EG INDUSTRIES BERHAD
199101012585 (222897-W)

Embracing THE SMART CITY VISION

Annual Report 2021

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Embracing THE SMART CITY VISION

EG Industries Berhad has positioned itself to ride on the huge growth uptrend of the rapidly evolving 5G technology. We have taken a firm step in this journey, following commencement of operations of our Industrial 4.0-focused Smart Manufacturing Center, and embarking on the establishment of the first Smart Warehouse in the vicinity.

As a leading Electronic Manufacturing Services ("EMS") provider with more than 20 years of proven track record, we continuously upgrade our research and development capabilities to empower innovation across the Group to deliver the wonders of technological convenience into end-users' lives. We are committed to embracing the Smart City vision to capitalise on digital technology to make urban systems more efficient, cost-effective and environmentally sustainable.

Smart Manufacturing cenTer

EG Industries Berhad ("EG" or "the Company") continues to bolster its manufacturing capabilities to support the forthcoming demand for electronic devices and advancing technology. In May 2021, EG announced that it has ventured with a US-based customer to manufacture box-build 5G routers in its Smart 4.0 manufacturing plant.

This new undertaking highlights the Group's manufacturing capabilities in meeting the evolving requirements of the technology industry and reinforce its place as one of the world's leading EMS providers. Along with this, the Group purchased and upgraded machinery and equipment as well as set up an in-house Smart 4.0 manufacturing automation that is equipped with smart robotic arms and intelligence manufacturing system.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Keh Chuan Seng
(Non-Independent Non-Executive Director and Chairman)

Dato' Alex Kang Pang Kiang
(Group Chief Executive Officer/Executive Director)

Ang Seng Wong
(Senior Independent Non-Executive Director)

Lim Sze Yan
(Independent Non-Executive Director)

Lee Kean Teong
(Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Ang Seng Wong

Members
Lim Sze Yan
Lee Kean Teong

NOMINATION COMMITTEE

Chairman
Ang Seng Wong

Members
Lim Sze Yan
Lee Kean Teong

REMUNERATION COMMITTEE

Chairman
Lim Sze Yan

Members
Ang Seng Wong
Lee Kean Teong

COMPANY SECRETARIES

Ong Tze-En [MAICSA 7026537]
SSM PC No: 20200800 3397

Lau Yoke Leng [MAICSA 7034778]
SSM PC No: 20200800 3368

REGISTERED OFFICE

170-09-01 Livingston Tower
Jalan Argyll
10050 George Town, Penang
Tel : 04-2294390
Fax : 04-2265860

SHARE REGISTRAR

AGRITEUM SHARE REGISTRATION SERVICES SDN. BHD.
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Tel : 04-2282321
Fax : 04-2272391

AUDITORS

UHY (AF 1411)
Chartered Accountants

BANKERS

Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
AmBank Islamic Berhad
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
HSBC Bank Malaysia Berhad
Kasikorn Bank Public Company Limited (Thailand)
OCBC Bank (Malaysia) Berhad
OCBC Al-Amin Bank Berhad
Public Bank Berhad
TMB Bank Public Company Limited (Thailand)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : EG
Stock Code : 8907

GROUP STRUCTURE

EG INDUSTRIES BERHAD
199101012585 [222897-W]

Investment holding company listed on Main Board of Bursa Malaysia Securities Berhad

100% **SMT TECHNOLOGIES SDN. BHD.**
199301024828 [279566-X]

Provision of electronic manufacturing services for computer peripherals and consumer electronic/electrical products and production of high filtration face masks

100% **GLISTEN KNIGHT SDN. BHD.**
199501025359 [354564-D]

Investment holding activities and to undertake procurement, sales, marketing and distribution activities for electronics and electrical products and related components

49% **TM SMT SDN. BHD.**
201901012677 [1322005-T]

Manufacturing of electronic and electrical products, wholesale of computer hardware, software and peripherals

99.99% **TM SMT (Thailand) Co., Ltd.**
0255563001154

Dormant

100% **SMT INDUSTRIES CO., LTD.**
[0255549000227]

Provision of electronic manufacturing services for computer peripherals, consumer electronic/electrical and automotive industrial products

100% **EG ELECTRONIC SDN. BHD.**
200401026915 [665423-W]

Original equipment manufacturer/original design manufacturer in complete box built products

100% **EG R&D SDN. BHD.**
201301044868 [1074691-M]

To undertake research and development activities for electronic, electrical, telecommunication and technology products and operate a shared services outsourcing center rendering business process outsourcing of financial and administration processes and IT services

100% **EG OPERATIONS SDN. BHD.**
201301045538 [1075362-W]

Dormant

97.30% **MASTIMBER INDUSTRIES SDN. BHD.**
199701002942 [418438-V]

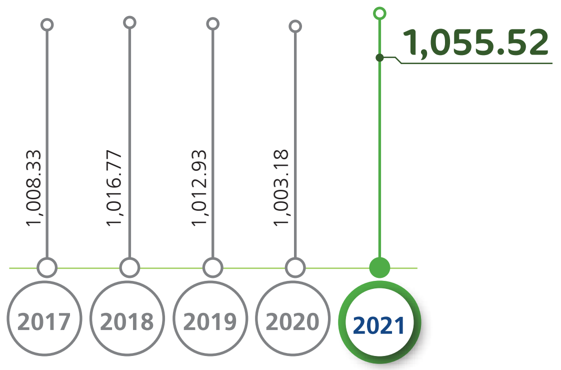
Dormant

GROUP FINANCIAL HIGHLIGHTS

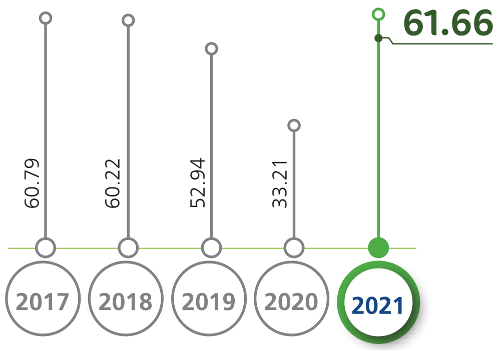
Year ended June 30 Amount in RM'million	2017	2018	2019	2020	2021
Revenue	1,008.33	1,016.77	1,012.93	1,003.18	**1,055.52**
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	60.79	60.22	52.94	33.21	**61.66**
Profit/(Loss) Before Tax	22.35	18.94	13.10	(12.81)	**14.20**
Profit/(Loss) Attributable to the Owners of the Company	22.25	18.48	12.58	(13.61)	**13.97**
Shareholders' Funds	263.58	322.20	331.80	323.05	**364.85**
Basic earnings/(loss) per ordinary share (sen)	8.42*	6.96	4.78	(5.29)	**4.12**
Net assets per ordinary share (RM)	1.25	1.21	1.31	1.25	**1.01**

* The basic earnings per ordinary share has been restated as per audited financial statement for the financial year ended 30 June 2018.

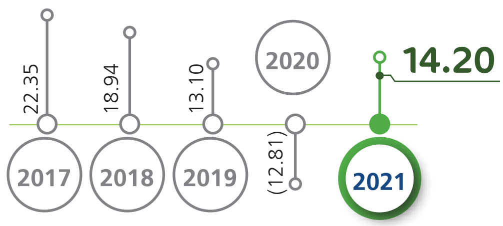
Revenue (RM'million)



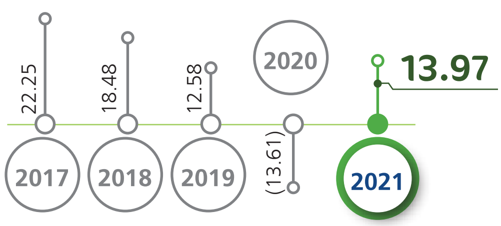
EBITDA (RM' million)



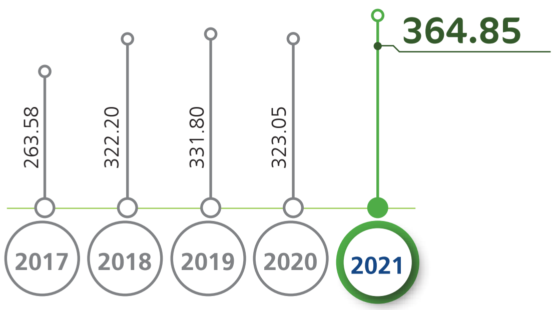
Profit/(Loss) Before Tax (RM' million)



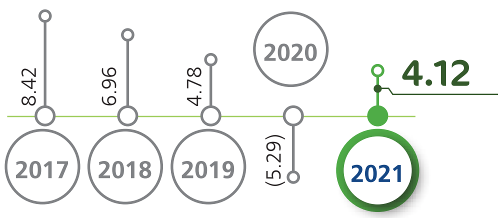
Profit/(Loss) Attributable to the Owners of the Company (RM' million)



Shareholders' Funds (RM' million)



Basic earnings/(loss) per ordinary share (sen)



MANAGEMENT DISCUSSION AND ANALYSIS

It is our privilege to present to you the annual report and audited financial statements for the financial year ended 30 June 2021 ("FY2021").

The year was marred by various implementations of Movement Control Orders ("MCOs") to control the widespread of COVID-19. Despite the challenging environment, the Group demonstrated tremendous resilience, with a firm turnaround performance of profit before tax at RM14.2 million on maintained RM1.1billion revenue.

BUSINESS AND OPERATIONS

EG is a leading Electronic Manufacturing Service ("EMS") and Vertical Integration Provider with over 20 years of operating history for world-renowned brand names of electrical and electronic ("E&E") products. The Group has a wide clientele that comprises global players in several industries including consumer electronics, information and communications technology ("ICT"), medical, automotive and telecommunications.

EG's core business can be segregated into two categories, namely printed circuit board assembly ("PCBA") which entails high and low-mix printed circuit board and box build, that encompasses total design, manufacturing, testing and shipping of completed product to customers' end users.

The investment holding company has four wholly-owned subsidiaries (excluding dormant companies) as below:

	Subsidiary	Principal activities
1	SMT Technologies Sdn. Bhd. ("SMTT")	Provision of EMS for computer peripherals and consumer electronic/ electrical products and production of high filtration face masks in its manufacturing facility in Sungai Petani, Malaysia
2	SMT Industries Co. Ltd. (Thailand)	Provision of EMS for computer peripherals, consumer electronic/electrical and automotive industrial products in its Prachinburi plant in Thailand
3	EG Electronic Sdn. Bhd.	Original equipment manufacturer/original design manufacturer in complete box-build products
4	EG R&D Sdn. Bhd.	Research and development activities for electronic, electrical, telecommunication and other technological products

The investment holding company also has an associate company as below:

	Associate Company	Principal activities
1	TM SMT Sdn. Bhd. ("TM SMT")	Manufacturing of electronic and electrical products, wholesale of computer hardware, software and peripherals

ECONOMIC REVIEW

On the global front, Gross Domestic Product ("GDP") saw a decline of 3.6% in 2020 (2019: 2.9%) due to the adverse effect of COVID-19 that caused market disruptions and uncertainties among investors. The ongoing US-China trade war and the COVID-19 outbreak had an adverse impact on global manufacturing activities by casting a pall on global demand and disrupting processes due to raw material shortages.

Similarly, Malaysia's GDP contracted to 5.6% in 2020 (2019: 4.3%) as it endured similar adversities brought about by COVID-19 MCOs and restrictions imposed on certain economic sectors, where they are required to halt operation or work with lower manpower capacity.

In the beginning of 2021, the government-initiated vaccination programs, economic and stimulus package to prop up the economy. With that, domestic GDP grew by 7.1% in the first half of 2021 (1H2020: -8.4%) which indicated a recovery trajectory. The upside growth was reflected through the increase in sales and revenue from the manufacturing and service sectors, and continuously burgeoning export markets.

Even so, COVID-19 continued to make its presence felt within that period, prompting a nationwide implementation of MCO in May, and Full MCO in June 2021. In taking a level-headed approach to manage the pandemic, the Government launched the National Recovery Plan ("NRP") on 15 June 2021 to gradually facilitate the nation's transition to exit the COVID-19 crisis.

It is clear that the persistent virus, along with its active mutation, high transmission rate and increasingly-deadly implications, remains a force that has yet to be fully overcome. It is imperative, therefore that all parties – both Government and civil society – work cohesively to preserve the safety and wellbeing of the nation.

ECONOMIC REVIEW (cont'd)

Share Performance (1 July 2020 to 30 June 2021)

Year High	Year Low	Year Close	Trading Volume	Market Capitalisation as at 30 June 2021
RM0.965	RM0.325	RM0.635	2,456.1million shares	RM229.7 million

OPERATIONAL HIGHLIGHTS

- **COVID-19 vaccination drive**

  During the financial year, operations of the manufacturing sector were impacted by multiple Government-imposed MCOs and stipulated Standard Operating Procedures ("SOPs") to curb the spread of the virus. In upholding the overall health and safety of our workforce, EG took the initiative under the Public-Private Partnership COVID-19 Industry Immunisation Programme ("PIKAS") to vaccinate our workforce, which achieved a 100% vaccination rate as at end-September 2021.

  This would allow us to optimise operations at our Malaysian-based manufacturing facilities to meet the customers' needs and demands with minimal interruptions.

  Moreover, we have been practising stringent SOPs to ensure the safety of our employees. We carry out daily temperature checks on all employees, business associates and persons entering our premises, placed hand sanitizers at strategic locations for easy access, and mandated the wearing of face masks for all while ensuring social distancing. In addition to that, we fully sanitize common areas and frequently used areas on a regular basis to maintain a hygienic environment.

- **Smart Manufacturing Center**

  EG announced its product ascension in manufacturing and building complete box-build 5G routers products for a US-based customer in our Smart 4.0 manufacturing plant. This venture not only highlights our excellent manufacturing capabilities in meeting evolving requirements of the technology industry, but also places us on a firm growth trajectory. In line with this project, we developed and commenced operations of our own in-house Smart 4.0 manufacturing automation plant.

  Stepping ahead of the game, we are making necessary preparations to implement a Smart Warehouse that is equipped with smart robotic arms and intelligent manufacturing system to fulfil the stringent demands of high-expansion sector.

  We stand proud to continuously invest in Kedah while sowing more interest from various multinational corporations enroute to realizing the state's potential to become a pivotal manufacturing hub in Malaysia. We are proud to play an important role in catalysing further economic growth in the state.

  This venture in manufacturing 5G routers products is aligned to our path of establishing and embracing the Smart City vision which utilizes digital technology to create a township that is efficient, cost-effective and environmentally sustainable for end-users' everyday lives.

- **Status of new factory building**

  The nationwide pandemic delayed the progress of the Group's second fully-automated facility in Seberang Perai Selatan, Batu Kawan. To recap, EG had signed the Sale and Purchase Agreement with Penang Development Corporation to acquire a 5.2-acre leasehold land for a purchase consideration of RM10.3 million.

  EG plans to allocate RM15.0 million capital expenditure ("CAPEX") for the construction and machinery of this facility.

  The close proximity of the new factory with the established manufacturing plant in Sungai Petani enhances the overall operations where it will allow the Group to allocate resources more efficiently and ramp up utilisation rates to capture new market opportunities. Penang, being a strategic location, will enable us to strengthen our presence and recognition among multinational companies that provides opportunity to derive operational benefits from advanced supply chain coupled with good transportation network.

  Upon the factory's expected completion in 2023, the total production floor space will increase from 55,000 sq m to 85,000 sq m with an expected increase of 30% in production capacity.

FINANCIAL REVIEW

Although there were movement restrictions and capped working capacity due to MCOs, the Group rebounded from a lacklustre FY2020 and prevailed through those challenging times. FY2021 revenue increased to RM1.1 billion from RM1.0 billion a year ago, on higher sales stemming from robust demand for consumer electronics products.

The favourable product sales mix, contained operating expenditure and the absence of RM7.4 million one-off exceptional provisions in the previous year precipitated an impressive turnaround, with the Group achieving net profit of RM14.0 million in FY2021 compared to RM13.6 million net loss in the previous year.

EG's cash and cash equivalents, together with fixed deposits with licensed banks, declined to RM15.1 million in FY2021 from RM30.9 million in the financial year ended 30 June 2020 ("FY2020") to support the larger asset base and to cater for heightened working capital needs amidst the operational disruptions caused by the COVID-19 pandemic.

The Group's total borrowings declined by 5.9% to RM220.1 million from RM234.0 million previously due to our prudent financial policy and repayment of RM7.0 million borrowings from the proceeds of the private placement exercise which was completed on 7 January 2021. This resulted in total liabilities contracting to RM562.3 million from RM575.7 million a year ago.

Shareholders' equity improved to RM364.8 million from RM323.0 million previously with larger share capital base from multiple corporate exercises and higher reserves.

Even in the midst of the pandemic, the Group managed to maintain a healthy gearing level, which improved to 0.62 times in FY2021 from 0.63 times in FY2020. The better gearing level places us favorably in ensuring future business sustainability.

DIVIDEND

Given the challenging year due to COVID-19 restrictions, dampened economy, and future ventures into 5G products, the Board decided to defer the declaration of dividend in respect of FY2021 in line with strict financial discipline.

In addition to that, we are mindful of the need for constant investment into CAPEX to keep abreast of industry developments. Alongside that, we prioritize reinvesting our earnings for expansion of operations and research and development towards upskilling and upscaling our capabilities and product offerings.

ANTICIPATED OR KNOWN RISKS

EG being an established EMS provider to worldwide brands, faces a myriad of risks on a macro and micro level. Discussed below are some key potential risks and uncertainties which could adversely impact the business, financial condition, and the results of the operations of the Group:

- **Exchange rate fluctuations**

  As EG supports international customers' orders and has foreign-based business operations, the Group has bank borrowings denominated in foreign currencies, namely US Dollar ("USD") and Thai Baht ("THB"). In the event the value of USD or THB appreciates or the Malaysian Ringgit depreciates, there will be negative impact on the Group. Nevertheless, the risk would be mitigated via natural hedge as the sales is primarily for export market which is denominated in USD or THB.

- **Availability of raw materials**

  With the disruptions caused by the current pandemic, there could be a possibility of shortages for certain electronic components. Hence, we have taken necessary steps to mitigate the risk by engaging with multiple suppliers on the availability and delivery of raw materials. The escalating freight cost alongside the global trade lane disruption have contributed to an increase in raw materials and the overall cost.

- **Financial risk**

  Our constant dealings with current and potential global clientele through business transactions gives rise to corresponding risk with regards to financial concerns such as business solvency, cash flow issues and borrowing levels. As a precautionary measure, we conduct thorough financial background checks of our customer base as safeguard measures. We also ensure that we have sufficient cash reserves and monitor our net gearing position to properly manage debt levels.

BUSINESS OUTLOOK AND PROSPECTS

Our perspective of the EMS industry's prospects remains bright going forward. The ever-growing importance of EMS in line with the global drive of specialisation, productivity and efficiency, and the rising adoption of advanced technologies like 5G would be a precursor to strong demand for high-technology EMS.

Thus, we will capitalise on our strongpoints and future opportunities from advanced technology developments to reinforce our market position in this competitive market. We are on the right track to continue on our innovation and technological advancement journey to support clients. We rely on our top-notch research and development ("R&D") facility in Penang that is well resourced to undertake R&D activities towards rewarding future pathways for EG to embark on.

Following our addition of a US manufacturer customer to produce complete box-build 5G routers products, we look forward to implementing the first smart warehouse in Sungai Petani and establishing a new smart manufacturing centre. This is in line with our vision of embracing Smart City to utilize digital technology for urban systems.

We continue to seek for new opportunities within the industry and vie for new customers as the global economy reopens. We are in talks to secure new customers within our industries such as consumer electronics, medical and automotive sectors.

As for the COVID-19 situation, I am well pleased to say that we have managed the crisis well and have complied with all the SOPs stated by the government. Having a fully vaccinated workforce also will enable us to serve our customers better with minimal interruptions.

APPRECIATION

My deepest appreciation goes to the Board, management team and employees for your continuous commitment in ensuring that EG approached and weathered the unpredictable, challenging environment in a resilient manner. Indeed, we delivered a monumental platform in order to build our future growth on and I am excited at the tremendous opportunities ahead.

I am sure that this provides our business partners, associates, suppliers, customers, and valued shareholders added confidence in continuing our mutually-supportive journey.

Dato' Alex Kang Pang Kiang
Group Chief Executive Officer

KEH CHUAN SENG

Non-Independent Non-Executive Director and Chairman

Age 50
Gender Male
Nationality Malaysian

Qualifications
SRP Certificate

Date appointed to the Board
27 November 2020

Board Committee
Nil

Other Directorships in Public Companies/ Listed Issuers
Non-Independent Non-Executive Chairman of HB Global Limited

Family relationships with other Directors and/ or Major Shareholder of the listed issuer
Nil

Conflict of interest with listed issuer
Nil

Offences convicted for the past 5 years other than traffic offences, if any
Nil

No. of Board Meeting attended during the financial year
3 from date of appointment

Working Experience

Mr. Keh Chuan Seng began his career in the real estate development industry in Japan from 1991 to 2005. The past 14 years in Japan had gained him a wealth of experience in property development, hospitality, agriculture, asset investment and financing industry, both locally and overseas. Mr. Keh's wide exposure has enabled him to provide invaluable advice and solutions which make him ideally suited to chair the Board towards greater heights.

Mr. Keh's role as the Executive Chairman in Frazel Group of companies reinforced his planning capabilities and expertise in strategizing housing development projects. In 2010, Mr. Keh ventured into property development in Kedah as well as in Sadao, a district in Songkhla Province south of Thailand. His wide array of experience also includes the F&B business in Japan and the niche bird nest trading and evergreen fishery businesses in Malaysia.

With his entrepreneurial vision and strategic leadership skills, Mr. Keh has been appointed as a Non-Independent Non-Executive Chairman in HB Global Limited, a company listed on Bursa Malaysia Securities Berhad.

Mr. Keh is also currently the Committee Member of Kedah Chinese Chamber of Commerce and Industry, through which he has built a strong business network with China. His broad-based knowledge in management and production as well as his global business connections have been instrumental in supporting the progressive growth of the Group.

DATO' ALEX KANG PANG KIANG

Group Chief Executive Officer

Age 49
Gender Male
Nationality Malaysian

Qualifications

- Double degrees in Bachelor of Commerce and Bachelor of Science, University of Auckland, New Zealand
- Chartered Accountant of Malaysian Institute of Accountants ("MIA")
- Associate Chartered Accountant ("ACA") of Chartered Accountant Association, New Zealand

Date appointed to the Board

23 November 2009

Board Committee

Nil

Other Directorships in Public Companies/ Listed Issuers

- Independent Non-Executive Director of Thong Guan Industries Berhad
- Non-Independent Non-Executive Director of Accrelist Ltd.
- Non-Independent Non-Executive Director of Jubilee Industries Holdings Ltd.

Family relationships with other Directors and/ or Major Shareholder of the listed issuer

Nil

Conflict of interest with listed issuer

Nil

Offences convicted for the past 5 years other than traffic offences, if any

Nil

No. of Board Meeting attended during the financial year

5

Working Experience

Dato' Alex Kang Pang Kiang ("Dato' Alex"), the Group CEO holds the helm for full responsibility on the Group's overall planning and operations since July 2014. With more than 20 years of expertise in financial management, planning, corporate restructuring exercises, risk management and investor relations, he plays a key role in formulating and providing solutions for EG Group's strategic positioning and business expansion.

Dato' Alex attained double degrees in Bachelor of Commerce and Bachelor of Science from University of Auckland, New Zealand. He is also an active member of Chartered Accountant of MIA for more than 20 years.

Currently Dato' Alex is the Group CEO of EG Industries Berhad. With years of successful business experiences, Dato' Alex is being appointed as an Independent Non-Executive Director of another listed company namely, Thong Guan Industries Berhad.

For his outstanding entrepreneurship and enthusiasm, he has been awarded the Best Chief Executive Officer and Best Investor Relations Professional by Malaysian Investor Relations Association ("MIRA") under the Micro-cap category "The Investor Relations Awards 2015".

On top of that, in appreciation of his dedication to the business and social communities, he was conferred the title of Dato' in year 2018. Persatuan Kebajikan Keluarga Bekas Polis dan Tentera ("POLTERA") in year 2019 had appointed Dato' Alex as an honorable POLTERA life V.I.P to honor and appreciate remarkably on his kind support, cooperation and contribution towards POLTERA's goal achievements. In year 2020, he was also been appointed as a distinguished "Adjunct Professor" by AIMST University to share his business and industry insights with our future workforce and as the honorary advisor of Malaysia-China Chamber of Commerce ("MCCC") in recognition for his rich expertise and experience in the manufacturing business across the world. Dato' Alex is also a member of Singapore Institute of Directors by virtue of his standing and stature in the community globally.

ANG SENG WONG
Senior Independent Non-Executive Director

Age 59
Gender Male
Nationality Malaysian

Qualifications
- Bachelor of Arts (Sociology), Chisholm Institute of Technology, Melbourne, Australia
- Bachelor of Business (Banking & Finance), Chisholm Institute of Technology, Melbourne, Australia
- Master of Business Administration, Cardiff Metropolitan University, United Kingdom

Date appointed to the Board
30 January 2009

Board Committee
- Chairman of Audit and Risk Management Committee
- Chairman of Nomination Committee
- Member of Remuneration Committee

Other Directorships in Public Companies/ Listed Issuers
Independent Non-Executive Director of Ralco Corporation Berhad

Family relationships with other Directors and/ or Major Shareholder of the listed issuer
Nil

Conflict of interest with listed issuer
Nil

Offences convicted for the past 5 years other than traffic offences, if any
Nil

No. of Board Meeting attended during the financial year
5

Working Experience

Mr. Ang Seng Wong began his career as an accountant in Melbourne, Australia in 1984. Upon his return to Malaysia in 1989, Mr. Ang served as the Finance Director for a Taiwanese PCB and PCBA firm, the Executive Representative for a Taiwanese Venture Capital Organisation and a Corporate Affairs Director for an international plastics entity. He was also appointed as an Executive Director for a listed electronics company. In his professional capacity, he has extensive senior management experience locally and internationally. In addition, he is involved in conducting public and in-house programs for well-known companies such as Petronas, Telekoms, NEC, Maxis, DRB-Hicom, Pantai Group, Columbia Hospital, MISC, SABIC etc. in Malaysia, Singapore, Thailand and Philippines. He is also a certified HRDF and LPI trainer and has lectured in University Malaya for the European Union Officers, AEU and UMP for the Executive Masters program, OUM, UTM and Saudi General Organization for Technical Education and Vocational Training.

