EG INDUSTRIES BERHAD
199101012585 (222897-W)

RESET

RECHARGE

REFOCUS

REGAIN

Annual Report 2022

Contents

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For over 30 years, EG Industries Berhad ("EG" or "the Company") has established a strong portfolio of experience as a leading Electronics Manufacturing Services ("EMS") and Vertical Integration ("VI+") provider, counting numerous global consumer electronics giants, visionary developers and brand owners among our esteemed clientele.

Our identity as one of the world's top 50 EMS players underscores our unparalleled competencies encompassing crucial pre-production processes of Research and Development and design innovation, sufficient production capacity at high-efficiency, as well as complete box-build to include logistics and delivery. This underscores our high value proposition to customers.

Even against the vagaries of challenging industry dynamics globally, we at EG recognise that our growth story is not a sprint, but a marathon. **Excellence is the goal. Endurance is the game.**

Therefore, we are training our sights to reset, recharge and refocus our resources once more, and to regain our rightful position in the international arena.

OUR MILESTONES

MARCHING TOWARDS OUR EG SMART CITY

Though faced by unavoidable and tough challenges on a global scale, EG stayed on course towards our long-term vision of establishing our EG Smart City.

Backed by the foundation of our Industrial 4.0-focused Smart Manufacturing Center that showcases smart robotic arms and intelligence manufacturing system amongst other features, we have progressed to incorporate the Internet of Things ("IoT") within our Technology Roadmap to bring us a step closer to our goal.

And our spirit of excellence burned bright, evidenced by awards garnered in the year, such as one of the World's Top 50 EMS providers in 2021, and the Asia Pacific Enterprise Award ("APEA") 2022 for Corporate Excellence.

While marching towards our objectives, we are also building the people pillar to realise the company's advancement. With the right mind-set, tenacity and environment to accomplish bigger and better things, the future is surely ours.

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.: 202008003397

Lau Yoke Leng [MAICSA 7034778]
SSM PC NO.: 202008003368

REGISTERED OFFICE

170-09-01 Livingston Tower
Jalan Argyll
10050 George Town, Penang
Tel : 04 - 229 4390
Fax : 04 - 226 5860

SHARE REGISTRAR

AGRITEUM SHARE REGISTRATION SERVICES SDN. BHD.
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 George Town, Penang
Tel : 04 - 228 2321
Fax : 04 - 227 2391

AUDITORS

UHY (AF 1411)
Chartered Accountants

BANKERS

Al Rajhi Banking and Investment Corporation (Malaysia) Berhad
AmBank Islamic Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
HSBC Bank Malaysia Berhad
Kasikornbank Public Company Limited (Thailand)
OCBC Bank (Malaysia) Berhad
OCBC Al-Amin Bank Berhad
Public Bank Berhad
TMBThanachart 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 Market of Bursa Malaysia Securities Berhad

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

Provision of electronics manufacturing services for computer peripherals, 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 electronics 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

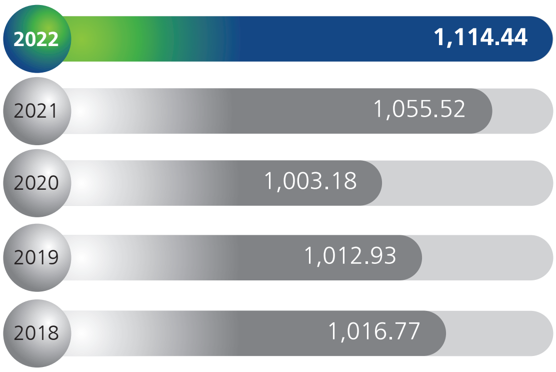
97.30% **MASTIMBER INDUSTRIES SDN. BHD.** 199701002942 [418438-V]

Dormant

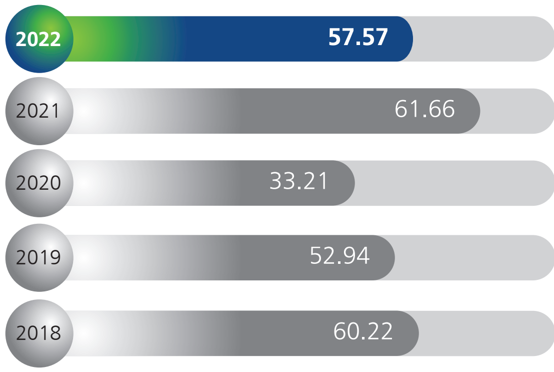
GROUP FINANCIAL HIGHLIGHTS

Year ended June 30 Amount in RM'million	2018	2019	2020	2021	2022
Revenue	1,016.77	1,012.93	1,003.18	1,055.52	**1,114.44**
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	60.22	52.94	33.21	61.66	**57.57**
Profit/(Loss) Before Tax	18.94	13.10	(12.81)	14.20	**10.76**
Profit/(Loss) Attributable to the Owners of the Company	18.48	12.58	(13.61)	13.97	**10.82**
Shareholders' Funds	322.20	331.80	323.05	364.85	**385.46**
Basic earnings/(loss) per ordinary share (sen)	6.96	4.78	(5.29)	4.12	**2.75**
Net assets per ordinary share (RM)	1.21	1.31	1.25	1.01	**0.97**

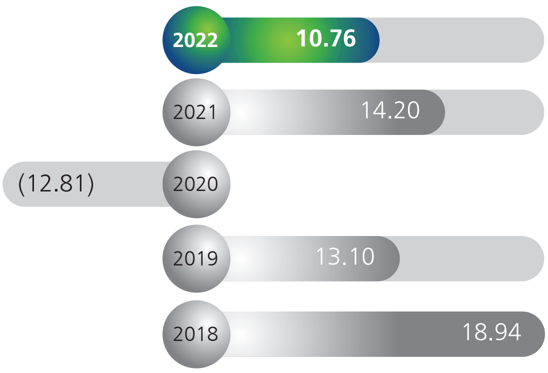
Revenue (RM'million)



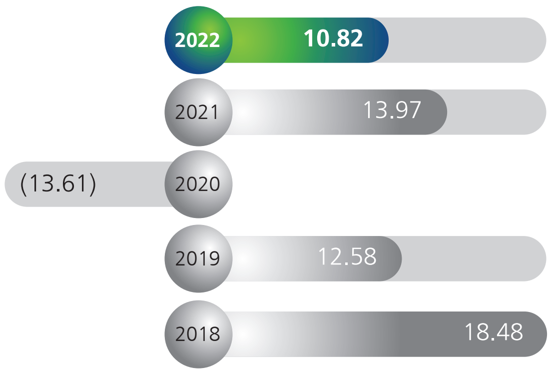
EBITDA (RM' million)



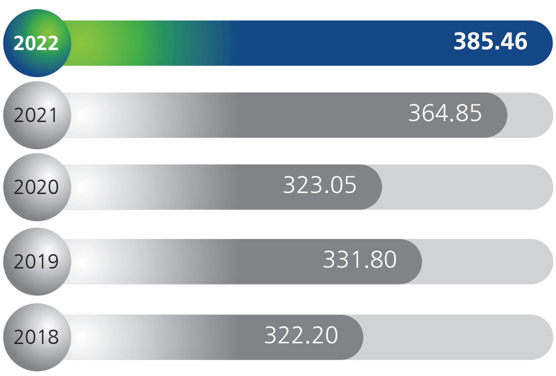
Profit/(Loss) Before Tax (RM' million)



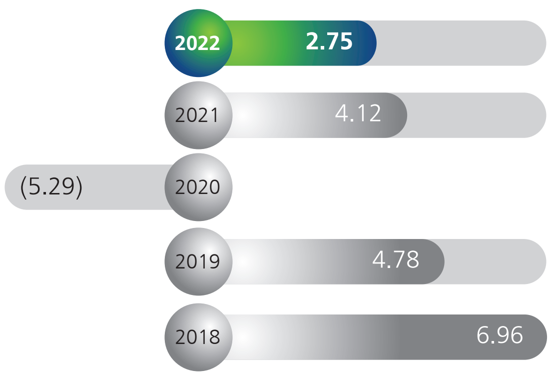
Profit/(Loss) Attributable to the Owners of the Company (RM' million)



Shareholders' Funds (RM' million)



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



MANAGEMENT DISCUSSION AND ANALYSIS

The EMS industry continued to be wrought by protracted disruption in the global supply chain induced by COVID-19, which was further exacerbated by inflationary pressures in the aftermath of the Russia-Ukraine war.

It would not be remiss to state that the ongoing tumult certainly tested the mettle of the Group, but I am heartened that we persevered under the difficult circumstances to remain resilient in the financial year ended 30 June 2022 (“FY2022”). Chiefly, we sustained our Billion Ringgit revenue and remained firmly in the black this year, on top of delighting our existing and potential customers, and safeguarding our EG team.

On that note, we are pleased to present to you the annual report and audited financial statements for FY2022.

BUSINESS AND OPERATIONS

EG, a leading EMS and VI+ Provider, is one of the Top 50 EMS providers in 2021, cementing our reputation as a manufacturer and technological partner for several crucial industries including consumer electronics, ICT, medical, automotive and telecommunications. Our customer base of globally-renowned clients and brands attest to the international standards that we deliver.

The Group’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's four wholly-owned subsidiaries (excluding dormant companies) are 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 industries in its manufacturing facility in Sungai Petani, Malaysia
2)	SMT Industries Co., Ltd.	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.	Manufacturing of electronic and electrical products, wholesale of computer hardware, software and peripherals

SECTOR REVIEW

The EMS industry, valued at USD504.2 billion in 2022, grew by 5.7% from the pandemic-hit 2021 on higher sales for notebooks, consumer electronics, internet and cloud servers. With rising healthcare, automotive and industrial applications, the global EMS sector is projected to grow by 6.8% on compounded annual basis to reach USD797.9 billion by 2029.

Even so, the path forward for export-focused EMS partners like us may be weighed down by unrelenting challenges in the macro-environment, including the prolonged global shortage of key components, rising inflation rate, continued labour shortage and the weakening of Ringgit Malaysia (“MYR”) against US Dollar (“USD”).

SECTOR REVIEW (CONT'D)

Share Performance (1 July 2021 to 30 June 2022)

Year High	Year Low	Year Close	Trading Volume	Market Capitalisation as at 30 June 2022
RM0.740	**RM0.485**	**RM0.505**	**517.2 million shares**	**RM210.6 million**

OPERATIONAL HIGHLIGHTS

- ***Embarking on Smart 4.0 manufacturing facility***

  I am pleased to report that EG made great strides in our Smart City vision, despite the obvious challenges in the overall environment.

  Soon after equipping our first fully-automated plant in Sungai Petani, we are kick-starting the construction of the second fully-automated facility in Batu Kawan, Penang, with an allocated capital expenditure ("CAPEX") of RM180.0 million for building construction and machineries. The new plant will enhance our overall operations, allocate resources more efficiently, and establish an advanced supply chain network.

  Upon the factory's completion in 2023, we will see an increase in total production space from 55,000 sq m to 80,000 sq m, with an expanded production capacity of about 30%.

- ***5G Manufacturing Segment***

  The Group ventured into 5G module manufacturing to support a US-based customer: firstly, by producing 5G routers on box-build basis, and secondly, by providing upstream components for 5G optical module transceiver using photonics and semiconductor technologies. We are proud to become their support partner in South East Asia and reinforce our market leadership in providing high-value next-generation EMS services.

  With the successful commencement of trial production in March 2022, the Group is earmarking total CAPEX of RM40 million for the committed duration of the project.

- ***MMI Top 50 EMS Provider and APEA 2022***

  We are proud to state that SMTT is ranked 48th in the list of Manufacturing Market Insider ("MMI") Top 50 EMS Providers in 2021. Being counted amongst the crème de la crème of EMS providers globally is a testament to our continuous work of exceeding customer expectations, adopting new technologies, and striving to emerge as one of the best EMS players in the world.

  On 27 May 2022, SMTT has also been awarded with a **Corporate Excellence Award** under the Electrical & Electronics Industry of the prestigious Asia Pacific Enterprise Awards ("APEA") 2022. This award is in recognition of the Group's outstanding track records, perseverance and growth in the business.

- ***COVID-19 vaccination booster drive***

  The Group's stance of prioritising our team's safety and welfare undergirded our participation in the PIKAS programme, where our workforce was duly vaccinated and enabled EG to achieve a 100% rate during the year. This swift action assisted EG in regaining our operations momentum in line with the Government's gradual economic reopening.

  Our goal remains to optimise operations at our manufacturing facilities to meet the customers' needs and demands with minimal interruptions, while practising stringent SOPs to safeguard all our employees.

FINANCIAL REVIEW

Notwithstanding the tough global macro environment, EG maintained revenue exceeding the RM1 billion mark in FY2022, aided by higher sales of electrical and consumer products.

Group revenue improved 5.6% to RM1,1144.4 million in FY2022 compared to RM1,055.5 million in the previous year. With less-favourable product sales mix, weaker MYR against USD and increased labour cost due to higher minimum wages from 1 May 2022, net profit attributable to shareholders reduced to RM10.8 million in FY2022 from RM14.0 million a year ago.

Still, our financial position remained firm. The larger working capital outlay required to sustain our operations resulted in cash and cash equivalents and fixed deposits with licensed banks reduced from RM15.1 million in end-June 2021 to RM10.7 million as at 30 June 2022.

Total borrowings for our expansion plans increased to RM285.6 million as compared to RM220.1 million previously. This similarly pushed total liabilities to reach RM612.3 million in end-FY2022 from RM562.3 million in the prior year.

Shareholders' equity improved to RM385.5 million as at 30 June 2022 from RM364.8 million previously, resulting from the private placement exercise as well as an expanded base of reserves.

Taking all factors into consideration and under the difficult environment, EG net gearing rose to 0.72 times in FY2022 from 0.58 times a year ago.

DIVIDEND

In light of the constant CAPEX to sufficiently prepare EG for the next phase of growth, the Board has adopted a prudent stance in dividend distribution and will continue reinvesting our earnings into expansion plans to strengthen the path going forward.

We envisage that this approach would be in favour of strengthening our current position to build long-term and sustainable operations, to derive increased and widespread benefits for all stakeholders in the future.

ANTICIPATED OR KNOWN RISKS

Being an established EMS provider, we are subjected to several risks from operating be it on a macro or micro level. Among the key potential risks and uncertainties that could have a material adverse effect on the business, financial condition and the Group's operation results are as follows:

- ***Exchange rate fluctuations***

  As EG supports international customers' orders and has foreign-based business operations, our bank borrowings are denominated in foreign currencies such as USD and Thai Bhat ("THB"). Should the value of USD or THB appreciate, or MYR depreciate, there could potentially be a negative effect on the Group. Nonetheless, the risk would be mitigated via natural hedge as our sales is primarily for export market which is denominated in USD.

- ***Availability of raw materials***

  The shortage of raw materials such as key electrical components has continued to persist. We have taken steps to stock up the required materials to mitigate risk of components shortages and worked closely with suppliers to secure the necessary material to fulfil market demand.

- ***Labour cost and availability***

  For EG, the dependence on foreign labour is minimised as our workforce is mainly build upon local communities, making up about 70% of our total workforce. This is an effort by the Group in landing a hand to provide a source of income for families in the vicinity of Sungai Petani, Kedah.

  Still, the upward revision in minimum wages from RM1,200 to RM1,500 per month effective from May 2022 had resulted in approximately 20% increase in total labour cost, potentially exerting pressure on overall profitability. Cognisant of these factors, the Group has greater urgency to adopt a higher degree of automation to optimise cost-efficiency, improve yields and enhance productivity for the long-term.

BUSINESS OUTLOOK AND PROSPECTS

While mindful of the constant challenges, we at EG has proven our tenacity in striving towards accomplishing our long-term purpose for the continued sustainability of the Group. Our commendable achievements even in a wrought-filled FY2022 certainly bode well for the years ahead.

In reaching our goal of establishing a Smart City, we will march forward in our Smart Technology Roadmap, and build our Batu Kawan facility to complement our larger objectives.

Also, we shall enhance our efficiency especially in implementing factory automation to improve overall cost-efficiency, quality and reduce reliance on labour. At the same time, we shall continue exploring new business opportunities including venturing into the production of 5G related products and components for our existing and new customers globally.

Last but not least, we shall capitalise on our strongpoints to continue on our innovation and technological advancement journey to support our customers. Our R&D activities will hone our competitive advantage and will place ourselves on a growth trajectory in the future.

All said, the future beckons. We are ready to capture the vast opportunities.

APPRECIATION

I would like to extend my appreciation to the Board, management team and employees for your continuous commitment for the betterment of the company. I would also like to thank our valued shareholders, customers, suppliers, business associates and financiers for your trust in our capabilities.

With your continued support, I am confident that EG will continue to stake our claim as one of the foremost EMS players in the world.

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

DIRECTORS' PROFILE

KEH CHUAN SENG
Non-Independent Non-Executive Director and Chairman

Age	|	51
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
4

Working Experience

Mr. Keh Chuan Seng began his career in the real estate development sector in Japan from 1991 to 2005. He has a wealth of knowledge in the local and international real estate, hospitality, agricultural, asset investment, and financing industries during his 14 years in Japan. Because of his extensive experience, Mr. Keh has been able to offer invaluable suggestions and ideas, making him the ideal person to lead the Board to a new level.

As the Executive Chairman of the Frazel Group of Companies, he excels at strategising housing construction projects, and this is mainly attributable to his planning skills. Mr. Keh entered the property development business in Kedah as well as Sadao, a district in Songkhla Province in southern Thailand, in 2010. His diverse experience includes the F&B businesses in Japan, as well as the niche bird nest trading and evergreen fisheries industries in Malaysia.

Mr. Keh has been appointed as a Non-Independent Non-Executive Chairman of HB Global Limited, a company listed on the Bursa Malaysia Securities Berhad, attributed to his entrepreneurial vision and strategic leadership qualities.

