM 1073, P.T. 4591), (HSM 1074, P.T. 4592), (HSM 1075, P.T. 4593), (HSM 1076, P.T. 4594), and (HSM 1077, P.T. 4595), Mukim of Sungai Terap, District of Kinta, State of Perak	20 parcel of vacant detached house lots	Vacant	4,000 sq ft per unit	Lease period expiring on 07/10/2093	N/A	389,603.50	17 April 2017	Scanwolf Plastic Industries Sdn. Bhd.
5	No. 19, Jalan Pusat Perniagaan Falim 5, Pusat Perniagaan Falim, 30200 Ipoh, Perak	Four storey shop office	Office	185 sq mtr	Freehold	5	2,062,333.54	2 December 2015	Scanwolf Properties Sdn. Bhd.





# ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2021

Total Number of Issued Shares	:	167,063,500 ordinary shares
Number of Shareholders	:	1,398
Voting Rights	:	On show of hands - One vote for every shareholder On poll - One vote for every ordinary share held

## Analysis by Size of Shareholdings

Holdings	No. of Holders	%	No. of Shares	%
1 - 99	8	0.572	400	0.000
100 - 1,000	274	19.599	202,400	0.121
1,001 - 10,000	628	44.921	3,505,900	2.099
10,001 - 100,000	380	27.182	13,325,300	7.976
100,001 - 8,353,174	104	7.440	78,833,380	47.188
8,353,175 and above	4	0.286	71,196,120	42.616
<b>Total</b>	<b>1,398</b>	<b>100.000</b>	<b>167,063,500</b>	<b>100.000</b>

## Substantial Shareholders

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
1 KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERNADETTE JEANNE DE SOUZA (003)	21,462,400	12.846	180,600*	0.108
2 LAU TIANG HUA	180,600	0.108	21,462,400#	12.846
3 AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHOOI YOEY SUN	20,000,000	11.971	-	-
4 PEG CAPITAL SDN. BHD.	16,000,000	9.577	-	-
5 PEG HOLDING SDN. BHD.	-	-	16,000,000^	9.577
6 DATO DR CHEW CHEN YEE	-	-	16,000,000^	9.577
7 LAW TEIK EAN	13,733,720	8.220	-	-

Note:

\* Deemed interested by virtue of her spouse, Lau Tiang Hua pursuant to Section 8 of the Companies Act 2016 ("Act").

# Deemed interested by virtue of his spouse, Bernadette Jeanne De Souza pursuant to Section 59(11)(c) of the Act.

^ Deemed interested by virtue of Section 8 of the Act.



# ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 30 SEPTEMBER 2021

## Directors' Shareholdings

	Name	Director Shareholdings	%	Indirect Shareholding	%
1	DATO' TAN SIN KEAT	7,727,181	4.625	2,000,000*	1.197
2	NG CHEE WAI	7,180,000	4.297	-	-
3	LAU TIANG HUA	180,600	0.108	21,462,400#	12.846
4	LIEW PENG CHUEN @ LIEW AH CHOY	2,471,400	1.479	-	-
5	SAFFIE BIN BAKAR	30,000	0.018	-	-
6	ONG SING GUAN	-	-	-	-
7	CHEONG CHEN KHAN (appointed on 4 October 2021)	-	-	-	-

\* Deemed interested by virtue of his son, Tan Yann Kang pursuant to Section 59(11)(c) of the Act.

# Deemed interested by virtue of his spouse, Bernadette Jeanne De Souza pursuant to Section 59(11)(c) of the Act.

## Thirty Largest Shareholders

	Name	Shareholding	%
1	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERNADETTE JEANNE DE SOUZA (003)	21,462,400	12.846
2	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHOOI YOHEY SUN	20,000,000	11.971
3	PEG CAPITAL SDN. BHD.	16,000,000	9.577
4	LAW TEIK EAN	13,733,720	8.220
5	TAN SIN KEAT	7,727,181	4.625
6	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHEE WAI (MY1647)	7,180,000	4.297
7	CALVIN LAU CHUEN YIEN	6,423,000	3.844
8	NG CHOI HA	3,500,099	2.095
9	LIEW PENG CHUEN @ LIEW AH CHOY	2,471,400	1.479
10	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH CHIT SOON	2,347,000	1.404
11	LEE HUAT BOON	2,200,000	1.316
12	CHAI SEONG YEE	2,150,500	1.287
13	TAN CHIN HOE	2,000,000	1.197
14	TAN YANN KANG	2,000,000	1.197
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH YEW KIAN (MY4177)	1,550,000	0.927
16	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LEE CHU WAH	1,515,100	0.906
17	TAN YEAN CHOW	1,500,000	0.897
18	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	1,492,700	0.893



# ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 30 SEPTEMBER 2021

## Thirty Largest Shareholders (Cont'd)

	<b>Name</b>	<b>Shareholding</b>	<b>%</b>
19	ABDUL HAMID BIN ABDUL SHUKOR	1,450,000	0.867
20	TEH KONG YAW	1,394,000	0.834
21	GO WINSTON DY	1,294,000	0.774
22	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR ONG DUEN JIUNN	1,140,000	0.682
23	LIM KIAN HUAT	1,115,000	0.667
24	H'NG CHEW LIAN	1,100,000	0.658
25	LIM POH TENG	1,061,500	0.635
26	LAY SOOK HWEY	1,041,400	0.623
27	KOH CHIT SOON	1,000,000	0.598
28	MOH KIAM HENG	958,700	0.573
29	YU WOON GIN	938,000	0.561
30	LEE SOOK WAN	900,000	0.538



# ANALYSIS OF WARRANTS HOLDINGS

AS AT 30 SEPTEMBER 2021

Number of Issued Warrants	:	52,485,600 Warrants
Number of Warrants Exercised	:	0 Warrant
Exercise Price per Warrant	:	RM0.30 each
Exercise Period of Warrants	:	5 August 2021 to 5 August 2026
Number of Warrant Holders	:	760
Voting Rights	:	The Warrants do not entitle the registered holders thereof to any voting right in any general meeting of the Company until and unless such holders of the Warrants exercise their Warrants for new Scanwolf Shares.

## Analysis by Size of Warrants Holdings

Holdings	No. of Holders	%	No. of Warrants	%
1 - 99	20	2.632	910	0.002
100 - 1,000	35	4.605	20,200	0.038
1,001 - 10,000	271	35.658	1,707,940	3.254
10,001 - 100,000	351	46.184	12,797,400	24.383
100,001 - 2,624,279	81	10.658	29,059,150	55.366
2,624,280 and above	2	0.263	8,900,000	16.957
<b>Total</b>	<b>760</b>	<b>100.000</b>	<b>52,485,600</b>	<b>100.000</b>

## Director's Warrant Holdings

Name	Director Shareholdings	%	Indirect Shareholding	%
1 DATO' TAN SIN KEAT	-	-	-	-
2 NG CHEE WAI	-	-	-	-
3 LAU TIANG HUA	-	-	1,361,000*	2.593
4 LIEW PENG CHUEN @ LIEW AH CHOY	413,600	0.788	-	-
5 SAFFIE BIN BAKAR	15,000	0.029	-	-
6 ONG SING GUAN	-	-	-	-
7 CHEONG CHEN KHAN (appointed on 4 October 2021)	-	-	-	-

# Deemed interested by virtue of his spouse, Bernadette Jeanne De Souza pursuant to Section 59(11)(c) of the Act.



# ANALYSIS OF WARRANTS HOLDINGS (Cont'd)

AS AT 30 SEPTEMBER 2021

## Thirty Largest Warrant Holders

	Name	Shareholding	%
1	YUNG MOOI HEONG	5,600,000	10.669
2	TEOH BENG KEONG	3,300,000	6.287
3	LOK WEI SEONG	1,910,000	3.639
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERNADETTE JEANNE DE SOUZA (003)	1,361,000	2.593
5	KOK CHEE AUN	1,307,400	2.490
6	TAN LYE BENG	850,000	1.619
7	MOHAMED RADZIF BIN MOHAMED SHAMSUDIN	800,000	1.524
8	TANG SENG HUAT	800,000	1.524
9	LEE NONG YUEN	650,150	1.238
10	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH BENG TIANG (STM2)	632,000	1.204
11	PHANG SI MIN	589,200	1.122
12	HOE YOU JIAN	550,000	1.047
13	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW KOK HING	550,000	1.047
14	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHO JUN WEI	510,900	0.973
15	LAM SIEW HONG	500,000	0.952
16	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KIAN TAK (REM 132)	500,000	0.952
17	NIRAKUSUKMA SANDARI BINTI AHMAD	500,000	0.952
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHUSHPALL SINGH A/L WARYAM SINGH (E-BBB)	500,000	0.952
19	TEOH BENG TIANG	500,000	0.952
20	LAY PEY CHENG	486,800	0.927
21	CHONG CHEE YOONG	469,000	0.893
22	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ALPHABETS VENTURE CAPITAL SDN BHD	465,000	0.885
23	HOE YOU JIAN	450,000	0.857
24	LIM HONG CHIAK	450,000	0.857
25	NG SUET YEN	450,000	0.857
26	LIEW PENG CHUEN @ LIEW AH CHOY	413,600	0.788
27	TEO TIEW	400,000	0.762
28	LIM BASSOON	384,300	0.732
29	KHOO BOO SOO	384,000	0.731
30	QUEK YAN SONG	380,000	0.724