LIM SZE YAN
Independent Non-Executive Director

Age 44
Gender Male
Nationality Malaysian

Qualifications
- Bachelor of Commerce (Accounting & Finance), Curtin University of Technology, Australia
- Master of Business Administration, Cardiff Metropolitan University, United Kingdom
- Member of CPA Australia
- Associate member of FIAT - IFTA

Date appointed to the Board
28 February 2012

Board Committee
- Chairman of Remuneration Committee
- Member of Audit and Risk Management Committee
- Member of Nomination Committee

Other Directorships in Public Companies/ Listed Issuers
Nil

Family relationships with other Directors and/ or Major Shareholder of the listed issuer
Nil

Conflict of interest with listed issuer
Nil

Offences convicted for the past 5 years other than traffic offences, if any
Nil

No. of Board Meeting attended during the financial year
5

Working Experience

Mr. Lim Sze Yan started his career as an audit assistant in Tay and Associate from year 2001 to 2003. He then moved on to commercial environment by joining Aim Strong Industries Sdn. Bhd. where he served in different roles with increasing responsibilities before assuming the position as General Manager in 2007. Presently, he is the Executive Director of both Aim Strong Industries Sdn. Bhd. and V-Hua Management Sdn. Bhd.

LEE KEAN TEONG

Independent Non-Executive Director

Age 62
Gender Male
Nationality Malaysian

Qualifications

- Chartered Accountant of MICPA
- Fellow member of CPA Australia
- Chartered Accountant of MIA

Date appointed to the Board

1 June 2016

Board Committee

- Member of Audit and Risk Management Committee
- Member of Nomination Committee
- Member of Remuneration Committee

Other Directorships in Public Companies/ Listed Issuers

- Independent Non-Executive Director of Oriental Holdings Berhad
- Asas Dunia Berhad

Family relationships with other Directors and/ or Major Shareholder of the listed issuer

Nil

Conflict of interest with listed issuer

Nil

Offences convicted for the past 5 years other than traffic offences, if any

Nil

No. of Board Meeting attended during the financial year

4

Working Experience

Mr. Lee Kean Teong has been with KPMG Malaysia for more than 35 years and was a Partner with KPMG until his retirement on 31 December 2014.

He has extensive experience in audit and management consulting throughout his career. He was the engagement partner for a wide range of companies which included public listed companies and multi-nationals in various industries mainly in manufacturing, property development, construction, hotel, stock broking and finance.

CORPORATE KEY MANAGEMENT PROFILE

CHERYL NG SZE MUN
Group Chief Financial Officer/ Vice President

Age 35
Gender Female
Nationality Malaysian

Qualifications

- Bachelor of Accounting, Deakin University, Australia
- Member of The Association of Chartered Certified Accountants ("ACCA"), United Kingdom
- Fellow member of MIA

Other Committee

Member of the Group's Risk Management Committee

Working Experience

Ms. Cheryl Ng Sze Mun joined EG Group in year 2014 as Finance Manager and was appointed as the Group Chief Financial Officer in July 2016. She began her career in the accounting industry in year 2008 and earned her financial and accounting experience while working in one of the Big Four Accounting firms and a Public Listed Company before joining the Group.

In year 2015, she was awarded as the Best CFO for Investor Relations under the Micro-cap category of "The Investor Relations Awards 2015" by MIRA to honour her excellence on the field of Investor Relations.

She is currently overseeing the overall operations of the Group's finance function and also involves in the Group's corporate finance including investor relations, merger and acquisitions, legal and other regulatory compliances.

MICHAEL LEE SIANG TAT
Chief Operation Officer

Age 47
Gender Male
Nationality Malaysian

Qualifications

Higher Diploma in Electrical & Electronic Engineering, Workers Institute of Technologies, Kuala Lumpur, Malaysia

Other Committee

Nil

Working Experience

Mr. Michael Lee Siang Tat joined EG Group in year 2020 as Senior Operation Director and he has more than 25 years of working experiences in electronics industries in various fields such as Process and Product Engineering, Equipment and Maintenance Engineering, Production and Operation.

He is currently responsible for the overall manufacturing operation, Engineering and Production Planning.

MOGAN KARUPIAH
Group Chief Technical Officer/ Vice President

Age 56
Gender Male
Nationality Malaysian

Qualifications

MSC Engineering, University of South Australia, Australia

Other Committee

Chairman of the Group's Risk Management Committee

Working Experience

Mr. Mogan Karupiah joined EG Group in 2003 and has been one of the contributing leaders in the company to great heights with his expertise of more than 28 years in Quality Management, Product Engineering, R&D, Test Engineering and Production from Telecommunication, Audio/Video Electronic, Aerospace (Avionics), Storage device, Computer Peripherals from various MNC.

He is accountable for EG Group's ongoing success on Quality Management System and Business Unit Management.

LOW JOO HIANG

Supply Chain Management (SCM) Senior Director

Age 52
Gender Male
Nationality Malaysian

Qualifications

Diploma in Electronic Engineering, Federal Institute of Technology, Kuala Lumpur, Malaysia

Other Committee

Member of the Group's Risk Management Committee

Working Experience

Mr. Low Joo Hiang joined EG Group in year 1996 with his vast experience of over 25 years in various fields such as Assembly, Test, Process, Equipment, Surface Mount Technology (Front End), Back End line, Production Planning, Warehousing, Logistics, Material Control, Sourcing and Purchasing.

He is currently responsible for the overall Supply Chain Management of the organization which involves Sourcing, Purchasing, Material Control and Logistics operation.

TAI CHEE SEONG

Advanced Optical (AO) & IT Director

Age 56
Gender Male
Nationality Malaysian

Qualifications

Master of Business Administration, Heriot-Watt University, Edinburgh, Scotland

Other Committee

Nil

Working Experience

Mr. Tai Chee Seong joined EG Group in year 2008 as Process Engineering Manager and was appointed as the Advanced Optical ("AO") & Information Technology ("IT") Director in June 2019.

Since 1990, he started his career in the field of electronics and possessed extensive working experience in various western, Japanese and local firms before joining the Group.

Presently he is taking the lead of the group coming 5G product manufacturing function, IT, Smart Manufacturing and e-Scooter assembly.

JOHNNY KHONG HONG WAI

Business Development (BD) Director

Age 55
Gender Male
Nationality Malaysian

Qualifications

Bachelor of Electronics & Electrical Engineering, University College Dublin, Republic of Ireland

Other Committee

Nil

Working Experience

Mr. Johnny Khong Hong Wai joined EG Group in year 2013 as BD Senior Manager and was promoted as BD Director in July 2018.

He began his career in the electronics components manufacturing in 1993 and gained his electronics distribution experience while working in the World's Top 3 Components Distribution Company before joining the Group.

He is currently handling the operations of the Group Business Development Department, leading the team to meet Group's objectives as well as enhancing the Group's performance.

Notes:

None of the corporate key management personnel has any family relationships with any Directors and/or Major Shareholder of the Company, nor any conflict of interest with the Company. This have not been convicted any offences within the past 5 years other than traffic offences, if any.

CORPORATE SUSTAINABILITY STATEMENT

EG Industries Berhad ("EG") and its group of companies ("EG Group" or "the Group") is a leading Electronic Manufacturing Services ("EMS") and Vertical Integration ("VI+") provider for world-renowned brand names of electrical and electronic products for industries spanning consumer electronics, ICT, medical, automotive to telecommunications. As a ranking EMS player, EG recognises that embedding sustainability initiatives in the organisation is crucial for organisation to consider the impact of wide range of sustainability issues that enable the Group to be more transparent about the risks and opportunities facing.

EG's Board of Directors ("Board") and Top Management acknowledged that whilst creating value economically for customers, shareholders, business associates and itself, the Group is also accountable for environment, social obligations and life quality of people surrounding its business environment.

In line with the Sustainability Reporting Guide (2nd edition) launched by Bursa Malaysia Berhad in 2018 as a reference, the Group's sustainability approach has evolved alongside with these integrated initiatives centralising on the management of material economic, environmental and social ("EES") risks and opportunities to ensure the Group is driven towards supporting of business continuity and competitiveness over the long term responsible growth while reducing the risk probability.

KEY SUSTAINABILITY AREAS

1. Economics

Anti-corruption and anti-bribery policy

The implementation of corporate liability provision under Section 17A Malaysian Anti-Corruption Commision (Amendments) 2018 effective 1 June 2020 in which a commercial organisation can be considered guilty if any of its employees or associates commit corruption for whatsoever benefit to the organisation.

The management has circulated anti-corruption and anti bribery policy to all employees and Directors, and published on corporate website to create awareness and responsibility to always comply with the provisions therein to ensure the Group's businesses and engagement are conducted with high professionlism, intergrity and stay clear from corruption or bribery.

The Group will not tolerate any acts in regards of corruption and bribery as part of its commitment towards the ethically business paractices.

Whistle-blowing policy

EG's whistle-blowing policy evidenced its commitment to conduct business with high standards of ethical conduct encompassing honesty, accountability and integrity towards customers and suppliers, as well as business associate and employees. There is a transparent process of handling any whistle-blowing cases confidentially. It is structured in such a way that all parties are welcomed to report on suspected misconducts, unethical behaviours, illegal acts, corruption or violation of rules and regulation that may influence the Group negatively without hesitation or fear of retaliation as the protection towards whistle-blower is ensured. With the robust whistle-blowing policy in place, the Group is able to conduct its business activities with strong ethical standards and law-abiding spirit that create value to its businesses and stakeholders.

KEY SUSTAINABILITY AREAS (CONT'D)

1. Economics (cont'd)

Branding and reputation

The positivity reputation of EG represents its image that reflects the confidence and trust accumulated from the society and other stakeholders towards the company. As such, the Group always aims to provide excellent products and services quality which indirectly will brand its name and reputation as well as driven the company growth and revenue.

The Group embraces corporate social responsibility actions in acknowledgement of its responsibility and contribution to the communities that have been supportive of the growth of the Group to be a prime player in the industry. Philanthropic activities through donations and communal campaigns were carried out during the year under review. In part, the Group's charitable actions to assist those in need and contribute to the common good of the communities have burnished the Group's brand and standing in the local communities.

Supplier Relations

For long term mutual growth benefits, EG Group values the partnership with its suppliers. In part to assure of the quality of raw materials supplied with ethical practice in procurement, a supplier audit system was established to evaluate, assess and rate suppliers. A quality management system is also in place to facilitate communication and settlement of any issues with suppliers in a timely and systematic manner with its aim to maintain and extend such performance in the foreseeable future.

Customer Relations

A solid customer relationship management is a key component of our journey towards sustainable business growth.

The Group acknowledges the significant value of customer engagement and has continuously improve its customer service across all levels.

Investor Relations

The Board firmly believes that stakeholder engagement is also an important component with our journey towards sustainability. We conduct our activities in a manner where the information are being disseminated with transparency in order to build trust and confidence. Information such as announcements, quarterly financial results and important corporate events made available on the Group's website www.eg.com.my for easy reference by all stakeholders.

Annual General Meeting ("AGM") is held annually to provide a platform for shareholders to connect directly with the Board and key management staff.

KEY SUSTAINABILITY AREAS (CONT'D)

2. Environment

Environmental Management

As an electronic manufacturing services provider, EG is highly aware of its responsibilities towards the environment and thus the Group endeavours to enhance and comply with all the relevant environmental, legal and other legislative requirements.

The Group has obtained accreditation of ISO 14001:2015 – Environmental Management System that helps to monitor, control and improve overall environmental performance throughout its operations and supply chain. The standard guides the Group to achieve the intended outcomes from its environmental management system in which contributes value to the environment, the Group and customers' satisfaction.

The Group is committed to efficiently manage the use of electricity in the production activities to ensure energy consumption is at a reasonable and acceptable rate. Registered Electrical Energy Manager ("REEM") is appointed to guide the Group in complying with the provisions of Efficient Management of Electrical Energy Regulation 2008. An optimised energy consumption ensures efficiency in the utilisation of energy which will help to reduce global warming and in turn, arrest adverse climate change.

Waste management

The Group's manufacturing plants adhere to the legal requirements on the management of scheduled waste. The Group has engaged approved legal waste contractors to ensure the scheduled wastes are properly handled. A comprehensive waste management system where 3R (Reduce, Reuse and Recycle) is in use to monitor and handle waste disposition in a systematic and ethical manner.

3. Social

Diversity

The Group embraces diversification in its workforce with a good mix from the perspective of cultural background, education, age levels and gender. It is the Group's objective to achieve an open and transparent corporate culture and working environment that can foster all dimensions of diversities with equal rights and interests.

Employee compensation and benefits

The Group acknowledges its employees' contribution to the Group's growth and sustainability. As a mark of recognition, the Group rewards and motivates outstanding performers with performance incentives, employee awards, bonuses and increments.

Along with standard annual performance appraisal and bonus packages, the Group also had introduced two main employee programmes – Performance Incentive Management ("PIM") and Best Knight in which the outstanding achievers are awarded in terms of cash and other company privileges.

Employee training

The Group is committed to growing employees with continuous learning and knowledge that will develop their competencies and skill set. In response to changes, the Group equips all employees with required skills in such a way that the result shall positively benefit the employees individually and contribute towards the sustainability of the Group.

KEY SUSTAINABILITY AREAS (CONT'D)

3. Social (cont'd)

Employee training (cont'd)

The Group offers opportunities for both internal and external training to enrich employees' technical and soft skills such as soldering, C-TPAT, leadership and communication. Also available are short courses or development programmes that help to enhance languages proficiency in dealing with external especially the international clients.

The Group's investment in its people is dual pronged - professional development of employees to be better themselves and contribute to the Group's growth.

COVID-19 Preventive and Safety Measures

EG is committed and continues to provide a safe and healthy working environment for its employees despite adverse implications from the onset of the COVID-19 pandemic. In times of uncertainty and with the spread of anxiety, we continue to prioritise employees' health and safety by keeping abreast with the latest protocols to operate safely, effectively and efficiently under the new norm.

COVID-19 Preventive and Safety Measures (cont'd)

The Group has incorporated guidelines and regulations issued by the Ministry of Health (“MOH”) and Ministry of International Trade and Industry (“MITI”) into our Standard Operating Procedures ("SOPs") for its employees to adhere to, failing which stern actions shall be taken towards any employees who has breached or failed to comply with the SOPs.

The precautionary measures and efforts taken to safeguard the health and safety of everyone during this unprecedented time include but are not limited to the followings:

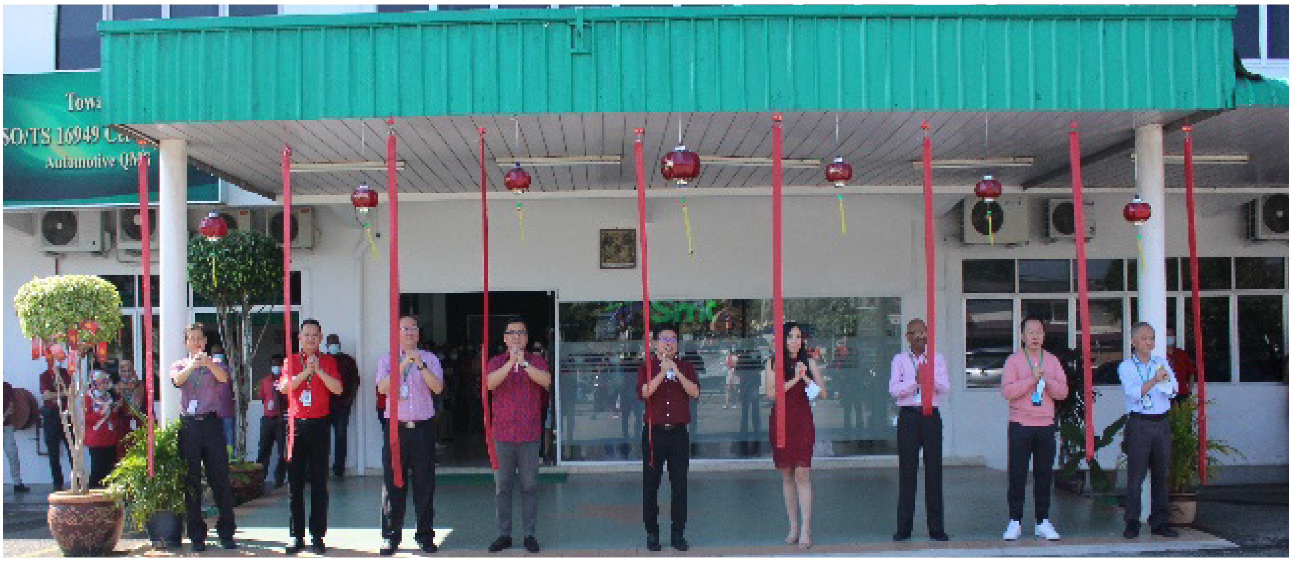
- To observe minimum one-meter social distancing
- To have temperature screening for every employees and visitors upon entering the premise
- To ensure face mask mandatory for all employees and visitors
- To hold plant-wide sanitizing regularly
- To provide hand sanitizer in all common areas
- To promote vaccination for every employees
- To stop any employee with symptoms from entering the premises

Giving Back to Local Communities

The Group is a firm believer of contributing to the communities where we operate in. Despite adversities and challenges brought about by the pandemic, EG continued to support and contribute generously through donations in cash or other forms of assistance to the Malaysian frontline workers, the less privileged segment of the society, as well as employees of the Group. We believe it is important for us to be a socially as well as environmentally responsible corporate citizen in addition to focusing on managing a profitable business and growing shareholders' value.

Donation to the Penang State Government

Joining the fight to curb the spread of the COVID-19 pandemic, the Group has donated 100,000 pieces of EG Care surgical masks to the Penang State Government for frontline personnel and the less privileged segment of the society. Following the Group's venture into manufacturing of surgical masks in April 2020, the Group has generously contributed its products for good cause.



BONDING TOGETHER IN CELEBRATION OF DIVERSITY

2021 Chinese New Year Celebration

Notwithstanding an extremely challenging 2020, the Group welcomed 2021 by celebrating Lunar Year of the Ox on 16 Februay 2021. The celebration began with the tradition of setting off firecrackers and it is believed that the louder the firecrackers, the better and prosperous it will be for the business in the coming years. The climax of the celebration came on during the distribution of red packets from the top management to every department which bonded the whole Group together. Everyone thoroughly enjoyed the day that provided a welcomed change from the monotony of everyday work routine while uplifting the team spirit for a better year ahead!

Expands manufacturing to cater 5G-ready technology customers

On 10 May 2021, the Group unveiled the commencement of the production of 5G by expanding our manufacturing capability to cater for our 5G-ready technology customers by introducing in-house developed Smart 4.0 manufacturing automation and the manufacturing of complete box-build 5G routers products for US based customers. At the press conference, Group CEO shared that the Group will continue to invest in Kedah by working together with the Kedah State Government to promote Kedah to multinational corporations as the state has ample potential to become a vital manufacturing hub in Malaysia.

The Board of EG is pleased to report to shareholders on the manner the Company has applied the Principles, and the extent of compliance with the Best Practices as set out in the Malaysian Code on Corporate Governance 2017 ("the Code") pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR").

The Board is supportive of the recommendations of the Code, which sets out the Principles and Best Practices on structures and processes that the Board may use in its operations towards achieving optimal governance framework.

The ensuing paragraphs in this Corporate Governance Overview Statement ("CG Overview Statement") describes the extent of how the Group has applied and complied with the Code for FY2021 and up to to-date.

The CG Overview Statement is complemented with a Corporate Governance Report ("CG Report"), based on a prescribed format as outlined under paragraph 15.25(2) of the MMLR which articulates the application of the Company's corporate governance practices vis-a-vis the Code. The CG Report is available on the Company's website at www.eg.com.my and via an announcement on the website of Bursa Securities.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 – BOARD RESPONSIBILITIES

1.1 Strategic Aims, Values and Standards

The Board is committed to promoting good business conduct and maintaining an ethical corporate culture that engenders integrity, transparency and fairness.

The Board takes cognisance that good corporate governance is not simply about the Code or rules as it involves strong leadership, a positive culture, robust systems and risk management. All these encourage and reinforce behaviours and actions to protect the interests of the Group and its stakeholders.

In achieving the relevant intended outcomes, the Board in its best endeavour, adopts appropriate, practical and effective governance standards and practices and policies, considering and balancing the expectations and interests of various stakeholders as part of the Board's overall responsibilities to ensure the best interests of the Company are served. In this regard, the Board strategizes the Group's objectives and practices. In addition, the Board also promotes its Code of Business Conduct and Ethics ("CBCE").

On stakeholders' engagement front, the Board continuously ensures that effective channels of communication are maintained to provide stakeholders with appropriate platforms to channel pertinent views or concerns.

The Board is assisted by three (3) Board Committees, namely, the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") to ensure appropriate checks and balances in discharging its oversight function. These Committees comprise solely of Independent Non-Executive Directors ("INEDs"). Each of these Committees operates under clearly defined Terms of Reference ("TOR") as approved by the Board to oversee and deliberate matters within their purviews.

Notwithstanding the delegation of specific powers, the Board keeps itself apprised of the key matters discussed and recommendations made by each Board Committee through reports to Board at its meetings. The decision on whether to act on recommendations by Board Committees lies with the Board. As a whole, the Board is the ultimate decision-making body retaining full responsibility for the direction and control of the Company and the Group.

During the financial year under review, the Board has devoted sufficient time to attend meetings to deliberate on matters under their purview. Key matters deliberated included financial and operational performance, risk management, internal control system, annual assessment of Directors, corporate governance practices and compliance with regulatory and statutory requirements.

The Board has also delegated the responsibility of implementing the Group's strategic plans, policies and decisions adopted by the Board to the Management, which is led by the Group Chief Executive Officer ("CEO"). The Group CEO is the conduit between the Board and the Management in ensuring smooth and effective running of the Group.

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

PART 1 – BOARD RESPONSIBILITIES (Cont'd)

1.2 Separation of the positions of Chairman and CEO

The positions of the Non-Executive Chairman and the Group CEO are held by two different individuals. Mr. Keh Chuan Seng was appointed as the Non-Independent Non-Executive Chairman of the Board on 27 November 2020.

There is a distinction between Chairman and the Group CEO. The Non-Executive Chairman is not related to the Group CEO, and is responsible in leading the Board in the oversight and supervision of the Group's management; while the Group CEO plans and manages the Group's day-to-day activities in achieving corporate and business objective.

1.3 Qualified and competent Company Secretary

The Board is supported by qualified and competent Company Secretaries. 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, Code or guidance and legislations. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions.

The roles and the responsibilities of the Company Secretaries included:-

(a) Attend and ensure all meetings are properly convened and the proceedings of all meetings including pertinent issues, substance of enquiries and responses, suggestions and proposals are duly minuted;

(b) Update and advise on Board's procedures and ensure that applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board or otherwise required for its efficient operation;

(c) Ensure proper upkeep of statutory registers and records of the Company; and

(d) Advise the Board on compliance of statutory and regulatory requirements.

1.4 Access to Information and Advice

The Board recognises that the decision-making process is highly dependent on the quality of information available. All Directors have full and unrestricted access to Management and the Company Secretaries on all matters requiring information for deliberation.

Agenda and board papers are sent together with notices of meetings at least 7 days prior to the Board and Board Committee meetings to allow Directors to study and evaluate the matters to be discussed and subsequently make effective decisions. Time is allocated for Directors to raise other matters not covered by the formal agenda.

The board papers circulated included quarterly financial results, performance reports, minutes of previous meeting, updates from regulatory authorities, external and internal audit reports and any other matters requiring Board's approval. The Board's deliberation, in terms of the pertinent issues discussed at the meeting in arriving at the decisions and conclusions thereof are properly recorded by the Company Secretaries by way of minutes of meetings. The minutes will then be tabled at the subsequent meeting for confirmation.

The Board is regularly updated and advised by the Company Secretaries on development in regulatory requirements and their ensuing implications to the Directors vis-à-vis discharge of their duties and responsibilities. The Directors may seek independent professional advice on matters relating to the Group's business and operations, at the Group's expense.

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

PART 1 – BOARD RESPONSIBILITIES (Cont'd)

2. Demarcation of Responsibilities

2.1 Board Charter

There is a Board Charter ("Charter") in place. The Board is guided by the Charter, which provides a reference for Directors in relation to the Board's role, powers, duties and functions. The Charter also serves as a reference point for the board activities where the Board has established clear functions reserved for the Board. The Charter provides guidance for Directors and Management on the responsibilities of the Board, Board Committees and requirements of Directors.

The Charter is subject to periodical review by the Board as and when required to ensure consistency with the Board's strategic intent as well as in line with the latest statutory and regulatory requirements.

The Charter is made available on the Company's website at www.eg.com.my.

3. Promoting Good Business Conduct and Corporate Culture

3.1 Code of Conduct

The Board is committed towards establishing a corporate culture to nurture a high standard of ethical conduct throughout the Group.

The Group's CBCE sets out basic principles and guidelines to all Directors, management and employees of EG Group. The CBCE encompasses compliance with laws including abuse of power, corruption, insider trading, money laundering, corporate governance and conflict of interest.

The CBCE sets out the standards of ethical behaviour and values expected of Directors, management and employees and serves as a guide and reference in the course of the performance of their responsibilities.

The Board has implemented appropriate processes and systems to support, promote and ensure its compliance. The Board will periodically review the CBCE which is available on Company's website at www.eg.com.my.

3.2 Whistle-Blowing Policy

The Board has adopted a Whistle-Blowing Policy which sets out the disclosure procedures and protection for whistle blowers to meet the Group's ethical obligations. Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them.

All whistle-blowing reports are addressed to the ARMC Chairman. This policy is administered by the ARMC with the assistance of the Management and oversee by the Board.

The Whistle-Blowing Policy is available on the Company's website at www.eg.com.my.

Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendment 2018), which came into effect on 1 June 2020, introduced corporate liability provision for bribery and corruption. Arising from that, the Board has taken steps to further strengthen its current processes and procedures to ensure adequate procedures are in place to safeguard the Group and the Directors.

The Anti-Corruption and Anti-Bribery Policy is available on the Company's website at www.eg.com.my.

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

PART 2 – BOARD COMPOSITION

4. Board's Objectivity

4.1 Board Composition

The Board comprised of 5 members currently; namely, the Non-Independent Non-Executive Chairman, Group CEO and 3 INEDs. Mr. Ang Seng Wong is the Senior INED and acts as the point of contact for shareholders and other stakeholders.

Directorate	Name of Directors
Non-Independent Non-Executive Chairman	Mr. Keh Chuan Seng
Group Chief Executive Officer	Dato' Alex Kang Pang Kiang
Senior Independent Non-Executive Director	Mr. Ang Seng Wong
Independent Non-Executive Director	Mr. Lim Sze Yan
	Mr. Lee Kean Teong

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

The INEDs make up more than half of the Board membership and this exceed the ratio recommended under the Code. As such, the INEDs have effectively provide the necessary checks and balance to the decisions making process of the Board as evidenced by the contributions and active participation of Directors in various Board Committees and their independent oversight and constructive challenge to the Group CEO.