Mr. Keh is also currently the Committee Member of Kedah Chinese Chamber of Commerce and Industry, through which he has established a strong commercial network in China. His vast expertise in management and production, as well as his multinational professional networks, have been crucial in enabling the Group's consistent growth.

DATO' ALEX KANG PANG KIANG
Group Chief Executive Officer/
Executive Director

Age | 50
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
- 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 of EG, has a double degrees educational background 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.

Dato' Alex plays a leading role on the Group's overall planning and operations since he took over the company 8 years ago, on 18th July 2014. With his visionary leadership insight expertising in financial management, planning, corporate restructuring exercises, risk management and investor relations for more than 20 years, he plays an essential role in formulating and providing solutions for EG Group's strategic positioning and business expansion.

For his exceptional entrepreneurship and dedication, 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, he was conferred the title of Dato' in 2018 in appreciation of his dedication to the business and social communities. Subsequently in year 2019, Persatuan Kebajikan Keluarga Bekas Polis dan Tentera ("POLTERA") had also appointed Dato' Alex as an honorable POLTERA life V.I.P to honor and recognised the remarkable value on his kind support, cooperation and contribution towards POLTERA's accomplishment.

Dato' Alex is a distinguished "Adjunct Professor" at AIMST University in 2020, where he will impart his businesses and industry knowledge to our next generation. Recently, he was also appointed as the Honorary Advisor of Malaysia-China Chamber of Commerce ("MCCC") for the year 2022-2025 in recognition for his rich expertise and experiences 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.

In addition he was appointed as Honorary Advisor of Kelab Rekreasi Pekerja dan Pedagang Cina Negeri Pulau Pinang in September 2022.

ANG SENG WONG
Senior Independent Non-Executive Director

Age	60
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
- Independent Non-Executive Director of CPE Technology 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	|	45
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 Certified Practising Accountant ("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 profession as an audit assistant at Tay and Associate from 2001 to 2003. He subsequently transitioned to the business environment by joining Aim Strong Industries Sdn. Bhd., where he served in several positions with increasing responsibilities before becoming the 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 | 63
Gender | Male
Nationality | Malaysian

Qualifications
- Chartered Accountant of Malaysian Institute of Certified Public Accountants ("MICPA")
- 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
- Independent Non-Executive Director of 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
5

Working Experience

Mr. Lee Kean Teong served KPMG Malaysia for over 35 years and was a Partner with KPMG until his retirement on 31 December 2014.

Throughout his tenure, he has obtained extensive knowledge in auditing and management consulting. He was an engagement partner for a broad range of companies, including public listed corporations and multinationals in various industries, mainly manufacturing, property development, construction, hospitality, stock broking and finance.

CORPORATE KEY MANAGEMENT PROFILE

LOW JOO HIANG
Supply Chain Management ("SCM") Senior Director

Age | 53
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 1996 with over 25 years of expertise 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 presently in charge of the organization's overall Supply Chain Management, which includes sourcing, purchasing, material control and logistics operations.

TAI CHEE SEONG
Information Technology ("IT") Senior Director

Age | 57
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 IT Director and IT Senior Director in June 2019 and January 2022 respectively.

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 IT and Smart Manufacturing function.

JOHNNY KHONG HONG WAI
Business Development ("BD") Senior Director

Age | 56
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. He was appointed as BD Director and BD Senior Director in July 2018 and January 2022 respectively.

Before joining the Group, he began his career in electronics components manufacturing in 1993 and earned electronics distribution experience while working with one of the World's Top 3 Components Distribution Company.

He is currently leading the Group Business Development Department's operations, driving the team to achieve the Group's objectives while also strengthening the Group's performance.

Notes:

None of the corporate key management personnel has any directorship in public companies and listed issuers, nor has any family relationship with any Director and/or Major Shareholder of the Company, nor any conflict of interest with the Company. They have not been convicted any offences within the past 5 years other than traffic offences, if any.

ABOUT THIS STATEMENT

EG is a leading EMS and VI+ provider for world-renowned brand names of electrical and electronic products for industries spanning consumer electronics, ICT, medical, automotive to telecommunications. As a Top 50 EMS player, EG's Board of Directors ("Board") acknowledges the importance of creating a shared value for its customers, shareholders, business associates and the Company.

EG presents this Sustainability Statement ("Statement") which shows their commitment in doing business responsibly amid challenging market and business environment. This Statement also discloses the sustainability performance of EG and its subsidiaries ("EG Group" or the "Group") during the FY2022, unless otherwise stated.

SCOPE AND BOUNDARY OF REPORTING

This Statement incorporates the Group's sustainability initiatives and performance for FY2022 and forms part of EG's Annual Report 2022. The scope of this Statement covers the following subsidiaries, excluding associates and joint ventures:

SMT Technologies Sdn. Bhd. ("SMTT")	Malaysia
SMT Industries Co., Ltd. ("SMTI")	Thailand
EG R&D Sdn. Bhd.	Malaysia

The Group's key business segment is EMS and VI+ provider which contributes to most of the Group's revenue (more than 99%). Unless specific reference is made in this Report, the abovementioned scope is applicable to all sustainability matter disclosures contained in this Statement.

REPORTING FRAMEWORK AND STANDARDS

The Statement has been prepared in accordance with the Main Market Listing Requirements and the Bursa Malaysia Securities Berhad's ("Bursa Securities") Sustainability Reporting Guide (2nd edition, 2018). It has also incorporated elements of the Responsible Business Alliance ("RBA"), and relevant aspects in the Global Reporting Initiatives ("GRI") Standards are also considered.

ASSURANCE

In the preparation of this Statement, internal validation has been conducted to verify the accuracy and integrity of data disclosed. This Statement has been approved by the Board.

OUR APPROACH TOWARDS SUSTAINABILITY

In EG, we endeavour to drive towards business continuity and competitiveness over a long-term responsible growth while reducing the risk probability through the management of the economic, environmental and social ("EES") pillars in our business as follows:

ECONOMIC

Conducting business with good compliance and practices for our shareholders and all EG's stakeholders

ENVIRONMENTAL

Reducing EG's business impacts towards the environment via resource efficiency, energy, waste, water and air

SOCIAL

Managing our relationship with our employees and community through engagement and various initiatives

With the emergence of the COVID-19 pandemic, EES issues have gained more importance in the decision-making of the various stakeholder groups. This year, EG has enhanced its quality of sustainability-related practices and reporting which covers these basic principles, including materiality, stakeholder engagement and reporting of its sustainability performances.

SUSTAINABILITY GOVERNANCE

We undertake various measures to progressively embed sustainable business practices into our day-to-day operations. The Group has the following governance structure in place, particularly on the management and monitoring of its environmental and social matters.

Board of Directors

↑

Audit and Risk Management Committee

↑

Risk Management Committee

↑

Human Resources | Manufacturing | Information Technology | Finance | Environment, Health & Safety | Research & Development | Sourcing | Purchasing | Logistics | Business Development | Admin | Customer Quality | Quality Assurance

The Board is responsible for setting the sustainability strategies and overseeing the management of all sustainability matters to ensure integration of sustainability into our business operations. The Board is supported by Audit and Risk Management Committee together with the Group Chief Executive Officer/Executive Director to review and recommend sustainability strategies and performance targets for EG on a group basis.

The Risk Management Committee, which comprises mainly senior management, oversees the implementation, monitoring and delivery of the Group's sustainability initiatives and performance, which is supported by various Head of Departments and members of our business units.

STAKEHOLDER ENGAGEMENT

We recognise the importance of engaging and maintaining close relationship with our stakeholders as they are the driving forces of our business purpose and have varying levels of influence and dependence on our operations.

Since 2020, due to the COVID-19 pandemic, we have undertaken extra efforts to incorporate COVID-19 preventive measures in our stakeholder engagement strategies, on top of complying with the standard operating procedures set by the government. With greater adoption of online channels and virtual platforms, we were able to remain engaged with our stakeholders. As the pandemic may have altered the way people connect with each other, we will continue to observe and adjust our stakeholder engagement approaches as appropriate moving forward.

Our engagement with key stakeholders for FY2022 is summarised in the table below.

Stakeholder Group	Engagement Channels
Customers	• Periodic and ad-hoc meetings and interactions • Monthly/quarterly business review • Periodic and surprise quality control and audit by customers • Customer satisfaction survey • Corporate website and social media
Business Partners / Suppliers	• Periodic and ad-hoc meetings and interactions • E-mails, phone calls and conferences • Supplier due diligence and assessment • Supplier audit and performance • Operation and response of supplier consultation service
Employees	• Training and development programmes • Internal engagement channels • Management Review/Town Hall sessions • Employee performance review • Company-organised events
Government/ Regulators	• Policy consultations and major meetings • On-site inspection • Seminars and workshops • Information disclosures
Shareholders/ Investors	• General Meetings • Annual report and quarterly financial results • Press releases and announcements to Bursa Securities • Corporate website and social media
Local Communities	• Corporate volunteering activities • Charitable event • Corporate website and social media

MATERIALITY ASSESSMENT

This year, EG has undergone a structured process to identify its material topics according to materiality principle adopted by Bursa Securities. The materiality assessment process and issues identified in FY2022 are listed below:

Identification of sustainability topics

We have identified a list of EES matters taking into considerations of both internal and external factors such as business strategy, risks and opportunities of industry peers and emerging sustainability issues. The list has been further categorised into 11 EES matters which better represents the Company's EES matters after an internal review and discussion.

Materiality assessment

Stakeholder engagement was conducted to gauge the importance of the material matters to the stakeholders. A group of management personnel participated in the sustainability risk assessment to identify the material sustainability issues based on the impact and likelihood of EG's risk framework.

Finalisation and approval

The materiality matrix was reviewed internally with consideration to the level of influence to stakeholders' assessment and decisions, coupled with the level of significance in EES impacts. The materiality matrix, as illustrated in the following diagram, was presented to the Board for deliberation and approval.

We have categorised eleven (11) material matters across three (3) main sustainability pillars as shown in the table below. Details on our sustainability initiatives towards managing these identified material matters are discussed in the subsequent sections of this Statement.

ECONOMIC

- Supply chain management
- Responsible material sourcing
- Sustainable design and manufacturing
- Customer management
- Data management
- Corporate governance

ENVIRONMENTAL

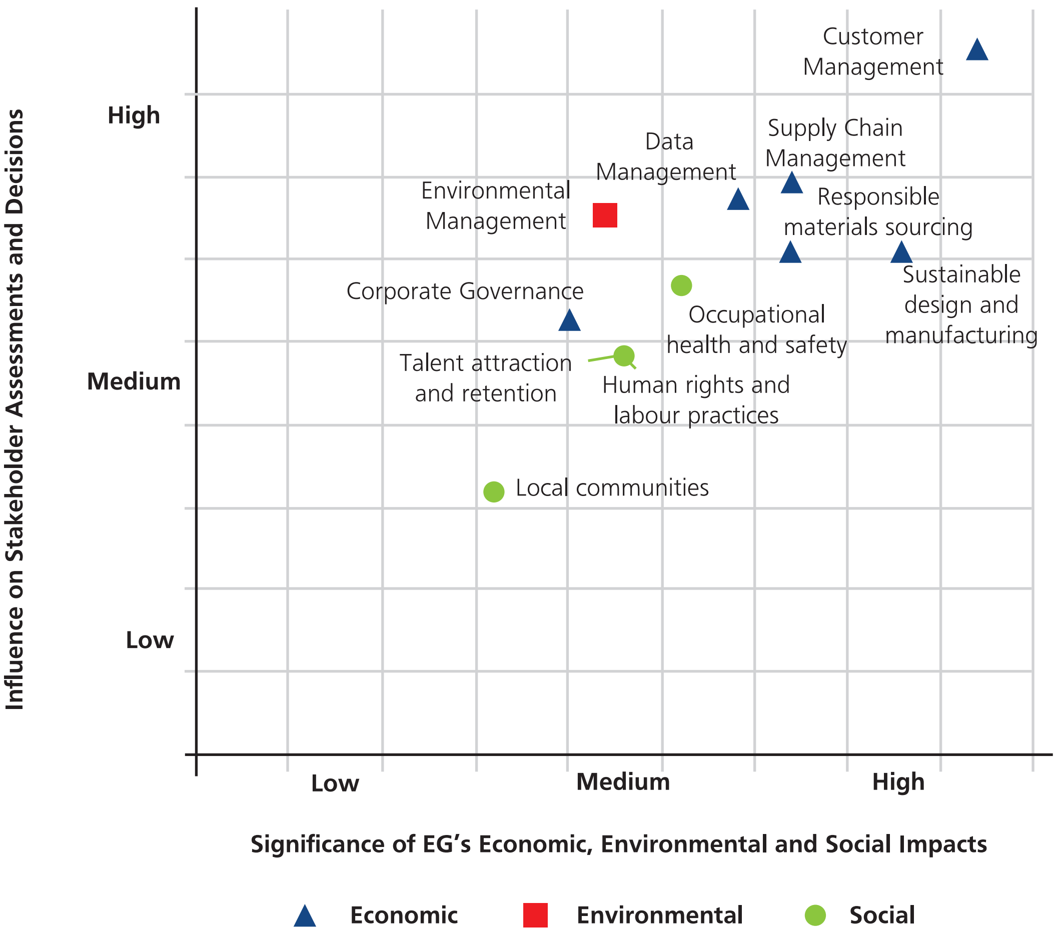
- Environmental management

SOCIAL

- Human rights and labour practices
- Talent attraction and retention
- Occupational health and safety
- Local communities

MATERIALITY ASSESSMENT (Cont'd)

Materiality Matrix



Based on the materiality matrix above, the top material sustainability matters which are highly significant to both EG and our stakeholders are Customer Management, Supply Chain Management and Sustainable Design and Manufacturing.

MANAGEMENT OF OUR SUSTAINABILITY MATTERS

ECONOMIC

The positivity reputation of EG Group 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.

RESPONSIBLE SUPPLY CHAIN

EG Group's main stakeholders along our supply chain are the suppliers of direct and indirect materials, the suppliers of transport services delivering materials, as well as distributors of our products to our customers. We ensure that suppliers adhere to our Business Code of Conduct ("BCOC")[1] using our supplier management rules and evaluation system. We also ensure that our good relationship with customers is maintained through our customer support, satisfaction survey and in-process quality audit.

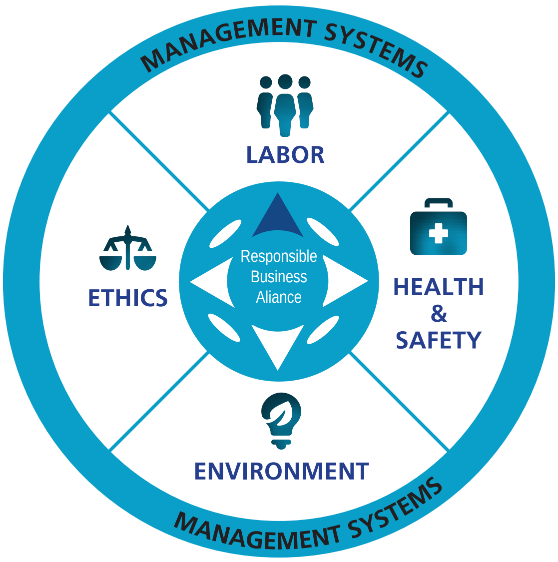
Our Purchasing and Logistics Department is responsible to supervise and monitor the Group's supply chain-related activities inclusive of sourcing, purchasing and procurement control activities. We have in place ISO 9001 certification, a quality management system to facilitate communication and settlement of any issues with suppliers in a timely and systematic manner with its aim to maintain and extend such performance in the foreseeable future.

EG Group is a member of Responsible Business Alliance ("RBA") and Supplier Ethical Data Exchange ("SEDEX"). The Group is committed to ensure compliance to RBA Code of Conduct[2] in the industry and its supply chain. Our memberships show our commitment to drive improvement in ethical business practices in the supply chain.

Responsible Business Aliance
Formerly the Electronic Industry Citizenship Coalition
Affiliate Member

Sedex Member

RBA is the world's largest industry coalition that is dedicated to corporate social responsibility in global supply chains. The RBA code of conduct[2] covers five principal areas as shown in the diagram below. It outlines practices that promote fair working conditions, comprehensive labour protection and environmental-friendly manufacturing processes for the electronics industry.



[1] Refer to "Corporate Governance" for more information on EG's Business Code of Conduct
[2] RBA Code of Conduct www.responsiblebusiness.org

RESPONSIBLE SUPPLY CHAIN (Cont'd)

Responsible Material Sourcing

We view our suppliers as critical partners in our business success; hence we always stress the importance of managing our supply chain in a responsible manner. In order to conduct business with us, our customers or vendors have to comply with the following terms and conditions:

Quality Policy	Conflict Mineral Policy	RBA requirements
Environmental safety and health standing order	RoHS-2 declaration	REACH declaration

We are committed to reasonably assure that minerals including tantalum, tin, tungsten and gold in the products we manufacture does not violate human rights within the supply chain. Due diligence on the source and chain of custody of these minerals, as well as annual Conflict Mineral Reporting are conducted in alignment to our customer's requirement. During the year under review, all suppliers declare sourcing from conflict-free nations.

Supplier Management

For a long-term mutual growth benefits, EG Group values the partnership with its suppliers. Our supply chain performance will impact our customer's perception of our business, products and services. Our Supplier Evaluation and Selection Procedure guides us towards being ethical in our procurement practices. All suppliers are required to complete the supplier declaration upon appointment.

We assess our supplier performance, as well as conduct supplier survey and audit for both existing and new suppliers on a regular basis. To date, all of our suppliers are evaluated for their performance, and 99% of the suppliers have met our BCOC requirements which are aligned to ISO 9001 standards and RBA Code of Conduct.

Despite the prolonged COVID-19 situation, we managed to maneuver through the challenging times with the guidance from our Business Continuity Plan. We regularly reviewed our plans to assess and mitigate the supply chain risks that may be affected by the difficult situation.