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

AS AT 30 SEPTEMBER 2021

Number of Issued ICULS	:	134,971,200 ICULS
Number of ICULS Outstanding	:	69,727,000 ICULS
Conversion Period of ICULS	:	5 August 2021 to 4 August 2026
Number of ICULS Holders	:	156
Voting Rights	:	One vote per ICULS holder in respect of a meeting of ICULS holders

## Analysis by Size of ICULS Holdings

Holdings	No. of Holders	%	No. of ICULS	%
1 - 99	0	0.000	0	0.000
100 - 1,000	14	8.974	7,700	0.011
1,001 - 10,000	51	32.692	266,400	0.382
10,001 - 100,000	59	37.821	2,049,800	2.940
100,001 - 3,486,349	27	17.308	27,048,700	38.792
3,486,350 and above	5	3.205	40,354,400	57.875
<b>Total</b>	<b>156</b>	<b>100.000</b>	<b>69,727,000</b>	<b>100.000</b>

## Directors' ICULS Holdings

Name	Director Shareholdings	%	Indirect Shareholding	%
1 DATO' TAN SIN KEAT	-	-	-	-
2 NG CHEE WAI	-	-	-	-
3 LAU TIANG HUA	180,600	0.259	21,462,400 <sup>#</sup>	30.780
4 LIEW PENG CHUEN @ LIEW AH CHOY	2,471,400	3.544	-	-
5 SAFFIE BIN BAKAR	30,000	0.043	-	-
6 ONG SING GUAN	-	-	-	-
7 CHEONG CHEN KHAN (appointed on 4 October 2021)	-	-	-	-

<sup>#</sup> Deemed interested by virtue of his spouse, Bernadette Jeanne De Souza pursuant to Section 59(11)(c) of the Act



# ANALYSIS OF ICULS HOLDINGS (Cont'd)

AS AT 30 SEPTEMBER 2021

## Thirty Largest ICULS Holders

	Name	Shareholding	%
1	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERNADETTE JEANNE DE SOUZA (003)	21,462,400	30.780
2	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH CHIT SOON	5,750,000	8.246
3	LEE CHIN THAI	4,944,200	7.090
4	LIM KIAN HOE	4,612,000	6.614
5	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (BBRKLING-CL)	3,585,800	5.142
6	KOH CHIT KHOON	3,200,000	4.589
7	LEE SOOK WAN	2,771,000	3.974
8	CHAI SEONG YEE	2,500,000	3.585
9	LOH YOKE FONG	2,500,000	3.585
10	LIEW PENG CHUEN @ LIEW AH CHOY	2,471,400	3.544
11	TEH KONG YAW	2,305,000	3.305
12	PHUAH SU TYING	2,210,000	3.169
13	GO WINSTON DY	1,294,000	1.855
14	THANG EHAU	1,150,000	1.649
15	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH CHIT SOON	1,050,000	1.505
16	SOO YIH MING	1,036,400	1.486
17	CHONG CHING YEE	1,034,200	1.483
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG SOON WAI (MY4167)	540,000	0.774
19	PHUAH SU TYING	500,000	0.717
20	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR TAN YOKE PING	400,000	0.573
21	LIM KIAN HUAT	280,000	0.401
22	CHONG CHEE YOONG	238,000	0.341
23	TAN KWEE CHAI	200,000	0.286
24	YAP CHONG KEOW	200,000	0.286
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LAU TIANG HUA (PB)	180,600	0.259
26	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FRANCIS CHAI KIM LUNG	175,000	0.250
27	WONG KANG YEOW	150,000	0.215
28	YOON SAU KHUM	150,000	0.215
29	TEO BOON TONG	147,000	0.210
30	LEE BOH HOONG	144,100	0.206





<b>CDS ACCOUNT NO.</b>		<b>NO. OF ORDINARY SHARES HELD</b>	
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\* I / We .....  
(FULL NAME OF SHAREHOLDERS AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport /Company No.) ..... of.....

(ADDRESS)

being a \* member / members of the abovenamed Company, hereby appoint .....

(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

(NRIC/Passport No.)..... of.....

(ADDRESS)

or failing him,.....

(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

(NRIC/Passport No.) ..... of.....