The INEDs are independent of management and free from any business relationship which could materially interfere with the exercise of their judgment. They provide unbiased, balanced and independent views, guidance, advice and judgment during meetings.

All members of the Board have extensive professional background as stated in the respective Directors' Profile in this Annual Report. The Board composition and size have been assessed by the Board through the NC. The Board composition remained the same save and except for the change in Chairman of the Board.

4.2 Tenure of Independent Director

The Board is mindful of the recommendation of the Code where the tenure of an INED should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as Non-Independent Director. If the Board intends to retain an INED beyond nine (9) years, it should justify and seek annual shareholders' approval.

Mr. Ang Seng Wong and Mr. Lim Sze Yan have served as Senior INED and INED of the Company for more than twelve (12) years and nine (9) years respectively. The Board, through the NC, carried out annual evaluation of the Directors which included an assessment of the independence of all INEDs.

The Board is satisfied with the level of independence of the INEDs as they have demonstrated, throughout the term of their office, their independence not only by the mere fulfilment of the criterion in the MMLR but subjectively too by exercising independent judgment as well as providing unbiased views and opinions when matters are put forward for decisions. They are able to draw on their expertise and professional experience as well as the necessary knowledge of the business and operations of the Group to participate actively and contribute positively during deliberations or discussions leading to decision-making at meetings.

As such, the Board strongly recommends to the shareholders to vote in favour of the resolutions for Mr. Ang Seng Wong and Mr. Lim Sze Yan to continue to act as Senior INED and INED respectively of the Company.

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

PART 2 – BOARD COMPOSITION (Cont'd)

4. Board's Objectivity (Cont'd)

4.3 Policy on Tenure of Independent Directors

The Board has not adopted any policy which limits the tenure of its INEDs to nine (9) years. Should the Board intend to retain any of its INED beyond nine (9) years, the Board would provide justification and seek shareholders' approval at the Company's annual general meeting ("AGM").

The Board continues to believe that tenure should not form part of the assessment criteria and holds the view that the fiduciary duties of Directors are the primary concern of all Directors, regardless of their status. The Board firmly believes that the ability of a Director to serve effectively is dependent of their calibre, qualification, skill sets, expertise, experience and personal qualities, particularly integrity and objectivity. It also believes there are significant advantages to be gained from long-serving Directors who possess insight and knowledge of the Group's business and affairs in view of the continuous challenges faced by the Group.

4.4 Diversity of Board and Senior Management

The Board strives for an effective and balanced Board and acknowledges the importance of diversity, including gender, ethnicity, cultural background, tenure, age, and professional experience, which establish the context for decisions being made objectively.

It believes that an inclusive culture will enable the Group to leverage differences in perspective, knowledge, skill and experience in achieving a sustainable and balanced development. All appointments have been and will be based on objective criteria and merit with due regards for diversity.

The Board ensures that the corporate key management is of sufficient calibre to implement corporate strategies and objectives, taking into account the needs to promote sustainability and safeguard interest of stakeholders.

4.5 Gender Diversity

The Board presently does not have any policy on gender diversity.

The Board believes that there is no detriment in not adopting a formal gender, ethnicity and age group diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.

Notwithstanding with the above, the Board affirms its commitment to diversity as a truly diversified Board and corporate key management can enhance the Group's effectiveness, perspective, creativity and capacity to thrive in good times and to weather through the tough times.

In identifying suitable candidates for appointment to the Board and corporate key management, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity to the Board and corporate key management.

4.6 Different Sources for New Candidate(s) for Board Appointment

The Board is responsible for the appointment of new candidates to the Board or Board Committees upon the recommendation of the NC.

During the financial year under review, the NC, having considered the recommendation from a few shareholders, endorsed the appointment of Mr. Keh Chuan Seng as a Director of the Company and Chairman of the Board. The Board approved the said appointment on 27 November 2020.

Notwithstanding the said appointment, the Board will, if required, utilise independent sources such as professional advisers, business associates to identify suitable and qualified candidates for appointment to the Board.

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

PART 2 – BOARD COMPOSITION (Cont'd)

4. Board's Objectivity (Cont'd)

4.7 Nomination Committee

The NC comprises three (3) members, all of whom are INEDs. The members of the Committee are:-

Mr. Ang Seng Wong - Chairman, Senior Independent Non-Executive Director
Mr. Lim Sze Yan - Independent Non-Executive Director
Mr. Lee Kean Teong - Independent Non-Executive Director

During FY2021, the NC met two (2) times and the attendance of each member is as follows:-

Directors	Attendance at NC Meetings
Mr. Ang Seng Wong	2/2
Mr. Lim Sze Yan	2/2
Mr. Lee Kean Teong	2/2

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

(a) Assessed the contribution and effectiveness of the Board, Board Committees and Directors by using a questionnaire which is guided by the Corporate Governance Guide issued by Bursa Securities. After reviewing the responses from the Directors, the NC reported the results to the Board for review and deliberation. The findings of the assessment confirmed that the Board, the Board Committees and Directors have discharged their duties and responsibilities effectively.
(b) Reviewed and assessed the mix of skills, expertise, composition, size and experience of the Directors.
(c) Reviewed the term of office and performance of the ARMC.
(d) Reviewed the level of independence of INEDs.
(e) Discussed the character, experience, integrity and competence of the Directors, Chief Financial Officer and to ensure they have the time to discharge their respective roles.
(f) Noted the training attended by Directors and recommended to the Board for adoption and disclosure in the CG Overview Statement for publication in the Annual Report.
(g) Recommended for Directors to attend training or seminars particularly those in connection with updates to regulations and financial reporting standards in the coming year.
(h) Reviewed and recommended re-election of Directors, in accordance with the Constitution of the Company, at the forthcoming AGM.

5. Overall Effectiveness of the Board and its Individual Directors

5.1 Formal and Objective Evaluation

The NC assessed the effectiveness of the Board as a whole and Board Committees as well as the contribution of the Directors. All assessments and evaluations carried out by the NC in discharging its functions have been documented.

Annual assessment on effectiveness of the Board and Board Committees as a whole has been conducted based on specific criteria, covering areas such as Board mix and composition, quality of information and decision making, participation in boardroom activities and relationship with the management as well as overall effectiveness and efficiency in discharging their function. The criteria used in the annual evaluation of individual Director revolved around personality, experience, integrity, competence, contribution and time commitment.

The NC had also reviewed and assessed the independence of the INEDs based on the Directors' professionalism and integrity in the decision-making process, ability to form independent judgments, as well as objectivity and clarity in deliberations in addition to the specific criteria of independence as set out in the MMLR.

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

PART 2 – BOARD COMPOSITION (Cont'd)

5. Overall Effectiveness of the Board and its Individual Directors (Cont'd)

5.1 Formal and Objective Evaluation (Cont'd)

The assessment by all Directors is disclosed at the NC's meeting and reported to Board by the Chairman of the NC.

Based on the outcome of evaluation for the financial year under review, the NC and the Board were satisfied that the Board and Board Committees had discharged their duties and responsibilities effectively and the contribution and performance of each individual Director is satisfactory. The NC believes that the current Board size and composition is well balanced (vis-à-vis its effective functioning) with the right mix of high-calibre individuals with the necessary skills, qualification, experience, knowledge, credibility, independence and core competencies.

The Constitution of the Company provides that an election of Directors shall take place each year and, at the AGM, one-third of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their last re-election. A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately.

The Director who is subject to re-election at next AGM is assessed by the NC before recommendation is made to the Board and shareholders for re-election. Appropriate assessment and recommendation by the NC are based on the annual assessment conducted.

The Board is scheduled to meet at least four (4) times during the financial year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings with sufficient notice.

During FY2021, the Board held five (5) meetings to deliberate and decide on various issues including the Group's financial results, annual evaluation and appointment of Director.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries. In the intervals between Board meetings, approvals are obtained via circular resolutions for exceptional matters requiring urgent Board decision-making which are then supported with information necessary for informed decision-making.

Detail of attendance of each Director at Board meetings held during the financial year under review is as tabulated below:

Directors	Attendance at Board Meetings
Dato' Terence Tea Yeok Kian *	2/2
Mr. Keh Chuan Seng**	3/3
Dato' Alex Kang Pang Kiang	5/5
Mr. Ang Seng Wong	5/5
Mr. Lim Sze Yan	5/5
Mr. Lee Kean Teong	4/5

* Attendance at meetings up to the date of non-re-election at AGM on 27 November 2020
** Attendance at meetings held from date of appointment on 27 November 2020

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

PART 2 – BOARD COMPOSITION (Cont'd)

5. Overall Effectiveness of the Board and its Individual Directors (Cont'd)

5.1 Formal and Objective Evaluation (Cont'd)

Board meetings are scheduled ahead to enable the Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention to the Board meeting agenda. Management personnel and external consultants are also invited to attend the Board meetings as and when required in order to present and advise the members with information and clarification on certain meeting agenda to facilitate informed decision-making.

The Board is satisfied with the time commitment given by the Directors as demonstrated by their attendance to the meetings of the Board and Board Committees.

All Directors do not hold more than 5 directorships in other public listed companies as required under paragraph 15.06 of the MMLR to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused. The Board members must first consult with the Chairman before accepting any new directorship in other public listed companies so as to ensure that time commitment and responsibilities to the Company will not be affected.

Directors' Continuing Education

All Directors have completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities. They are provided with opportunities for training and update from time to time, particularly on relevant new laws and regulations, financial reporting, risk management and investor relations to equip themselves with the knowledge to effectively discharge their duties as Directors.

The Board had, through the NC, undertaken an assessment of the training needs of the Directors and concluded that the Directors are to determine their training needs as they are in the better position to assess their areas of concern. Nonetheless, the NC had recommended for training to improve financial literary and keep with changes to financial reporting environment as well as understanding the impact of the changes arising from implementation of Companies Act 2016 and other related laws.

From last AGM to the date of this Annual Report, the directors have attended the following training programmes to enhance their skills and knowledge.

Name of Directors	Training
Mr. Keh Chuan Seng	• MAP for Directors of Public Listed Companies • Fundamentals of Corporate Governance
Dato' Alex Kang Pang Kiang	• Fundamentals of Corporate Governance
Mr. Ang Seng Wong	• Executive Supervisory Development Program • Effective Internal Control • Fundamentals of Corporate Governance
Mr. Lim Sze Yan	• Improving Public Sector Governance Through Financial Report • IFRS Reporting in 2020 – Covid19 and Other Challenges • Understanding Fraud and What to Do Next • Technology For Auditor: Data Analytics Tools and Techniques • Fundamentals of Corporate Governance
Mr. Lee Kean Teong	• Fundamentals of Corporate Governance • Directors' Conflict of Interest: Avoid or Manage

All Directors received updates from time to time, on relevant new laws and regulations to enhance their business acumen and skills to meet challenging commercial risks and challenges. The Directors were also briefed by the Company Secretaries on the various amendments to the MMLR from time to time.

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

PART 2 – BOARD COMPOSITION (Cont'd)

5. Overall Effectiveness of the Board and its Individual Directors (Cont'd)

5.1 Formal and Objective Evaluation (Cont'd)

The management facilitates the organisation of training programmes for Directors and maintain a record of the trainings attended by the Directors.

PART 3 – REMUNERATION

6. Level and Composition of Remuneration

6.1 Remuneration Policy

The Board does not have any formal remuneration policy presently and would establish one in due course. The remuneration package for executive Board members is structured so as to link rewards to corporate and individual performance. The components of the remuneration package for them include fixed salary, fixed fees, allowance and benefits-in-kind. The executive Board members played no part in deciding their own remuneration and had abstained from all discussion pertaining to their remuneration.

As for the INEDs, the level of remuneration is reflective of their experience, expertise, contribution, level of responsibilities and the onerous challenges in discharging their fiduciary duties. The INEDs received fees and meeting allowances. The determination of fees for the INEDs is a matter for the Board as a whole.

During the financial year, the RC considered the remuneration package for the executive Board members as well as fees and benefits payable for all Directors to ascertain the competitiveness of the current packages vis-a-vis the increased scope of responsibility as well as tighter legislative and regulatory environment. Based on the outcome of the review, the remuneration package, fees and benefits payable were deemed to be reasonable.

6.2 Remuneration Committee

The RC comprises solely of INEDs. The members of the RC are:-

Mr. Lim Sze Yan - Chairman, Independent Non-Executive Director
Mr. Ang Seng Wong - Senior Independent Non-Executive Director
Mr. Lee Kean Teong - Independent Non-Executive Director

During the financial year, the RC met two (2) times and the attendance of each member is as follows:-

Directors	Attendance at RC meetings
Mr. Lim Sze Yan	2/2
Mr. Ang Seng Wong	2/2
Mr. Lee Kean Teong	2/2

All deliberations of the RC are properly documented in the minutes of meetings and recommendations are reported at Board meeting.

During the year under review, the RC carried out the following activities:

(a) Reviewed and recommended the fee structure and benefits payable to Directors.
(b) Reviewed and recommended remuneration package for executive Board members.

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

PART 3 – REMUNERATION (Cont'd)

7. Remuneration of Directors

7.1 Details of Directors' Remuneration

The details of FY2021 remuneration for Directors of the Company comprising remuneration received/receivable from the Company and its subsidiary companies are as follows:-

Category	Fees (RM)	Salaries and Other Emoluments (RM)	Total (RM)
Company			
Executive Directors			
Dato' Terence Tea Yeok Kian	2,083	168,000	170,083
Dato' Alex Kang Pang Kiang	5,000	643,023	648,023
Non-Executive Directors			
Mr. Keh Chuan Seng	35,000	-	35,000
Mr. Ang Seng Wong	48,000	1,800	49,800
Mr. Lim Sze Yan	36,000	1,800	37,800
Mr. Lee Kean Teong	36,000	1,800	37,800
Total	**162,083**	**816,423**	**978,506**

Category	Fees (RM)	Salaries and Other Emoluments (RM)	Total (RM)
Group			
Executive Directors			
Dato' Terence Tea Yeok Kian	2,083	168,000	170,083
Dato' Alex Kang Pang Kiang	5,000	643,023	648,023
Non-Executive Directors			
Mr. Keh Chuan Seng	35,000	-	35,000
Mr. Ang Seng Wong	48,000	1,800	49,800
Mr. Lim Sze Yan	36,000	1,800	37,800
Mr. Lee Kean Teong	36,000	1,800	37,800
Total	**162,083**	**816,423**	**978,506**

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

PART 3 – REMUNERATION (Cont'd)

7. Remuneration of Directors (Cont'd)

7.2 Details of Top 5 Senior Management's Remuneration

The Board is aware of the need for transparency in the disclosure of its senior management's (referencing its corporate key management) remuneration. Nonetheless, it is of the view that such disclosure could be detrimental to its business interests given the highly competitive human resource environment in which the Group operates where intense headhunting for personnel with the right expertise, knowledge and relevant working experience is the norm. As such, disclosure of specific remuneration information could rise to recruitment and talent retention issues going forward.

The Board ensures that the remuneration of these personnel commensurate with the level of responsibilities, with due consideration in attracting, retaining and motivating these corporate key management to lead and run the Group successfully.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART 1 – AUDIT AND RISK MANAGEMENT COMMITTEE

8. Effective and Independent Audit Committee

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

The Chairman of the ARMC is not the Chairman of the Board. The ARMC is chaired by the Senior INED, Mr. Ang Seng Wong while the Chairman of the Board is Mr. Keh Chuan Seng.

8.2 Former Key Audit Partner

The TOR of the ARMC stipulates that a former key audit partner must fulfill a cooling-off period of at least two (2) years before being appointed, in any event, as member of the ARMC.

8.3 Assessment on the Suitability, Objectivity and Independence of External Auditors

The Group maintains a transparent and professional relationship with the external auditors in seeking professional advice towards ensuring compliance with accounting standards. The Company's independent external auditors play a critical role for the stakeholders by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial information.

The ARMC carried out an assessment of the performance and suitability of UHY based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit.

The ARMC has also assessed the suitability and independence of the external auditors before deciding to recommend their re-appointment to the Board. This includes reviewing professional fees so as to ensure a proper balance between objectivity and value for money. Forbidden contracts include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation.

The ARMC has considered the non-audit service provided by the external auditors during financial year under review and concluded that the provision of these services did not compromise the external auditors' independence and objectivity. The details of the fees paid/payable in respect of the financial year under review to the external auditors or an affiliated firm of the external auditors are set out in the Additional Compliance Information of this Annual Report.

The external auditors have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with professional and regulatory ethical requirements.

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

PART 1 – AUDIT AND RISK MANAGEMENT COMMITTEE (Cont'd)

8. Effective and Independent Audit Committee (Cont'd)

8.3 Assessment on the Suitability, Objectivity and Independence of External Auditors (Cont'd)

The ARMC is satisfied with the independence, performance and suitability of UHY based on the assessment and has recommended the retention of UHY as auditors to the Board.

The ARMC met with the external auditors two (2) times during FY2021 without the presence of management and executive Board members. The external auditors attended the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

The management would look into formalising a policy on selection, appointment and assessment of external auditors as well as provision of non-audit fees to guide the ARMC in reviewing the suitability, objectivity and independence of the external auditor of the Company and the provision of non-audit services on an annual basis.

The Board, having considered the recommendations by the ARMC, is satisfied with the level of independent and performance of the external auditors including quality of audit review procedures, adequacy of audit firm's expertise, its resources to carry out the audit work according to the audit plan and the Board had recommended their re-appointment for shareholders' approval at the forthcoming AGM.

8.4 Composition of the Audit and Risk Management Committee

The ARMC comprise solely of INEDs. The members of the Committee are:-

Mr. Ang Seng Wong	-	Chairman, Senior Independent Non-Executive Director
Mr. Lim Sze Yan	-	Independent Non-Executive Director
Mr. Lee Kean Teong	-	Independent Non-Executive Director

Mr. Lee Kean Teong is a member of the Malaysian Institute Accountants ("MIA") thus fulfilling the requirement under para 15.09(1)(c)(i) of the MMLR which required at least one (1) of the ARMC to be a member of the MIA.

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

The ARMC members are individuals with professional experience in financial, taxation, general management and business environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the ARMC the ability to effectively discharge their roles and responsibilities.

PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. Risk Management and Internal Control Framework

9.1 Establishment of risk management and internal control framework

The Board has formally endorsed an on-going risk management and internal control framework which included the following key elements:-

- Reviewing and appraising the adequacy, effectiveness and application of accounting, financial, operational and other controls, recommending improvement in control and promoting effective control in the Group ;
- Ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- Ascertaining the extent to which the Group's assets are accounted for and safeguarded from losses;
- Appraising the reliability and usefulness of data and information generated for management; and
- Reviewing the Risk Management Report from the Risk Management Committee.

The risk management and internal control framework is applied to determine, evaluate and manage significant risks of the Group. This is further assured by the implementation of an internal control and risk management system that has been integrated into the Group's operations and working culture. Therefore, any significant risks arising from factors within the Group and from changes in the business environment can be addressed on a timely basis.

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

PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Cont'd)

9. Risk Management and Internal Control Framework (Cont'd)

9.2 Features of the Risk Management and Internal Control Framework

Our Board is responsible for the adequacy and effectiveness of our Group’s risk management and internal control systems. Our Board ensures that the systems manage the Group’s key areas of risk within an acceptable risk profile to ensure the likelihood that our Group’s policies and business objectives will be achieved. Due to the inherent limitations in any risk management and internal control system, our Board continually reviews the system to ensure that the risk management and internal control systems provide a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Further details on the features of the Company’s risk management and internal control are set out in the Statement on Risk Management and Internal Control included in this Annual Report.

9.3 Risk Management Committee

The Group has established a management-level Risk Management Committee which undertakes regular risk reviews on the Group’s businesses and operations in close cooperation with the internal audit services provider. An analysis of the risks identified together with proposed mitigating actions are tabled to the ARMC. The ARMC will report to the Board on exception basis if there was any change in the risks identified.

10. Effective Governance, Risk Management and Internal Control Framework

10.1 Internal Audit Function

The Group internal audit function is outsourced to an independent professional consulting firm, Kloo Point Risk Management Services Sdn. Bhd. (“KPRMS”) since 24 February 2017. As internal auditors, KPRMS assists the ARMC by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group’s risk management and internal control system and processes. The internal auditors report directly to the ARMC.

The ARMC reviews and approves the Internal Audit Plan annually and ensures that the internal auditors are accorded with appropriate standing and authority to facilitate the discharge of its duties. Audits of the practices, procedures, expenditure and internal controls of identified business and support units and subsidiaries are undertaken on a regular basis.

The Board also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The internal audit function and its activities are detailed in the ARMC Report included in this Annual Report.

PART C – INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WIITH STAKEHOLDERS

PART 1 – COMMUNICATION WITH STAKEHOLDERS

11. Communication between the Company and Stakeholders

11.1 Effective, Transparent and Regular Communication with its Stakeholders

The Board is committed to ensuring that there is effective engagement with its shareholders to facilitate a mutual understanding of objectives. The Group has several formal channels in place to effectively communicate information to all shareholders and stakeholders. The Board primarily achieves this through the following activities; the annual report, announcements to Bursa Securities, quarterly reports, corporate website and investor relations.

The Group CEO and Chief Financial Officer are designated spokespersons for all matters related to the Group.

The Company’s general meetings remain the principal forum for dialogue and communication with shareholders and investors. Shareholders are encouraged to attend these general meetings and given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group, and communicate their expectations and possible concerns.

PART C – INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WIITH STAKEHOLDERS (Cont'd)

PART 1 – COMMUNICATION WITH STAKEHOLDERS (Cont'd)

11. Communication between the Company and Stakeholders (Cont'd)

11.1 Effective, Transparent and Regular Communication with its Stakeholders (Cont'd)

The Group also maintains a website at www.eg.com.my where shareholders and other stakeholders can gain access to the information about the Group, its activities and/or any announcements made by the Group. There is a tab marked as "Investor Relations" which contains vital information concerning the Group, including annual reports, quarterly reports and official announcements made to Bursa Securities, all of which is updated on a regular basis. All material announcements are reviewed and endorsed by the ARMC (as applicable) and the Board prior to release to the public through Bursa Securities. Shareholders and the public in general may also obtain announcements and financial results of the Company from Bursa Securities' website.

However, in any circumstances, while the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to all shareholders and stakeholders.

11.2 Integrated Reporting

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

PART 2 – CONDUCT OF GENERAL MEETINGS

12. Shareholders are able to Participate, Engage the Board and Senior Management

12.1 Notice of AGM

The 29th AGM of the Company was held on 27 November 2020 with the notice sent at least 21 days prior to the date of the AGM and published in a major local newspaper. The notice of AGM included details and relevant explanatory notes to the resolutions proposed to enable the shareholders to make informed decisions in exercising their voting rights.

All suggestions and comments put forth by shareholders will be noted by the Board for consideration.

The 30th AGM of the Company will be held on 30 November 2021. The Company's Annual Report together with the Notice of the 30th AGM dated 29 October 2021 will be published on the corporate website at www.eg.com.my.

12.2 Attendance at General Meetings

All Directors attended and participated at the 29th AGM in 2020. The presence of the Directors presented opportunities for the shareholders to engage with them and also allowed the shareholders to raise questions and concerns directly.

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

The concern over voting in absentia and/or remote shareholders' participation at general meetings is not applicable as the Company has leveraged on technology to facilitate shareholders' participation.

As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings.

In compliance with movement restrictions to curb the spread of the Covid-19 pandemic, the 29th AGM was conducted on a virtual basis through live streaming and online remote voting on 27 November 2020.

PART C – INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WIITH STAKEHOLDERS (Cont'd)

PART 2 – CONDUCT OF GENERAL MEETINGS (Cont'd)

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company has substantially complied with the principles and best practices set out in the Code as well as the relevant MMLR for FY2021. Any practices in the Code which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group’s business.

This Statement is made in accordance with the resolution of the Board dated 22 October 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities for the Main Market and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), the Board is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of the Group's internal control and risk management during FY2021.

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of the system. The system of internal control covers risk management, financial, operational, management information systems, regulatory and compliance control matters. Due to the inherent limitations of internal controls, the Board recognises that this system is designed to manage, rather than eliminate the risk of failure to achieve policies, goals and objectives. Therefore, the system provides reasonable, but not absolute, assurance against the material misstatement, loss or fraud.

During the financial year under review, the adequacy and effectiveness of internal controls were reviewed by the ARMC through the audits conducted by internal audit function. Audit findings and actions taken by Management to address the findings were tabled by the internal auditor during the ARMC meetings and thereafter presented to the Board.

KEY INTERNAL CONTROL AND RISK MANAGEMENT PROCESSES

The Group's internal control and risk management system comprises the following key processes:

1. Planning, Monitoring and Reporting

   (a) The Board is updated on the Group's performance at the scheduled meetings on a quarterly basis. The Group's business plan and financial results for the year are reviewed and deliberated by the Board on a quarterly basis.

   (b) There is a regular and comprehensive flow of information to Management on all aspects of the Group's operations to facilitate the monitoring of performance against the Group's corporate strategies, business and regulatory plans.

2. Policies and Procedures

   Policies and procedures of business processes are documented and set out in a series of Standard Operating Manual and implemented throughout the Group. These policies and procedures are subject to regular reviews, updates and continuous improvements to reflect the changing risks and operational needs.

   All the documented policies and procedures can be easily accessed by all employees via the Company's intranet.

3. Audits

   (a) The Group outsourced its internal audit function to an independent professional firm who reports directly to the ARMC. The internal audit function assists the Board and the ARMC by conducting independent assessment of the effectiveness and adequacy of the Group's internal control system. The internal auditor carried out a risk-based audit in accordance to the internal audit plan approved by the ARMC. The internal auditor assesses the selected areas under the audit scope with regard to risk exposures, compliance towards the approved policies and procedures and relevant laws and regulations. For any significant audit issues identified in the risk management processes and controls during the engagements, the internal auditor will provide recommendations to the Management to improve their design and effectiveness of controls where applicable. The ARMC takes note of the review reports prepared by the internal auditor on a half yearly basis to ensure continuous enhancement of the internal control system of the organisation.

   (b) The yearly certification for the Automotive Quality Management System IATF 16949:2016, Quality Management System ISO 9001:2015, ISO 13485:2016 and Management Environmental Systems ISO 14001:2015 were carried out by SIRIM QAS International. Surveillance audits are conducted on annual basis by assessors of the ISO certification body to ensure that standard operating procedures are being adhered to.