Local Procurement supporting local economy

Where practical and economically viable, we make the effort to promote and contribute to the local economy through our procurement activities. Despite having over 80% export of our products, we managed to support the local suppliers with a total of 27% of the Group's suppliers in FY2022.

Whether we are able to procure direct materials locally depends largely on the approved suppliers from our customers, as well as the availability and suitability of resources in the countries where we operate. Nonetheless, EG maintains a balanced participation in and continuously contribute to the local economy in various ways, such as local procurement of general goods and services, local employment, and contribution to the local community.

Sustainable Design and Manufacturing

Quality is a fundamental element of our products and services. EG Group places strong emphasis on the management of quality, environmental, health and safety through our internationally recognised certification. We work closely with our customers to implement continuous improvement strategies that will meet their expectations at every process of the product development and to deliver the best experience to our customer.

RESPONSIBLE SUPPLY CHAIN (Cont'd)

Sustainable Design and Manufacturing (Cont'd)

ISO 9001:2015 / TL 9000/ ISO/IEC 80079-34:2018 Quality Management System	ISO 14001:2015 Environment Management System	ISO 45001:2018 Occupational Health and Safety Management System
ISO 13485:2016 Medical Quality Management System	TS/ IATF 16949:2016 Automotive Quality Management System	ISO/IEC 80079-34 IECEx Quality Management System

We adopt lean production process through Kaizen and Continuous Improvement ("CI") Programme to achieve operational excellence in our production. We also practice 5S (Sort, Set, Shine, Standardise, Sustain) to improve workflow effectiveness and efficiency.

During the July 2021 lockdown, we understand that it is crucial to drive digitalisation to improve our work efficiency and effectiveness with the objective to reduce labour dependency in our business operations. Last year, we have completed our customised smart warehouse, which is fully operated by robotic arms and machineries. We continue to explore new opportunities towards automation, artificial intelligence ("AI") and big data analytics to improve our overall quality and productivity.

Customer Management

Customer support is the key to success of our Company. With the Quality Policy and ISO certifications available within our company, we ensure that all departments follow the international standards requirement for the quality management systems that consistently meet and exceed our customer's expectation in terms of quality, technology and delivery.

To ensure consistent and high standards of customer service, we turned to our reliable Customer Management Process as shown in the diagram below:

Key Account Managers They act as key communication touch points with our customers, providing 24/7 services and help deliver breakthrough solutions and drive improvement plans	**Regular Customer Engagement** Various platforms are used to gather and analyse customer satisfaction through annual survey, regular business review, customer feedback tracking report and site visits
Good Internal Processes Our sales order handling procedure, in-process quality audit and MES system help to maintain our product quality and traceability in an accurate and consistent manner	**Customer Offerings** We provide product warranty period depending on the products offered to our customers. Upon customer request, we offer Delivered at Place ("DAP") shipment

We continue to gather feedback and evaluate customer satisfaction from customers by distributing customer satisfaction survey forms to ensure effective communications with customers. For the financial year under review, we exceeded customer expectation at all field.

MANAGING AND PROTECTING DATA AGAINST CYBERSECURITY

Since our embarkment towards digitalisation, we understand that new technology brings new challenges; the threat of cybercrime has become more acute. We constantly protect the rights of our stakeholder's data in line with the Personal Data Protection Act 2010 ("PDPA"). During the year under review, there were no major reported cases of data leakage, data misuse or other non-compliance nor cybersecurity incidents.

We continue to place great importance on our internal control framework to protect data privacy and security, information and intellectual properties belonging to us and our stakeholders. The following show our efforts towards mitigating cybersecurity risks:

- Antivirus, firewall protection and real-time monitoring of malicious network traffic
- Yearly awareness trainings and phishing email drills
- Yearly cyber-attack drill simulation
- Regular IT audits of our systems

OUR CORPORATE GOVERNANCE AND RESPONSIBILITY

We recognise that good corporate governance practices and ethical business behaviour lay the foundation for sustainable development of the Group. We are committed to be a socially responsible company, establish standards to ensure that working conditions are safe, workers are treated with respect, and business operations are environmentally responsible and conducted ethically.

We regularly review our policies, as well as conduct compliance risk assessment and annual audit to safeguard our practices in alignment to the current business environment and compliance requirements. We also train our employees to uphold the highest standards of integrity and accountability at all time.

Anti-Corruption and Anti-Bribery Policy

We continue to observe our Anti-Corruption and Anti-Bribery Policy in compliance with the Section 17A of Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") on corporate liability for corruption offences. This policy is made available to all employees and Directors to ensure the Group's businesses and engagement are conducted with high professionalism and integrity.

Whistle-Blowing Policy

We have a transparent process in place to handle any whistle-blowing cases confidentially for all parties to report without hesitation or fear of retaliation. With the robust 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.

OUR CORPORATE GOVERNANCE AND RESPONSIBILITY (Cont'd)

Business Code of Conduct ("BCOC")

Our business operation is strongly guided by our BCOC which is made up of five sections shown below.

Labour

Our labour commitments are developed in referenced to the Universal Declaration of Human Rights ("UDHR"), Social Accountability International ("SAI") and Ethical Trading Initiative ("ETI"):

- Freely Chosen Employment
- Young Workers
- Working Hours, Wages and Benefit
- Humane Treatment
- Non-Discrimination
- Freedom of Association

Health and Safety

We are committed to provide a safe and healthy workplace in alignment to recognise standards such as ISO 45001, MS 1722:2011, ILO Guidelines, including:

- Occupational Health and Safety
- Emergency Preparedness
- Occupational Injury and Illness
- Industrial Hygiene
- Physically Demanding Work
- Machine Safeguarding
- Sanitation
- Food and Housing
- Health and Safety Communication

Environmental

Our commitment towards the environment is supported by the ISO 14001 accreditation and guidance to Eco Management and Audit System ("EMAS"):

- Environmental Permits and Reporting
- Pollution Prevention and Resource Reduction
- Hazardous Substances
- Solid Waste
- Air Emissions
- Materials Restrictions
- Water Management
- Energy Consumption
- Greenhouse Gas ("GHG") Emissions

Ethics

We are committed to the highest standards of integrity and transparency in its business practices and behavior to protect the interest of the shareholders, employees, creditors, customers and the public via:

- Business Integrity
- No Improper Advantage
- Disclosure of Information
- Intellectual Property
- Fair Business
- Advertising and Competition
- Protection of Identity and Non-Retaliation
- Responsible Sourcing of Minerals
- Privacy

Management System

We shall adopt or establish a management system whose scope is related to the content Code. The management commits and complies to:

- Company Commitment
- Management Accountability and Responsibility
- Legal and Customer Requirements
- Risk Assessment and Management
- Improvement Objective
- Communication
- Worker Feedback
- Participation and Grievance
- Audit and Assessments
- Corrective Action Process
- Documentation and Records
- Supplier Responsibility
- Training

With our initiatives and policies in place, there were no cases of breaches in ethics and integrity conduct reported during the financial year under review. There were also no major cases on compliance violations, thus no fines and penalties from the authorities.

ENVIRONMENTAL

We understand that every step we take has an impact on the environment, be it positive or negative. As a result, we pay a lot of attention to monitoring and managing the output of our activities, to ensure minimal negative impact on the environment. We also recognise the severity of climate change and its associated adverse impacts on our operations.

OUR ENVIRONMENTAL MANAGEMENT APPROACH

As an EMS 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. We have a zero-case target on environmental compliance violations, which is being monitored and reviewed on a yearly basis. During the financial year under review, there were no major cases on compliance violations from the authorities.

The Group has obtained accreditation of ISO 14001:2015 – Environmental Management System to monitor and improve overall environmental performance throughout the operations and supply chain. Our commitment can be seen through our Environmental Policy, which is implemented by the Environmental Committee to ensure Environmental, Health and Safety ("EHS") compliance and ISO 14001 certification matters. Every year, Environmental Aspect and Impact Assessment ("EAIA") is conducted and reviewed to identify the potential risks and impacts towards the environment as per the ISO 14001 standards.

Climate Change Management

We strive to address the climate change issues and improve efficiency by adopting new and green technology in developments and implementing fuel efficiency measures. In EG, our GHG emission generally comprises the following:

Scope 01

Stationary Combustion
Fuel from our fleet (e.g. diesel and petrol used in forklifts and company cars) and natural gas used in boilers and generators

Scope 02

Purchased Electricity
Our main source of energy, where electricity supply, are mainly fueled by fossil fuels such as natural gas and coal

We try to reduce our energy and carbon footprint where practicable, such as reducing our fossil fuel consumption through reducing truck movement, adopting cleaner energy, avoiding all non-essential air or ground travel, undertaking energy saving practices in our daily activities, and others.

Energy Consumption

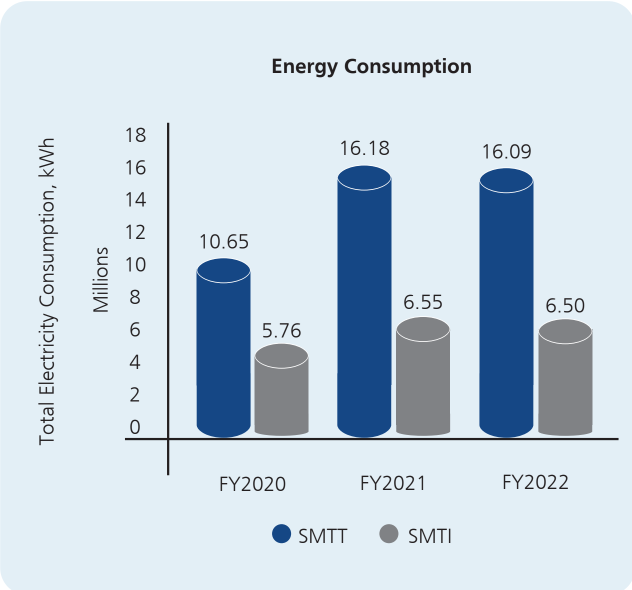
The Group is committed to efficiently manage the use of electricity in the production activities to ensure energy consumption is at a reasonable and acceptable rate. We are governed by our energy management policy which is in compliance to the regulations at where we operate. The following are our principles towards energy saving:

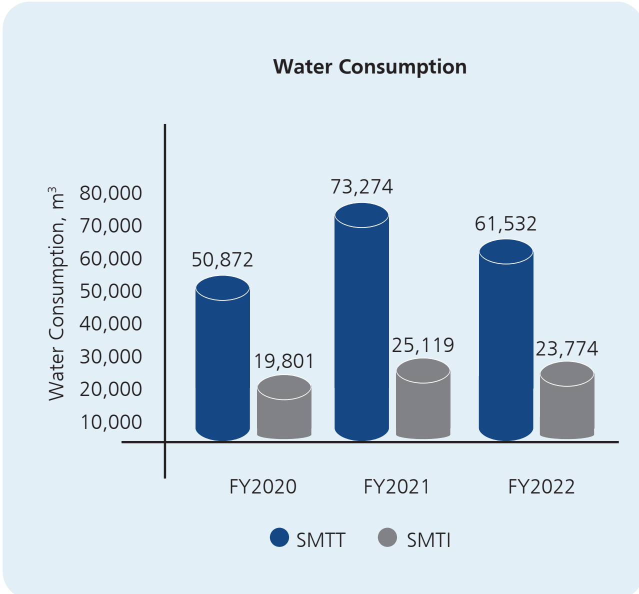
- **Implement new energy-saving measures**
- **Adopt cleaner energy such as solar energy**
- **Improve energy efficiency through technological innovation**
- **Reduce the use of unnecessary resources**

OUR ENVIRONMENTAL MANAGEMENT APPROACH (Cont'd)

Energy Consumption (Cont'd)

We are committed to improve our energy consumption by minimising the use of carbon-based power supply. In October 2021, SMTT has commenced the operation of 2,000 units of 1,200 kWp solar panels at its Sungai Petani plant, saving an average of 1.5 tonnes carbon emission. In June 2022, SMTI also has similar plans to install solar-powered lights saving 2,400W electricity.





Water Use and Effluent Discharge

We do not have any operations in water-stressed regions. Primarily, municipal water is the main source of water in both operating sites. We maintain a close engagement with relevant municipal government agencies to ensure water withdrawal is within permissible limits and discuss on any concerns regarding water-related impacts in our areas of operations.

PCBA and box-build is a water-intensive process. Consistent water supply is required for cleaning and cooling which are crucial for ensuring continuous operations and operational efficiency. As a result, the wastewater generated commonly contains heavy metals and toxic solvent and is required to be treated before discharging.

Our on-site wastewater treatment facilities at both sites are managed and regularly maintained by qualified employees. Wastewater analysis is conducted to ensure the compliance of the wastewater quality before discharging into the water treatment pond.

Managing Waste and Effluents

The Group's manufacturing plants adhere to the legal requirements on the management of scheduled waste. The Group engages with approved waste contractors for proper scheduled waste handling. Our hazardous waste is managed and regularly maintained by qualified employees whom are certified by local authorities.

OUR ENVIRONMENTAL MANAGEMENT APPROACH (Cont'd)

Managing Waste and Effluents (Cont'd)

Waste generated from our operations include hazardous and non-hazardous waste, as follows:

Hazardous Waste

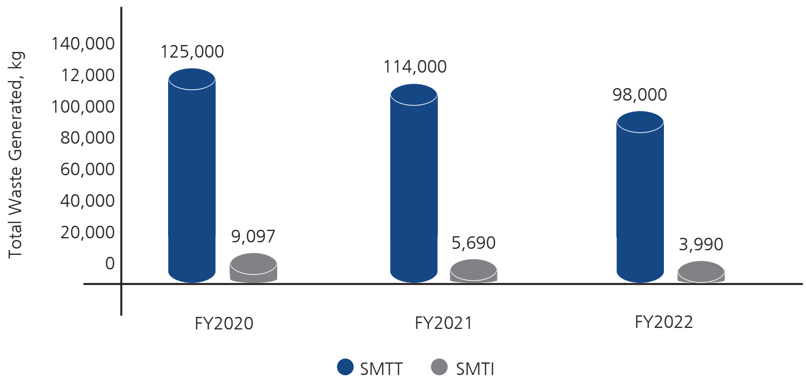
Hazardous waste generated from our operations are primarily electrical and electronic waste ("E-waste"), spent solvents, spent cleaning solutions, sludges from wastewater treatment plant, and spent cyanide solutions

Non-hazardous Waste

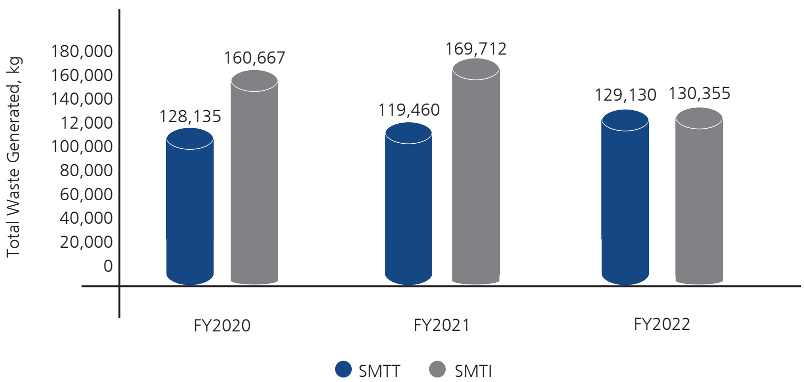
Non-hazardous waste generated from our operations includes domestic trash, such as paper, plastic, cardboard boxes, etc. Some of these wastes are recoverable or recyclable

In our day-to-day operations, we have waste optimisation or reduction initiatives where applicable, including reduction of non-operations items such as contaminated rags. We practise 3R (Reduce, Reuse and Recycle) to monitor and handle waste disposition in a systematic and ethical manner and we regularly promote employees' awareness on waste we generate. All new joiners will be introduced to the Company's 3R and 5S concepts for proper waste management.

Hazardous Waste



Non-hazardous Waste



SOCIAL

EG Group recognises the importance of our employees. Employees are our assets and without them, our business operations would not have been operated in an ethical and sustainable manner. At EG, we are committed to uphold the human rights of workers, and to treat them with dignity and respect.

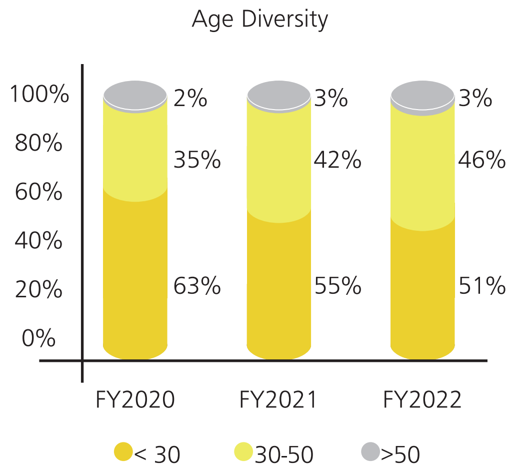
HUMAN RIGHTS AND LABOUR PRACTICES

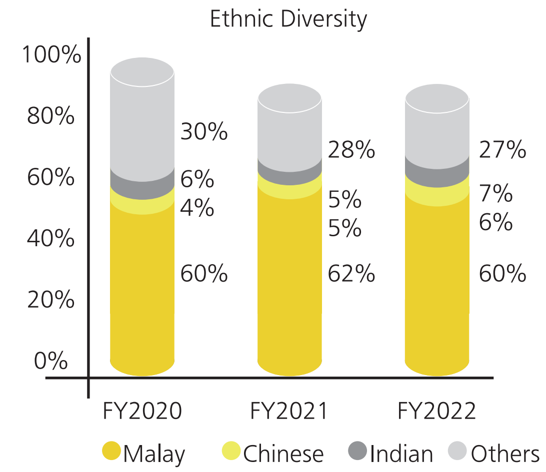
We adhere to all applicable employment and human rights laws where we operate. All human resources matters are monitored via our Human Resources Management System ("HRMS"), including candidate recruiting, payroll management, leave approval, succession planning, attendance tracking, career progression and performance review. We brief our employees on the human and labour rights during orientation and annual refresher training.