(ADDRESS)

or failing him, the Chairman of the meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at 15<sup>th</sup> Annual General Meeting ("15<sup>th</sup> AGM") of the Company to be conducted on a fully virtual basis by way of live streaming and online remote voting through the Remote Participation and Voting ("RPV") facilities via TIIH Online websites at <https://tjih.online> or <https://tjih.com.my> (Domain Registration No. with MYNIC: D1A282781) on Friday, 26 November 2021 at 10:30 a.m. and any adjournment thereof.

<b>AGENDA</b>			
To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2021 and the Reports of the Directors and Auditors thereon.			
<b>RESOLUTIONS</b>		<b>For</b>	<b>Against</b>
Ordinary Resolution 1	To approve the payment of Directors' fees and benefits amounting to RM155,200.00 for the financial year ended 30 June 2021.		
Ordinary Resolution 2	To approve the payment of Directors' fees and benefits amounting to RM156,500.00 for the financial year ending 30 June 2022.		
Ordinary Resolution 3	To re-elect Dato' Tan Sin Keat who retires pursuant to Article 95 of the Company's Constitution.		
Ordinary Resolution 4	To re-elect Encik Saffie Bin Bakar who retires pursuant to Article 95 of the Company's Constitution.		
Ordinary Resolution 5	To re-elect Mr Cheong Chen Khan who retires pursuant to Article 102 of the Company's Constitution.		
Ordinary Resolution 6	To re-appoint Messrs. PKF as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 7	To authorise Directors to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016.		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction for voting is given, the proxy may vote as he thinks fit.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
Total		100

Signed this .....day of ..... , 2021.

.....  
Signature of Member(s)/Common Seal

**Notes:**

- The 15<sup>th</sup> AGM will be conducted on a fully virtual basis via TIIH Online website at <https://tjih.online>, members/proxies/corporate representatives/attorneys are advised to refer to the Administrative Guide on the registration and voting process for the 15<sup>th</sup> AGM.
- Members/proxies/corporate representatives/attorneys are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 15<sup>th</sup> AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd (the "Share Registrar", "Tricor" or "TIIH") via its TIIH Online website at <https://tjih.online>. Please follow the Procedures for RPV provided in the Administration Guide of the 15<sup>th</sup> AGM and read the notes therein in order to participate remotely via RPV
- A member entitled to attend and vote is entitled to appoint at least one (1) proxy but not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportions of shareholdings to be represented by each proxy are specified.
- Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.



6. A member who has appointed a proxy or attorney or corporate representative to attend and vote at the 15<sup>th</sup> AGM must request his/her proxy or attorney or corporate representative to register himself/herself for RPV at TIH Online website at <https://tiah.online>. Please follow the Procedures for RPV in the Administrative Guide of the 15<sup>th</sup> AGM.
7. To be valid, the instrument appointing a proxy must be deposited at the Registered Office, 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang, Malaysia not less than twenty-four (24) hours before the time for holding the Meeting or any adjournments thereof PROVIDED that in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).
8. Please ensure **ALL** the particulars as required in the Proxy Form are completed, signed and dated accordingly.
9. Last date and time for lodging the Proxy Form is **Thursday, 25 November 2021 at 10.30 a.m.**
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Registered Office, 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang, Malaysia not less than twenty-four (24) hours before the time for holding the Meeting or any adjournments thereof at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. For a corporate member who has appointed an authorised representative, please deposit the **original or duly certified** certificate of appointment of authorised representative at the Registered Office, 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang, Malaysia not less than twenty-four (24) hours before the time for holding the Meeting or any adjournments thereof. The certificate of appointment of authorised representative should be executed in the following manner:
  - a. If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - b. If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - i. at least two (2) authorised officers, of whom one shall be a director; or
    - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
12. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69(2) of the Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 18 November 2021 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
13. All resolutions as set out in this notice of 15<sup>th</sup> AGM are to be voted by poll.

**PERSONAL DATA POLICY**

By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting, and any adjournment thereof.

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**AFFIX  
STAMP**

The Company Secretaries  
**SCANWOLF CORPORATION BERHAD**  
200601021156 (740909-T)  
51-8-A, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 George Town  
Pulau Pinang, Malaysia.

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**Scanwolf Corporation Berhad**

(Company No.: 200601021156 (740909-T))  
(Incorporated in Malaysia under the Companies Act, 1965)

No. 19, 19A, 19B & 19C,  
Jalan Pusat Perniagaan Falim 5,  
Pusat Perniagaan Falim, 30200, Ipoh, Perak.  
T 605 285 0063 F 605 285 0272

[www.scanwolf.com](http://www.scanwolf.com)