4. Risk Management

   In line with the Malaysian Code of Corporate Governance, a Risk Management Committee ("RMC") is established to provide oversight responsibilities in relation to the identification, evaluation and mitigation of strategic and operational risks. The RMC which comprises the Group CEO, Group Chief Financial Officer, Group Chief Technical Officer and head of divisions assist the Board in risk management matters within the Group.

KEY INTERNAL CONTROL AND RISK MANAGEMENT PROCESSES (Cont'd)

4. Risk Management (Cont'd)

   The RMC has implemented an on-going process for identifying and reviewing the major business risk factors affecting the Group's business objectives and goals for the year under review. During the financial year under review, RMC had reviewed, assessed and monitored the progress and status of risk management activities, as well as raised issues of concern and provided feedback for Management's actions. An Internal Audit Mapping is in place for identification, evaluation and mitigation of all key risks faced by the Group in which the RMC provides directions and oversight role in the risk management process. The Management will develop control procedures or action plans to either prevent the occurrence or reduce the impact upon its occurrence. Further, the ARMC will review the Risk Management Report through the quarterly presentations by the Risk Management Officer.

5. Employees' Competency

   Training and development programs are conducted to ensure that employees acquire the necessary competencies required to carry out their respective tasks in achieving the Group's objectives.

6. Conduct of Employees

   (a) A business code of conduct is established on the Company website, which defines the ethical standards and conduct at work to ensure that working conditions are safe, that workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible.

   (b) A Whistle-Blowing Policy is also established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate way.

   (c) Anti-corruption and anti-bribery policy is in place to perform a sound fraud, bribery and corruption risk management and prevention approach. The policy covers anti-fraud, bribery and corruption measures in areas of governance, prevention, detection, investigation and monitoring. The policy is also incorporated into the employee handbook and published on the Company's website.

7. Insurance

   Insurance and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any calamity and mishap that could result in material loss to the Group. Besides, management liability insurance coverage is also in place to ensure the Group directors and officers are adequately covered against the exposures and risks in managing a business. A yearly policy renewal exercise is undertaken by Management to review the adequacy of the Group's insurance coverage.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the 2021 Annual Report, and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate. As set out in their terms of engagement, the limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

CONCLUSION

The Board is of the view that the system of internal control and risk management is in place for the year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments, and the interests of customers, employees and other stakeholders.

The Board has received assurance from the RMC that the Company's internal control and risk management system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system adopted by the Group.

This statement was made in accordance with a Board of Directors' resolution dated 22 October 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION

The Audit and Risk Management Committee ("Committee") has 3 members, comprising all Independent Non-Executive Directors as tabulated below:-

CHAIRMAN : ANG SENG WONG

MEMBERS : LIM SZE YAN

LEE KEAN TEONG

MEETING HELD DURING THE FINANCIAL YEAR ENDED 30 JUNE 2021

The Committee held five (5) meetings during the financial year under review with the details on the attendance of each member as outlined below:-

	Date of Meetings				
	28/08/2020	22/10/2020	27/11/2020	24/02/2021	28/05/2021
Ang Seng Wong	√	√	√	√	√
Lim Sze Yan	√	√	√	√	√
Lee Kean Teong	√	√	√	√	ABSENT

In line with the terms of reference of the Committee, the following works were carried out by the Committee during the financial year ended 30 June 2021: -

a) Reviewed and discussed the quarterly unaudited financial results of the Group with the management before recommending them to the Board for approval and subsequent release to Bursa Securities;
b) Reviewed and discussed the annual audited financial statements of the Company and its Group with the management before recommending them to the Board for approval and subsequent release to Bursa Securities;
c) Reviewed the annual internal audit plan and the audit programme with the internal auditors to ensure adequate audit coverage of the key risk areas;
d) Discussed the internal audit reports, their major findings, recommendations and the management's response in addressing the issues found to ensure that risk issues were adequately addressed;
e) Reviewed or appraised the performance of the internal auditors before recommending their re-election to the Board;
f) Reviewed and discussed with the external auditors, their annual audit planning memorandum which is inclusive of their areas of audit emphasis and audit procedures prior to commencement of their annual audit for FY2021;
g) Reviewed with the external auditors and the management, the results and recommendations of the external auditors and any significant audit issues arising therefrom;
h) Appraised the performance and evaluated the independence and objectivity of the external auditors in providing their services and made recommendation to the Board on their re-appointment and the quantum of audit fees;
i) Met with the external auditors two (2) times without the presence of the management and Executive Directors to facilitate discussions of additional matters in relation to audit issues noted in the course of their audit;
j) Reviewed on a quarterly basis the related party transaction within the Company or Group including any transaction to ensure that the transactions were on normal commercial terms which were not detrimental to the interest of minority shareholders;
k) Reviewed the Statement on Risk Management and Internal Control to be published in the Annual Report;
l) Reviewed the Risk Management Report through the quarterly presentations by Risk Management Chairman;
m) Made relevant recommendation to the Board for identified risks and mitigations actions;
n) Surveyed and inspected factories and premises to ensure existing and potential risks were managed and mitigated;
o) Met, discussed, planned and reviewed with the management on the setting up of Section 17A Malaysian Anti-Corruption Commission ("MACC17A") compliance procedures, and
p) Meeting up the relevant Head of Divisions to monitor the operations of MACC17A compliance procedures.

INTERNAL AUDIT FUNCTION

We have appointed an external firm to carry out the internal audit function.

Internal audit is responsible for the independent assessment of the adequacy and effectiveness of the internal control systems in place in anticipation of the risks exposure of key business processes and to provide assurance on the systems and recommend improvements to the systems if necessary, so as to enable the Group to achieve its corporate objectives.

The main activities carried out by the internal auditor involve:-

a) Reviewing and appraising the adequacy, effectiveness and application of accounting, financial, operational and other controls, recommending improvement in control and promoting effective control in the Group at reasonable cost;
b) Ascertaining the extent of compliance with established policies, procedures and statutory requirements;
c) Ascertaining the extent to which the Group’s assets are accounted for and safeguarded from losses;
d) Appraising the reliability and usefulness of data and information generated for management; and
e) Review the Risk Management Report from the Risk Management Committee.

During the year, reviews of the existing internal controls covered under the audit plan revealed that they were satisfactory. In areas where controls were deemed inadequate, additional measures were recommended for implementation to address any weakness in the systems.

During the year under review, the internal audit team audited production process and finished goods inventory management in the key operating subsidiary, SMT Technologies Sdn. Bhd. ("SMTT") as well as review the implementation of the Anti-Corruption Policy and Procedures ("ACP"). In reviewing the production process, the audit focused on pre-production coordination, production planning and material control and production monitoring and reject control.

As for inventory management, the internal audit reviewed through the process from finished goods transfers from production and update of stock records, safeguarding of finished goods, stock picking process, finished goods packaging process and control and delivery process.

Areas for improvements were highlighted with recommendations agreed with and implemented by management. The internal audit team will monitor the progress of improvements in both areas.

The ACP was implemented on 01 June 2020. During its review, the internal auditors went through the Group's Whistleblowing Policy, Human Resource Policies and Procedures in managing corruption, reporting and monitoring process of the anti-corruption compliance program, corruption risk assessment as well as training and communication of policies and procedures.

There were no exceptional issues arising from the internal audits that are required to be highlighted to the ARMC and by extension, the Board of Directors.

The cost incurred by the internal audit function in respect of FY2021 was RM60,000.

ADDITIONAL COMPLIANCE INFORMATION

NON-AUDIT FEES

During the financial year, non-audit fees amounting to RM16,000 for the Group were paid to the external auditors of the Company for services performed in connection with reviewing of Statement on Risk Management and Internal Control and foreign subsidiary's audit papers.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at 30 June 2021 or entered into since the end of the previous financial year.

CONTRACT RELATING TO LOANS

During the year, there were no contracts relating to loans entered into by the Company including the interests of Major Shareholders and/or Directors.

RELATED PARTY TRANSACTIONS

Details of transactions with related parties undertaken by the Group during the year are disclosed in Note 31 to the financial statements.

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

On 7 January 2021, the Company had completed a private placement exercise which involves the issuance of 32,075,100 new EG Shares, representing approximately 10% of total issued EG Shares raising a total of RM15.28 million ("Private Placement 2020"). As at 30 June 2021, the proceeds raised from the Private Placement 2020 has been fully utilised as follows:

Details	Proposed Utilisation	Actual Utilisation 30.06.2021	Intended Timeframe of Utilisation
	RM'000	RM'000	(from 07.01.2021)
Repayment of bank borrowings	7,000	7,000	Within 6 months
General working capital	7,784	7,784	Within 12 months
Estimated expenses for the Private Placement 2020	500	500	Within 1 month
	15,284	**15,284**	

Directors' report for the financial year ended 30 June 2021

The Directors hereby present 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 Company is principally engaged in investment holding and provision of management service, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year	13,965	(1,595)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

The dividend paid by the Company since the end of the previous financial year was as follows:

Redeemable Convertible Preference Shares ("RCPS")

In respect of the financial year ended 30 June 2021, the Company has declared a first annual preference dividend of 2%, amounting to RM215,892 for the redeemable convertible preference shares paid on 14 July 2021.

No final dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend to be paid in respect of current financial year.

Directors of the Company

The Directors who served during the financial year until the date of this report are as follows:

Ang Seng Wong
Lim Sze Yan
Dato' Kang Pang Kiang*
Lee Kean Teong
Keh Chuan Seng (Appointed on 27.11.2020)
Dato' Terence Tea Yeok Kian* (Not re-elected during Annual General Meeting on 27.11.2020)

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report are:

Khong Hong Wai
Low Joo Hiang
Mogan A/L Karupiah
Ng Sze Mun
Tham Kok Sian (Appointed on 15.12.2020)
Lim Chiew Hwa (Resigned on 16.12.2020)

** Director of the Company and its subsidiaries*

Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.7.2020	Bought	Sold	At 30.6.2021
The Company				
Direct interests				
Dato' Kang Pang Kiang				
- own	10,855,300	2,800,000	-	**13,655,300**
Keh Chuan Seng				
- own	-	3,420,700	-	**3,420,700**
Lee Kean Teong	32,900	-	-	**32,900**
Indirect interests				
Dato' Kang Pang Kiang*	-	21,683,900	-	**21,683,900**
Keh Chuan Seng*	-	21,683,900	-	**21,683,900**

	Number of ordinary shares of Thai Baht ("THB") 10 each			
	At 1.7.2020	Bought	Sold	At 30.6.2021
Related corporation				
SMT Industries Co., Ltd				
Direct interest				
Dato' Kang Pang Kiang	1[(a)]	-	-	**1**

Directors' interests in shares (Cont'd)

	Number of redeemable convertible preference shares			
	At 1.7.2020	Bought	Converted	At 30.6.2021
The Company				
Direct interests				
Dato' Kang Pang Kiang				
- own	2,603,300	-	-	**2,603,300**
Indirect interests				
Dato' Kang Pang Kiang*	-	21,300	-	**21,300**
Keh Chuan Seng*	-	21,300	-	**21,300**

	Number of warrants 2015/2020				
	At 1.7.2020	Bought	Sold	Expired	At 30.6.2021
The Company					
Direct interests					
Dato' Kang Pang Kiang					
- own	4,877,921	-	(4,787,440)	(90,481)	**-**

* Shares held through QYH Capital Sdn. Bhd.

[a] Share held in trust for EG Industries Berhad.

Other than as disclosed above, none of the other Directors holding office at 30 June 2021 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Warrants

As at the end of the financial year, the Company has the following outstanding warrants:

	Exercise price per ordinary share			Number of warrants outstanding	
Warrants	Before adjustment	After adjustment	Expiry date	30.6.2021	30.6.2020
Warrants 2015/2020	RM0.50	RM0.42	3.11.2020	**-**	68,963,282

Warrants 2015/2020 were issued on 4 November 2015 in conjunction with the issuance of 115,241,392 rights shares of RM0.50 each together with 57,620,696 free warrants. The warrants entitle the holders to subscribe for new ordinary shares in the Company on the basis of one (1) warrant for every two (2) rights shares subscribed.

In financial year 2018, adjustments were made in accordance with the provisions of the Deed Poll to reflect the consequential revision in the increase in the number of Warrants and the revision in exercise price upon the implementation of the Rights Issue and Bonus Issue.

Warrants (Cont'd)

The warrant held at an adjusted exercise price of RM0.42 per ordinary share within 5 years from the initial date of the issue of the warrants.

During the financial year, 41,256,842 of the Company's warrants were converted into ordinary shares. On 3 November 2020, all the remaining unexercised warrants expired and ceased to be exercisable thereafter.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 25 to the financial statements of the Company and its related corporations) 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 other than as disclosed in Note 31 to the financial statements.

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.

Issue of shares and debentures

During the financial year, the Company increased its issued and paid-up share capital by:

i) issuance of 30,974,335 new ordinary shares at the issue price of RM0.95 each pursuant to conversion of 30,974,335 redeemable convertible preference shares ("RCPS") on the basis of 1 ordinary share for 1 RCPS held;

ii) issuance of 41,256,842 new ordinary shares at the exercise price of RM0.42 each by cash pursuant to exercise of Warrants 2015/2020; and

iii) issuance of 32,075,100 new ordinary shares at an issue price of RM0.48 per ordinary share for RM15,283,785 pursuant to a private placement exercise

There were no other changes in the share capital of the Company and no debentures were in issue during the financial year.

Options granted over unissued shares

No options were granted to any person to take up the unissued shares of the Company during the financial year apart from the issue of warrants as disclosed in Note 16 to the financial statements.

Redeemable convertible preference shares ("RCPS")

The terms of the conversion of the RCPS are disclosed in Note 15 to the financial statements.

As at the end of the financial year, the number of RCPS in issue is 11,362,735 shares.

Indemnity and insurance cost

Expenses incurred on indemnity given or insurance effected for any Director or officer of the Company during the financial year amounted to RM14,000. No indemnity was given to or insurance effected for auditors 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) action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance 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) that would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, or

ii) that would render the values 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 or 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 or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance 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.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Significant event

The details of the significant event are disclosed in Note 36 to the financial statements.

Auditors

The auditors, Messrs. UHY, have expressed their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 24 to the financial statements.

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

Dato' Kang Pang Kiang
Director

Lim Sze Yan
Director

Penang

22 October 2021

STATEMENTS OF FINANCIAL POSITION
as at 30 June 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	**229,509**	234,100	**-**	-
Right-of-use assets	4	**41,264**	35,516	**-**	-
Investment properties	5	**3,574**	3,640	**-**	-
Investments in subsidiaries	6	**-**	-	**188,446**	163,286
Investment in an associate	7	**2,312**	1,960	**-**	-
Other investments	8	**2,667**	3,128	**2,667**	3,128
Intangible assets	9	**12,889**	15,279	**-**	12
Deferred tax assets	10	**1,677**	1,509	**-**	-
Trade and other receivables	11	**-**	-	**-**	9,925
Total non-current assets		**293,892**	295,132	**191,113**	176,351
Inventories	12	**307,612**	292,624	**-**	-
Trade and other receivables	11	**308,344**	278,374	**55,965**	62,087
Current tax assets		**1,927**	1,333	**2**	-
Fixed deposits with licensed banks	13	**4,606**	18,040	**3,662**	4,996
Cash and bank balances		**10,543**	12,866	**97**	472
Total current assets		**633,032**	603,237	**59,726**	67,555
Total assets		**926,924**	898,369	**250,839**	243,906
Equity					
Share capital	14	**171,942**	109,905	**171,942**	109,905
Treasury shares	14	**(8,043)**	(8,043)	**(8,043)**	(8,043)
Redeemable convertible preference shares- Equity component	15	**7,922**	34,533	**7,922**	34,533
Reserves	16	**193,027**	186,653	**49,213**	52,928
Total equity attributable to owners of the Company		**364,848**	323,048	**221,034**	189,323
Non-controlling interests		**(217)**	(361)	**-**	-
Total equity		**364,631**	322,687	**221,034**	189,323

STATEMENTS OF FINANCIAL POSITION (CONT'D)

as at 30 June 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Liabilities					
Lease liabilities	17	**7,398**	3,231	**-**	-
Loans and borrowings	18	**35,609**	2,526	**-**	-
Redeemable convertible preference shares- Liability component	15	**202**	1,549	**202**	1,549
Provision for retirement benefits	19	**612**	517	**-**	-
Trade and other payables	20	**-**	-	**-**	9,536
Total non-current liabilities		**43,821**	7,823	**202**	11,085
Lease liabilities	17	**3,282**	2,337	**-**	-
Loans and borrowings	18	**173,835**	225,922	**-**	-
Trade and other payables	20	**341,088**	339,307	**29,603**	43,498
Provision	21	**267**	267	**-**	-
Current tax liabilities		**-**	26	**-**	-
Total current liabilities		**518,472**	567,859	**29,603**	43,498
Total liabilities		**562,293**	575,682	**29,805**	54,583
Total equity and liabilities		**926,924**	898,369	**250,839**	243,906

The notes on pages 60 to 137 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the financial year ended 30 June 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	22	**1,055,521**	1,003,180	**3,677**	8,594
Cost of sales		**(1,012,180)**	(979,447)	**-**	-
Gross profit		**43,341**	23,733	**3,677**	8,594
Administrative expenses		**(20,950)**	(20,502)	**(1,690)**	(1,493)
Distribution expenses		**(3,974)**	(3,028)	**-**	-
Other expenses		**(3,491)**	(8,807)	**(3,490)**	-
Other income		**4,035**	2,603	**396**	1,472
Operating profit/(loss)		**18,961**	(6,001)	**(1,107)**	8,573
Finance costs	23	**(5,116)**	(6,807)	**(488)**	(1,095)
Share of profit of equity-accounted associate, net of tax	7	**352**	-	**-**	-
Profit/(Loss) before tax	24	**14,197**	(12,808)	**(1,595)**	7,478
Tax expense	26	**(232)**	(798)	**-**	-
Profit/(Loss) for the financial year		**13,965**	(13,606)	**(1,595)**	7,478
Other comprehensive (expense)/ income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Net change in fair value of equity instruments designated at fair value through other comprehensive income ("FVOCI")		**(461)**	(214)	**(461)**	(214)
		(461)	(214)	**(461)**	(214)
Items that are or may subsequently be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		**(5,317)**	4,824	**-**	-
		(5,317)	4,824	**-**	-
Other comprehensive (expense)/ income for the financial year, net of tax		**(5,778)**	4,610	**(461)**	(214)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

for the financial year ended 30 June 2021

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Total comprehensive income/ (expense) for the financial year		**8,187**	(8,996)	**(2,056)**	7,264
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		**13,965**	(13,606)	**(1,595)**	7,478
Non-controlling interests		**-**	-	**-**	-
		13,965	(13,606)	**(1,595)**	7,478
Total comprehensive income/ (expense) attributable to:					
Owners of the Company		**8,187**	(8,996)	**(2,056)**	7,264
Non-controlling interests		**-**	-	**-**	-
		8,187	(8,996)	**(2,056)**	7,264
Basic earnings/(loss) per ordinary share (sen)	27	**4.12**	(5.29)	**-**	-
Diluted earnings/(loss) per ordinary share (sen)	27	**3.14**	(5.29)	**-**	-

The notes on pages 60 to 137 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2021

Group	Note	Attributable to owners of the Company										
		Non-distributable						Distributable				
		Share capital RM'000	RCPS-Equity component RM'000	Treasury shares RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2019		106,315	38,013	(8,043)	26,836	(3,543)	16,572	28,558	127,091	331,799	(361)	331,438
Foreign currency translation differences for foreign operations		-	-	-	-	-	4,824	-	-	4,824	-	4,824
Net change in fair value of equity instruments designated at FVOCI		-	-	-	-	(214)	-	-	-	(214)	-	(214)
Total other comprehensive (expense)/income for the financial year		-	-	-	-	(214)	4,824	-	-	4,610	-	4,610
Loss for the financial year		-	-	-	-	-	-	-	(13,606)	(13,606)	-	(13,606)
Total comprehensive (expense)/income for the financial year		-	-	-	-	(214)	4,824	-	(13,606)	(8,996)	-	(8,996)
Conversion of RCPS to ordinary shares	14	3,590	(3,480)	-	-	-	-	-	135	245	-	245
Total transactions with owners of the Company		3,590	(3,480)	-	-	-	-	-	135	245	-	245
At 30 June 2020		109,905	34,533	(8,043)	26,836	(3,757)	21,396	28,558	113,620	323,048	(361)	322,687

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

for the financial year ended 30 June 2021

Group	Attributable to owners of the Company										
	Non-distributable						Distributable				
	Share capital	RCPS-Equity component	Treasury shares	Warrants reserve	Fair value reserve	Translation reserve	Capital reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2020	109,905	34,533	(8,043)	26,836	(3,757)	21,396	28,558	113,620	323,048	(361)	322,687
Foreign currency translation differences for foreign operations	-	-	-	-	-	(5,317)	-	-	(5,317)	-	(5,317)
Net change in fair value of equity instruments designated at FVOCI	-	-	-	-	(461)	-	-	-	(461)	-	(461)
Total other comprehensive expense for the financial year	-	-	-	-	(461)	(5,317)	-	-	(5,778)	-	(5,778)
Profit for the financial year	-	-	-	-	-	-	-	13,965	13,965	-	13,965
Total comprehensive (expense)/income for the financial year	-	-	-	-	(461)	(5,317)	-	13,965	8,187	-	8,187

Group	Note	Share capital RM'000	RCPS-Equity component RM'000	Treasury shares RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the Company										
		Non-distributable							Distributable			
Conversion of RCPS to ordinary shares	14	29,425	(26,611)	-	-	-	-	-	(1,659)	1,155	-	1,155
Issue of shares pursuant to exercise of Warrants 2015/2020	14	17,328	-	-	(17,328)	-	-	-	17,328	17,328	-	17,328
Effect arising from expiry of Warrants 2015/2020	16.1	-	-	-	(9,508)	-	-	-	9,508	-	-	-
Private placement	14	15,284	-	-	-	-	-	-	-	15,284	-	15,284
Dilution of interest arising from acquisition of additional equity interest in a subsidiary	6	-	-	-	-	-	-	-	(154)	(154)	144	(10)
Total transactions with owners of the Company		62,037	(26,611)	-	(26,836)	-	-	-	25,023	33,613	144	33,757
At 30 June 2021		171,942	7,922	(8,043)	-	(4,218)	16,079	28,558	152,608	364,848	(217)	364,631

The notes on pages 60 to 137 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2021

Company	Note	Share capital RM'000	RCPS-Equity component RM'000	Treasury shares RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
		← Attributable to owners of the Company →							
			← Non-distributable →						
At 1 July 2019		106,315	38,013	(8,043)	26,836	(3,543)	28,558	(6,322)	181,814
Total other comprehensive expense for the financial year									
- Net change in fair value of equity instruments designated at FVOCI		-	-	-	-	(214)	-	-	(214)
Profit for the financial year		-	-	-	-	-	-	7,478	7,478
Total comprehensive (expense)/ income for the financial year		-	-	-	-	(214)	-	7,478	7,264
Conversion of RCPS to ordinary shares	14	3,590	(3,480)	-	-	-	-	135	245
Total transactions with owners of the Company		3,590	(3,480)	-	-	-	-	135	245
At 30 June 2020		109,905	34,533	(8,043)	26,836	(3,757)	28,558	1,291	189,323

STATEMENT OF CHANGES IN EQUITY (CONT'D)

for the financial year ended 30 June 2021

Company	Note	Share capital RM'000	RCPS-Equity component RM'000	Treasury shares RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
		← Attributable to owners of the Company →							
			← Non-distributable →						
At 1 July 2020		109,905	34,533	(8,043)	26,836	(3,757)	28,558	1,291	189,323
Total other comprehensive expense for the financial year									
- Net change in fair value of equity instruments designated at FVOCI		-	-	-	-	(461)	-	-	(461)
Loss for the financial year		-	-	-	-	-	-	(1,595)	(1,595)
Total comprehensive expense for the financial year		-	-	-	-	(461)	-	(1,595)	(2,056)
Conversion of RCPS to ordinary shares	14	29,425	(26,611)	-	-	-	-	(1,659)	1,155
Issuance of shares pursuant to exercise of Warrants 2015/2020	14	17,328	-	-	(17,328)	-	-	17,328	17,328
Effect arising from expiry of Warrants 2015/2020	16.1	-	-	-	(9,508)	-	-	9,508	-
Private placement	14	15,284	-	-	-	-	-	-	15,284
Total transactions with owners of the Company		62,037	(26,611)	-	(26,836)	-	-	25,177	33,767
At 30 June 2021		171,942	7,922	(8,043)	-	(4,218)	28,558	24,873	221,034

The notes on pages 60 to 137 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax from continuing operations		**14,197**	(12,808)	**(1,595)**	7,478
Adjustments for:					
Depreciation of property, plant and equipment	3	**38,770**	36,306	**-**	-
Depreciation of right-of-use assets	4	**2,482**	1,582	**-**	-
Depreciation of investment properties	5	**66**	65	**-**	-
Amortisation of intangible assets	9	**1,026**	1,256	**12**	30
Interest expense	23	**5,116**	6,807	**488**	1,095
Dividend income		**(2)**	(1)	**(3,002)**	(8,001)
Loss on disposal of property, plant and equipment		**608**	629	**-**	-
Gain on disposal of right-of-use assets		**(69)**	-	**-**	-
Interest income		**(251)**	(825)	**(482)**	(145)
Provision for retirement benefits	19	**111**	108	**-**	-
Provision for slow moving stocks		**751**	3,000	**-**	-
Movement in provision of warranty	21	**-**	(533)	**-**	-
Inventories written off		**500**	-	**-**	-
Impairment loss/(Reversal of) on trade and other receivables		**1,628**	1,769	**(10)**	-
Impairment loss on intangible assets		**1,360**	2,600	**-**	-
Impairment loss on investment in subsidiaries		**-**	-	**3,284**	-
Share of results of an associate		**(352)**	-	**-**	-
Loss/(Gain) on foreign exchange, net - unrealised		**6,718**	(3,747)	**(6)**	(415)
Operating profit/(loss) before changes in working capital		**72,659**	36,208	**(1,311)**	42
Inventories		**(21,115)**	(94,803)	**-**	-
Trade and other receivables		**(26,760)**	(70,924)	**11,456**	(21,565)
Trade and other payables		**(3,767)**	154,478	**(21,340)**	21,297
Cash generated from/(used in) operations		**21,017**	24,959	**(11,195)**	(226)
Tax paid		**(1,024)**	(1,099)	**(2)**	-
Tax refunded		**2**	841	**-**	-
Dividend received		**2**	1	**1,502**	1
Net cash generated from/ (used in) operating activities		**19,997**	24,702	**(9,695)**	(225)

STATEMENTS OF CASH FLOWS (CONT'D)

for the financial year ended 30 June 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from investing activities					
Subscription of shares in subsidiaries		**-**	-	**(23,934)**	-
Acquisition of:					
- plant and equipment	A	**(35,894)**	(62,066)	**-**	-
- right-of-use assets	B	**(528)**	(10,676)	**-**	-
- intangible assets		**-**	(255)	**-**	-
Interest received		**251**	825	**115**	145
Proceeds from disposal of plant and equipment		**1,187**	2,140	**-**	-
Proceeds from disposal of right-of-use assets		**81**	-	**-**	-
Net cash (used in)/generated from investing activities		**(34,903)**	(70,032)	**(23,819)**	145
Cash flows from financing activities					
Issue of shares pursuant to private placement		**15,284**	-	**15,284**	-
Proceeds from exercise of Warrants 2015/2020		**17,328**	-	**17,328**	-
(Repayment)/Drawdown of bank borrowings, net		**(59,249)**	47,202	**-**	-
Drawdown of lease liabilities		**4,677**	-	**-**	-
Repayment of lease liabilities		**(3,370)**	(2,452)	**-**	-
Drawdown/(Repayment) of term loans		**30,805**	(1,084)	**-**	-
Dividend paid	29	**(807)**	(876)	**(807)**	(876)
Interest paid		**(5,092)**	(6,636)	**-**	-
Withdrawal of pledged deposits		**13,421**	1,308	**1,334**	1,221
Net cash generated from financing activities		**12,997**	37,462	**33,139**	345
Net (decrease)/increase in cash and cash equivalents		**(1,909)**	(7,868)	**(375)**	265
Effect of exchange rate fluctuations on cash and bank balances		**(414)**	231	**-**	-
Cash and cash equivalents at 1 July 2020/2019		**12,866**	20,503	**472**	207
Cash and cash equivalents at 30 June	C	**10,543**	12,866	**97**	472

STATEMENTS OF CASH FLOWS (CONT'D)

for the financial year ended 30 June 2021

Cash outflows for leases as lessee

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases		**92**	167	**-**	-
Payment relating to leases of low value assets		**26**	32	**-**	-
Interest paid in relation to lease liabilities		**541**	398	**-**	-
Included in net cash from financing activities:					
Payment of lease liabilities		**3,370**	2,452	**-**	-
Total cash outflows for leases		**4,029**	3,049	**-**	-

Notes

A. Acquisition of property, plant and equipment

Payments for acquisition of property, plant and equipment is arrived at as follows:

		Group	
	Note	2021 RM'000	2020 RM'000
Additions of property, plant and equipment	3	**(42,855)**	(62,066)
Purchase by way of term loan	30	**6,961**	-
Cash payments		**(35,894)**	(62,066)

B. Acquisition of right-of-use assets

Payments for acquisition of right-of-use assets is arrived at as follows:

		Group	
	Note	2021 RM'000	2020 RM'000
Additions of right-of-use assets	4	**(4,333)**	(10,921)
Lease liabilities	17	**3,805**	245
Cash payments		**(528)**	(10,676)

C. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	**10,543**	12,866	**97**	472

The notes on pages 60 to 137 are an integral part of these financial statements.