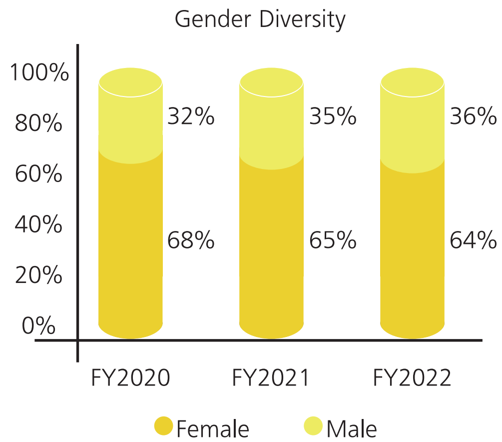
Diversity

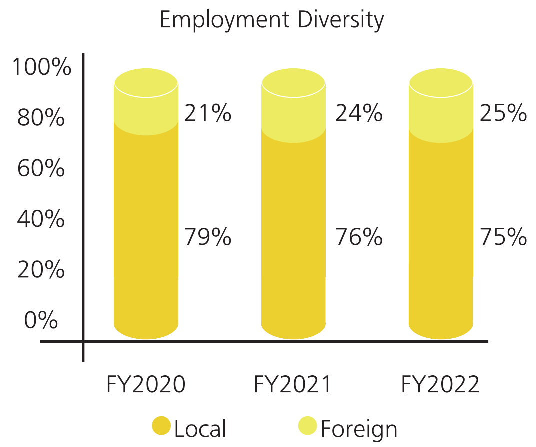
We are committed to embrace diversification in its workforce with a good mix from the perspective of age, gender, ethnicity, national origin, religion and other factors. It is applied across in hiring and employment practices such as remuneration, overtime, termination or retirement, promotions, rewards, and access to training.

As of FY2022, we have 2,646 employees under the Group, and all of whom are employed on a full-time basis. Out of 64% women employed at EG, 47% are holding management position while 66% are holding non-management position.









HUMAN RIGHTS AND LABOUR PRACTICES (Cont'd)

Employee Compensation and Benefits

The Group ensures that compensation paid to our employees are in compliance with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Our employee benefits include a range of plans and programmes that are intended to attract, retain and motivate our employees we depend on for growth and success. Below are descriptions of our efforts:

Type of Benefits	Description
Insurance and Medical Benefits	We ensure our full-time employees are covered by insurance and medical benefits as follows: • Outpatient coverage • Insurance coverage which varies by employee category • Hospitalisation leave • Maternity leave
Health and Wellness	• We organise competitive sports activities (e.g. badminton, futsal and bowling) together with other non-sporting activities like photo-taking competition, company trips, movie at cinema, etc. • In terms of taking care of our employees' wellness, we offer: o Annual and Special leaves o Dental and optical benefits o Claims for health screening o Yearly surveillance tests (only for those exposed to chemicals and noise) o Exclusive incentives and discounts from dining, fitness to retail for both employees and partners
Remuneration, Rewards and Recognition	In appreciation and recognition of our employees' hard work and efforts, we offer: • Annual increment • Performance bonus • Appreciation dinner/gathering • Performance Incentive Management for outstanding achievers awarded in terms of cash and other company privileges
Other Benefits	• For employees at manufacturing plant, we offer: o Shift allowance o Meal allowance o Petrol allowance o Attendance allowance • We also offer outstation and travelling allowance for employees who travel for business

Employee Engagement

We adopt speak up and open-door policy in the workplace. We have a grievance procedure and system in place for the employees to communicate via several channels such as email and call to the Human Resources and Admin Manager. Every year, we conduct employee survey to better understand our employees and improve the relationship with them.

We continuously work towards ensuring our management system is effective in meeting our human and labour rights commitment. During the year under review, there were no cases of human rights violations and all employees have complied with RBA rest day requirements.

OCCUPATIONAL HEALTH AND SAFETY

EG Group recognises that quality of products and services, consistency of production, and workers' morale are enhanced by a safe and healthy work environment. In FY2022, there were no non-compliance cases on OSH violations nor there were fines and penalties from the authorities. There were also no fatalities occurred within the Group.

Our commitment is shown through the accreditation of ISO 45001:2018 and Occupational, Safety and Health ("OSH") Policy, together with an effective management system to provide a safe and healthy work environment for our employees and relevant stakeholders.

We recognise that ongoing worker input and education is the key to identifying and solving health and safety issues in the workplace. Every year, the Group provides the following training to create a safe and healthy environment at workplace:

- Fire drills and fire evacuation drills for all employees
- First aider and fire fighter training for the Emergency Response Team
- Forklift handling training for forklift drivers
- Chemical safety training for chemical handlers
- X-ray radiation drills for SMTI workers who use X-ray machine

COVID-19 Preventive and Safety Measures

EG continues to provide a safe and healthy working environment for its employees despite adverse implications from the onset of the COVID-19 pandemic. In 2021, 100% of our employees have been vaccinated via a programme collaborated with the respective government where we operate.

Although the COVID-19 pandemic situation has eased up during FY2022, we continue to maintain the existing precautionary measures to safeguard the health and safety of everyone such as wearing of face masks in the office.

TALENT ATTRACTION AND RETENTION

The Group is committed to growing employees with continuous learning and knowledge that shall positively benefit the employees individually and contribute towards the sustainability of the Group. Our talent development practices are governed by our recruitment policy and procedure, annual training plan, human resources management system and performance assessment system. The initiatives carried out in FY2022 are as follows:

We identified Top 50 employees via Elite Generation, an employee recognition programme for outstanding employees. As part of the succession planning, these employees will be further identified to Top 10 to take on junior management roles, whereby they will have the opportunity to work closely with the Group CEO.

In April 2022, SMTT met up with the Vice Chancellor and CEO of AIMST University to discuss about the upcoming collaboration to establish internship programme and recruitment opportunities for fresh graduates. We believe this initiative could assist EG in mitigating the talent risks and building our young talent pool.

The Group has conducted a 3-days-2-nights conference in May 2022 for the top management in Ipoh, focusing on 4R (Rest, Recharge, Refocus, Regain). It was a special team-building programme to motivate and reinforce on shared value for maximum impact on performance.

In May 2022, we have collaborated with PERKESO to conduct an open interview programme to attract and recruit more manpower at SMTT. Through this event, we were able to meet with several talented and excellent candidates to join our EG family.

GIVING BACK TO LOCAL COMMUNITIES

Despite adversities and challenges brought about by the pandemic, EG continues to support and contribute to local communities. 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.

Our Corporate Social Responsibility ("CSR") Committee is established to monitor the implementation of our CSR policy. The CSR activities carried out during the financial year are as follows:

Donation of food and beverages to approximately 250 area residents at the ADUN welfare center in Sungai Petani

Donation of face masks to Pondok Raudatul Jannah in Sik & Pusat Jagaan G in Puteri Jaya – consisting of 150 beneficiaries respectively

Contribution of 3,000 pieces face mask to AIMST UNIVERSITY for their convocation held in May 2022

Sponsored the futsal team in the Annual Ketua Polis Kedah Futsal Championship Tournament

Cleaning and refurbishing the main tunnel of Sungai Petani, Kedah by SMTT's Top 50 Elite Generation and Management Team in June 2022

Distribution of motorcycle helmets to emphasize on "Balik Kampung Road Safety Campaign"

GIVING BACK TO LOCAL COMMUNITIES (CONT'D)

As COVID-19 situation has improved in year 2022, EG also took the opportunity to engage with its employees and the local communities in the vicinity where we operate.

2022 Chinese New Year Celebration on the auspicious 7th day of the Tiger year with the performance of lion dance and "God of Wealth"

Longest "Lou Sang" with the record of 60 feet celebration in Kedah together with the YB Dato' Wira Ku Abd Rahman

Distribution of Bubur Lambuk during Ramadan to our employees and the surrounding community

EG's Transformation Day is honoured on 16 July 2022 at The Carnival Waterpark in Sungai Petani

MOVING FORWARD

It has been an eye-opening opportunity as we start our journey at developing a distinct outlook towards ensuring sustainability activities. We strive to dedicate more efforts to balance the interests of our stakeholders, as well as to continue improving our disclosure in the foreseeable future.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Practices as set out in the Malaysian Code on Corporate Governance ("MCCG") pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board is supportive of the recommendations of the MCCG, which sets out the Principles and 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 MCCG for FY2022 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 MCCG. 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 I – BOARD RESPONSIBILITIES

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 MCCG 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 strategises the Group's objectives and practices. In addition, the Board also promotes its Business Code of Conduct ("BCOC").

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.

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/Executive Director, Dato' Alex Kang Pang Kiang, ("Group CEO"). The Group CEO is the conduit between the Board and the Management in ensuring smooth and effective running of the Group.

The Board meets with management representatives on a quarterly basis where management reports on the business performance and results of the Company and the Group which are benchmarked against the previous period and/or year, as applicable, in order for the Board to monitor and assess performance, and consider corrective actions to achieve the Group's targets.

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

PART I – BOARD RESPONSIBILITIES (Cont'd)

1. Strategic Aims, Values and Standards (Cont'd)

Management is responsible for the execution of activities to meet corporate plans as well as instituting various measures to ensure due compliance with various governing legislations. In addition, management has the authority to deal with particular issues and report to the Board with recommendations and solutions.

Separation of the positions of Chairman and Group CEO

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

The role of NINE Chairman and Group CEO are strictly separated and distinct. The NINE Chairman is not related to the Group CEO, and is responsible in leading for the overall functioning of the Board; while the Group CEO focuses on the day-to-day operations of the Group's business and implementation of the strategic plans, targets and policies in achieving corporate and business objectives.

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, MCCG 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 include:

(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.

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 Company Secretaries on all matters requiring information for deliberation.

Agenda and board papers are sent together with notices of meetings in advance of the relevant Board Meetings to allow the Directors and Board Committee members 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)

2. Demarcation of Responsibilities

Board Charter

The Board is guided by the Board Charter ("Charter"), which provides a reference for Directors in relation to the Board's role, powers, duties and functions. The Charter also 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

Business 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 BCOC and Anti-Corruption and Anti-Bribery Policy ("ACAB Policy") set out basic principles and guidelines to all Directors, management and employees of EG Group on 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 BCOC and ACAB Policy encompass compliance with laws including abuse of power, competition and fair dealing, corruption, insider trading, corporate governance and conflict of interest.

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

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.

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

4. Sustainability Risks and Opportunities

Governance of Sustainability

The Board recognises that sustainable development is an important and integral part of the Group's pursuit of its long-term business success.

The Board is responsible for the governance of sustainability. The Board, at the apex of the structure, is ultimately responsible for the endorsement of the sustainability strategy and related policies and initiatives within the Group. The Group CEO oversees the Group's sustainability initiatives.

The Risk Management Committee, which comprises mainly of senior management, is being entrusted to drive the strategic management of material sustainability matters and oversee the implementation, monitoring and delivery of the Group's sustainability initiatives and performance.

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

4. Sustainability Risks and Opportunities (Cont'd)

Communication of Sustainability Strategies, Priorities and Targets

The Board has identified eleven (11) material sustainability matters ("MSM") across three (3) main sustainbility pillars. Management has engaged with stakeholders to gauge the importance of these MSM to the stakeholders. Audit and surverys were carried out from time to time to gather feedback and evaluate performance of the MSM against defined targets which had been communicated ahead to these stakeholders.

Staying Abreast with Sustainability Issues

The Board is aware of the sustainability issues that are relevant to the Group and its businesses. They are mindful of the capacity and competency required in addressing sustainability and materiality issues and is taking necessary steps to enhance the understanding and knowledge of the Directors.

All Directors are encouraged to attend sustainability and climate risk training to stay abreast with the climate-related risks and opportunities.

PART II – BOARD COMPOSITION

5. Board's Objectivity

Annual Evaluation of the Directors and The Board

The NC is empowered by the Board through clearly defined TOR to ensure that there are appropriate procedures in place for the nomination, selection and evaluation of Directors. The NC assesses the effectiveness of the Board as a whole and each of the Board Committees on an annual basis. All assessments and evaluations carried out by the NC in discharging its duties are documented in the minutes of meetings.

The objective of assessing the effectiveness of the Board as a whole and the Board Committee was to improve their effectiveness, and to enhance the Director's awareness on the key areas that need to be addressed. The evaluation result was tabled for consideration by the NC and for its recommendations to the Board.

The Board, through the NC's annual appraisal process, believes that it possesses the required mix of skills, experience and other qualities including core competencies brought by INED which enables it to discharge its duties in an effective manner in light of the challenging economic and operating environment which the Group operates. Furthermore, the Board continuously reviews its size and composition with particular consideration on its impact on the effective functioning of the Board.

The Board has adopted its Fit and Proper Policy to guide the NC and Directors in their review and assessment of candidates who are to be appointed or reappointed onto the Board of the Group. The Fit and Proper Policy is available on Company's website at www.eg.com.my.

Board Composition

The Board comprised of 5 members currently, namely the NINE Chairman, Group CEO and 3 INEDs.

Name of Directors	Directorate
Mr. Keh Chuan Seng	NINE Chairman
Dato' Alex Kang Pang Kiang	Group CEO/ED
Mr. Ang Seng Wong	Senior INED
Mr. Lim Sze Yan	INED
Mr. Lee Kean Teong	INED

PART II – BOARD COMPOSITION (Cont'd)

5. Board's Objectivity (Cont'd)

Board Composition (Cont'd)

The INEDs make up more than half of the Board membership and this exceeded the ratio recommended under the MCCG. As such, the INEDs have effectively provide the necessary check and balance to the decisions making process of the Board as evidenced by the contributions and participation of Directors in Board Committees and their independent oversight in the Board

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 and the board composition remained the same during the financial year under review.

The Board acknowledges the benefits of having participation of women director on the Board in terms of providing different perspectives and insights for effective decision making. The NC has taken steps to ensure suitable women candidates are put forth for consideration as new Director of the Company, and this is in line with the amendments to the MMLR which mandates listed companies to have at least one (1) female director on its board effective 1 June 2023.

Tenure of Independent Director

The Board is mindful of the recommendation of MCCG where the tenure of an INED should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, the Independent Director may continue to serve on the Board as Non-INED. If the Board intends to retain the 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 thirteen (13) years and ten (10) years respectively. The Board, through the NC, had 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.

At the 30th AGM held in 2021, the shareholders voted 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.

The Company opted to maintain the present voting practice as there may be potential legal implication if the Company opted to go for 2-tier voting as this will be inconsistent with 1-share 1-vote stand under the Companies Act 2016. The Company would like to allow an advocacy period for the awareness and implications of the 2-tier voting to be better understood.

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.

PART II – BOARD COMPOSITION (Cont'd)

5. Board's Objectivity (Cont'd)

Diversity of Board and Senior Management (Cont'd)

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.

Different Sources for New Candidate(s) for Board Appointment

The NC and Board are responsible for the appointment of new candidates to the Board or Board Committees upon the recommendation of the NC. There was no new appointment to the Board during the year under review. The Board may engage independent sources to identify candidates if the need arose.

The NC will evaluate the candidates for appointment and re-election of Directors based on three (3) main criteria stipulated in the Fit and Proper Policy:

Character and Integrity	Experience and Competence	Time and Commitment
• Probity • Personal Integrity • Financial Integrity • Reputation	• Qualification • Training and Skills • Relevance Experience or track record and expertise	• Ability to discharge role having regard to other commitment • Participation and contribution in the Board or track record

Board Information for Decision on Appointment and Reappointment of Director

Profile of all Directors is detailed under Directors' Profile in this Annual Report. Information contained therein included age, gender, tenure of service, qualification, directorship in other companies, working experience, any conflict of interest and any offences convicted over the past five (5) years.

The NC will review the tenure and performance of each Directors, where annual re-election of a director would be contingent on satisfactory evaluation of the Director's performance and contribution to the Board.

The necessary justifications on the retention of retiring Directors and INEDs have been disclosed in the Notice of Annual General Meeting ("AGM").

Nomination Committee

The NC comprises solely of INEDs. The members of the NC are:

Mr. Ang Seng Wong - Chairman, Senior INED
Mr. Lim Sze Yan - INED
Mr. Lee Kean Teong - INED

During FY2022, 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

PART II – BOARD COMPOSITION (Cont'd)

5. Board's Objectivity (Cont'd)

Nomination Committee (Cont'd)

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

(a) Reviewed and approved the Fit and Proper Policy.
(b) 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.
(c) Reviewed and assessed the mix of skills, expertise, composition, size and experience of the Directors.
(d) Reviewed the term of office and performance of the ARMC.
(e) Reviewed the level of independence of INEDs.
(f) Discussed the character, experience, integrity and competence of the Directors, and to ensure they have the time to discharge their respective roles.
(g) 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.
(h) Recommended for Directors to attend training or seminars particularly those in connection with updates to regulations and financial reporting standards in the coming year.
(i) Reviewed and recommended re-election of Directors, in accordance with the Constitution of the Company, at the forthcoming AGM.

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 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, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity to the Board.

6. Overall Effectiveness of the Board and its Individual Directors

Formal and Objective Evaluation

The NC assessed the effectiveness of the Board as a whole, the Board Committees as well as 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 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.

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

PART II – BOARD COMPOSITION (Cont'd)

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

Formal and Objective Evaluation (Cont'd)

Based on the outcome of evaluation for the financial year under review, the NC and the Board are 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 and the Board are of the same view 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 FY2022, the Board held five (5) meetings to deliberate and decide on various issues including the Group's financial results, annual evaluation and re-election 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 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
Mr. Keh Chuan Seng	4/5
Dato' Alex Kang Pang Kiang	5/5
Mr. Ang Seng Wong	5/5
Mr. Lim Sze Yan	5/5
Mr. Lee Kean Teong	5/5

Board meetings are scheduled to enable the Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention to the meeting agenda. Management personnel and external consultants are also invited to attend the 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 at 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.