EG Industries Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business of the Company are as follows:

Registered office

170-09-01 Livingston Tower
Jalan Argyll
10050 George Town
Pulau Pinang

Principal place of business

Plot 102, Jalan 4
Bakar Arang Industrial Estate
08000 Sungai Petani
Kedah

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in an associate.

The Company is principally engaged in investment holding and provision of management service, whilst the principal activities of the other Group entities are disclosed in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 22 October 2021.

1. Basis of preparation

(a) Statement of compliance

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

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year.

- MFRSs, *Amendments to References to the Conceptual Framework in MFRS Standards*
- Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statement* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*
- Amendment to MFRS 16*, Leases - Covid-19-Related Rent Concessions*
- IFRIC Agenda Decision on MFRS 123, *Borrowing Costs*

Adoption of the above standards did not have any material effect on the financial performance or position of the Group and of the Company.

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The following are accounting standards, interpretations and amendments that have been issued by the MASB but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 17 August 2020

- Amendment to MFRS 4, *Insurance contracts – Extension of the Temporary Exemption from Applying MFRS 9*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- 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*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concession beyond 30 June 2021*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable in the respective financial years when the abovementioned standards, interpretations and amendments become effective.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 9 - Intangible asset (measurement of the recoverable amounts of cash generating units)
- Note 9.1 - Impairment testing for goodwill
- Note 10 - Deferred tax assets
- Note 11 - Trade and other receivables
- Note 12 - Valuation of inventories

2. **Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(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 interest 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) Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in subsidiaries that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

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

(v) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(v) Associates (Cont'd)

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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

Investments in associates 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 the investment includes transaction costs.

(vi) Non-controlling interest

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. 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 currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currencies at the exchange rates at the date that the fair value was determined.

2. Significant accounting policies (Cont'd)

(b) Foreign currency (Cont'd)

(i) Foreign currency transactions (Cont'd)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 July 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition of issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to the initial recognition unless the Group and the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement *(Cont'd)*

Financial assets (Cont'd)

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets 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. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profits or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(h)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, 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. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(h)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. 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

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(c) Fair value through profit or loss (Cont'd)

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

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(h)(i)).

Financial liabilities

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(iv) Financial guarantee contracts (Cont'd)

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

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

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

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

The gains or losses on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

2. Significant accounting policies (Cont'd)

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

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual 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.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives and principal annual depreciation rates for the current and comparative periods are as follows:

Leasehold land	33 - 60 years
Buildings	1% - 5%
Plant and machinery	10% - 33%
Furniture and fittings	10% - 33%
Office equipment	10% - 33%
Tools and equipment	10% - 20%
Motor vehicles	20%
Factory renovation	10%

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

(e) Leases

(i) Definition of a lease

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

(i) Definition of a lease (Cont'd)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The 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's incremental borrowing rate. Generally, the Group uses their incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these as an expense on a straight-line basis over the lease-term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group 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, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

2. **Significant accounting policies (Cont'd)**

(e) **Leases (Cont'd)**

(iii) **Subsequent measurement**

(a) **As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. 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 lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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**

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(f) **Investment properties**

(i) **Investment property carried at cost**

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purpose. These include land (other than prepaid lease payments) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured initially at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2 (d).

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Right-of-use asset held under a lease contract that meets the definition of investment property is unlikely measured similarly as other right-of-use assets.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) **Reclassification to/from investment properties**

When an item of property, plant and equipment is transferred to investment properties following a change in its use, evidenced by commencement of owner-occupation, for a transfer from investment properties to owner-occupied property or end owner-occupation, for a transfer from owner-occupied property to investment property.

2. Significant accounting policies (Cont'd)

(f) Investment properties (Cont'd)

(ii) Reclassification to/from investment properties (Cont'd)

Transfers between investment properties and property, plant and equipment does not change the carrying amount of the property transferred.

(g) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Other intangible assets

Intangible assets, other than goodwill, comprises of software costs and intellectual property that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

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

The estimated useful life of intangible assets are as follows:

	Years
Software	3 - 10
Intellectual property	5 (2020: 10)

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(v) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when asset is derecognised.

2. Significant accounting policies (Cont'd)

(h) Impairment

(i) Financial assets

The Group and the Company recognises 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 debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease 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 historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 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 estimates 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 account.

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 or the Company determines 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 or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

2. Significant accounting policies (Cont'd)

(h) Impairment (Cont'd)

(ii) Other assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(iv) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

2. Significant accounting policies (Cont'd)

(i) Equity instruments (Cont'd)

(iv) Repurchase, disposal and reissue of share capital (treasury shares) (Cont'd)

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(j) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

(k) Inventories

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

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at the end of each reporting period 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2. Significant accounting policies (Cont'd)

(m) Provisions (Cont'd)

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date, deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and unutilised increase in export sales allowance being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

2. Significant accounting policies (Cont'd)

(p) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plan

The liability recognised in the consolidated statement of financial position relates to the Company's subsidiary in Thailand in respect of defined benefit pension plan. The liability represents the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefit will be paid.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other component of equity in the year in which they arise.

(q) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

2. Significant accounting policies (Cont'd)

(q) Revenue and other income (Cont'd)

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as “other income”.

(v) Services

Revenue from services rendered is recognised in profit or loss when the services are performed.

(vi) Management fee

Management fee is recognised on accrual basis when the services are rendered.

(r) Borrowing costs

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

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 capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (“EPS”).

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 comprises share options granted to employees.

2. Significant accounting policies (Cont'd)

(t) Operating segments

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

(u) Warrants reserve

Fair value from the issuance of warrants are credited to warrants reserve which is non-distributable. When the warrants are exercised or expired, the warrants reserve will be transferred to another reserve account within equity.

(v) Fair value measurement

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.

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group 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 recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group										
Cost										
At 1 July 2019	1,927	38,830	331,156	1,978	6,324	11,851	1,767	16,239	30,668	440,740
Additions	-	-	51,387	707	936	2,352	151	1,046	5,487	62,066
Disposals	-	-	(4,829)	(18)	(69)	-	(84)	-	-	(5,000)
Reclassification	-	-	28,544	-	-	500	-	3,403	(32,447)	-
Foreign exchange differences	65	421	5,462	6	29	88	29	34	-	6,134
At 30 June/ 1 July 2020	1,992	39,251	411,720	2,673	7,220	14,791	1,863	20,722	3,708	503,940
Additions	-	-	34,800	202	603	305	47	437	6,461	42,855
Disposals	-	-	(11,356)	(2)	(62)	(80)	-	-	(10)	(11,510)
Reclassification	-	-	3,442	-	-	-	-	-	(3,442)	-
Transfer (to)/from right-of-use assets, net	-	-	(3,819)	-	-	-	275	-	-	(3,544)
Foreign exchange differences	(60)	(391)	(5,521)	(10)	(36)	(107)	(28)	(42)	-	(6,195)
At 30 June 2021	**1,932**	**38,860**	**429,266**	**2,863**	**7,725**	**14,909**	**2,157**	**21,117**	**6,717**	**525,546**

3. Property, plant and equipment (Cont'd)

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group										
Accumulated depreciation and impairment losses										
At 1 July 2019										
Accumulated										
- depreciation	-	11,872	196,237	1,098	4,178	9,571	1,715	5,740	-	230,411
- impairment losses	-	-	2,260	4	17	173	-	-	-	2,454
	-	11,872	198,497	1,102	4,195	9,744	1,715	5,740	-	232,865
Depreciation charge for the financial year	-	1,162	31,975	147	643	980	38	1,361	-	36,306
Disposal	-	-	(2,066)	(15)	(66)	-	(84)	-	-	(2,231)
Foreign exchange differences	-	234	2,518	5	19	78	29	17	-	2,900
Accumulated										
- depreciation	-	13,268	228,664	1,235	4,774	10,629	1,698	7,118	-	267,386
- impairment losses	-	-	2,260	4	17	173	-	-	-	2,454
At 30 June/1 July 2020	-	13,268	230,924	1,239	4,791	10,802	1,698	7,118	-	269,840

3. Property, plant and equipment (Cont'd)

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group										
Accumulated depreciation and impairment losses										
Depreciation charge for the financial year	-	1,155	34,085	207	716	1,059	84	1,464	-	38,770
Disposals	-	-	(9,573)	(2)	(62)	(78)	-	-	-	(9,715)
Transfer from right-of-use assets, net	-	-	124	-	-	-	241	-	-	365
Foreign exchange differences	-	(236)	(2,833)	(6)	(22)	(80)	(27)	(19)	-	(3,223)
Accumulated										
- depreciation	-	14,187	250,467	1,434	5,406	11,530	1,996	8,563	-	293,583
- impairment losses	-	-	2,260	4	17	173	-	-	-	2,454
At 30 June 2021	-	14,187	252,727	1,438	5,423	11,703	1,996	8,563	-	296,037
Carrying amount										
At 1 July 2019	1,927	26,958	132,659	876	2,129	2,107	52	10,499	30,668	207,875
At 30 June/1 July 2020	1,992	25,983	180,796	1,434	2,429	3,989	165	13,604	3,708	234,100
At 30 June 2021	1,932	24,673	176,539	1,425	2,302	3,206	161	12,554	6,717	229,509

3. Property, plant and equipment (Cont'd)

	Office equipment RM'000	Total RM'000
Company		
Cost		
At 1 July 2019/30 June 2020/30 June 2021	**1**	**1**
Accumulated depreciation		
At 1 July 2019/30 June 2020/30 June 2021	**1**	**1**
Carrying amount		
At 1 July 2019	**-**	**-**
At 30 June/1 July 2020	**-**	**-**
At 30 June 2021	**-**	**-**

3.1 Securities - Group

Property, plant and equipment of certain subsidiaries with the following carrying amounts are charged as securities to financial institutions for borrowings granted to the Group as disclosed in Note 18.1 to the financial statements:

	2021 RM'000	2020 RM'000
Carrying amount		
Freehold land	**1,932**	1,992
Buildings	**13,291**	21,642
Plant and machinery	**23,709**	12,665
	38,932	36,299

4. Right-of-use assets - Group

	Leasehold land RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
Cost					
At 1 July 2019	5,157	10,733	1,271	12,921	30,082
Additions	10,281	-	240	400	10,921
Reclassification	13,321	-	-	(13,321)	-
At 30 June/1 July 2020	28,759	10,733	1,511	-	41,003
Additions	465	3,868	-	-	4,333
Disposals	-	-	(175)	-	(175)
Transfer from/(to) property, plant and equipment, net	-	3,819	(275)	-	3,544
At 30 June 2021	29,224	18,420	1,061	-	48,705
Accumulated Depreciation					
At 1 July 2019	940	2,442	523	-	3,905
Charge for the financial year	220	1,073	289	-	1,582
At 30 June/1 July 2020	1,160	3,515	812	-	5,487
Charge for the financial year	529	1,746	207	-	2,482
Disposals	-	-	(163)	-	(163)
Transfer to property, plant and equipment, net	-	(124)	(241)	-	(365)
At 30 June 2021	1,689	5,137	615	-	7,441
Carrying amount					
At 1 July 2019	4,217	8,291	748	12,921	26,177
At 30 June/1 July 2020	27,599	7,218	699	-	35,516
At 30 June 2021	27,535	13,283	446	-	41,264

4.1 Assets pledged as securities for the related lease liabilities

Plant and machinery and motor vehicles are pledged as security for the related lease payables.

4. Right-of-use assets - Group (Cont'd)

4.2 Assets pledged as securities to financial institutions

Leasehold land are pledged as securities for bank borrowings as disclosed in Note 18.1 to the financial statements.

4.3 Leasehold land

At 30 June 2021, the remaining period of the lease term of the leasehold land ranges from 30 to 60 years (2020: 30 to 60 years).

4.4 Transfer (to)/from

Plant and machinery transferred from property, plant and equipment with carrying amount of RM3,948,098 were refinanced by lease liabilities amounting to RM4,676,421

5. Investment properties – Group

	Buildings RM'000
Cost	
At 1 July 2019/30 June 2020/30 June 2021	**3,952**
Accumulated depreciation	
At 1 July 2019	247
Depreciation charge for the financial year	65
At 30 June/1 July 2020	312
Depreciation charge for the financial year	66
At 30 June 2021	**378**
Carrying amount	
At 1 July 2019	3,705
At 30 June/1 July 2020	3,640
At 30 June 2021	**3,574**

The following are recognised in profit or loss in respect of investment properties:

	2021 RM'000	2020 RM'000
Rental income	**256**	286
Direct operating expenses:		
- income generating	**86**	161

5.1 Fair value information

The fair value of the investment properties as at 30 June 2021 is classified as level 3 in the fair value hierarchy and is determined to be approximately RM6,120,108 (2020: RM6,060,108).

5. Investment properties - Group (Cont'd)

5.1 Fair value information (Cont'd)

The fair value of the investments properties was estimated as follows:

(i) Certain investment properties were based on the sales comparison approach whereby sales price of similar property in the locality are adjusted for differences in key attributes such as location, time, size, tenure and other relevant factors. The Directors had determined the current use of these investment properties as their highest and best use; and

(ii) Certain investment properties were estimated by the Directors based on external appraisal of market values of comparable properties.

5.2 Securities

Investment properties are charged as securities to financial institutions for borrowings granted to the Group as disclosed in Note 18.1 to the financial statements.

5.3 Investment properties under leases

Investment properties are leased to third parties. The lease contains a cancellable period. No contingent rents are charged.

6. Investments in subsidiaries - Company

	2021 RM'000	2020 RM'000
Unquoted shares, at cost		
At 1 July 2020/2019	**172,336**	172,336
Subscription of shares in subsidiaries	**28,444**	-
At 30 June	**200,780**	172,336
Less: Accumulated impairment loss	**(12,334)**	(9,050)
At 30 June	**188,446**	163,286

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective ownership interest and voting interest 2021 %	2020 %	Principal activities
SMT Technologies Sdn. Bhd.	Malaysia	100	100	Provision of Electronic Manufacturing Services for computers peripherals and consumer electronic/ electrical products and production of high filtration face masks
Mastimber Industries Sdn. Bhd.*	Malaysia	97.3	95.5	Dormant
EG Electronic Sdn. Bhd.*	Malaysia	100	100	Original Equipment Manufacturer/Original Design Manufacturer in complete box built products
SMT Industries Co., Ltd *#	Thailand	100	100	Provision of Electronic Manufacturing Services for computers peripherals, consumer electronic/ electrical and automotive industrial products
EG R&D Sdn. Bhd.	Malaysia	100	100	Research and development activities for electronic, electrical, telecommunication and technology products and operate a shared services outsourcing center rendering BP outsourcing in financial and administration processes and IT services

6. Investments in subsidiaries - Company (Cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiary	Country of incorporation	Effective ownership interest and voting interest 2021 %	2020 %	Principal activities
EG Operations Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary of SMT Technologies Sdn. Bhd.				
Glisten Knight Sdn. Bhd. *	Malaysia	100	100	Investment holding activities and to undertake procurement, sales, marketing and distribution activities for electronics and electrical products and related components.

* Not audited by UHY
# Shares are held in trust by certain Director for EG Industries Berhad

6.1 Non-controlling interest in a subsidiary

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows:

	Mastimber Industries Sdn. Bhd. 2021 RM'000	2020 RM'000
NCI percentage of ownership interest and voting interest	**2.70%**	4.50%
Carrying amount of NCI	**(217)**	(361)
Profit allocated to NCI	**-**	-
Summarised financial information before intra-group elimination		
At 30 June		
Current assets	**17**	33
Non-current liabilities	**(8,051)**	(8,061)
Current liabilities	**(7)**	(7)
Net liabilities	**(8,041)**	(8,035)
Year ended 30 June		
Loss for the financial year	**(6)**	(4)
Total comprehensive expense	**(6)**	(4)
Cash flows used in operating activities	**(16)**	(5)
Net decrease in cash and cash equivalents	**(16)**	(5)

6. Investments in subsidiaries - Company (Cont'd)

6.2 Additional investment in subsidiary companies

(i) On 14 December 2020, SMT Industries Co., Ltd. ("SMTI"), a wholly-owned subsidiary company of the Company, increased its paid-up share capital from 60,000,000 to 65,000,000 ordinary shares. The Company subscribed additional 5,000,000 ordinary shares of THB10 (RM1.344) per share in SMTI by way of cash.

(ii) On 22 January 2021, EG R&D Sdn. Bhd. ("EGRD"), a wholly-owned subsidiary company of the Company, increased its paid-up share capital from 500,000 to 5,000,000 ordinary shares. The Company subscribed additional 4,500,000 ordinary shares of RM1 per share in EGRD by way of offsetting against the amount due to holding company.

(iii) On 8 June 2021, SMT Industries Co., Ltd. ("SMTI"), a wholly-owned subsidiary company of the Company, increased its paid-up share capital from 65,000,000 to 78,000,000 ordinary shares. The Company subscribed additional 13,000,000 ordinary shares of THB10 (RM1.324) per share in SMTI by way of cash.

6.3 Acquisition of non-controlling interests

On 16 March 2021, the Company acquired 180,000 ordinary shares in Mastimber Industries Sdn. Bhd. ("MISB") for a total cash consideration of RM10,000. Consequently, MISB became a 97.3% owned subsidiary company of the Company.

The effect of changes in the equity interest that is attributable to the owners of the Parent is as follows:

	RM'000
Carrying amount of non-controlling interests acquired	**(144)**
Consideration paid to non-controlling interests	**(10)**
Decrease in parent's equity	**(154)**

6.4 Impairment loss

During the financial year, the Company recognised impairment loss of RM3,283,415 on certain investments in subsidiaries as these subsidiaries are unlikely to turn profitable in the foreseeable future. The impairment loss is included in other expense.

7. Investment in an associate - Group

	2021 RM'000	2020 RM'000
At cost		
Unquoted shares in Malaysia	**1,960**	1,960
Share of post-acquisition reserves	**352**	-
	2,312	1,960

7. Investment in an associate - Group (Cont'd)

Details of the associate are as follows:

Name of associate	Country of incorporation	Effective ownership interest 2021 %	Effective ownership interest 2020 %	Principal activity
TM SMT Sdn. Bhd.*#@	Malaysia	49	49	Manufacturing of electronics and electrical products, wholesale of computer hardware, software and peripherals

* *Not audited by UHY*
\# *Financial year end 31 December*
@ *Unaudited financial statements*

The investment in the associate over which the Group has significant influence (but no control over its operations) is accounted for using the equity method. The investment is initially recognised at cost and adjustment thereafter to include the Group's share of post-acquisition distributable and non-distributable reserves of the associate.

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Groups' interest in the associate.

	2021 RM'000	2020 RM'000
Summarised financial information		
Total assets	**17,861**	4,998
Total liabilities	**(13,143)**	(1,121)
Net assets	**4,718**	3,877
Year ended 30 June		
Net profit/(loss) and total comprehensive income/(expense) for the financial year	**718**	(119)
Included in total comprehensive income is:		
Revenue	**46,862**	1,221

7. Investment in an associate - Group (Cont'd)

Reconciliation of net assets to carrying amount as at 30 June

	2021 RM'000	2020 RM'000
Group's share of net assets representing the carrying amount in the statement of financial position	**2,312**	1,960

Group's share of results for the year ended 30 June

	2021 RM'000	2020 RM'000
Group's share of net profit and total comprehensive income	**352**	-

Other information

	2021 RM'000	2020 RM'000
Dividend received	**-**	-

8. Other investments - Group/Company

	2021 RM'000	2020 RM'000
Non-current		
Fair value through other comprehensive income		
Quoted shares in Malaysia	**28**	27
Quoted shares outside Malaysia	**2,639**	3,101
	2,667	3,128

9. Intangible assets

Group	Goodwill RM'000	Software cost RM'000	Intellectual property RM'000	Total RM'000
Cost				
At 1 July 2019	10,148	3,245	8,875	22,268
Addition	-	255	-	255
Foreign exchange differences	-	11	-	11
At 30 June/1 July 2020	10,148	3,511	8,875	22,534
Foreign exchange differences	-	(10)	-	(10)
At 30 June 2021	**10,148**	**3,501**	**8,875**	**22,524**
Accumulated amortisation and impairment loss				
At 1 July 2019				
Accumulated amortisation	-	1,397	1,998	3,395
Accumulated impairment loss	-	-	-	-
	-	1,397	1,998	3,395
Amortisation for the financial year	-	368	888	1,256
Impairment loss	-	-	2,600	2,600
Foreign exchange differences	-	4	-	4
At 30 June/1 July 2020				
Accumulated amortisation	-	1,769	2,886	4,655
Accumulated impairment loss	-	-	2,600	2,600
	-	1,769	5,486	7,255
Amortisation for the financial year	-	348	678	1,026
Impairment loss	-	-	1,360	1,360
Foreign exchange differences	-	(6)	-	(6)
At 30 June 2021				
Accumulated amortisation	-	2,111	3,564	5,675
Accumulated impairment loss	-	-	3,960	3,960
	-	**2,111**	**7,524**	**9,635**
Carrying amount				
At 1 July 2019	10,148	1,848	6,877	18,873
At 30 June/1 July 2020	10,148	1,742	3,389	15,279
At 30 June 2021	**10,148**	**1,390**	**1,351**	**12,889**

9. Intangible assets (Cont'd)

Company	Software cost RM'000
Cost	
At 1 July 2019/30 June 2020/30 June 2021	**89**
Accumulated amortisation	
At 1 July 2019	47
Amortisation for the financial year	30
At 30 June/1 July 2020	77
Amortisation for the financial year	12
At 30 June 2021	**89**
Carrying amount	
At 1 July 2019	42
At 30 June/1 July 2020	12
At 30 June 2021	-

9.1 Impairment testing for goodwill

For the purpose of annual impairment testing, goodwill arising from business combination has been allocated to the following cash generating units ("CGU") at which the goodwill is monitored for internal management purpose:

i) Electronic Manufacturing Services (RM10,142,066); and
ii) Investment holding (RM5,606).

The Group has determined the recoverable amount of the goodwill relating to the above CGUs based on value in use calculations. Value in use is determined by discounting the cash flow projections from the three-year business plan developed based on management's assessment of future trends and market developments primarily in the hard disk drive industry and consumer electronic/electrical products industry. The values assigned to the key assumptions such as maintaining sales in the budget for each of the financial year, represent managements estimate derived from both external and internal sources (historical data).

In determining the recoverable amount of the CGUs, the projected cash flows were discounted using a pre-tax discount rate of 5.34% (2020: 6%).

Based on management's assessment, no impairment is required as the recoverable amount exceeds the carrying amount of the goodwill.

There are no reasonably possible changes in significant assumptions used in the fair value calculations which would cause the recoverable amount of the CGUs to fall below its carrying amount.

9. Intangible assets (Cont'd)

9.2 Intellectual property

Intellectual property paid is for the transfer of licensed technology and know-how in connection with the manufacture, application and sale of licensed products.

During the financial year, an impairment loss of RM1,360,000 (2020: RM 2,600,000) is recognised in the Group's profit or loss due to low demand of the products from the customers.

The recoverable amount of intellectual property has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 3-year period and a discount rate of 5.34% (2020: 6%) per annum. Cash flow projections during the budget period for intellectual property are based on management's estimation of cash inflows/outflows including sales, gross margin, operating expenses and working capital requirements. The assumptions and estimations are based on intellectual property's past performance, management's expectations of the market development, the success in new products launched, the success in reducing the working capital requirements and the success of the cost cutting strategy implemented by the Group.

9.3 Software cost

Software cost paid is for the acquisition of computer software that are not integral to other equipment.

10. Deferred tax assets

Recognised deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment and right-of-use assets						
- capital allowance	**-**	-	**(11,918)**	(7,108)	**(11,918)**	(7,108)
Unutilised reinvestment allowance	**1,233**	1,233	**-**	-	**1,233**	1,233
Unutilised increased in export allowance	**10,482**	7,159	**-**	-	**10,482**	7,159
Provisions	**1,955**	415	**-**	-	**1,955**	415
Other temporary differences	**-**	-	**(75)**	(190)	**(75)**	(190)
Tax assets/(liabilities)	**13,670**	8,807	**(11,993)**	(7,298)	**1,677**	1,509
Set off of tax	**(11,993)**	(7,298)	**11,993**	7,298	**-**	-
Net tax assets	**1,677**	1,509	**-**	-	**1,677**	1,509

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

10. Deferred tax assets (Cont'd)

Recognised deferred tax assets (Cont'd)

Management estimated the amount of deferred tax assets to be recognised using profit projections from the three-year business plan developed based on management's assessment of future trends and market developments primarily in the hard disk drive industry and consumer electronic/electrical products industry.

Movements in temporary differences during the financial year are as follows:

	At 30.6.2019 RM'000	Recognised in profit or loss (Note 26) RM'000	Exchange difference RM'000	At 30.6.2020/ 1.7.2020 RM'000	Recognised in profit or loss (Note 26) RM'000	Exchange difference RM'000	At 30.6.2021 RM'000
Group							
Property, plant and equipment							
- capital allowance	(8,667)	1,559	-	(7,108)	(4,810)	-	**(11,918)**
Unutilised reinvestment allowance	1,250	(17)	-	1,233	-	-	**1,233**
Increase in export allowance	8,610	(1,451)	-	7,159	3,323	-	**10,482**
Provisions	390	25	-	415	1,540	-	**1,955**
Other temporary differences	(219)	26	3	(190)	120	(5)	**(75)**
	1,364	142	3	1,509	173	(5)	**1,677**

10. Deferred tax assets (Cont'd)

Recognised deferred tax assets (Cont'd)

With effect from year of assessment 2018, the Group unutilised reinvestment allowance will only be available for carry forward up to a period of 7 consecutive years of assessment. Any amounts not utilised upon expiry of the 7 years will be disregarded. The Group's unutilised reinvestment allowance is expiring on year of assessment 2025.

Unrecognised deferred tax asset

Deferred tax asset has not been recognised in respect of the following item (stated at gross):

	2021 RM'000	2020 RM'000 Restated
Group		
Unutilised increased export allowance	**28,799**	45,670

The unutilised increased export allowance does not expire under current tax legislation. Deferred tax asset has not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

The comparative figure has been restated to reflect the revised unutilised increased export allowance available to the Group.

11. Trade and other receivables

	2021 RM'000	2020 RM'000
Group		
Trade		
Trade receivables		
- third parties	**292,382**	272,604
- an associate	**12,958**	1,583
- a related party	**-**	12
	305,340	274,199
Non-trade		
Other receivables	**1,294**	3,060
Amount due from an associate	**-**	87
Deposits	**124**	139
Prepayments	**1,586**	889
	3,004	4,175
	308,344	278,374

11. Trade and other receivables (Cont'd)

	Note	2021 RM'000	2020 RM'000
Company			
Non-current			
Amount due from subsidiaries	11.1	**-**	9,925
Current			
Non-trade			
Amount due from subsidiaries	11.1	**55,885**	61,962
Other receivables		**69**	114
Deposits		**2**	2
Prepayments		**9**	9
		55,965	62,087
		55,965	72,012

11.1 Amount due from subsidiaries

The non-current amount due from subsidiaries was unsecured, interest-free and is not payable within the next twelve months.

Current amount due from subsidiaries is unsecured, interest-free and repayable on demand.

12. Inventories - Group

	2021 RM'000	2020 RM'000
Raw materials	**210,703**	184,752
Work-in-progress	**71,793**	66,324
Manufactured inventories	**25,116**	41,548
	307,612	292,624

The amount of inventories recognised as slow moving and cost of sales during the financial year amounted to RM750,869 (2020: RM3,000,178) and RM877,090,633 (2020: RM854,079,454) respectively.

During the financial year, the Group had written off inventories of RM500,095 (2020: RM NIL).

13. Fixed deposits with licensed banks - Group/Company

The fixed deposits with licensed banks are with maturities of more than 3 months and are held in lien for borrowings granted to certain subsidiaries (Note 18.1).

14. Share capital and treasury shares - Group/Company

	2021		2020	
	Amount RM'000	Number of shares ('000)	Amount RM'000	Number of shares ('000)
Issued and fully paid:				
At 1 July	**109,905**	**275,009**	106,315	271,230
Issue pursuant to:				
- Conversion of redeemable convertible preference shares (Note 14.1)	**29,425**	**30,974**	3,590	3,779
- Exercise of warrants (Note 14.2)	**17,328**	**41,257**	-	-
- Private placement (Note 14.3)	**15,284**	**32,075**	-	-
At 30 June	**171,942**	**379,315**	109,905	275,009

14.1 Conversion from 30,974,335 (2020: 3,778,700) redeemable convertible preference shares ("RCPS") to 30,974,335 (2020: 3,778,700) ordinary shares with the conversion ratio of 1 new ordinary share for 1 RCPS held.

14.2 During the financial year, the Company issued 41,256,842 ordinary shares at the exercise price of RM0.42 each by cash pursuant to exercise of Warrants 2015/2020.

14.3 During the financial year, the Company issued 32,075,100 new ordinary shares at an issue price of RM0.48 per ordinary share for RM15,283,785 pursuant to a private placement exercise.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

14.4 Treasury shares

	2021		2020	
	Amount RM'000	Number of shares ('000)	Amount RM'000	Number of shares ('000)
Treasury shares				
At 1 July/30 June	**(8,043)**	**(17,586)**	(8,043)	(17,586)

No treasury shares were re-issued during the financial year. At 30 June 2021, the Company held 17,585,900 (2020: 17,585,900) of its shares as treasury shares. The number of outstanding ordinary shares in issue after deducting treasury shares held is 361,729,239 (2020: 257,422,962).

15. Redeemable convertible preference shares

On 15 June 2017, the proposed renounceable rights issue of up to 67,296,172 new Redeemable Convertible Preference Shares ("RCPS") at an indicative issue price of RM0.95 each was approved by the shareholders at the Extraordinary General Meeting of the Company. The proceeds of the rights issue was partially used for repayment of the Group's borrowing and expansion of the Group's electronic manufacturing services ("EMS") business.

The entitlement basis of the RCPS is on 1 RCPS for every 4 existing ordinary shares held on 20 September 2017.

On 6 October 2017, the Company had received valid and full subscription for a total of 52,890,970 RCPS at an issue price of RM0.95 each together with 52,890,970 bonus shares and additional 11,342,586 warrants 2015/2020 issued arising from the adjustment pursuant to the Rights issue and Bonus issue. The total proceeds of the Rights issue amounted to RM50,246,421.

The RCPS was listed on the main Market of Bursa Malaysia Securities Berhad on 19 October 2017.

The RCPS issued by the Company are redeemable at any time at the discretion of the Company from and including the third anniversary of the issue date up to the day immediately preceding the maturity date and the accrued but unpaid periodic preference dividend payments shall be due and payable upon redemption of the RCPS.

During the financial year, 30,974,335 (2020: 3,778,700) RCPS were converted into 30,974,335 (2020: 3,778,700) ordinary shares of RM0.95 each of the Company. At the end of the financial year, the number of RCPS in issue is 11,362,735 (2020: 42,337,070).

The main features of the RCPS are as follows:

(i) The RCPS shall be convertible to new ordinary shares at a fixed conversion price of RM0.95, at the option of the holder, at any time commencing from date of listing up to and including the maturity date of 5 years from the issue date;

(ii) The Company has an option to redeem the RCPS from the third anniversary of the issue date of the RCPS up to the day immediately preceding the maturity date and any RCPS not redeemed or converted shall be automatically converted into new ordinary shares;

(iii) The holders of the RCPS shall have the right to receive a cumulative preference dividend at the rate of 2% per annum. Where there is no distributable profit, the entitlement to the preferential dividend shall be accumulated;

(iv) The RCPS shall rank pari passu among themselves, and will rank ahead in regards to payment of dividends in all classes of shares of the Company; and

(v) The RCPS shall rank in priority to the ordinary shares in any distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

15. Redeemable convertible preference shares (Cont'd)

The RCPS recognised in the statements of financial position is summarised as follows:

	Group and Company		
	Liability component of RCPS	Equity component of RCPS	Total
	RM'000	RM'000	RM'000
2021			
At 1 July 2020	**1,549**	**34,533**	**36,082**
Conversion of RCPS into ordinary shares	**(1,155)**	**(26,611)**	**(27,766)**
Interest expense (Note 23)	**24**	**-**	**24**
Dividend paid (Note 29)	**(216)**	**-**	**(216)**
At 30 June 2021	**202**	**7,922**	**8,124**
2020			
At 1 July 2019	3,306	38,013	41,319
Conversion of RCPS into ordinary shares	(245)	(3,480)	(3,725)
Interest expense (Note 23)	171	-	171
Dividend paid (Note 29)	(1,683)	-	(1,683)
At 30 June/1 July 2020	1,549	34,533	36,082

The fair value of the liability component of the RCPS at 30 June 2021 amounted to RM214,175 (2020: RM1,549,012). The fair value is calculated using cash flow discounted at a rate based on the borrowings rate of 6.12% (2020: 6.12%) and are within Level 3 of the fair value hierarchy.

16. Reserves

	Note	2021 RM'000	2020 RM'000
Group			
Non-distributable:			
Warrants reserve	16.1	**-**	26,836
Fair value reserve	16.2	**(4,218)**	(3,757)
Translation reserve	16.3	**16,079**	21,396
Capital reserve	16.4	**28,558**	28,558
		40,419	73,033
Distributable:			
Retained earnings		**152,608**	113,620
		193,027	186,653
Company			
Non-distributable:			
Warrants reserve	16.1	**-**	26,836
Fair value reserve	16.2	**(4,218)**	(3,757)
Capital reserve	16.4	**28,558**	28,558
Retained earnings		**24,873**	1,291
		49,213	52,928

The movements in the reserves are disclosed in the statements of changes in equity.

16.1 Warrants reserve

In financial year 2016, the Company allotted 115,241,392 Rights issue of RM0.50 each at a price of RM0.50 per ordinary share on the basis of three (3) rights shares for every two (2) ordinary shares held by existing shareholders, together with 57,620,696 free warrants on the basis of one (1) warrant for every two (2) rights shares subscribed.

In financial year 2018, the Company issued 11,342,586 additional Warrants 2015/2020 and the exercise price was adjusted from RM0.50 to RM0.42 per share pursuant to the Rights issue and Bonus issue as disclosed in Note 15 in accordance with Condition 4 of the Third Schedule of the Deed Poll dated 29 September 2015 constituting the Warrants 2015/2020 which provides that the exercise price and/or the number of warrants shall from time to time be adjusted, calculated or determined by the Board.

16. Reserves (Cont'd)

16.1 Warrants reserve (Cont'd)

The summary of the adjustments to the exercise price and number of the outstanding Warrants pursuant to the Rights issue and Bonus issue is set out below:

	Before the Rights issue and Bonus issue	After the Rights issue and Bonus issue
Exercise price (RM)	0.50	0.42
No. of outstanding Warrants 2015/2020	57,620,696	68,963,282
Adjusted ratio	One (1) additional Warrants for five (5) existing Warrants held	

The warrants reserve represents the fair value allocated to the issue of Warrants 2015/2020. When the warrants are exercised or expired, the warrants reserve remains in equity, although it may be transferred to another reserve account within equity.

During the financial year, 41,256,842 (2020: NIL) of the Company's warrants were converted into ordinary shares and the total number of warrants which remained unexercised was 27,706,440 (2020: 68,963,282).

On 3 November 2020, all the remaining unexercised warrants expired and ceased to be exercisable thereafter and the remaining warrants reserve at that point in time was transferred to the Company's retained earnings.

16.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

16.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

16.4 Capital reserve

Capital reserve arose from the capital reduction exercise.

17. Lease liabilities - Group

	2021 RM'000	2020 RM'000
At 1 July 2020/2019	**5,568**	7,775
Additions	**8,482**	245
Payments	**(3,370)**	(2,452)
At 30 June	**10,680**	5,568
Presented as:	**7,398**	3,231
Non-current	**3,282**	2,337
Current	**10,680**	5,568

17. Lease liabilities - Group

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	2021 RM'000	2020 RM'000
Less than 1 year	**3,766**	2,591
Between 1 and 5 years	**7,993**	3,433
	11,759	6,024
Less: Future finance charges	**(1,079)**	(456)
	10,680	5,568

Additions during the year include plant and machinery refinanced as disclosed in Note 4.4 to the financial statements.

The Group leases plant and machinery and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

18. Loans and borrowings - Group

	2021 RM'000	2020 RM'000
Non-current:		
Secured		
Term loans	**35,609**	**2,526**
Current:		
Secured		
Bankers' acceptances	**127,186**	181,673
Trust receipts	**17,965**	35,678
Term loans	**5,568**	1,081
Trade financing	**20,000**	-
Revolving credits	**3,116**	7,490
	173,835	225,922

18. Loans and borrowings - Group (Cont'd)

18.1 Securities

The loans and borrowings of the Group are secured as follows:

i) legal charges over the freehold land, leasehold land, buildings and plant and machinery of certain subsidiaries (Note 3.1 and 4.2) and investment properties of the Group (Note 5.2);

ii) fixed deposits held in lien of the Group and of the Company (Note 13); and

iii) collateralised by corporate guarantee from the Company.

19. Provision for retirement benefits - Group

A subsidiary in Thailand operates an unfunded defined benefit plan.

Under the labour laws in Thailand, all employees with more than 120 days of service are entitled to Legal Severance Payment benefits ranging from 30 days to 400 days (2020: 30 days to 400 days) of final salary upon termination of service, including forced termination or retrenchment, or in the event of retirement. The present value of defined benefit obligations are as follows:

	2021 RM'000	2020 RM'000
Present value of obligations - non current	**612**	517

The movements in the defined benefit obligations over the financial year are as follows:

	2021 RM'000	2020 RM'000
At 1 July 2020/2019	**517**	395
Amount recognised in profit or loss		
- Current service cost	**94**	94
- Interest cost	**17**	14
- Foreign exchange differences	**(16)**	14
At 30 June	**612**	517

The principal actuarial assumptions used are as follows:

	2021	2020
Discount rate	**3.47%**	3.47%
Inflation rate	**2.75%**	2.75%
Future salary increase		
- prior to age 30	**5.0%**	5.0%
- between age 30 to 40	**5.0%**	5.0%
- age 40 onwards	**5.0%**	5.0%

19. Provision for retirement benefits - Group (Cont'd)

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics in Thailand. The Thailand TMO17 tables contain the results of the most recent mortality investigation on policy holders of life insurance companies in Thailand. It is reasonable to assume that these rates are reflective of the mortality experience of the working population in Thailand. The Group accounts for this severance liability on an actuarial basis using the projected unit credit method.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2021		2020	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
Group				
Discount rate (1% movement)	**(10)**	**12**	(65)	79
Long-term salary increment rate (1% movement)	**20**	**(17)**	86	(72)
Turnover rate (20% change from base assumption)	**(20)**	**27**	(84)	112

20. Trade and other payables

	Note	2021 RM'000	2020 RM'000
Group			
Trade			
- third parties		**330,689**	317,573
- a related party		**353**	3
		331,042	317,576
Non-trade			
Other payables		**3,848**	8,692
Deferred revenue		**18**	-
Deposit		**93**	103
Accruals		**6,087**	12,936
		10,046	21,731
		341,088	339,307

20. Trade and other payables (Cont'd)

	Note	2021 RM'000	2020 RM'000
Company			
Non-current			
Amount due to subsidiaries	20.1	-	9,536
Current			
Non-trade			
Amount due to subsidiaries	20.1	**29,132**	42,503
Other payables	20.2	**245**	846
Accruals		**226**	149
		29,603	43,498
		29,603	53,034

20.1 Amount due to subsidiaries

The non-current amount due to subsidiaries was unsecured, interest-free and is not payable within the next twelve months.

Current amount due to subsidiaries is unsecured, interest-free and payable on demand.

20.2 Other payables

Included in other payables of the Company are RM215,892 (2020: RM806,608) representing dividend on RCPS payable as disclosed in Note 29 to the financial statements.

21. Provision - Group

	Warranties	
	2021 RM'000	2020 RM'000
At 1 July 2020/2019	**267**	800
Provision reversed during the financial year	-	(533)
At 30 June	**267**	267

The provision for warranties represents estimated liabilities for defects arising from products sold under warranty. The provision is based on management's estimate made from historical warranty data associated with the products and judgement on the probability of a defect arising from products sold.

22. Revenue

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers				
Sales	**1,055,199**	1,002,716	**-**	-
Dividend income	**2**	1	**3,002**	8,001
Interest income	**115**	145	**115**	145
Management fee	**-**	-	**560**	448
Other revenue				
Service fee	**205**	318	**-**	-
	1,055,521	1,003,180	**3,677**	8,594

22.1 Disaggregation of revenue

Disaggregation of revenue based on primary geographical markets has been disclosed in Note 33 to the financial statements.

22.2 Nature of goods and services

Revenue is recognised when control of the goods or services is transferred to the customers. The performance obligation is satisfied at a point in time and the customers are required to pay within the agreed credit terms, ranging between 30 to 90 days (2020: 30 to 90 days). Assurance warranties of 2 years are given to certain customers.

22.3 Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

22.4 Significant judgements and assumptions arising from revenue recognition

The Group applies judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers whereby the Group permits the customer to return an item, revenue is adjusted for expected returns to the extent that it is highly probable that a significant reversal in revenue will not occur. The Group estimated the returns based on the historical data.

23. Finance costs

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expenses on:				
Bank overdraft	**1**	-	**-**	-
Bankers' acceptances/ Trade financing	**3,035**	5,239	**-**	-
Decretion of interest implicit in long-term payables	**-**	-	**464**	924
Trust receipts	**688**	598	**-**	-
Lease liabilities	**541**	398	**-**	-
Term loans	**730**	225	**-**	-
Revolving credits	**97**	176	**-**	-
RCPS - Liability component	**24**	171	**24**	171
	5,116	6,807	**488**	1,095

24. Profit/(Loss) before tax

Profit/(Loss) is arrived at after charging/(crediting):

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
After charging:				
Auditors' remuneration				
- Statutory audit				
- UHY	**116**	119	**39**	39
- other auditors	**121**	122	**-**	-
- Other services				
- UHY	**16**	16	**16**	16
- other auditors	**60**	15	**60**	15
Material expenses/(income)				
Depreciation of property, plant and equipment (Note 3)	**38,770**	36,306	**-**	-
Depreciation of right-of-use assets (Note 4)	**2,482**	1,582	**-**	-
Depreciation of investment properties (Note 5)	**66**	65	**-**	-
Amortisation of intangible assets (Note 9)	**1,026**	1,256	**12**	30
Directors' remuneration:				
Directors of the Company				
- fees	**162**	130	**162**	130
- other emoluments	**718**	723	**718**	723
- contributions to Employees' Provident Fund	**98**	80	**98**	80
Other Directors				
- other emoluments	**427**	165	**-**	-
- contributions to Employees' Provident Fund	**51**	20	**-**	-
Impairment loss on intangible assets	**1,360**	2,600	**-**	-
Impairment loss on investment in subsidiaries	**-**	-	**3,284**	-
Inventories written off	**500**	-	**-**	-
Loss on disposal of plant and equipment	**608**	629	-	-
Gain on disposal of right-of-use assets	**(69)**	-	**-**	-
(Gain)/Loss on foreign exchange, net				
-realised	**(869)**	3,059	**204**	-
- unrealised	**6,718**	(3,747)	**(6)**	(415)
Provision for retirement benefits (Note 19)	**111**	108	**-**	-
Provision for slow moving stocks	**751**	3,000	**-**	-

24. Profit/(Loss) before tax (Cont'd)

Profit/(Loss) is arrived at after charging/(crediting): (Cont'd)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Movement in provision for warranty	**-**	(533)	**-**	-
Accretion of interest implicit in long-term receivables	**-**	-	**(367)**	(1,026)
Interest income	**(136)**	(680)	**-**	-
Expenses/(income) arising from leases				
Expenses relating to short-term leases	**92**	167	**-**	-
Expenses relating to leases of low-value assets	**26**	32	**-**	-
Rental income	**(5)**	(5)	**-**	-
Rental income from investment properties	**(256)**	(286)	**-**	-
Net loss on impairment of financial instruments				
Impairment loss/(Reversal of) on trade and other receivables	**1,628**	1,769	**(10)**	-

25. Employee benefits

25.1 Staff costs

Staff costs (excluding Directors' remuneration) are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and others	**59,624**	60,725	**-**	-

Included in staff costs of the Group are RM3,173,937 (2020: RM3,289,052) representing contributions to Employees' Provident Fund.

25. Employee benefits (Cont'd)

25.2 Key management personnel compensation

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors' fees	**162**	130	**162**	130
Short-term employee benefits	**2,114**	1,930	**718**	723
Contributions to Employees' Provident Fund	**263**	223	**98**	80
	2,539	2,283	**978**	933

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include the Directors and certain members of senior management of the Group and of the Company.

26. Tax expense

Recognised in profit or loss

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax expense				
Malaysian				
- current year	**300**	230	**-**	-
- prior year	**105**	710	**-**	-
Total current tax recognised in profit or loss	**405**	940	**-**	-
Deferred tax income				
Reversal of temporary differences	**(173)**	(21)	**-**	-
Prior year	**-**	(121)	**-**	-
Total deferred tax recognised in profit or loss	**(173)**	(142)	**-**	-
Total tax expense	**232**	798	**-**	-

26. Tax expense (Cont'd)

Reconciliation of tax expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) before tax	**14,197**	(12,808)	**(1,595)**	7,478
Income tax calculated using Malaysian tax rate at 24% (2020: 24%)	**3,407**	(3,074)	**(383)**	1,795
Effect of different tax rate in foreign jurisdiction	**(26)**	(32)	**-**	-
Effect of share of profit of equity-accounted associate	**46**	-	**-**	-
Effect of tax incentives	**(607)**	(426)	**-**	-
Effect of unrecognised temporary difference	**(4,049)**	2,359	**-**	-
Non-deductible expenses	**1,023**	1,403	**1,194**	371
Non-taxable income	**-**	8	**(811)**	(2,166)
Others	**333**	(29)	**-**	-
Under provision of current tax in prior years	**105**	710	**-**	-
Over provision of deferred tax in prior year	**-**	(121)	**-**	-
	232	798	**-**	-

A foreign subsidiary of the Company was granted promotional privileges under the Investment Promotion Act, B.E.2520 for a period of eight years from the date the income is first derived and a fifty percent reduction in the normal income tax rate on the net profit derived from promoted business for a period of five years for the manufacturing of printed circuit boards.

27. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings/(loss) per ordinary share for the financial year ended 30 June 2021 was based on the profit/(loss) attributable to ordinary shareholders as follows:

	2021 RM'000	2020 RM'000
Profit/(Loss) attributable to ordinary shareholders	**13,965**	(13,606)
Weighted average number of ordinary shares outstanding ('000)	**339,044**	257,214
Basic earnings/(loss) per ordinary share (sen)	**4.12**	(5.29)

27. Earnings per ordinary share - Group (Cont'd)

Diluted earnings per ordinary share

The diluted earnings/(loss) per share has been computed based on adjusted earnings/(loss) attributable to ordinary shareholders divided by the adjusted weighted average number of ordinary shares outstanding after adjusting the effect of all dilutive potential ordinary shares calculated as follows:

	2021 RM'000	2020 RM'000
Profit/(Loss) attributable to ordinary shareholders	**13,965**	(13,606)
Weighted average number of ordinary shares used in the calculation of basic earnings(loss) per share ('000)	**339,044**	257,214
Effect of exercise of warrants ('000)	**-**	*
Effect of exercise of RCPS ('000)	*****	*
Effect of exercise of private placement ('000)	**105,440**	-
Weighted average number of ordinary shares ('000)	**444,484**	257,214
Diluted earnings/(loss) per ordinary share (sen)	**3.14**	(5.29)

* The effect of the potential incremental shares from Warrants and RCPS were not taken into account in the computation of diluted earnings per share as the exercise price of the warrants and RCPS are higher than the average market price of the Company's ordinary shares.

28. Warrants

As at the end of the financial year, the Company has the following outstanding warrants:

	Exercise price per ordinary share			Number of warrants outstanding	
Warrants	Before adjustment	After adjustment	Expiry date	30.6.2021	30.6.2020
Warrants 2015/2020	RM0.50	RM0.42	3.11.2020	-	68,963,282

Warrants 2015/2020 were issued on 4 November 2015 in conjunction with the issuance of 115,241,392 rights shares of RM0.50 each together with 57,620,696 free warrants. The warrants entitle the holders to subscribe for new ordinary shares in the Company on the basis of one (1) warrant for every two (2) rights shares subscribed.

In financial year 2018, adjustments were made in accordance with the provisions of the Deed Poll to reflect the consequential revision in the increase in the number of Warrants and the revision in exercise price upon the implementation of the Rights Issue and Bonus Issue.

The warrant held at an adjusted exercise price of RM0.42 per ordinary share within 5 years from the initial date of the issue of the warrants.

During the financial year, 41,256,842 of the Company's warrants were converted into ordinary shares. On 3 November 2020, all the remaining unexercised warrants expired and ceased to be exercisable thereafter.

29. Dividends

Dividends on RCPS paid/declared by the Company were as follows:

	2021 RM'000	2020 RM'000
First annual dividend on 46,115,770 RCPS, paid on 12 July 2019	**-**	876
First annual dividend on 42,337,070 RCPS, paid on 14 July 2020	**-**	807
First annual dividend on 11,362,735 RCPS, paid on 14 July 2021	**216**	-
	216	1,683

First annual dividend amounting to RM215,892 (2020: RM806,608) has been accrued and was paid subsequent to the reporting date.