PART II – BOARD COMPOSITION (Cont'd)

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

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	• The Malaysian Code on Corporate Governance - Updated April 2021
Dato' Alex Kang Pang Kiang	• The Malaysian Code on Corporate Governance - Updated April 2021 • Environmental, Social & Governance ("ESG") - Sustainability Training • Listed Entity Director Programme
Mr. Ang Seng Wong	• The Malaysian Code on Corporate Governance - Updated April 2021 • Certificate in Debt Collection & Legal Process • Environmental, Social & Governance ("ESG") - Sustainability Training • TCFD 102: Building Experience in Climate-Related Financial Reporting • Professional Certificate in Manufacturing Operation
Mr. Lim Sze Yan	• The Malaysian Code on Corporate Governance - Updated April 2021 • Environmental, Social & Governance ("ESG") - Sustainability Training • The Tax Audit Landscape in Malaysia • Financial Frauds and Scams • AOB's Conversation with Audit Committees
Mr. Lee Kean Teong	• The Malaysian Code on Corporate Governance - Updated April 2021 • Webinar on Conflict of Interest and Related Party Transactions • Prevention and Control of Covid-19 Pandemic • Global Summit of Integrated Reporting Communities • KPMG Asia Pacific Board of Leadership & Assurance Summit 2021 • KPMG Tax and Business Summit 2021 • 2021 MFRS Updates • The Environmental, Social and Governance Imperative

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.

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

PART III – REMUNERATION

7. Level and Composition of Remuneration

Remuneration Policy

The Board has put in place a Remuneration Policy which sets out the determinants and structure of remuneration of Executive Directors and Non-Executive Directors of the Company, as well as the procedure to determine their remuneration.

This Policy is established for the purpose of ensuring that the Company has remuneration guidelines that are:

(a) Appropriate to attract, retain and motivate the Directors;
(b) Fair and reasonable having regard to the demands, complexities and performance of the Company as well as the level of competencies, scope of work and responsibilities of the individual Directors; and
(c) Aligned with the business strategy and long-term objectives of the Company and the Group.

The remuneration package of the executive Board member is determined based on the scope of work and responsibilities and is linked to individual as well as corporate performance. As for Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities, and the onerous challenges in discharging their fiduciary duties and is comparable to market rate.

The Remuneration Policy was adopted on 24 May 2022 and is available on the Company's website at www.eg.com.my.

Remuneration Committee

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

Mr. Lim Sze Yan - Chairman, INED
Mr. Ang Seng Wong - Senior INED
Mr. Lee Kean Teong - INED

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

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 member.
(c) Reviewed and approved the Remuneration Policy.

The RC ensures that remuneration of the Board commensurate with the level of responsibilities, with due consideration in attracting, retaining and motivating the directors to lead and run the Group successfully.

PART III – REMUNERATION

8. Remuneration of Directors and Senior Management

Details of Directors' Remuneration

The details of FY2022 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/Group			
Executive Director			
Dato' Alex Kang Pang Kiang	5,000	853,073	858,073
Non-Executive Directors			
Mr. Keh Chuan Seng	60,000	-	60,000
Mr. Ang Seng Wong	48,000	4,200	52,200
Mr. Lim Sze Yan	36,000	4,200	40,200
Mr. Lee Kean Teong	36,000	3,600	39,600
Total	**185,000**	**865,073**	**1,050,073**

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 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 managements to lead and run the Group successfully.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE

9. Effective and Independent Audit Committee

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.

Former Key Audit Partner

The TOR of the ARMC has been updated on 25 October 2022 to extend the cooling-off period from the existing 2 years to 3 years for a former key audit partner, if any, to be appointed as a member of the ARMC.

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

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

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

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 applicable accounting standards and policies. The independent external auditors play a critical role by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial information.

The ARMC had 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 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.

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.

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 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 ARMC met with the external auditors two (2) times during FY2022 without the presence of management and executive Board members. The external auditors attended the 30th AGM of the Company.

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 recommending their re-appointment for shareholders' approval at the forthcoming AGM.

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 INED
Mr. Lim Sze Yan	-	INED
Mr. Lee Kean Teong	-	INED

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.

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 II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10. Risk Management and Internal Control Framework

Establishment of Risk Management and Internal Control Framework

The Board has 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; and
- Appraising the reliability and usefulness of data and information generated for management.

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.

Features of the Risk Management and Internal Control Framework

The Board is responsible for the adequacy and effectiveness of our Group's risk management and internal control systems. The Board ensures that the systems manage the Group's key areas of risk within an acceptable risk profile to ensure the likelihood that the 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.

11. Effective Governance, Risk Management and Internal Control Framework

Internal Audit Function

The Group's 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 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.

Disclosure pertaining to the Internal Audit Function

KPRMS adopts internal audit standards and best practices based on the International Professional Practices Framework (IPPF), endorsed by the Institute of Internal Auditors Malaysia ("IIAM").

The internal audit team is headed by an Executive Director – Advisory who is a fellow of Association of Chartered Certified Accountants and a member of the IIAM and is assisted by 2 senior staff. None of the Internal Audit personnel has any relationship or conflict of interest that could impair their objectivity and independence in conducting their Internal Audit functions.

The internal audit adopted a risk-based approach and prepared its plan based on the risk profiles of the major business units in the Group in accordance with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

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

PART I – ENGAGEMENT WITH STAKEHOLDERS

12. Effective, Transparent and Regular Communication with its Stakeholders

The Board is committed to ensure 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, investor relations and social media.

The Group CEO is the designated spokesperson 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.

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.

PART II – CONDUCT OF GENERAL MEETINGS

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

Notice of AGM

The 30th AGM of the Company was held on 30 November 2021 with the notice sent at least 28 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.

The upcoming 31st AGM of EG will be held on 29 November 2022. The notice will be issued at least 28 days prior to the date of the AGM to allows shareholders to have sufficient time to consider the proposed resolutions to be tabled at the AGM.

In addition, the notice of the 31st AGM would also include details and relevant explanatory notes to the resolutions proposed (including that for the re-election of directors) to enable the shareholders to make informed decisions in exercising their voting rights.

EG's 2022 Annual Report together with the Notice of the 31st AGM will be published on the Company's corporate website at www.eg.com.my.

Attendance at AGM

All five (5) members of the Board, the Company Secretaries, External Auditors and senior management had attended the virtual 30th AGM held in 2021 through video conferencing.

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

13. Shareholders are able to Participate, Engage the Board and Senior Management (Cont'd)

Attendance at AGM (Cont'd)

Shareholders are invited to ask questions both about the resolutions being proposed before putting them to vote as well as matters relating to the Company's operations in general and meaningful responses were given to the questions raised.

Effective Communication and Proactive Engagement

The Company's general meetings remain the principal forum for dialogue and communication with shareholders. Shareholders are encouraged to attend the Company's AGM and participate in the proceedings. Sufficient time and opportunities will be given to the shareholders to ask questions about the proposed resolutions and the Group's operations, and to communicate their expectations and possible concerns.

All Directors attended and participated in the 30th AGM in 2021. 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.

The Minutes of the 30th AGM as well as all questions posed by the shareholders and response thereto are made available on the Company's website at www.eg.com.my.

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 at the 30th AGM which was convened virtually using Remote, Participation and Voting ("RPV") facilities through online meeting platform.

Shareholders who had registered to participate in the 30th AGM had participated remotely via live streaming. At the same time, they were able to cast their votes online from start of the event until the close of the voting session. The Company also encouraged participation of shareholders through the issuance of proxies when there was indication that shareholders were unable to attend and vote in person at general meetings.

The remote polling process was conducted by ***AGRITEUM*** Share Registrar Sdn. Bhd., and results of the poll were verified by the Scrutineers, Symphony Corporate Services Sdn. Bhd..

The Company will continue to conduct virtual general meetings through live streaming and using RPV facilities to enhance the quality of engagement with its shareholders and facilitate further shareholders' participation at the forthcoming AGM in accordance with the Company's Constitution.

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company has substantially complied with the Principles and Practices set out in the MCCG as well as the relevant MMLR for FY2022. Any Practices in the MCCG 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 25 October 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the MMLR 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 FY2022.

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 auditors 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 auditors carried out a risk-based audit in accordance to the internal audit plan approved by the ARMC. The internal auditors assess 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 auditors 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 auditors 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 Environmental Management System 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 MCCG, 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 and Senior Management from respective 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 Risk 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 BCOC 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) ACAB 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 2022 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 Guidelines to be set out, nor is 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 Group'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's resolution dated 25 October 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION

The Audit and Risk Management Committee ("Committee") has 3 members, comprising all INEDs as tabulated below:

CHAIRMAN : ANG SENG WONG

MEMBERS : LIM SZE YAN
LEE KEAN TEONG

MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 30 JUNE 2022

The Committee held five (5) meetings during the financial year under review and the details of attendance of each member are outlined below:

	Date of Meetings				
	14/09/2021	22/10/2021	30/11/2021	25/02/2022	24/05/2022
Ang Seng Wong	√	√	√	√	√
Lim Sze Yan	√	√	√	√	√
Lee Kean Teong	√	√	√	√	√

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 2022: -

1. **Financial Reporting**

   a) Reviewed and discussed the quarterly unaudited financial statements of the Group with the management before recommending them to the Board for approval.

   b) Reviewed and discussed the annual audited financial statements of the Group with the management and external auditors before recommending them to the Board for approval.

2. **External Audit**

   a) Reviewed and discussed with the external auditors on their annual audit planning memorandum outlining their scope of work, audit timeline, areas of audit emphasis, audit materiality, updates on financial reporting and proposed audit fees prior to the commencement of their annual audit for FY2022.

   b) Reviewed and discussed key audit issues raised by the external auditors from its annual audit for the FY2022 in its management letter including management's response to the findings and actions taken to resolve such issues.

   c) 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.

   d) Convened 2 meetings with the external auditors 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.

3. **Internal Audit**

   a) Reviewed the annual internal audit plan and the audit programme with the internal auditors to ensure adequate audit coverage of the key risk areas.

   b) Reviewed and discussed the internal audit reports with major findings, recommendations and the management's response in addressing the issues found to ensure that risk issues were adequately addressed.

   c) Reviewed or appraised the performance of the internal auditors which focus mainly on its scope of work function, competency and that the internal auditors have necessary resources to carry out its works in respect of FY2022.

4. Related Party Transactions

a) Reviewed the related party transactions and recurrent related party transactions of a revenue or trading nature on a quarterly basis to ensure that the transactions were on normal commercial terms which were not detrimental to the interest of minority shareholders and in accordance with the approved mandate.

b) Reviewed the circular to shareholders in relation to the proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue and trading nature to ensure that the transactions are carried out on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders.

5. Others

a) Reviewed the Audit and Risk Management Committee Report, and Statement on Risk Management and Internal Control for the inclusion in the 2022 Annual Report prior to the submission to the Board for their approval.

b) Reviewed and discussed the Risk Management Report through the quarterly presentations by Risk Management Officer and made relevant recommendation to the Board for identified risks and mitigations actions.

c) Surveyed and inspected factories and premises in Malaysia to ensure existing and potential risks were managed and mitigated.

d) Met and discussed with the relevant Head of Divisions to monitor the operations of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 compliance procedures.

INTERNAL AUDIT FUNCTION

The Company has appointed an independent professional accounting firm to provide outsourced internal audit function of the Group in order to assist the Committee in discharging its duties and responsibilities.

The internal auditors are 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 auditors involve the following:

a) Reviewing and appraising the adequacy, effectiveness and application of 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; and
d) Appraising the reliability and usefulness of data and information generated for management.

During the financial year under review, the internal auditors have conducted audit reviews relating to the Group's IT system control, and plant and tooling maintenance according to the internal audit plan which has been approved by the Committee. Upon completion of the audit work, the internal auditors presented their findings, recommendation as well as the management's responses and action plans to the Committee for its review and deliberation. The internal auditors also carried out follow up reviews to monitor the implementation of the management's action plans for reporting to the Committee.

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

The cost incurred by the internal audit function in respect of FY2022 was RM36,400.

ADDITIONAL COMPLIANCE INFORMATION

AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid or payable to the external auditors by the Company and the Group for the FY2022 were as follows:

Fees	Company RM'000	Group RM'000
Audit	40	234
Non-audit	16	16

The amount of non-audit fees paid to the external auditor during the financial year was for services performed in connection with reviewing of Statement on Risk Management and Internal Control and foreign subsidiary's audit papers.

MATERIAL CONTRACTS

During the financial year under review, there were no material contracts of the Company and its subsidiaries involving the interests of major shareholders and/or directors.

CONTRACT RELATING TO LOANS

During the financial 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 30 to the financial statements.

UTILISATION OF PROCEEDS

During the financial year, the Company had undertaken a private placement exercise which involves the issuance of 36,195,400 new ordinary shares, representing approximately 9.07% of the total number of issued EG shares (excluding treasury shares) and the total proceeds raised was amounting to RM15.20 million. As at 30 June 2022, the utilisation of the proceeds were as follows:

Details	Actual utilisation RM'000	Intended time frame for utilisation from listing date
General working capital	14,809	Within 12 months
Expenses for the Proposed Private Placement	393	Immediate
Total	**15,202**	

Directors' report for the financial year ended 30 June 2022

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 2022.

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 for the financial year	10,824	7,441

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

Since the end of the previous financial year, the amount of dividends declared and paid by the Company in respect of its Redeemable Convertible Preference Shares ("RCPS") were as follows:

i) In respect of the financial year ended 30 June 2021:
   - the annual RCPS dividend of 2% amounting to RM215,892 paid on 14 July 2021.

ii) In respect of the financial year ended 30 June 2022:
   - the annual RCPS dividend of 2% amounting to RM197,564 paid on 13 July 2022.

The annual RCPS dividend of 2% for the period from and including 1 July 2022 to 12 October 2022, amounting to RM53,585 was paid on 12 October 2022. This dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 30 June 2023.

The Directors do not recommend any other 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:

Keh Chuan Seng
Dato' Kang Pang Kiang*
Ang Seng Wong
Lim Sze Yan
Lee Kean Teong

Directors of the Company (Cont'd)

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
Tan Eng Hock (Appointed on 29 June 2022)
Lee Sin Li (Appointed on 29 June 2022)
Lee Boon Li (Appointed on 30 July 2022)
Tay Min Cheah (Appointed on 14 September 2022)
Ng Sze Mun (Resigned on 30 June 2022)
Mogan A/L Karupiah (Resigned on 31 July 2022)
Tham Kok Sian (Resigned on 15 September 2022)

** 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			
	As at 1.7.2021	Bought	Sold	As at 30.6.2022
The Company				
Direct interests				
Dato' Kang Pang Kiang	13,655,300	14,682,400	-	28,337,700
Keh Chuan Seng	3,420,700	-	(3,420,700)	-
Lee Kean Teong	32,900	-	-	32,900
Indirect interests				
Dato' Kang Pang Kiang*	21,683,900	6,240,000	-	27,923,900
Keh Chuan Seng*	21,683,900	6,240,000	-	27,923,900

Directors' interests in shares (Cont'd)

	Number of ordinary shares of Thai Baht ("THB") 10 each			
	As at 1.7.2021	Bought	Sold	As at 30.6.2022
Related corporation				
SMT Industries Co., Ltd				
Direct interest				
Dato' Kang Pang Kiang	1[(a)]	-	-	1[(a)]

	Number of ordinary shares of Thai Baht ("THB") 100 each			
	As at 1.7.2021	Bought	Sold	As at 30.6.2022
TM SMT (Thailand) Co., Ltd.				
Direct interest				
Dato' Kang Pang Kiang	1	-	-	1

	Number of redeemable convertible preference shares			
	As at 1.7.2021	Bought	Converted	As at 30.6.2022
The Company				
Direct interests				
Dato' Kang Pang Kiang	2,603,300	-	-	2,603,300
Indirect interests				
Dato' Kang Pang Kiang*	21,300	-	-	21,300
Keh Chuan Seng*	21,300	-	-	21,300

* Shares held through QYH Capital Sdn. Bhd.

(a) Share held in trust for EG Industries Berhad.

Save as disclosed above, none of the other Directors holding office at 30 June 2022 held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

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 30 to the financial statements.

The details of the directors' remuneration for the financial year ended 30 June 2022 are set out below:

	Group RM'000	Company RM'000
Directors' remuneration		
Fees	185	185
Remuneration	937	754
Defined contribution plans	133	111
	1,255	1,050

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 964,650 new ordinary shares at the issue price of RM0.95 each pursuant to conversion of 964,650 RCPS on the basis of 1 ordinary share for 1 RCPS held;

ii) issuance of 36,195,400 new ordinary shares at an issue price of RM0.42 per ordinary share for RM15,202,068 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.

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 10,398,085 shares.

A total of 9,898,085 outstanding RCPS was mandatorily converted into 9,898,085 new ordinary shares of Company upon its maturity on 12 October 2022. Accordingly, the RCPS have been removed from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") with effect from 13 October 2022.