30. Reconciliation of liabilities arising from financing activities

Group

2021

	At 1 July 2020 RM'000	Financing cash flows (i) RM'000	Foreign exchange adjustments RM'000	New lease/ loan RM'000	RCPS- Liability component (Note 15) RM'000	Other changes RM'000	At 30 June 2021 RM'000
Term loans (Note 18)	3,607	30,805	(196)	6,961	-	-	41,177
Lease liabilities (Note 17)	5,568	(3,370)	-	8,482	-	-	10,680
Other bank borrowings (Note 18)	224,841	(59,249)	2,675	-	-	-	168,267
RCPS- Liability component (Note 15)	1,549	-	-	-	(807)	(540)	202
	235,565	(31,814)	2,479	15,443	(807)	(540)	220,326

30. Reconciliation of liabilities arising from financing activities (Cont'd)

Group

2020

	At 30 June 2019 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1 July 2019 RM'000	Financing cash flows (i) RM'000	Foreign exchange adjustments RM'000	New lease RM'000	RCPS-Liability component (Note 15) RM'000	Other changes RM'000	At 30 June 2020 RM'000
Term loans (Note 18)	4,691	-	4,691	(1,084)	-	-	-	-	3,607
Lease liabilities (Note 17)	-	7,775	7,775	(2,452)	-	245	-	-	5,568
Finance lease liabilities (Note 18)	7,775	(7,775)	-	-	-	-	-	-	-
Other bank borrowings (Note 18)	179,565	-	179,565	47,202	(1,926)	-	-	-	224,841
RCPS-Liability component (Note 15)	3,306	-	3,306	-	-	-	(876)	(881)	1,549
	195,337	-	195,337	43,666	(1,926)	245	(876)	(881)	235,565

(i) The cash flows from loan and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

30. Reconciliation of liabilities arising from financing activities (Cont'd)

Company

	At 1 July 2019 RM'000	RCPS- Liability component (Note 15) RM'000	Other changes RM'000	At 30 June/ 1 July 2020 RM'000	Cash flow used in financing activities (Note 15) RM'000	Other changes RM'000	At 30 June 2021 RM'000
RCPS- Liability component (Note 15)	3,306	(876)	(881)	1,549	(807)	(540)	202

31. Related parties

31.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationship with its significant investor, subsidiaries and an associate as disclosed in Note 6 and Note 7 to the financial statements and companies in which certain Directors have a substantial financial interest namely, WE Total Engineering Sdn. Bhd. (previously known as Jubilee Manufacturing Sdn. Bhd.), WE Components Pte. Ltd., Jubilee Industries Holding Ltd. and Accrelist Ltd..

Related parties also include key management personnel defined as those persons being having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

31. Related parties (Cont'd)

31.2 Significant related party transactions

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions to the financial statements, are as follows:

	2021 RM'000	2020 RM'000
(a) Transactions with a related company		
Group		
Purchase of raw materials	**(1,153)**	(736)
(b) Transactions with subsidiaries		
Company		
Additional investment in subsidiaries	**(28,444)**	-
Advances given	**21,595**	21,252
Advances from	**(20,758)**	(43,193)
Dividend receivable	**3,000**	8,000
License fee	**11**	32
Management fee received	**560**	448
Repayment to	**(66,000)**	(22,296)
Repayment from	**33,273**	1,406
(c) Transactions with an associate		
Group		
Advances	**578**	215
Sales	**44,897**	1,735
Purchase	**(1,144)**	-
Service charges	**167**	-

The non-trade balances with related parties outstanding at the end of the reporting period are disclosed in Note 11 and Note 20 to the financial statements. All the outstanding balances are expected to be settled in cash or partially capitalised as paid-up share capital.

32. Financial instruments

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ("AC")
(b) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR").

	Carrying amount RM'000	AC RM'000	FVOCI-EIDUIR RM'000
2021			
Financial assets			
Group			
Other investments	**2,667**	**-**	**2,667**
Trade and other receivables (exclude prepayments)	**306,758**	**306,758**	**-**
Fixed deposits with licensed banks	**4,606**	**4,606**	**-**
Cash and bank balances	**10,543**	**10,543**	**-**
	324,574	**321,907**	**2,667**
Company			
Other investments	**2,667**	**-**	**2,667**
Trade and other receivables (exclude prepayments)	**55,956**	**55,956**	**-**
Fixed deposits with licensed banks	**3,662**	**3,662**	**-**
Cash and bank balances	**97**	**97**	**-**
	62,382	**59,715**	**2,667**

32. Financial instruments (Cont'd)

32.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000
2021 (Cont'd)		
Financial liabilities		
Group		
Lease liabilities	**10,680**	**10,680**
Loans and borrowings	**209,444**	**209,444**
RCPS- Liability component	**202**	**202**
Trade and other payables (excluding deferred revenue)	**341,070**	**341,070**
	561,396	**561,396**
Company		
RCPS- Liability component	**202**	**202**
Trade and other payables	**29,603**	**29,603**
	29,805	**29,805**

	Carrying amount RM'000	AC RM'000	FVOCI-EIDUIR RM'000
2020			
Financial assets			
Group			
Other investments	3,128	-	3,128
Trade and other receivables (exclude prepayments and non-refundable deposits)	277,485	277,485	-
Fixed deposits with licensed banks	18,040	18,040	-
Cash and bank balances	12,866	12,866	-
	311,519	308,391	3,128

32. Financial instruments (Cont'd)

32.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000	FVOCI-EIDUIR RM'000
2020 (Cont'd)			
Company			
Other investments	3,128	-	3,128
Trade and other receivables (exclude prepayments and non-refundable deposits)	72,003	72,003	-
Fixed deposits with licensed banks	4,996	4,996	-
Cash and bank balances	472	472	-
	80,599	77,471	3,128

	Carrying amount RM'000	AC RM'000
Financial liabilities		
Group		
Lease liabilities	5,568	5,568
Loans and borrowings	228,448	228,448
RCPS- Liability component	1,549	1,549
Trade and other payables	339,307	339,307
	574,872	574,872
Company		
RCPS- Liability component	1,549	1,549
Trade and other payables	53,034	53,034
	54,583	54,583

32. Financial instruments (Cont'd)

32.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains on:				
Equity instruments designated at fair value through other comprehensive income	**(461)**	(214)	**(461)**	(214)
Financial assets measured at amortised cost	**(1,377)**	(944)	**492**	1,113
Financial liabilities measured at amortised cost	**(5,116)**	(6,807)	**(488)**	(1,036)
	(6,954)	(7,965)	**(457)**	(137)

32.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

* Credit risk
* Liquidity risk
* Market risk

32.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior year.

Trade Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

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

There are no significant changes as compared to previous year.

32. Financial instruments (Cont'd)

32.4 Credit risk (Cont'd)

Trade Receivables (Cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	2021 RM'000	2020 RM'000
Group		
Domestic	**58,445**	40,485
Asia Pacific (other than Malaysia)	**223,383**	207,428
Others	**23,512**	26,286
	305,340	274,199

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within credit term granted.

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. Invoices which are past due 90 days will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past two years and forward-looking information. The Group believes that the financial impacts to the forward-looking information are inconsequential for the purpose of impairment calculation of trade receivables due to their relatively short term nature.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2021.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Group			
Not past due	**188,212**	**-**	**188,212**
Past due 1 - 30 days	**81,023**	**-**	**81,023**
Past due 31 - 60 days	**16,420**	**-**	**16,420**
Past due 61 - 90 days	**3,428**	**-**	**3,428**
	289,083	**-**	**289,083**
Credit impaired			
Past due more than 90 days	**19,979**	**(3,722)**	**16,257**
	309,062	**(3,722)**	**305,340**

32. Financial instruments (Cont'd)

32.4 Credit risk (Cont'd)

Trade Receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2020			
Group			
Not past due	197,432	(5)	197,427
Past due 1 - 30 days	61,682	(5)	61,677
Past due 31 - 60 days	11,108	(5)	11,103
Past due 61 - 90 days	861	(5)	856
	271,083	(20)	271,063
Credit impaired			
Past due more than 90 days	5,443	(2,307)	3,136
	276,526	(2,327)	274,199

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than to 4 (2020: 4) customers who collectively contributed 84% (2020: 84%) of the Group's trade receivables at 30 June.

The movements in the allowance for impairment in respect of trade receivables during the year are shown below:

	2021 RM'000	2020 RM'000
Group		
Balance at 1 July	**2,327**	558
Amount written off	**(5)**	-
Net remeasurement of loss allowance	**1,400**	1,769
Balance at 30 June	**3,722**	2,327

32. Financial instruments (Cont'd)

32.4 Credit risk (Cont'd)

Fixed deposits and cash and bank balances

The fixed deposits and cash and bank balances are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. The Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from amounts due from authorities for goods and service tax and value added tax ("VAT") claimable and an amount held in trust by a solicitor.

Based on management's assessment, the probability of the default of amount held in trust by a solicitor is low.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group has recognised impairment loss of RM227,829 (2020: NIL).

Other investments

Credit risks on other investments are mainly arising from short term funds and equity-linked investments.

These investments are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. The Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have good credit rating.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group invested in overseas and domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

The investments and other financial assets are unsecured.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

32. Financial instruments (Cont'd)

32.4 Credit risk (Cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM216,927,100 (2020: RM228,448,419) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements for the subsidiaries to secure loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company did not recognise any allowance for impairment loss.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for holding company's or related companies' loans and advances as at 30 June 2021.

32. Financial instruments (Cont'd)

32.4 Credit risk (Cont'd)

Inter-company balances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2021			
Low credit risk	**55,885**	**-**	**55,885**
Credit impaired	**8,050**	**(8,050)**	**-**
	63,935	**(8,050)**	**55,885**
2020			
Low credit risk	71,887	-	71,887
Credit impaired	8,060	(8,060)	-
	79,947	(8,060)	71,887

The movements in the allowance for impairment in respect of holding company's or related companies' loans and advances during the year are shown below:

	2021 RM'000	2020 RM'000
Balance at 1 July	**8,060**	8,060
Net remeasurement of loss allowance	**(10)**	**-**
Balance at 30 June	**8,050**	**8,060**

32.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

32. Financial instruments (Cont'd)

32.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2021							
Group							
Non-derivative financial liabilities							
Bankers' acceptances	127,186	0.80 – 3.20	127,186	127,186	-	-	-
Revolving credits	3,116	1.12	3,116	3,116	-	-	-
Trade financing	20,000	2.85	20,000	20,000	-	-	-
Trust receipts	17,965	1.06 – 3.20	17,965	17,965	-	-	-
Term loans	41,177	2.31 – 4.90	46,768	6,550	6,472	13,731	20,015
Lease liabilities	10,680	4.75 – 6.94	11,759	3,766	2,871	5,122	-
RCPS- Liability component	202	2.00	202	202	-	-	-
Trade and other payables (excluding deferred revenue)	341,070	-	341,070	341,070	-	-	-
	561,396		568,066	519,855	9,343	18,853	20,015
Company							
Non-derivative financial liabilities							
Trade and other payables (excluding non-current amount due to subsidiaries)	29,603	-	29,603	29,603	-	-	-
RCPS- Liability component	202	2.00	202	202	-	-	-
Financial guarantees	-	-	216,927	216,927	-	-	-
	29,805		246,732	246,732	-	-	-

32. Financial instruments (Cont'd)

32.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2020							
Group							
Non-derivative financial liabilities							
Bankers' acceptances	181,673	1.26 – 4.30	181,673	181,673	-	-	-
Revolving credits	7,490	1.89 – 3.15	7,490	7,490	-	-	-
Trust receipts	35,678	1.26 – 3.20	35,678	35,678	-	-	-
Term loans	3,607	4.33 – 4.83	3,969	1,259	1,200	1,510	-
Lease liabilities	5,568	4.75 – 6.94	6,024	2,591	1,858	1,575	-
RCPS- Liability component	1,549	2.00	1,549	708	841	-	-
Trade and other payables	339,307	-	339,307	339,307	-	-	-
	574,872		575,690	568,706	3,899	3,085	-
Company							
Non-derivative financial liabilities							
Amount due to subsidiaries	9,536	4.87	9,536	-	-	9,536	-
Trade and other payables (excluding non-current amount due to subsidiaries)	43,498	-	43,498	43,498	-	-	-
RCPS- Liability component	1,549	2.00	1,549	708	841	-	-
Financial guarantees	-	-	228,448	228,448	-	-	-
	54,583		283,031	272,654	841	9,536	-

32. Financial instruments (Cont'd)

32.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

32.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents and borrowings that are denominated in a currency other than the respective functional currency of the Group entities. The currency giving rise to this risk is primarily the United States Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

Transactional currency exposures arise from sales to Asian, North America and European customers. These sales are priced and invoiced in USD currency. The Group also makes purchases of raw materials from China, Hong Kong, Denmark and Singapore. The Company has no hedging policy and does not make use of forward-currency contracts.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD RM'000
Group	
2021	
Trade and other receivables	**249,674**
Trade and other payables	**(315,103)**
Cash and bank balances	**5,968**
Loans and borrowings	**(186,920)**
Net exposure	**(246,381)**
2020	
Trade and other receivables	229,286
Trade and other payables	(308,278)
Cash and bank balances	9,774
Fixed deposits with licensed banks	2,129
Loans and borrowings	(214,842)
Net exposure	(281,931)

32. Financial instruments (Cont'd)

32.6 Market risk (Cont'd)

32.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 5% (2020: 5%) strengthening of the RM against the USD at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss increase RM'000	Profit or loss decrease RM'000
Group		
2021		
USD	**9,363**	**(9,363)**
2020		
USD	10,713	(10,713)

A 5% (2020: 5%) weakening of the RM against the USD at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

32.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-earning financial assets are mainly short term in nature and are mostly placed in fixed deposits.

32. Financial instruments (Cont'd)

32.6 Market risk (Cont'd)

32.6.2 Interest rate risk (Cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate instruments				
Financial assets	**4,606**	18,040	**3,662**	4,996
Financial liabilities	**(179,149)**	(231,958)	**(202)**	(1,549)
	(174,543)	(213,918)	**3,460**	3,447
Floating rate instruments				
Financial assets	**-**	-	**-**	9,925
Financial liabilities	**(41,177)**	(3,607)	**-**	(9,536)
	(41,177)	(3,607)	**-**	389

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or (loss)	
	100 bp increase RM'000	100 bp decrease RM'000
Group		
2021		
Floating rate instruments	**(313)**	**313**
2020		
Floating rate instruments	(27)	27

32. Financial instruments (Cont'd)

32.6 Market risk (Cont'd)

32.6.2 Interest rate risk (Cont'd)

***Interest rate risk sensitivity analysis* (Cont'd)**

(b) *Cash flow sensitivity analysis for variable rate instruments (Cont'd)*

	Profit or (loss)	
	100 bp increase	100 bp decrease
	RM'000	RM'000
Company		
2021		
Floating rate instruments	-	-
2020		
Floating rate instruments	3	(3)

32.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Company.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's and the Company's equity investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI") and Straits Times Index ("STI").

A 10% (2020: 10%) strengthening in FBMKLCI and STI at the end of the reporting period would have increased equity by the amounts shown below for investments classified as fair value through other comprehensive income.

	Group	
	2021	2020
	RM'000	RM'000
Effect on equity	**267**	313

32.7 Fair value information

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

32. Financial instruments (Cont'd)

32.7 Fair value information (Cont'd)

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2021										
Group										
Financial asset										
Quoted shares	2,667	-	-	2,667	-	-	-	-	2,667	2,667
Financial liabilities										
Term loans - variable rate	-	-	-	-	-	-	(41,177)	(41,177)	(41,177)	(41,177)
Lease liabilities	-	-	-	-	-	-	(11,759)	(11,759)	(11,759)	(10,680)
	-	-	-	-	-	-	(52,936)	(52,936)	(52,936)	(51,857)
Company										
Financial asset										
Quoted shares	2,667	-	-	2,667	-	-	-	-	2,667	2,667

32. Financial instruments (Cont'd)

32.7 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020										
Group										
Financial asset										
Quoted shares	3,128	-	-	3,128	-	-	-	-	3,128	3,128
Financial liabilities										
Term loans - variable rate	-	-	-	-	-	-	(3,607)	(3,607)	(3,607)	(3,607)
Lease liabilities	-	-	-	-	-	-	(5,695)	(5,695)	(5,695)	(5,568)
	-	-	-	-	-	-	(9,302)	(9,302)	(9,302)	(9,175)
Company										
Financial assets										
Amount due from subsidiaries	-	-	-	-	-	9,925	-	9,925	9,925	9,925
Quoted shares	3,128	-	-	3,128	-	-	-	-	3,128	3,128
	3,128	-	-	3,128	-	9,925	-	9,925	13,053	13,053
Financial liability										
Amount due to subsidiaries	-	-	-	-	-	(9,536)	-	(9,536)	(9,536)	(9,536)

32. Financial instruments (Cont'd)

32.7 Fair value information (Cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfers between fair value levels

There has been no transfer between the fair value levels during the financial year. (2020: no transfer in either direction).

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of RCPS, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial liabilities.

Non-derivative financial liabilities

Fair value which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The carrying amount of floating rate term loans approximate fair value as their effective interest rate changes accordingly to movements in the market interest rate.

33. Operating segment

The Group has 1 segment, as described below, which is the Group’s strategic business unit. The strategic business unit offers different products and services, and is managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group’s Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary describes the operation of the Group’s reportable segment:

- Provision of electronic manufacturing services (“EMS”) as Original Equipment Manufacturer (OEM) and Original Design Manufacturer (ODM) for electronic and electrical products. OEM products are produced in accordance with the design specifications provided by customers whereas for ODM products, the Group provide an additional “design” service.

33. Operating segment (Cont'd)

Other non-reportable segment comprises operations related to investment holding and research and development.

Performance is measured based on segment profit/(loss) before tax as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Chief Executive Officer. Hence, no disclosure is made on segment liabilities.

2021	EMS and OEM/ODM for electronic and electrical products RM'000	Other non-reportable segment RM'000	Consolidated total RM'000
External revenue	1,055,198	323	1,055,521
Segment profit/(loss)	19,349	(5,152)	14,197
Included in the measure of segment profit are:			
Loss on disposal of property, plant and equipment	608	-	608
Gain on disposal of right-of-use assets	(69)	-	(69)
Depreciation of property, plant and equipment	38,604	166	38,770
Depreciation of right-of-use assets	2,478	4	2,482
Amortisation of intangible assets	335	691	1,026
Depreciation of investment properties	-	66	66
Finance costs	5,028	88	5,116
Impairment loss on intangible assets	-	1,360	1,360
Impairment on trade and other receivables	1,628	-	1,628
Interest income	(136)	(115)	(251)
Inventories written off	500	-	500
Unrealised loss on foreign exchange, net	6,714	4	6,718
Provision for slow moving stocks	751	-	751
Segment assets	903,038	23,886	926,924
Included in the measure of segment assets are:			
Additions to property, plant and equipment	42,842	13	42,855
Additions to right-of-use assets	4,333	-	4,333

33. Operating segment (Cont'd)

2020	EMS and OEM/ODM for electronic and electrical products RM'000	Other non-reportable segment RM'000	Consolidated total RM'000
External revenue	1,002,621	559	1,003,180
Segment profit/(loss)	(5,676)	(7,132)	(12,808)
Included in the measure of segment profit are:			
Loss on disposal of property, plant and equipment	629	-	629
Depreciation of property, plant and equipment	36,136	170	36,306
Depreciation of right-of-use assets	1,570	12	1,582
Amortisation of intangible assets	338	918	1,256
Depreciation of investment properties	-	65	65
Finance costs	6,523	284	6,807
Impairment loss on intangible assets	-	2,600	2,600
Impairment on trade receivables	1,769	-	1,769
Interest income	(680)	(145)	(825)
Gain on foreign exchange, net - unrealised	(3,743)	(4)	(3,747)
Provision for slow moving stocks	3,000	-	3,000
Reversal of provision for warranty	(533)	-	(533)
Segment assets	880,780	17,589	898,369
Included in the measure of segment assets are:			
Additions to property, plant and equipment	62,064	2	62,066
Additions to right-of-use assets	10,921	-	10,921
Additions to intangible assets	255	-	255

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments, investment in an associate and deferred tax assets.

33. Operating segment (Cont'd)

Geographical segments (Cont'd)

	Malaysia RM'000	Singapore RM'000	Europe RM'000	Thailand RM'000	Others RM'000	Consolidated RM'000
2021						
Revenue from external customers	**221,526**	**26,950**	**47,569**	**514,199**	**245,277**	**1,055,521**
Non-current assets	**183,565**	**-**	**-**	**103,671**	**-**	**287,236**
2020						
Revenue from external customers	185,715	38,499	49,910	461,408	267,648	1,003,180
Non-current assets	183,714	-	-	104,821	-	288,535

Major customers

The following are major customers with revenue equal or more than 10% of Group revenue:

	Revenue 2021 RM'000	2020 RM'000	Segment
Customer A	**93,660**	123,236	EMS and OEM/ODM for electronic and electrical products
Customer B	**512,733**	423,821	
Customer C	**252,112**	242,263	

34. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Directors are of the opinion that the Group's banking facilities will continue to be available from its lenders and that the Group and the Company will be able to generate sufficient cash flows from operations to meet their liabilities as and when they fall due.

There were no changes in the Company's approach to capital management during the year. The debt-to-equity ratios at 30 June 2021 and at 30 June 2020 were as follows:

	Group 2021 RM'000	2020 RM'000
Total loans and borrowings (Note 18)	**209,444**	228,448
Lease liabilities (Note 17)	**10,680**	5,568
RCPS- Liability component (Note 15)	**202**	1,549
	220,326	235,565
Less: Cash and cash equivalents	**(10,543)**	(12,866)
Net debt	**209,783**	222,699
Total equity	**364,631**	322,687
Debt-to-equity ratio	**0.58**	0.69

35. Capital commitment - Group

	2021 RM'000	2020 RM'000
Authorised and contracted for		
-Property, plant and equipment	**2,063**	2,745

36. Significant event

(a) The World Health Organisation declared the COVID-19 a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO.

In relation to this, the Company has appropriately taken up the effects from the COVID-19 pandemic in respect of the judgements and assumptions used in the preparation of the financial statements for the financial year ended 30 June 2021, such as expected credit losses of financial assets (trade and other receivables) and valuation of inventories.

Based on the assessment and information available at the date of financial statements, the Company has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Company will continue to monitor its funds and operational needs.

(b) At an extraordinary general meeting held on 14 April 2021, the Company had been given approval to undertake the listing of and quotation for up to 107,623,600 Placement Shares to be issued pursuant to be Proposed Private Placement ("Private Placement"), representing up to 30% of the existing issued and paid-up share capital of the Company.

On 8 September 2021, the Board of Directors of the Company announced that Bursa Malaysia Securities Berhad had granted the Company a further extension of time of six (6) months until 20 March 2022 for the Company to implement the Private Placement.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act, 2016

In the opinion of the Directors, the financial statements set out on pages 48 to 137 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2021 and of their financial performance and cash flows for the financial year then ended.

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

Dato' Kang Pang Kiang
Director

Lim Sze Yan
Director

Penang

22 October 2021

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act, 2016

I, **Dato' Kang Pang Kiang (MIA Number: CA 27127)**, the Director primarily responsible for the financial management of EG Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 48 to 137 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Georgetown in the State of Penang on 22 October 2021.

Dato' Kang Pang Kiang

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of EG Industries Berhad
Registration No. 199101012585 (222897-W) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EG Industries Bhd., which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, 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 48 to 137.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and 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.

Key Audit Matters

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

Key audit matters	*How our audit addressed the key audit matters*
Revenue recognition	
Refer to note 2(q)(i) to the financial statements The Group recorded RM1,056 million of revenue for the current financial year. Revenue of the Group comprises provision of Electronic Manufacturing Services for computers peripherals and consumer electronic/electrical products and provision as Original Equipment Manufacturer/Original Design Manufacturer in complete box built products. We have identified revenue recognition as a key audit matter as revenue recognition is a presumed fraud risk. Revenue recognition is susceptible to the higher risk that the revenue is recognised before the transfer of risk and rewards of ownership of goods to the customers.	We designed and performed the following key procedures, among others: - Assessed and tested the key controls in the revenue recognition process over the capture, authorisation, and recording of the revenue transactions. - Performed sample testing on revenue and checked that the revenue recognition criteria are appropriately applied. - Performed cut-off tests to check whether the Group has complied with proper cut-off procedures and revenue is recognised in the appropriate accounting period.

Key Audit Matters (Cont'd)

Key audit matters	*How our audit addressed the key audit matters*
Recoverability of trade receivables	
Refer to Note 11 – Trade and other receivables to the financial statements The trade receivables balance represented 48% of the Group's current assets as at 30 June 2021. During the financial year, the Group assessed the impairment of trade receivables and the assessment of impairment involves significant estimation uncertainty subjective assumptions and the application of significant judgement.	We designed and performed the following key procedures, among others: - Inquired and assessed the Group's process in identifying debts that are potentially doubtful of recovery. - Tested the reliability of the ageing of trade receivables by testing the age profile of the debts to the respective invoices. - Considered the reasonableness of the basis of expected credit loss rate of trade receivables. - Inspected post year end cash receipt relating to collection of past due debts.
Carrying amount of inventories	
Refer to Note 12 – Inventories to the financial statements The Group held significant inventory balances as at 30 June 2021 of RM308 million. There is a risk over the valuation of inventories due to possible slow moving and obsolete inventories. Slow moving inventories may be due to items that are generally not fast moving such as replacement parts for the repair of the products sold. Obsolete inventories may be due to phasing out of older models or inventories that are no longer saleable. The valuation of inventories is a key audit matter because of the judgement involved in assessing the level of inventory allowance required.	We designed and performed the following key procedures, among others: - We tested the design and implementation of controls over the identification of slow moving inventories and obtained an understanding of the Company's process for measuring the amount of write down required and tested the appropriateness of the costing of inventories. - Reviewing the stock movement report and stock aging report to identify slow moving aged items. - Attending year end physical inventory count to observe physical existence and condition of raw material and finished goods and assessing the implementation of controls during the count. - We tested net realisable values to the selling prices.
Impairment of intangible assets	
Refer to Note 9 – Intangible assets to the financial statements As at 30 June 2021, the Group's intangible assets comprising mainly of goodwill on consolidation and intellectual property which amounted to RM10 million and RM1 million respectively. The assessment of the recoverable amount of these intangible assets is based on forecasting and discounting future cash flows, which are inherently highly judgmental. The key assumptions include growth rates, discount rates applied and the forecast performance based on management's view of future business prospects. Changes in external economic and future market conditions and errors in the above estimates can impact the assessment of the carrying value of the intangible assets as well as the profit or loss recognised by the Group.	We designed and performed the following key procedures, among others: - Assessing the valuation methodology adopted by management; - Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; - Reconciling input data used in the cash flow forecasts to supporting evidence, such as approved budgets and considering the reasonableness of those budgets; - Considering the potential impact of reasonably possible downside changes in these key assumptions.

We have determined that there are no key audit matters in the audit of the financial statements of the Company to communicate in our auditors' report.