Indemnity and insurance cost

Expenses incurred on indemnity given or insurance effected for the Director or officer of the Company during the financial year was amounted to RM15,333. 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 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) which 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 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

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 35 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

25 October 2022

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Assets					
Property, plant and equipment	3	**222,180**	229,509	**-**	-
Right-of-use assets	4	**38,283**	41,264	**-**	-
Investment properties	5	**3,509**	3,574	**-**	-
Investments in subsidiaries	6	**-**	-	**188,446**	188,446
Investment in associates	7	**2,558**	2,312	**-**	-
Other investments	8	**9,315**	2,667	**9,315**	2,667
Intangible assets	9	**12,214**	12,889	**-**	-
Deferred tax assets	10	**1,538**	1,677	**-**	-
Total non-current assets		**289,597**	293,892	**197,761**	191,113
Inventories	11	**451,343**	307,612	**-**	-
Trade and other receivables	12	**243,166**	308,344	**56,899**	55,965
Current tax assets		**2,725**	1,927	**1**	2
Fixed deposits with licensed banks	13	**938**	4,606	**-**	3,662
Cash and bank balances		**9,768**	10,543	**562**	97
Total current assets		**707,940**	633,032	**57,462**	59,726
Total assets		**997,537**	926,924	**255,223**	250,839
Equity					
Share capital	14	**188,060**	171,942	**188,060**	171,942
Treasury shares	14	**(8,043)**	(8,043)	**(8,043)**	(8,043)
Redeemable convertible preference shares- Equity component	15	**7,078**	7,922	**7,078**	7,922
Reserves	16	**198,365**	193,027	**56,480**	49,213
Total equity attributable to owners of the Company		**385,460**	364,848	**243,575**	221,034
Non-controlling interests		**(217)**	(217)	**-**	-
Total equity		**385,243**	364,631	**243,575**	221,034

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Liabilities					
Lease liabilities	17	**5,823**	7,398	**-**	-
Loans and borrowings	18	**39,154**	35,609	**-**	-
Redeemable convertible preference shares- Liability component	15	**-**	202	**-**	202
Provision for retirement benefits	19	**662**	612	**-**	-
Total non-current liabilities		**45,639**	43,821	**-**	202
Lease liabilities	17	**3,067**	3,282	**-**	-
Loans and borrowings	18	**237,579**	173,835	**-**	-
Trade and other payables	20	**325,742**	341,088	**11,648**	29,603
Provision for warranties	21	**267**	267	**-**	-
Total current liabilities		**566,655**	518,472	**11,648**	29,603
Total liabilities		**612,294**	562,293	**11,648**	29,805
Total equity and liabilities		**997,537**	926,924	**255,223**	250,839

The notes on pages 74 to 149 are an integral part of these financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	22	**1,114,442**	1,055,521	**6,780**	3,677
Cost of sales		**(1,069,339)**	(1,012,180)	**-**	-
Gross profit		**45,103**	43,341	**6,780**	3,677
Administrative expenses		**(21,823)**	(20,950)	**(1,905)**	(1,690)
Distribution expenses		**(3,500)**	(3,974)	**-**	-
Other expenses		**(7,746)**	(3,491)	**-**	(3,490)
Other income		**3,906**	4,035	**2,606**	396
Operating profit/(loss)		**15,940**	18,961	**7,481**	(1,107)
Finance costs	23	**(5,429)**	(5,116)	**(13)**	(488)
Share of profit of equity-accounted associate, net of tax	7	**246**	352	**-**	-
Profit/(Loss) before tax	24	**10,757**	14,197	**7,468**	(1,595)
Tax income/(expense)	26	**67**	(232)	**(27)**	-
Profit/(Loss) for the financial year		**10,824**	13,965	**7,441**	(1,595)
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")		**(119)**	(461)	**(119)**	(461)
Gain on re-measurement of provision for retirement benefits		**68**	-	**-**	-
Income tax benefit related to gain from re-measurement of provision for retirement benefits		**(14)**	-	**-**	-
		(65)	(461)	**(119)**	(461)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Items that are or may subsequently be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		**(5,366)**	(5,317)	**-**	-
		(5,366)	(5,317)	**-**	-
Other comprehensive expense for the financial year, net of tax		**(5,431)**	(5,778)	**(119)**	(461)
Total comprehensive income/ (expense) for the financial year		**5,393**	8,187	**7,322**	(2,056)
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		**10,824**	13,965	**7,441**	(1,595)
Non-controlling interests		**-**	-	**-**	-
		10,824	13,965	**7,441**	(1,595)
Total comprehensive income/ (expense) attributable to:					
Owners of the Company		**5,393**	8,187	**7,322**	(2,056)
Non-controlling interests		**-**	-	**-**	-
		5,393	8,187	**7,322**	(2,056)
Basic earnings per ordinary share (sen)	27	**2.75**	4.12	**-**	-
Diluted earnings per ordinary share (sen)	27	**2.75**	3.14	**-**	-

The notes on pages 74 to 149 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2022

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			
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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

for the financial year ended 30 June 2022

Group	Note	Attributable to owners of the Company – Non-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	Distributable: Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
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		-	-	-	(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

Group	Note	Attributable to owners of the Company: Non-distributable: Share capital RM'000	RCPS-Equity component RM'000	Treasury shares RM'000	Fair value reserve RM'000	Translation reserve RM'000	Capital reserve RM'000	Distributable: Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2021		171,942	7,922	(8,043)	(4,218)	16,079	28,558	152,608	364,848	(217)	364,631
Foreign currency translation differences for foreign operations		-	-	-	-	(5,366)	-	-	(5,366)	-	(5,366)
Net change in fair value of equity instruments designated at FVOCI		-	-	-	(119)	-	-	-	(119)	-	(119)
Gain on re-measurement of provision for retirement benefits		-	-	-	-	-	-	68	68	-	68
Income tax benefit related to gain from re-measurement of provision for retirement benefits		-	-	-	-	-	-	(14)	(14)	-	(14)
Total other comprehensive expense for the financial year		-	-	-	(119)	(5,366)	-	54	(5,431)	-	(5,431)
Profit for the financial year		-	-	-	-	-	-	10,824	10,824	-	10,824
Total comprehensive (expense)/ income for the financial year		-	-	-	(119)	(5,366)	-	10,878	5,393	-	5,393

Group	Note	Attributable to owners of the Company								Non-controlling interests	Total equity
		Non-distributable					Distributable				
		Share capital	RCPS-Equity component	Treasury shares	Fair value reserve	Translation reserve	Capital reserve	Retained earnings	Total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Conversion of RCPS to ordinary shares	14	916	(844)	-	-	-	-	(55)	17	-	17
Private placement	14	15,202	-	-	-	-	-	-	15,202	-	15,202
Total transactions with owners of the Company		16,118	(844)	-	-	-	-	(55)	15,219	-	15,219
At 30 June 2022		188,060	7,078	(8,043)	(4,337)	10,713	28,558	163,431	385,460	(217)	385,243

The notes on pages 74 to 149 are an integral part of these financial statements

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					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		-	-	-	(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

Company	Note	Share capital RM'000	RCPS-Equity component RM'000	Treasury shares 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				Distributable	
At 1 July 2021		171,942	7,922	(8,043)	(4,218)	28,558	24,873	221,034
Total other comprehensive expense for the financial year								
- Net change in fair value of equity instruments designated at FVOCI		-	-	-	(119)	-	-	(119)
Profit for the financial year		-	-	-	-	-	7,441	7,441
Total comprehensive (expense)/ income for the financial year		-	-	-	(119)	-	7,441	7,322
Conversion of RCPS to ordinary shares	14	916	(844)	-	-	-	(55)	17
Private placement	14	15,202	-	-	-	-	-	15,202
Total transactions with owners of the Company		16,118	(844)	-	-	-	(55)	15,219
At 30 June 2022		188,060	7,078	(8,043)	(4,337)	28,558	32,259	243,575

The notes on pages 74 to 149 are an integral part of these financial statements

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax from continuing operations		**10,757**	14,197	**7,468**	(1,595)
Adjustments for:					
Depreciation of property, plant and equipment	3	**38,316**	38,770	**-**	-
Depreciation of right-of-use assets	4	**2,328**	2,482	**-**	-
Depreciation of investment properties	5	**65**	66	**-**	-
Amortisation of intangible assets	9	**671**	1,026	**-**	12
Bad debt written off		**17**	-	**13**	-
Bad debt recovered		**(14)**	-	**-**	-
Interest expense	23	**5,429**	5,116	**13**	488
Dividend income		**(2)**	(2)	**(6,002)**	(3,002)
Loss on disposal of property, plant and equipment		**64**	608	**-**	-
Gain on disposal of right-of-use assets		**(20)**	(69)	**-**	-
Gain on disposal of other investment		**(1,126)**	-	**(1,126)**	-
Interest income		**(131)**	(251)	**-**	(482)
Property, plant and equipment written off		**1**	-	**-**	-
Provision for retirement benefits	19	**138**	111	**-**	-
Provision for slow moving stocks		**466**	751	**-**	-
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss		**(1,474)**	-	**(1,474)**	-
Inventories written off		**-**	500	**-**	-
Impairment loss/(Reversal of impairment) on trade and other receivables, net		**200**	1,628	**-**	(10)
Impairment loss on intangible assets		**-**	1,360	**-**	-
Impairment loss on investment in subsidiaries		**-**	-	**-**	3,284
Share of results of an associate		**(246)**	(352)	**-**	-
(Gain)/Loss on foreign exchange, net - unrealised		**(12)**	6,718	**-**	(6)
Operating profit/(loss) before changes in working capital		**55,427**	72,659	**(1,108)**	(1,311)
Inventories		**(149,907)**	(21,115)	**-**	-
Trade and other receivables		**59,303**	(26,760)	**(947)**	11,456
Trade and other payables		**(14,958)**	(3,767)	**(11,937)**	(21,340)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash (used in)/generated from operations		**(50,135)**	21,017	**(13,992)**	(11,195)
Tax paid		**(660)**	(1,024)	**(26)**	(2)
Tax refunded		**44**	2	**-**	-
Dividend received		**2**	2	**2**	1,502
Net cash (used in)/generated from operating activities		**(50,749)**	19,997	**(14,016)**	(9,695)
Cash flows from investing activities					
Subscription of shares in subsidiaries		**-**	-	**-**	(23,934)
Acquisition of:					
- plant and equipment	A	**(27,342)**	(35,894)	**-**	-
- right-of-use assets	B	**-**	(528)	**-**	-
- other investments		**(9,485)**	-	**(9,485)**	-
Interest received		**131**	251	**-**	115
Proceeds from disposal of plant and equipment		**1,092**	1,187	**-**	-
Proceeds from disposal of other investments		**5,318**	-	**5,318**	-
Proceeds from disposal of right-of-use assets		**20**	81	**-**	-
Net cash used in investing activities		**(30,266)**	(34,903)	**(4,167)**	(23,819)
Cash flows from financing activities					
Issue of shares pursuant to private placement		**15,202**	15,284	**15,202**	15,284
Proceeds from exercise of Warrants 2015/2020		**-**	17,328	**-**	17,328
Drawdown/(Repayment) of bank borrowings, net		**65,904**	(59,249)	**-**	-
Drawdown of lease liabilities		**1,495**	4,677	**-**	-
Repayment of lease liabilities		**(3,285)**	(3,370)	**-**	-
Drawdown of term loans, net		**2,990**	30,805	**-**	-
Dividend paid	28	**(216)**	(807)	**(216)**	(807)
Interest paid		**(5,416)**	(5,092)	**-**	-
Withdrawal of pledged deposits		**3,654**	13,421	**3,662**	1,334
Net cash generated from financing activities		**80,328**	12,997	**18,648**	33,139

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Net (decrease)/increase in cash and cash equivalents		**(687)**	(1,909)	**465**	(375)
Effect of exchange rate fluctuations on cash and bank balances		**(88)**	(414)	**-**	-
Cash and cash equivalents at 1 July 2021/2020		**10,543**	12,866	**97**	472
Cash and cash equivalents at 30 June		**9,768**	10,543	**562**	97

Notes

A. Acquisition of plant and equipment

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

Group	Note	2022 RM'000	2021 RM'000
Additions of plant and equipment	3	(35,106)	(42,855)
Purchase by way of term loan	29	-	6,961
Other payables		7,764	-
Cash payments		(27,342)	(35,894)

B. Acquisition of right-of-use assets

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

Group	Note	2022 RM'000	2021 RM'000
Additions of right-of-use assets	4	-	(4,333)
Lease liabilities	17	-	3,805
Cash payments		-	(528)

C. Cash outflows for leases as lessee

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Included in net cash from operating activities:				
Payment relating to short-term leases	845	92	-	-
Payment relating to leases of low-value assets	18	26	-	-
Interest paid in relation to lease liabilities	484	541	-	-
Included in net cash from financing activities:				
Payment of lease liabilities	3,285	3,370	-	-
Total cash outflows for leases	4,632	4,029	-	-

The notes on pages 74 to 149 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 2022 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 associates.

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

These financial statements were authorised for issue by the Board of Directors on 25 October 2022.

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 amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year.

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform – Phase 2*
- Amendment to MFRS 16, *Leases: Covid-19-Related Rent Concessions beyond 30 June 2021*

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

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:

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

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

- Annual improvements to MFRS Standards 2018-2020
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- 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*

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts - Initial Application of* MFRS 17 and MFRS 9 - *Comparative Information*
- 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*

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* and Amendments to MFRS 17, *Insurance Contracts – Initial Application of* MFRS 17 and MFRS 9 - *Comparative Information* 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.

1. Basis of preparation (Cont'd)

(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 - Valuation of inventories
- Note 12 - Trade and other receivables

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.

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.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Business Combinations (Cont'd)

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.

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.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(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.

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.

2. Significant accounting policies (Cont'd)

(b) Foreign currency (Cont'd)

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

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 to 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.

(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.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

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

Financial assets (Cont'd)

(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.

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)).

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

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

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.

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.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(v) Derecognition (Cont'd)

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 gain or loss 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.

(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.

2. Significant accounting policies (Cont'd)

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

(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/Office 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.

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.

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

(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

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.

(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.

2. Significant accounting policies (Cont'd)

(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

Group	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/ Office renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Cost										
At 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/1 July 2021	1,932	38,860	429,266	2,863	7,725	14,909	2,157	21,117	6,717	525,546
Additions	-	-	25,116	235	478	392	122	6,919	1,844	35,106
Disposals	-	-	(11,123)	(3)	(46)	(2)	(37)	(10)	-	(11,221)
Reclassification	-	-	2,196	19	-	3,046	-	3,227	(8,488)	-
Transfer from right-of-use assets, net	-	-	3,275	-	-	-	-	-	-	3,275
Written off	-	-	-	-	(11)	-	-	-	-	(11)
Foreign exchange differences	(64)	(413)	(6,480)	(11)	(42)	(118)	(30)	(46)	(8)	(7,212)
At 30 June 2022	1,868	38,447	442,250	3,103	8,104	18,227	2,212	31,207	65	545,483

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

Group	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/ Office renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses										
At 1 July 2020										
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
	-	13,268	230,924	1,239	4,791	10,802	1,698	7,118	-	269,840
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/1 July 2021	-	14,187	252,727	1,438	5,423	11,703	1,996	8,563	-	296,037

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

Group	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/ Office renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses (Cont'd)										
Depreciation charge for the financial year	-	1,148	33,335	231	717	1,167	59	1,659	-	38,316
Disposals	-	-	(9,969)	(2)	(45)	(2)	(37)	(10)	-	(10,065)
Transfer from right-of-use assets, net	-	-	2,622	-	-	-	-	-	-	2,622
Written off	-	-	-	-	(10)	-	-	-	-	(10)
Foreign exchange differences	-	(257)	(3,171)	(7)	(26)	(87)	(29)	(20)	-	(3,597)
Accumulated										
- depreciation	-	15,078	273,284	1,656	6,042	12,608	1,989	10,192	-	320,849
- impairment losses	-	-	2,260	4	17	173	-	-	-	2,454
At 30 June 2022	-	15,078	275,544	1,660	6,059	12,781	1,989	10,192	-	323,303
Carrying amount										
At 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/1 July 2021	1,932	24,673	176,539	1,425	2,302	3,206	161	12,554	6,717	229,509
At 30 June 2022	1,868	23,369	166,706	1,443	2,045	5,446	223	21,015	65	222,180

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

Company	Office equipment RM'000	Total RM'000
Cost		
At 1 July 2020/30 June 2021/30 June 2022	1	1
Accumulated depreciation		
At 1 July 2020/30 June 2021/30 June 2022	1	1
Carrying amount		
At 1 July 2020/30 June 2021/30 June 2022	-	-

3.1 Securities

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:

Group	2022 RM'000	2021 RM'000
Carrying amount		
Freehold land	1,868	1,932
Buildings	13,020	13,291
Plant and machinery	25,366	23,709
	40,254	38,932

4. Right-of-use assets

Group	Leasehold land and building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 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/1 July 2021	29,224	18,420	1,061	48,705
Disposals	-	-	(56)	(56)
Transfer to property, plant and equipment, net	-	(3,275)	-	(3,275)
At 30 June 2022	29,224	15,145	1,005	45,374
Accumulated Depreciation				
At 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/1 July 2021	1,689	5,137	615	7,441
Charge for the financial year	531	1,604	193	2,328
Disposals	-	-	(56)	(56)
Transfer to property, plant and equipment, net	-	(2,622)	-	(2,622)
At 30 June 2022	2,220	4,119	752	7,091
Carrying amount				
At 1 July 2020	27,599	7,218	699	35,516
At 30 June/1 July 2021	27,535	13,283	446	41,264
At 30 June 2022	27,004	11,026	253	38,283

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

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.

4.2 Assets pledged as securities to financial institutions

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

4.3 Leasehold land

At 30 June 2022, the remaining period of the lease term of the leasehold land ranges from 27 to 58 years (2021: 28 to 59 years).

4.4 Transfer (to)/from

Plant and machinery transferred from property, plant and equipment with carrying amount of RM1,619,816 (2021: RM3,948,098) were financed/refinanced by lease liabilities amounting to RM1,495,215 (2021: RM4,676,421).

5. Investment properties

Group	Buildings RM'000
Cost	
At 1 July 2020/30 June 2021/30 June 2022	3,952
Accumulated depreciation	
At 1 July 2020	312
Depreciation charge for the financial year	66
At 30 June/1 July 2021	378
Depreciation charge for the financial year	65
At 30 June 2022	443
Carrying amount	
At 1 July 2020	3,640
At 30 June/1 July 2021	3,574
At 30 June 2022	3,509

5. Investment properties (Cont'd)

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

Group	2022 RM'000	2021 RM'000
Rental income	252	256
Direct operating expenses:		
- income generating	69	86

5.1 Fair value information

The fair value of the investment properties as at 30 June 2022 is classified as level 3 in the fair value hierarchy and is determined to be approximately RM5,428,346 (2021: RM6,120,108).

The fair value of the investments properties of the Group is based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category of property being valued.

5.2 Securities

Certain 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 or were vacant. The lease contains a cancellable period. No contingent rents are charged.

6. Investments in subsidiaries

Company	2022 RM'000	2021 RM'000
Unquoted shares, at cost		
At 1 July 2021/2020	200,780	172,336
Subscription of shares in subsidiaries	-	28,444
At 30 June	200,780	200,780
Less: Accumulated impairment loss	(12,334)	(12,334)
At 30 June	188,446	188,446

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective ownership interest and voting interest 2022 %	2021 %	Principal activities
SMT Technologies Sdn. Bhd.	Malaysia	100	100	Provision of Electronic Manufacturing Services for computer peripherals and consumer electronic/electrical products and production of high filtration face masks
Mastimber Industries Sdn. Bhd.*	Malaysia	97.3	97.3	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 computer 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
EG Operations Sdn. Bhd.	Malaysia	100	100	Dormant

6. Investments in subsidiaries (Cont'd)

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

Name of subsidiary	Country of incorporation	Effective ownership interest and voting interest 2022 %	2021 %	Principal activities
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. 2022 RM'000	2021 RM'000
NCI percentage of ownership interest and voting interest	2.70%	2.70%
Carrying amount of NCI	(217)	(217)
Profit allocated to NCI	-	-
Summarised financial information before intra-group elimination		
At 30 June		
Current assets	14	17
Non-current liabilities	(8,051)	(8,051)
Current liabilities	(1)	(7)
Net liabilities	(8,038)	(8,041)
Year ended 30 June		
Profit/(Loss) for the financial year	2	(6)
Total comprehensive income/(expense)	2	(6)
Cash flows used in operating activities	(3)	(16)
Net decrease in cash and cash equivalents	(3)	(16)

6. Investments in subsidiaries (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, SMTI 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

In year 2021, 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 was included in other expense.

7. Investment in associates

Group	2022 RM'000	2021 RM'000
At cost		
Unquoted shares in Malaysia	1,960	1,960
Share of post-acquisition reserves	598	352
	2,558	2,312

7. Investment in associates (Cont'd)

Details of the associates are as follows:

Name of associate	Country of incorporation	Effective ownership interest 2022 %	Effective ownership interest 2021 %	Principal activities
Associate of SMT Technologies Sdn. Bhd.				
TM SMT Sdn. Bhd.*#@	Malaysia	49	49	Manufacturing of electronics and electrical products, wholesale of computer hardware, software and peripherals
Subsidiary of TM SMT Sdn. Bhd.				
TM SMT (Thailand) Co., Ltd.*#@	Thailand	49	49	Dormant

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

In previous financial year, TM SMT Sdn. Bhd. invested in a newly incorporated Company in Thailand for a cash consideration of RM685,065 (equivalent to THB4,912,413), representing 99.99% equity interest in TM SMT (Thailand) Co., Ltd..

The investment in the associates 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 associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Groups' interest in the associates.

	2022 RM'000	2021 RM'000
TM SMT Sdn. Bhd.		
Summarised financial information as at 30 June		
Total assets	18,816	17,861
Total liabilities	(13,595)	(13,143)
Net assets	5,221	4,718
Year ended 30 June		
Net profit and total comprehensive income for the financial year	501	718
Included in total comprehensive income:		
Revenue	44,723	46,862

7. Investment in associates (Cont'd)

Reconciliation of net assets to carrying amount as at 30 June

	2022 RM'000	2021 RM'000
Group's share of net assets representing the carrying amount in the statement of financial position	2,558	2,312

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

	2022 RM'000	2021 RM'000
Group's share of net profit and total comprehensive income	246	352

Other information

	2022 RM'000	2021 RM'000
Dividend received	-	-

8. Other investments

Group/Company	2022 RM'000	2021 RM'000
Non-current		
Fair value through other comprehensive income		
Quoted shares in Malaysia	29	28
Quoted shares outside Malaysia	2,519	2,639
	2,548	2,667
Fair value through profit or loss		
Quoted shares in Malaysia	6,767	-
Total other investments	9,315	2,667

9. Intangible assets

Group	Goodwill RM'000	Software cost RM'000	Intellectual property RM'000	Total RM'000
Cost				
At 1 July 2020	10,148	3,511	8,875	22,534
Foreign exchange differences	-	(10)	-	(10)
At 30 June/1 July 2021	10,148	3,501	8,875	22,524
Foreign exchange differences	-	(11)	-	(11)
At 30 June 2022	10,148	3,490	8,875	22,513
Accumulated amortisation and impairment loss				
At 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/1 July 2021				
Accumulated amortisation	-	2,111	3,564	5,675
Accumulated impairment loss	-	-	3,960	3,960
	-	2,111	7,524	9,635
Amortisation for the financial year	-	333	338	671
Foreign exchange differences	-	(7)	-	(7)
At 30 June 2022				
Accumulated amortisation	-	2,437	3,902	6,339
Accumulated impairment loss	-	-	3,960	3,960
	-	2,437	7,862	10,299
Carrying amount				
At 1 July 2020	10,148	1,742	3,389	15,279
At 30 June/1 July 2021	10,148	1,390	1,351	12,889
At 30 June 2022	10,148	1,053	1,013	12,214

9. Intangible assets (Cont'd)

Company	Software cost RM'000
Cost	
At 1 July 2020/30 June 2021/30 June 2022	89
Accumulated amortisation	
At 1 July 2020	77
Amortisation for the financial year	12
At 30 June/1 July 2021	89
Amortisation for the financial year	-
At 30 June 2022	89
Carrying amount	
At 1 July 2020	12
At 30 June/1 July 2021	-
At 30 June 2022	-

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 7.30% (2021: 5.34%).

The future cash flows were projected based on the actual net operating cash flows achieved by the CGUs in the current financial year, assuming zero growth rate in the next three (3) years.

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.

At 30 June 2021, an impairment loss of RM1,360,000 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 7.30% (2021:5.34%) per annum, assuming zero growth rate. 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:

Group	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment - capital allowance	-	-	(15,375)	(11,918)	(15,375)	(11,918)
Unutilised reinvestment allowance	1,233	1,233	-	-	1,233	1,233
Unutilised increased in export allowance	13,029	10,482	-	-	13,029	10,482
Provisions	1,966	1,955	-	-	1,966	1,955
Other temporary differences	685	-	-	(75)	685	(75)
Tax assets/(liabilities)	16,913	13,670	(15,375)	(11,993)	1,538	1,677
Set off of tax	(15,375)	(11,993)	15,375	11,993	-	-
Net tax assets	1,538	1,677	-	-	1,538	1,677

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:

Group	At 30.6.2020	Recognised in profit or loss (Note 26)	Exchange difference	At 30.6.2021/ 1.7.2021	Recognised in profit or loss (Note 26)	Recognised in other comprehensive income	Exchange difference	At 30.6.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment - capital allowance	(7,108)	(4,810)	-	(11,918)	(3,457)	-	-	(15,375)
Unutilised reinvestment allowance	1,233	-	-	1,233	-	-	-	1,233
Increase in export allowance	7,159	3,323	-	10,482	2,547	-	-	13,029
Provisions	415	1,540	-	1,955	25	(14)	-	1,966
Other temporary differences	(190)	120	(5)	(75)	769	-	(9)	685
	1,509	173	(5)	1,677	(116)	(14)	(9)	1,538

10. Deferred tax assets (Cont'd)

Recognised deferred tax assets (Cont'd)

With effect from year of assessment 2018, the Group's 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):

Group	2022 RM'000	2021 RM'000
Unutilised increased export allowance	18,186	28,250

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. Inventories

Group	2022 RM'000	2021 RM'000
Raw materials	339,818	210,703
Work-in-progress	68,690	71,793
Manufactured inventories	42,835	25,116
	451,343	307,612
Recognised in profit or loss:		
Inventories recognised as cost of sales	951,593	877,091
Inventories written off	-	500
Provision for slow moving stocks	466	751

12. Trade and other receivables

Group	Note	2022 RM'000	2021 RM'000
Trade			
Trade receivables			
- third parties		222,650	292,382
- an associate		14,370	12,958
		237,020	305,340
Non-trade			
Other receivables		2,768	1,294
Deposits		369	124
Prepayments		3,009	1,586
		6,146	3,004
		243,166	308,344
Company			
Non-trade			
Amount due from subsidiaries	12.1	56,884	55,885
Other receivables		-	69
Deposits		2	2
Prepayments		13	9
		56,899	55,965

12.1 Amount due from subsidiaries

The amount due from subsidiaries are unsecured, interest-free and repayable on demand.

13. Fixed deposits with licensed banks

The fixed deposits with licensed banks are with maturities of less 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	2022 Amount RM'000	2022 Number of shares ('000)	2021 Amount RM'000	2021 Number of shares ('000)
Issued and fully paid:				
At 1 July	171,942	379,315	109,905	275,009
Issue pursuant to:				
- Conversion of redeemable convertible preference shares (Note 14.1)	916	965	29,425	30,974
- Exercise of warrants (Note 14.2)	-	-	17,328	41,257
- Private placement (Note 14.3)	15,202	36,195	15,284	32,075
At 30 June	188,060	416,475	171,942	379,315

14.1 Conversion from 964,650 (2021: 30,974,335) redeemable convertible preference shares ("RCPS") to 964,650 (2021: 30,974,335) ordinary shares with the conversion ratio of 1 new ordinary share for 1 RCPS held.

14.2 In financial year 2021, 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 36,195,400 (2021: 32,075,100) new ordinary shares at an issue price of RM0.42 (2021: RM0.48) per ordinary share for RM15,202,068 (2021: 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

Group/Company	2022 Amount RM'000	2022 Number of shares ('000)	2021 Amount RM'000	2021 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 2022, the Company held 17,585,900 (2021: 17,585,900) of its shares as treasury shares. The number of outstanding ordinary shares in issue after deducting treasury shares held is 398,889,289 (2021: 361,729,239).

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 Securities 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, 964,650 (2021: 30,974,335) RCPS were converted into 964,650 (2021: 30,974,335) ordinary shares of RM0.95 each of the Company. At the end of the financial year, the number of RCPS in issue is 10,398,085 (2021: 11,362,735).

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.

A total of 9,898,085 outstanding RCPS was mandatorily converted into 9,898,085 new ordinary shares of Company upon its maturity on 12 October 2022. Accordingly, the RCPS have been removed from the Official List of Bursa Securities with effect from 13 October 2022.

15. Redeemable convertible preference shares (Cont'd)

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

Group/Company	Liability component of RCPS RM'000	Equity component of RCPS RM'000	Total RM'000
2022			
At 1 July 2021	202	7,922	8,124
Conversion of RCPS into ordinary shares	(17)	(844)	(861)
Interest expense (Note 23)	13	-	13
Dividend paid (Note 28)	(198)	-	(198)
At 30 June 2022	-	7,078	7,078
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 28)	(216)	-	(216)
At 30 June 2021/1 July 2021	202	7,922	8,124

The fair value of the liability component of the RCPS at 30 June 2022 amounted to RMNIL (2021: RM214,175). The fair value is calculated using cash flow discounted at a rate based on the borrowings rate of NIL (2021: 6.12%) and are within Level 3 of the fair value hierarchy.

16. Reserves

Group	Note	2022 RM'000	2021 RM'000
Non-distributable:			
Fair value reserve	16.1	(4,337)	(4,218)
Translation reserve	16.2	10,713	16,079
Capital reserve	16.3	28,558	28,558
		34,934	40,419
Distributable:			
Retained earnings		163,431	152,608
		198,365	193,027
Company			
Non-distributable:			
Fair value reserve	16.1	(4,337)	(4,218)
Capital reserve	16.3	28,558	28,558
		24,221	24,340
Distributable:			
Retained earnings		32,259	24,873
		56,480	49,213

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

16.1 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.

16.2 Translation reserve

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

16.3 Capital reserve

Capital reserve arose from the capital reduction exercise.

17. Lease liabilities

Group	2022 RM'000	2021 RM'000
At 1 July 2021/2020	10,680	5,568
Additions	1,495	8,482
Payments	(3,285)	(3,370)
At 30 June	8,890	10,680
Presented as:		
Non-current	5,823	7,398
Current	3,067	3,282
	8,890	10,680

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

	2022 RM'000	2021 RM'000
Less than 1 year	3,457	3,766
Between 1 and 5 years	6,218	7,993
	9,675	11,759
Less: Future finance charges	(785)	(1,079)
	8,890	10,680

Additions during the financial year include plant and machinery financed/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.

Certain lease liabilities are collateralised by corporate guarantee from the Company.

18. Loans and borrowings

Group	2022 RM'000	2021 RM'000
Non-current		
Secured		
Term loans	39,154	35,609
Current		
Secured		
Bankers' acceptances	199,281	127,186
Trust receipts	18,502	17,965
Term loans	6,985	5,568
Trade financing	4,000	20,000
Revolving credits	8,811	3,116
	237,579	173,835

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 certain 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

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 (2021: 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:

Group	2022 RM'000	2021 RM'000
Present value of obligations - non current	662	612

19. Provision for retirement benefits (Cont'd)

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

Group	2022 RM'000	2021 RM'000
At 1 July 2021/2020	612	517
Amount recognised in profit or loss		
- Current service cost	125	94
- Interest cost	13	17
- Foreign exchange differences	(20)	(16)
	730	612
Amount recognised in other comprehensive income		
- Gain from re-measurement of provision for retirement benefits	(68)	-
At 30 June	662	612

The principal actuarial assumptions used are as follows:

	2022	2021
Discount rate	2.56%	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%

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.

19. Provision for retirement benefits (Cont'd)

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:

Group	2022 Increase RM'000	2022 Decrease RM'000	2021 Increase RM'000	2021 Decrease RM'000
Discount rate (1% movement)	(17)	20	(10)	12
Long-term salary increment rate (1% movement)	27	(22)	20	(17)
Turnover rate (20% change from base assumption)	(26)	36	(20)	27

20. Trade and other payables

Group	Note	2022 RM'000	2021 RM'000
Trade			
- third parties		299,835	330,689
- a related party		45	353
		299,880	331,042
Non-trade			
Other payables		5,861	3,848
Deferred revenue		23	18
Deposit		81	93
Accruals		19,897	6,087
		25,862	10,046
		325,742	341,088

20. Trade and other payables (Cont'd)

Company	Note	2022 RM'000	2021 RM'000
Non-trade			
Amount due to subsidiaries	20.1	11,192	29,132
Other payables	20.2	218	245
Accruals		238	226
		11,648	29,603

20.1 Amount due to subsidiaries

The amount due to subsidiaries are unsecured, interest-free and payable on demand.

20.2 Other payables

Included in other payables of the Company are RM197,564 (2021: RM215,892) representing dividend on RCPS payable as disclosed in Note 28 to the financial statements.

21. Provision for warranties

Group	2022 RM'000	2021 RM'000
At 1 July/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 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue from contracts with customers	1,114,234	1,055,199	-	-
Other revenue				
Service fee	206	205	-	-
Dividend income	2	2	6,002	3,002
Interest income	-	115	-	115
Management fee	-	-	778	560
	1,114,442	1,055,521	6,780	3,677

22.1 Disaggregation of revenue

Disaggregation of revenue based on primary geographical markets has been disclosed in Note 32 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 (2021: 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 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Interest expenses on:				
Bank overdraft	-	1	-	-
Bankers' acceptances/Trade financing	3,357	3,035	-	-
Decretion of interest implicit in long-term payables	-	-	-	464
Trust receipts	550	688	-	-
Lease liabilities	484	541	-	-
Term loans	1,009	730	-	-
Revolving credits	16	97	-	-
RCPS - Liability component	13	24	13	24
	5,429	5,116	13	488

24. Profit/(Loss) before tax

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration				
- Statutory audit				
- UHY	120	116	40	39
- other auditors	114	121	-	-
- Other services				
- UHY	16	16	16	16
- other auditors	30	60	30	60
Material expenses/(income)				
Depreciation of property, plant and equipment (Note 3)	38,316	38,770	-	-
Depreciation of right-of-use assets (Note 4)	2,328	2,482	-	-
Depreciation of investment properties (Note 5)	65	66	-	-
Amortisation of intangible assets (Note 9)	671	1,026	-	12
Bad debt written off	17	-	13	-
Bad debt recovered	(14)	-	-	-
Directors' remuneration:				
- Directors of the Company				
- fees	185	162	185	162
- other emoluments	754	718	754	718
- contributions to Employees' Provident Fund	111	98	111	98
- Other Directors				
- other emoluments	183	427	-	-
- contributions to Employees' Provident Fund	22	51	-	-
Impairment loss on intangible assets	-	1,360	-	-
Impairment loss on investment in subsidiaries	-	-	-	3,284
Inventories written off	-	500	-	-
Loss on disposal of property, plant and equipment	64	608	-	-
Gain on disposal of right-of-use assets	(20)	(69)	-	-
Gain on disposal of other investment	(1,126)	-	(1,126)	-

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

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loss/(Gain) on foreign exchange, net				
- realised	6,585	(869)	(5)	204
- unrealised	(12)	6,718	-	(6)
Provision for retirement benefits (Note 19)	138	111	-	-
Provision for slow moving stocks	466	751	-	-
Fair value gain on financial instruments mandatorily measured at FVTPL	(1,474)	-	(1,474)	-
Accretion of interest implicit in long-term receivables	-	-	-	(367)
Interest income	(131)	(136)	-	-
Property, plant and equipment written off	1	-	-	-
Expenses/(income) arising from leases				
Expenses relating to short-term leases	845	92	-	-
Expenses relating to leases of low-value assets	18	26	-	-
Rental income	(6)	(5)	-	-
Rental income from investment properties	(252)	(256)	-	-
Net loss on impairment of financial instruments				
Impairment loss/(Reversal of impairment) on trade and other receivables	200	1,628	-	(10)

25. Employee benefits

25.1 Staff costs

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and others	61,005	59,624	-	-

Included in staff costs of the Group are RM3,013,091 (2021: RM3,173,937) representing contributions to Employees' Provident Fund.