INDEPENDENT AUDITORS' REPORT (CONT'D)

to the members of EG Industries Berhad
Registration No. 199101012585 (222897-W) (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the annual report 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 annual report and, in doing so, consider whether the annual report 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 annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the 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 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 and 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 or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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.

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

Yeoh Aik Chuan
Approval Number: 02239/07/2022 J
Chartered Accountant

22 October 2021

Penang

LIST OF PROPERTIES OF THE GROUP

Location	Age of Building	Date of Last Valuation	Area (sq. ft.)	Existing Use	Tenure	Net Book Value As at 30/06/2021 (RM)
Lot 122 304 Industrial Park Tha Tum District Srimahapho Prachinburi, Thailand	13	05/04/2011	172,223	Factory, Office Building & Warehouse	Freehold	6,453,839
H.S.(M) 17426 P.T.No. 8543 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	28	21/06/2017	174,240	Factory, Office Building & Warehouse	Leasehold (60 years) (08/10/2049)	9,126,754
H.S.(M) 17427 P.T.No. 8544 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	8	30/07/2015	152,460	Factory, Office Building & Warehouse	Leasehold (60 years) (24/03/2050)	14,554,859
H.S.(M) 18565 P.T.No. Plot 35 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	-	03/09/2014	121,968	Vacant Land	Leasehold (60 years) (12/09/2054)	542,588
H.S.(M) 23422 P.T.No 8545 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	3	04/05/2017	260,491	Factory, Office Building & Warehouse	Leasehold (60 years) (24/03/2050)	13,079,991
1-18-1 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	8	18/12/2014	1,132	Office	Leasehold (99 years) (02/04/2095)	713,633
1-12A-16 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	7	18/12/2014	459	Office	Leasehold (99 years) (02/04/2095)	300,625
1-12A-17 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	7	18/12/2014	459	Office	Leasehold (99 years) (02/04/2095)	300,625

Location	Age of Building	Date of Last Valuation	Area (sq. ft.)	Existing Use	Tenure	Net Book Value As at 30/06/2021 (RM)
1-10-1 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	5	27/06/2016	1,711	Office	Leasehold (99 years) (02/04/2095)	1,104,631
1-10-2 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	5	27/06/2016	915	Office	Leasehold (99 years) (02/04/2095)	612,206
1-10-7 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	5	27/06/2016	2,164	Office	Leasehold (99 years) (02/04/2095)	1,388,552
Plot 329(d) Batu Kawan Industrial Park Penang, Malaysia	-	18/11/2019	228,464	Vacant Land	Leasehold (60 years) Commencing from the date of issuance of the document of title	10,497,552

STATISTICS OF SHAREHOLDINGS

as at 6 October 2021

Total no. of issued share capital	:	379,317,139 Ordinary Shares (including 17,585,900 Treasury Shares)
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per Ordinary Share

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	119	2.29	5,080	0.00
100 – 1,000	672	12.91	500,848	0.13
1,001 – 10,000	2,347	45.09	13,081,441	3.45
10,001 – 100,000	1,686	32.39	56,502,148	14.90
100,001 – 18,965,855 (*)	381	7.32	309,227,622	81.52
18,965,856 and above (**)	-	-	-	-
TOTAL	**5,205**	**100.00**	**379,317,139**	**100.00**

* *Less than 5% of issued shares*
** *5% and above of issued shares*

DIRECTORS' SHAREHOLDINGS

	No. of Ordinary Shares Held			
Name	Direct Interest	%(#)	Indirect Interest	%(#)
Dato' Alex Kang Pang Kiang	14,997,500	4.15	21,683,900 (a)	5.99
Keh Chuan Seng	3,420,700	0.95	21,683,900 (a)	5.99
Ang Seng Wong	-	-	-	-
Lim Sze Yan	-	-	-	-
Lee Kean Teong	32,900	0.01	-	-

(a) *21,683,900 shares held through QYH Capital Sdn. Bhd.*
(#) *After netting off 17,585,900 treasury shares*

SUBSTANTIAL SHAREHOLDERS

	No. of Ordinary Shares Held			
Name	Direct Interest	%(#)	Indirect Interest	%(#)
Jubilee Industries Holdings Limited	37,606,424	10.40	-	-
Dato' Terence Tea Yeok Kian	1,000,000	0.28	37,606,424 (a)	10.40
Accrelist Limited	-	-	37,606,424 (a)	10.40
QYH Capital Sdn. Bhd.	21,683,900	5.99	-	-
Dato' Alex Kang Pang Kiang	14,997,500	4.15	21,683,900 (b)	5.99
Keh Chuan Seng	3,420,700	0.95	21,683,900 (b)	5.99

(a) *37,606,424 shares held through Jubilee Industries Holdings Limited*
(b) *21,683,900 shares held through QYH Capital Sdn. Bhd.*
(#) *After netting off 17,585,900 treasury shares*

30 Largest Shareholders as at 6 October 2021 (excluding Treasury Shares)
(Without aggregating securities from different securities accounts belonging to the same person)

NO.	NAMES	HOLDINGS	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEO CHING YUEN	16,272,800	4.4986
2	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JUBILEE INDUSTRIES HOLDINGS LTD	15,530,000	4.2932
3	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JUBILEE INDUSTRIES HOLDINGS LTD	15,247,500	4.2151
4	TAN PHAIK IMM	14,733,900	4.0732
5	XENIAN SDN. BHD.	13,490,600	3.7295
6	QYH CAPITAL SDN BHD	11,683,900	3.2300
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (DATO') (6000059)	11,182,500	3.0914
8	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QYH CAPITAL SDN BHD (MX3960)	10,000,000	2.7645
9	LEE PAK HOONG	9,445,272	2.6111
10	MEP ENVIRO TECHNOLOGY SDN. BHD.	8,067,000	2.2301
11	KENANGA NOMINEES (ASING) SDN BHD JUBILEE INDUSTRIES HOLDINGS LTD (023)	6,828,924	1.8878
12	LOW CHOON YEN	5,463,100	1.5103
13	LEE TEIK HEE	4,447,700	1.2296
14	KHOO SIEW WAH	4,296,300	1.1877
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (MY3922)	3,696,875	1.0220
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH PHAIK LIM (7010731)	3,614,200	0.9991
17	GREENWARD CHEMICAL ENGINEERING SDN. BHD.	3,078,300	0.8510
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG WEI YEE (MY4179)	2,900,000	0.8017
19	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEH CHUAN SENG (MP0474)	2,750,000	0.7602
20	GIAP SENG CAPITAL SDN. BHD.	2,665,892	0.7370
21	ONG JOO VOON	2,480,000	0.6856
22	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HOOI JIA HAO (MY4183)	2,460,200	0.6801
23	LOW SOOK MENG	2,329,597	0.6440
24	SEM GLOBAL SDN BHD	2,105,400	0.5820
25	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KHOR CHUAN MENG (M01)	2,000,000	0.5529
26	GIAP SENG CAPITAL SDN. BHD.	2,000,000	0.5529
27	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA CHIN KOON	1,900,000	0.5253
28	TAN ENG SHIN	1,898,900	0.5249
29	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN PENG NGUANG	1,744,400	0.4822
30	LIEW SIM MOO	1,732,000	0.4788
	TOTAL:	**186,045,260**	**51.4319**

STATISTICS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")
as at 6 October 2021

No. of RCPS	:	11,360,735
Exercise/Conversion price	:	RM0.95 of RCPS for 1 new Ordinary Share
Conversion ratio	:	1 RCPS for 1 new Ordinary Share
Coupon Rate	:	2% per annum payable annually
Maturity Date	:	12 October 2022

Size of Holdings	No. of Holders	%	No. of RCPS	%
1 – 99	82	11.71	3,783	0.03
100 – 1,000	146	20.86	87,487	0.77
1,001 – 10,000	362	51.72	1,282,606	11.29
10,001 – 100,000	100	14.29	2,698,062	23.75
100,001 – 568,035 (*)	5	0.71	919,000	8.09
568,036 and above (**)	5	0.71	6,369,797	56.07
TOTAL	**700**	**100.00**	**11,360,735**	**100.00**

* *Less than 5% of issued RCPS*
** *5% and above of issued RCPS*

DIRECTORS' RCPS HOLDINGS

	No. of RCPS Held			
Name	Direct Interest	%	Indirect Interest	%
Dato' Alex Kang Pang Kiang	2,603,300	22.91	21,300 [a]	0.19
Keh Chuan Seng	-	-	21,300 [a]	0.19
Ang Seng Wong	-	-	-	-
Lim Sze Yan	-	-	-	-
Lee Kean Teong	-	-	-	-

[a] *21,300 RCPS held through QYH Capital Sdn. Bhd.*

30 Largest RCPS Holders as at 6 October 2021
(Without aggregating securities from different securities accounts belonging to the same person)

NO.	NAMES	HOLDINGS	%
1	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (DATO') (6000059)	2,540,300	22.3603
2	SIM MUI KHEE	1,102,000	9.7001
3	LOW SUAN KONG	936,900	8.2468
4	GIAP SENG CAPITAL SDN. BHD.	933,178	8.2141
5	CHUA ENG KIAT	857,419	7.5472
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING MING	300,000	2.6407
7	MARIAM PARINEH	250,000	2.2006
8	NG LING CHONG	150,000	1.3203
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA KHAI HUAN (820072)	110,000	0.9682
10	SU MING YAW	109,000	0.9594
11	TAI KEIK HOCK	100,000	0.8802
12	TEOH SIAM YEONG	88,200	0.7764
13	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI CHIE KING	82,500	0.7262
14	SOW TIAP	80,000	0.7042
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHOON TIONG (E-KKU/LDO)	77,500	0.6822
16	NG BOO KEAN @ NG BEH KIAN	62,700	0.5519
17	LOW TEK LEM	60,000	0.5281
18	PHUAN WE PING	53,800	0.4736
19	YEOH CHIN HOCK	53,562	0.4715
20	SOO NGIK GEE @ SOO YEH JOO	50,000	0.4401
21	PANG CHONG YEN	48,100	0.4234
22	CHEAH LAM MOOI	47,825	0.4210
23	TEE JEN TONG	41,000	0.3609
24	KOH HUEH CHAI	40,000	0.3521
25	ZAINUL ABIDEEN BIN FAZLE ABBAS	40,000	0.3521
26	GAN TECK SIEW	39,600	0.3486
27	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (MY3922)	39,375	0.3466
28	LIEW SIM MOO	37,700	0.3318
29	LOH POAY KHOON	37,700	0.3318
30	LIAW PAW CHING	35,000	0.3081
		8,403,359	**73.9684**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting ("AGM") of shareholders of EG Industries Berhad ("EG" or "the Company") will be conducted on a fully virtual basis via online meeting platform at www.agriteum.com.my on Tuesday, 30 November 2021 at 11:30 a.m. to transact the following business :

As Ordinary Business:

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

2. To approve the Directors' Fees and benefits payable up to an aggregate amount of RM220,000 payable to the Directors for the period commencing this AGM through to the next AGM of the Company in 2022 and further, to authorise the Directors to apportion the fees and make payment in the manner as the Directors may determine. — Ordinary Resolution 1

3. To re-elect Mr. Lee Kean Teong who retires in accordance with Clause 99 of the Company's Constitution. — Ordinary Resolution 2

4. To re-elect Mr. Keh Chuan Seng who retires in accordance with Clause 105 of the Company's Constitution. — Ordinary Resolution 3

5. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. — Ordinary Resolution 4

AS SPECIAL BUSINESS, to consider and if thought fit, to pass with or without any modification, the following Resolutions :-

6. **Retention of Senior Independent Non-Executive Director** — Ordinary Resolution 5

   "THAT Mr. Ang Seng Wong be hereby retained as Senior Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance until the conclusion of the next AGM."

7. **Retention of Independent Non-Executive Director** — Ordinary Resolution 6

   "THAT Mr. Lim Sze Yan be hereby retained as Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance until the conclusion of the next AGM."

8. **Power to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** — Ordinary Resolution 7

   "THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to issue and allot shares in the Company to such persons, at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being."

9. **Proposed Renewal of Authority to Buy Back Its Own Shares by the Company** Ordinary Resolution 8

"THAT subject always to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares in the Company's total number of issued shares through the Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject to the following:-

i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being ("EG Shares");

ii) the amount of fund to be allocated by the Company for the purpose of purchasing the EG Shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable);

iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:

a) the conclusion of the next AGM of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
b) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Main Market Listing Requirements of the Bursa Securities or any other relevant authorities;

iv) upon completion of the purchase(s) of the EG Shares by the Company, the Directors of the Company be hereby authorised to deal with the EG Shares in the following manner:

a) to cancel the EG Shares so purchased; or

b) to retain the EG Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; or

c) to retain part of the EG Shares so purchased as treasury shares and cancel the remainder; or

d) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such actions and steps as are necessary or expedient to implement or to effect the purchase of EG shares."

10. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions between the Company and/or its Subsidiaries** Ordinary Resolution 9

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and/or its subsidiaries ("EG Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in the Circular to Shareholders dated 29 October 2021 which transactions are necessary for the day-to-day operations in the ordinary course of business of EG Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

AND THAT, such approval, shall continue to be in force until:

(a) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is earlier.

FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Shareholders' Mandate."

11. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution.

By Order of the Board

ONG TZE-EN (MAICSA 7026537) (SSM PC NO. 202008003397)
LAU YOKE LENG (MAICSA 7034778) (SSM PC NO. 202008003368)
Joint Company Secretaries

Penang, 29 October 2021

Notes on proxy and voting:

1. A proxy may but need not be a member of the Company.

2. For a proxy to be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting 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).

3. A member entitled to attend and vote is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Notes on proxy and voting: (Cont'd)

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

6. If the appointer is a corporation, the Proxy Form must be executed under the corporation's common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.

7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 22 November 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.

Explanatory Notes on Ordinary Business:

1. The Ordinary Resolution 1, is to seek shareholders' approval on the Directors' Fees and benefits payable to the Directors which had been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognises that the Fees and benefits payable is in the best interest of the Company. It will also authorised payment to be made by the Company on a monthly basis and/or as and when incurred. The Board is of the view that it is fair and equitable for the Directors to be paid on a monthly basis and/or as and when incurred particularly after they have discharged their responsibilities and rendered their services to the Company. The benefits payable comprise of meeting and Board Committee allowances. This approval shall continue to be in force until the conclusion of the next AGM of the Company. Please refer the Corporate Governance Overview Statement for details of the fees and benefits payable for the Directors.

Explanatory Notes on Special Business:

2. Ordinary Resolutions 5 and 6 pursuant to retention of Mr. Ang Seng Wong ("Mr. Ang") and Mr. Lim Sze Yan ("Mr. Lim") as the Senior Independent Non-Executive Director ("Senior INED") and Independent Non-Executive Director ("INED") of the Company respectively.

   Mr. Ang and Mr. Lim were appointed as the INEDs on 30 January 2009 and 28 February 2012 respectively. They have served the Company as the INEDs for more than nine (9) years as at the date of the notice of the Thirtieth AGM.

   The Nomination Committee has assessed the independence of Mr. Ang and Mr. Lim and noted that they meet the independence guidelines as set out in Chapter 1 and Practice Note 13 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They have demonstrated complete independence in character and judgement. They have performed their duties diligently and have remained objective and independent in expressing their views during deliberation and decision-making of the Board and the Board Committees. Their judgment is not clouded by familiarity.

   The Board, therefore, considers Mr. Ang and Mr. Lim to be independent and recommends them to remain as Senior INED and INED of the Company respectively.

3. The Proposed Ordinary Resolution 7, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares/total number of voting shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next AGM.

   As at the date of this Notice, the Company had fully utilised the mandate, granted to the Directors at the last AGM held on 27 November 2020, upon the allotment and listing of 32,075,100 new ordinary shares at an issue price of RM0.4765 per ordinary share on 5 January 2021.

   The renewal of the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

4. The Proposed Ordinary Resolution 8, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 37,931,713 shares representing 10% of the total number of issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

Explanatory Notes on Special Business: (Cont'd)

5. The Proposed Ordinary Resolution 9, if passed, will approve the Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions and allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Chapter 10 of the Listing Requirements of the Bursa Securities. This approval shall continue to be in force until the conclusion of the next AGM or the expiration of the period within which the next AGM is required by the law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

Statement of Accompanying Notice of Annual General Meeting
(Pursuant to Paragraph 8.27(2) of the Listing Requirements)

No individual is standing for election as a Director at the forthcoming AGM of the Company.

IMPORTANT NOTICE:-

In view of the outbreak of COVID-19 which is now a global pandemic, the Company has in place rules and control for the AGM in order to safeguard the health of attendees at the AGM. You are requested to read and adhere to the Administrative Guide issued which is sent together with this Notice of AGM and published on the Company's website at www.eg.com.my. Members are also reminded to monitor the Company's website and announcements from time to time for any changes to the AGM's arrangement.

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EG Industries Berhad
Registration No. 199101012585 (222897-W)
(Incorporated in Malaysia)

PROXY FORM

No of ordinary shares held	
CDS Account No.	

I/We ____
(FULL NAME IN BLOCK LETTERS, NRIC/PASSPORT/COMPANY NO.)

of____
(FULL ADDRESS IN BLOCK LETTERS AND CONTACT NUMBER)

being a *member/members of EG Industries Berhad ("**Company**"), hereby appoint(s):-

Full Name (in Block Letters)	Email address and Mobile No.	NRIC/ Passport No.	No. of Shares	% of Shareholding

* and/or

Full Name (in Block Letters)	Email address and Mobile No.	NRIC/ Passport No.	No. of Shares	% of Shareholding

or failing him/her, the Chairman of the Thirtieth Annual General Meeting ("**30th AGM**"), as *my/our proxy to vote for *me/us and on *my/our behalf at the 30th AGM of the Company to be conducted on a fully virtual basis via online meeting platform at www.agriteum.com.my on Tuesday, 30 November 2021 at 11:30 am, or at any adjournment thereof.

*My/our proxy is to vote on the ordinary resolutions as indicated by an "X" in the appropriate spaces below. If this Proxy Form is returned without any indications as to how the proxy shall vote, *my/our proxy shall vote or abstain as he/she thinks fit.

	ORDINARY RESOLUTIONS								
	1	2	3	4	5	6	7	8	9
FOR									
AGAINST									

* Strike out whichever is not desired.

Signed this ____________day of ____________2021

____
Signature of Shareholder(s)/Common Seal

Notes on proxy and voting:

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting 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).
3. A member entitled to attend and vote is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. If the appointer is a corporation, the Proxy Form must be executed under the corporation's common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 22 November 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.

Personal Data Privacy

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 AGM, and any adjournment thereof.

IMPORTANT NOTICE:-

In view of the outbreak of COVID-19 which is now a global pandemic, the Company has in place rules and control for the AGM in order to safeguard the health of attendees at the AGM. You are requested to read and adhere to the Administrative Guide issued which is sent together with this Notice of AGM and published on the Company's website at www.eg.com.my. Members are also reminded to monitor the Company's website and announcements from time to time for any changes to the AGM's arrangement.

Please fold across the line and close

Stamp

To: The Company Secretaries
EG Industries Berhad
Registration No. 199101012585 (222897-W)
Registered Office
170-09-01, Livingston Tower
Jalan Argyll, 10050 George Town
Pulau Pinang

Please fold across the line and close

EG INDUSTRIES BERHAD
REGISTRATION NO. 199101012585 (222897-W)

ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL 30TH AGM

Day and Date	Tuesday, 30 November 2021
Time	11:30 am
Online Meeting Platform	www.agriteum.com.my

RPV FACILITY

Shareholder(s)/proxy(ies)/corporate representative(s)/attorney(s) are to participate, communicate and vote (collectively, "**participate**") remotely at the 30th AGM using RPV provided by *AGRITEUM* via its website at www.agriteum.com.my ("***AGRITEUM* Portal**").

If you wish to submit your questions via the *AGRITEUM* Portal, you must first register as a user at the *AGRITEUM* Portal. Thereafter, you may select <<My Virtual Meeting>> under the Main Menu and click on the Q&A icon to post your question(s).

Shareholder(s) may submit questions in real time via Q&A icon through typed texts during the 30th AGM. Shareholder(s) may also submit questions to the Board prior to the 30th AGM via the Q&A icon in the *AGRITEUM* Portal from 12:00 noon on 23 November 2021 up to 11:00 am on 30 November 2021. If there is time constraint in answering the questions during the 30th AGM, the questions will be answered through email.

PROCEDURES FOR RPV FACILITY

Shareholder(s)/proxy(ies)/corporate representative(s)/attorney(s) who wish to participate in the 30th AGM remotely using the RPV Facility are to follow the requirements and procedures as summarised below:

Procedures	Action
Before the day of 30th AGM	
(i) Register as a user (only applicable to individual)	• Access AGRITEUM Portal at www.agriteum.com.my. • Click <<Login/Register>> followed by <<Register New User>> to register as a new user. • Complete the registration by filling up the information required and upload a clear copy of your **MyKAD** (both front and back page) or **Passport**. • Read and agree to the terms & conditions and thereafter submit your registration. • Please enter a valid email address in order for you to receive the verification email from the *AGRITEUM* Portal. • Please verify your email address before the link expires in one **(1) hour** from the time of your registration. • Your registration will be verified and approved by the *AGRITEUM* Portal. Once approved, an email notification will be sent to you.
(ii) Submit your question(s)	• You may pre-submit your questions using the *AGRITEUM* Portal from 12:00 noon on 23 November 2021 up to 11:00 am on 30 November 2021.
On the day of 30th AGM	
(iii) Login to *AGRITEUM* Portal at www.agriteum.com.my	• Login with your user ID and password for remote participation at the 30th AGM at any time from 11:00 am i.e. 30 minutes before the commencement of the 30th AGM on Tuesday, 30 November 2021 at 11:30 am. • If you have forgotten your password, you can reset it by clicking on <<Forgot Password>>.
(iv) Participate through Live Streaming	• Select the <<Virtual Meeting>> from main menu. • Click <<Join Meeting>> in order to join the live streaming of the 30th AGM. • If you have any question(s) during the 30th AGM, you may use the Q&A icon in ZOOM Cloud Meetings App to submit your question(s). The Chairman of the 30th AGM ("**Chairman**")/ Board/Management will try to respond to all relevant questions submitted during the 30th AGM. If there is time constraint in answering the questions during the 30th AGM, the responses will be answered through email. • If you are using a smartphone to participate in the 30th AGM, please download ZOOM Cloud Meetings App before the 30th AGM. • Please take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.
(v) Online remote voting	• Please select the <<Voting>> option located next to <<Join Meeting>> to indicate your votes for the resolutions that are tabled for voting. • Voting session will commence once the Chairman declares that the voting platform is activated. The voting session will end upon declaration by the Chairman. • Please cast your vote on all resolutions as appeared on the screen and submit your votes. Once submitted, your votes will be final and cannot be changed.
(vi) End of RPV Facility	• The RPV Facility will end and the Q&A icon will be disabled the moment the Chairman announces the closure of the 30th AGM.

ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL 30TH AGM

Notes to users of the RPV Facility:

(a) Should your registration as user be approved, we will make available to you the rights to join the live-streamed 30th AGM and to vote remotely using the RPV Facility. Your login to the *AGRITEUM* Portal on the day of the 30th AGM will indicate your presence at the 30th AGM.

(b) If you encounter any issue with your online registration at the *AGRITEUM* Portal, please call +604-228 2321 or email to agriteumsrs@gmail.com for assistance.

No Recording or Photography

Unauthorised recording and photography are strictly prohibited at the 30th AGM.

RECORD OF DEPOSITORS ("ROD") FOR THE 30th AGM

Only shareholders whose names appear on the ROD as at 22 November 2021 shall be entitled to participate or appoint proxy(ies) to participate at the 30th AGM via the RPV Facility.

PROXY

1. The 30th AGM will be conducted on a fully virtual basis. If you are unable to participate the 30th AGM, you may appoint the Chairman as proxy and indicate the voting instructions in the Proxy Form.
2. If you wish to appoint proxy(ies) to participate in the 30th AGM using the RPV Facility, the Proxy Form **must be completed and deposited** at the Registered Office of the Company at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia not less than forty-eight (48) hours before the time fixed for holding the 30th AGM. Otherwise the Proxy Form shall be treated as invalid. Please refer to the Proxy Form for the details.
3. Shareholder(s) who have appointed a proxy(ies)/authorised representative(s)/attorney(s) to participate at the 30th AGM via the RPV Facility must ensure that his/her proxy(ies)/authorised representative(s)/attorney(s) register himself/herself at the *AGRITEUM* Portal prior to the 30th AGM.

REVOCATION OF PROXY

If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in the 30th AGM by yourself, please write in to *AGRITEUM* not less than forty-eight (48) hours before the time fixed for holding the 30th AGM to revoke the earlier appointed proxy.

POLL VOTING

1. All resolutions set out in the Notice of the 30th AGM shall be put to vote by way of a poll pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The Company has appointed *AGRITEUM* as Poll Administrator to conduct the poll by way of electronic means and Symphony Merchant Sdn. Bhd. as Independent Scrutineers to verify the poll results.
2. Upon completion of the voting session, the Independent Scrutineers will verify the poll results followed by the declaration of results by the Chairman.

Please note that it is your responsibility to ensure the stability of your internet connectivity throughout the 30th AGM as the quality of the live webcast and online remote voting are dependent on your internet bandwidth and stability of your internet connection.

RESULTS OF THE VOTING

The results of the voting for all resolutions will be announced at the 30th AGM and on Bursa Securities website at www.bursamalaysia.com.

NO DOOR GIFT

There will be no door gift to be provided for participation at the 30th AGM.

ENQUIRY

If you have any enquiry relating to the 30th AGM, please contact any of the following persons during office hours from 9:00 am to 5:00 pm on Monday to Friday:

AGRITEUM Share Registration Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah,
10050 George Town, Pulau Pinang, Malaysia
Tel : 604-228 2321
Fax : 604-227 2391
Email : agriteumsrs@gmail.com
Contact persons : Ms HY Ng or Ms LP Chin

PERSONAL DATA PRIVACY

By lodging and subscribe for a user account with *AGRITEUM* Portal to participate and vote remotely at the 30th AGM using the RPV Facility, the shareholder(s)/proxy(ies)/corporate representative(s)/attorney(s) accepts and agrees to the personal data privacy terms.

EG INDUSTRIES BERHAD 199101012585 (222897-W)
Plot 102, Jalan 4, Bakar Arang Industrial Estate,
08000 Sungai Petani, Kedah, Malaysia.
Tel : +(604) 422 9881
Fax : +(604) 422 9885
Email : eg@eg.com.my

www.eg.com.my