25. Employee benefits (Cont'd)

25.2 Key management personnel compensation

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Directors' fees	185	162	185	162
Short-term employee benefits	2,521	2,114	754	718
Contributions to Employees' Provident Fund	320	263	111	98
	3,026	2,539	1,050	978

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 (income)/expense

Recognised in profit or loss

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian				
- current year	50	300	-	-
- prior year	(233)	105	27	-
Total current tax recognised in profit or loss	(183)	405	27	-
Deferred tax				
Reversal of temporary differences	116	(173)	-	-
Total deferred tax recognised in profit or loss	116	(173)	-	-
Total tax (income)/expense	(67)	232	27	-

26. Tax (income)/expense (Cont'd)

Reconciliation of tax (income)/expense

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	10,757	14,197	7,468	(1,595)
Income tax calculated using Malaysian tax rate at 24% (2021: 24%)	2,582	3,407	1,792	(383)
Effect of different tax rate in foreign jurisdiction	(25)	(26)	-	-
Effect of share of profit of equity-accounted associate	(97)	46	-	-
Effect of tax incentives	(96)	(607)	-	-
Effect of unrecognised temporary difference	(2,415)	(4,049)	-	-
Non-deductible expenses	803	1,023	273	1,194
Non-taxable income	(625)	-	(2,065)	(811)
Others	39	333	-	-
(Over)/Under provision of current tax in prior years	(233)	105	27	-
Total tax (income)/expense	(67)	232	27	-

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

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the financial year ended 30 June 2022 was based on the profit attributable to ordinary shareholders as follows:

Group	2022	2021
	RM'000	RM'000
Profit attributable to ordinary shareholders	10,824	13,965
Weighted average number of ordinary shares outstanding ('000)	393,235	339,044
Basic earnings per ordinary share (sen)	2.75	4.12

27. Earnings per ordinary share (Cont'd)

Diluted earnings per ordinary share

The diluted earnings per share has been computed based on adjusted earnings 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:

Group	2022 RM'000	2021 RM'000
Profit attributable to ordinary shareholders	10,824	13,965
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	393,235	339,044
Effect of exercise of RCPS ('000)	*	*
Effect of exercise of private placement ('000)	-	105,440
Weighted average number of ordinary shares ('000)	393,235	444,484
Diluted earnings per ordinary share (sen)	2.75	3.14

* The effect of the potential incremental shares from RCPS were not taken into account in the computation of diluted earnings per share as the exercise price of the RCPS are higher than the average market price of the Company's ordinary shares.

28. Dividends

Dividends on RCPS declared/paid by the Company were as follows:

	2022 RM'000	2021 RM'000
Annual dividend on 11,362,735 RCPS, paid on 14 July 2021	-	216
Annual dividend on 10,398,085 RCPS, paid on 13 July 2022	198	-
	198	216

Annual dividend amounting to RM197,564 (2021: RM215,892) has been accrued and was paid subsequent to the reporting date.

29. Reconciliation of liabilities arising from financing activities

Group

2022

	At 1 July 2021 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 2022 RM'000
Term loans (Note 18)	41,177	2,990	1,972	-	-	-	46,139
Lease liabilities (Note 17)	10,680	(3,285)	-	1,495	-	-	8,890
Other bank borrowings (Note 18)	168,267	65,904	(3,577)	-	-	-	230,594
RCPS- Liability component (Note 15)	202	-	-	-	(216)	14	-
	220,326	65,609	(1,605)	1,495	(216)	14	285,623

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

(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.

Company

	At 1 July 2020 RM'000	Cash flow used in financing activities (Note 15) RM'000	Other changes RM'000	At 30 June/ 1 July 2021 RM'000	Cash flow used in financing activities (Note 15) RM'000	Other changes RM'000	At 30 June 2022 RM'000
RCPS- Liability component (Note 15)	1,549	(807)	(540)	202	(216)	14	-

30. Related parties

30.1 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 company in which a substantial shareholder has a substantial financial interest namely, WE Components Pte. 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.

30.2 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:

		2022 RM'000	2021 RM'000
(a)	**Transactions with a related company**		
	Group		
	Purchase of raw materials	(359)	(1,153)
(b)	**Transactions with subsidiaries**		
	Company		
	Additional investment in subsidiaries	-	(28,444)
	Advances given	42,472	21,595
	Advances from	(52,731)	(20,758)
	Dividend received/receivable	6,000	3,000
	License fee	-	11
	Management fee receivable/received	778	560
	Repayment to	(64,838)	(66,000)
	Repayment from	42,423	33,273
(c)	**Transactions with an associate**		
	Group		
	Advances	2,885	578
	Sales	42,648	44,897
	Purchase	-	(1,144)
	Purchase of plant and machinery	(7)	-
	Service charges	226	167

The non-trade balances with related parties outstanding at the end of the reporting period are disclosed in Note 12 and Note 20 to the financial statements. All the outstanding balances are expected to be settled in cash.

31. Financial instruments

31.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL") – mandatorily required by MFRS 9
(c) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR").

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	FVOCI- EIDUIR RM'000
2022				
Financial assets				
Group				
Other investments	9,315	-	6,767	2,548
Trade and other receivables (exclude prepayments)	240,157	240,157	-	-
Fixed deposits with licensed banks	938	938	-	-
Cash and bank balances	9,768	9,768	-	-
	260,178	250,863	6,767	2,548
Company				
Other investments	9,315	-	6,767	2,548
Trade and other receivables (exclude prepayments)	56,886	56,886	-	-
Cash and bank balances	562	562	-	-
	66,763	57,448	6,767	2,548

31. Financial instruments (Cont'd)

31.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000
2022 (Cont'd)		
Financial liabilities		
Group		
Lease liabilities	8,890	8,890
Loans and borrowings	276,733	276,733
Trade and other payables (excluding deferred revenue)	325,719	325,719
	611,342	611,342
Company		
Trade and other payables	11,648	11,648

	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

31. Financial instruments (Cont'd)

31.1 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

31.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net (losses)/gains on:				
Fair value through				
- profit or loss	1,474	-	1,474	-
- other comprehensive income	(119)	(461)	(119)	(461)
Financial assets measured at amortised cost	(72)	(1,377)	(13)	492
Financial liabilities measured at amortised cost	(5,429)	(5,116)	(13)	(488)
	(4,146)	(6,954)	1,329	(457)

31.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

* Credit risk
* Liquidity risk
* Market risk

31. Financial instruments (Cont'd)

31.4 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.

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:

Group	2022 RM'000	2021 RM'000
Domestic	45,252	58,445
Asia Pacific (other than Malaysia)	171,416	223,383
Others	20,352	23,512
	237,020	305,340

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.

31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Trade Receivables (Cont'd)

***Recognition and measurement of impairment loss* (Cont'd)**

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2022			
Not past due	206,984	-	206,984
Past due 1 - 30 days	26,597	-	26,597
Past due 31 - 60 days	2,492	-	2,492
Past due 61 - 90 days	165	-	165
	236,238	-	236,238
Credit impaired			
Past due more than 90 days	837	(55)	782
Individually impaired	3,867	(3,867)	-
	240,942	(3,922)	237,020
2021			
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	16,333	(76)	16,257
Individually impaired	3,646	(3,646)	-
	309,062	(3,722)	305,340

31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Trade Receivables (Cont'd)

***Recognition and measurement of impairment loss* (Cont'd)**

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 3 (2021: 4) customers who collectively contributed 85% (2021: 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:

Group	2022 RM'000	2021 RM'000
Balance at 1 July 2021/2020	3,722	2,327
Amount written off	-	(5)
Net re-measurement of loss allowance	200	1,400
Balance at 30 June	3,922	3,722

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. In addition, some of the bank balances are insured by government agencies. Consequently, 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 value added tax ("VAT") claimable and non-trade receivables.

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 RMNIL (2021: RM227,829).

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.

31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

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.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM285,306,763 (2021: RM216,927,100) 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.

31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Inter-company balances (Cont'd)

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 subsidiaries' loans and advances.

Company	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2022			
Low credit risk	56,884	-	56,884
Credit impaired	8,050	(8,050)	-
	64,934	(8,050)	56,884
2021			
Low credit risk	55,885	-	55,885
Credit impaired	8,050	(8,050)	-
	63,935	(8,050)	55,885

The movements in the allowance for impairment in respect of subsidiary's loans and advances during the year are shown below:

Company	2022 RM'000	2021 RM'000
Balance at 1 July 2021/2020	8,050	8,060
Net re-measurement of loss allowance	-	(10)
Balance at 30 June	8,050	8,050

31. Financial instruments (Cont'd)

31.5 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.

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
2022							
Group							
Non-derivative financial liabilities							
Bankers' acceptances	199,281	1.35 - 3.50	199,281	199,281	-	-	-
Revolving credits	8,811	2.68 - 2.96	8,811	8,811	-	-	-
Trade financing	4,000	3.10	4,000	4,000	-	-	-
Trust receipts	18,502	2.58 - 3.50	18,502	18,502	-	-	-
Term loans	46,139	1.47- 6.12	52,785	8,277	7,725	16,067	20,716
Lease liabilities	8,890	4.75 - 6.22	9,675	3,457	3,014	3,204	-
RCPS- Liability component	-	2.00	-	-	-	-	-
Trade and other payables (excluding deferred revenue)	325,719	-	325,719	325,719	-	-	-
	611,342		618,773	568,047	10,739	19,271	20,716
Company							
Non-derivative financial liabilities							
Trade and other payables	11,648	-	11,648	11,648	-	-	-
Financial guarantees	-	-	285,307	285,307	-	-	-
	11,648		296,955	296,955	-	-	-

31. Financial instruments (Cont'd)

31.5 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
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	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	-	-	-

31. Financial instruments (Cont'd)

31.6 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.

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:

Group	Denominated in USD RM'000
2022	
Trade and other receivables	196,120
Trade and other payables	(301,515)
Cash and bank balances	1,832
Loans and borrowings	(270,539)
Net exposure	(374,102)
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)

31. Financial instruments (Cont'd)

31.6 Market risk (Cont'd)

Currency risk (Cont'd)

Currency risk sensitivity analysis

A 5% (2021: 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.

Group	Profit or (loss)	
	Increase RM'000	Decrease RM'000
2022		
USD	14,216	(14,216)
2021		
USD	9,363	(9,363)

A 5% (2021: 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.

Interest rate risk

The Group's investments in fixed rate deposits and its 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.

31. Financial instruments (Cont'd)

31.6 Market risk (Cont'd)

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate instruments				
Financial assets	938	4,606	-	3,662
Financial liabilities	(239,484)	(179,149)	-	(202)
	(238,546)	(174,543)	-	3,460
Floating rate instruments				
Financial liabilities	(46,139)	(41,177)	-	-

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 forward exchange contracts 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)	
Group	100 bp increase RM'000	100 bp decrease RM'000
2022		
Floating rate instruments	(351)	351
2021		
Floating rate instruments	(313)	313

31. Financial instruments (Cont'd)

31.6 Market risk (Cont'd)

Interest rate risk (Cont'd)

***Interest rate risk sensitivity analysis* (Cont'd)**

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% (2021: 10%) strengthening in FBMKLCI and STI at the end of the reporting period would have increased equity by the amounts shown below:

Group/Company	FVTPL RM'000	FVOCI RM'000
2022		
Effect on equity	677	255
2021		
Effect on equity	-	267

31.7 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.

The table below analyses other financial instruments at fair value.

31. Financial instruments (Cont'd)

31.7 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
2022										
Group										
Financial asset										
Quoted shares	9,315	-	-	9,315	-	-	-	-	9,315	9,315
Financial liabilities										
Term loans - variable rate	-	-	-	-	-	-	(46,139)	(46,139)	(46,139)	(46,139)
Lease liabilities	-	-	-	-	-	-	(9,195)	(9,195)	(9,195)	(8,890)
	-	-	-	-	-	-	(55,334)	(55,334)	(55,334)	(55,029)
Company										
Financial asset										
Quoted shares	9,315	-	-	9,315	-	-	-	-	9,315	9,315

31. Financial instruments (Cont'd)

31.7 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
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

31. Financial instruments (Cont'd)

31.7 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 (2021: 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.

The fair value of lease liabilities is calculated using discounted cash flow.

32. 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 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:

32. Operating segment (Cont'd)

- 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.

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.

2022	EMS and OEM/ODM for electronic and electrical products RM'000	Other non-reportable segment RM'000	Consolidated total RM'000
External revenue	1,114,235	207	1,114,442
Segment profit/(loss)	12,074	(1,317)	10,757
Included in the measure of segment profit are:			
Loss on disposal of property, plant and equipment	64	-	64
Gain on disposal of right-of-use assets	-	(20)	(20)
Gain on disposal of other investment	-	(1,126)	(1,126)
Depreciation of property, plant and equipment	38,155	161	38,316
Depreciation of right-of-use assets	2,328	-	2,328
Amortisation of intangible assets	333	338	671
Depreciation of investment properties	-	65	65
Finance costs	5,377	52	5,429
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	-	(1,474)	(1,474)
Impairment loss on trade and other receivables	200	-	200
Interest income	(131)	-	(131)
Provision for slow moving stocks	466	-	466
Unrealised gain on foreign exchange, net	(11)	(1)	(12)
Property, plant and equipment written off	-	1	1
Bad debt written off	-	17	17
Bad debt recovered	(14)	-	(14)
Segment assets	971,031	26,506	997,537
Included in the measure of segment assets are:			
Additions to property, plant and equipment	35,031	75	35,106

32. Operating segment (Cont'd)

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 loss 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

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 associates and deferred tax assets.

32. 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
2022						
Revenue from external customers	191,367	11,697	55,240	650,430	205,708	1,114,442
Non-current assets	189,675	-	-	86,511	-	276,186
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

Major customers

The following are major customers with revenue equal or more than 10% of Group revenue:

	Revenue		Segment
	2022 RM'000	2021 RM'000	
Customer A	94,275	93,660	EMS and OEM/ODM for electronic and electrical products
Customer B	649,438	512,733	
Customer C	202,519	252,112	

33. 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.

33. Capital management (Cont'd)

There were no changes in the Company's approach to capital management during the year. The debt-to-equity ratios at 30 June 2022 and at 30 June 2021 were as follows:

Group	2022 RM'000	2021 RM'000
Total loans and borrowings (Note 18)	276,733	209,444
Lease liabilities (Note 17)	8,890	10,680
RCPS- Liability component (Note 15)	-	202
	285,623	220,326
Less: Cash and cash equivalents	(9,768)	(10,543)
Net debt	275,855	209,783
Total equity	385,243	364,631
Debt-to-equity ratio	0.72	0.58

34. Capital commitment

Group	2022 RM'000	2021 RM'000
Contracted but not provided for		
- Property, plant and equipment	1,393	2,063

35. Significant event

At the 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 17 February 2022, the Company issued 36,195,400 new ordinary shares at an issue price of RM0.42 per ordinary share for RM15,202,068 pursuant to the Private Placement exercise.

On 10 March 2022, the Board of Directors announced that Bursa Securities had granted the Company a further extension of time of six (6) months until 19 September 2022 for the Company to complete the implementaion of the entire Private Placement.

On 19 September 2022, the Board of Directors announced that the Company no longer wishes to seek for further extension to the above deadline and as such the Private Placement is deemed completed.

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 61 to 149 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 2022 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

25 October 2022

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 61 to 149 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 25 October 2022.

Dato' Kang Pang Kiang

Before me:

Commissioner for Oaths

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 2022 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 61 to 149.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, and of 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 RM1,114 million of revenue for the current financial year. Revenue of the Group comprises providing 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 control over a product 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 12 – Trade and other receivables to the financial statements The trade receivables balance represented 33% of the Group's current assets as at 30 June 2022. 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 11 – Inventories to the financial statements The Group held significant inventory balances as at 30 June 2022 of RM451 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: - Obtained an understanding of the Group'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 ageing 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.

Key Audit Matters (Cont'd)

Key audit matters	*How our audit addressed the key audit matters*
Impairment of intangible assets	
Refer to Note 9 – Intangible assets to the financial statements As at 30 June 2022, 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 judgemental. 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.

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.

- 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: 02239/07/2024 J
Chartered Accountant

25 October 2022

Penang

LIST OF GROUP PROPERTIES

as at 30 June 2022

Location	Current use	Tenure Lease period (Expiry date)	Age of Building	Area (sq. ft.)	Date of Last Valuation	Net Book Value (RM)
Lot 122 304 Industrial Park Tha Tum District Srimahapho Prachinburi, Thailand	Factory, Office Building & Warehouse	Freehold	14 years	172,223	5 April 2011	5,642,010
H.S.(M) 17426 P.T.No. 8543 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Factory, Office Building & Warehouse	Leasehold 60 years (8 October 2049)	29 years	174,240	21 June 2017	8,829,205
H.S.(M) 17427 P.T.No. 8544 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Factory, Office Building & Warehouse	Leasehold 60 years (24 March 2050)	9 years	152,460	30 July 2015	14,212,216
H.S.(M) 18565 P.T.No. Plot 35 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Vacant Land	Leasehold 60 years (12 September 2054)	-	121,968	3 September 2014	518,499
H.S.(M) 23422 P.T.No 8545 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Factory, Office Building & Warehouse	Leasehold 60 years (24 March 2050)	4 years	260,491	4 May 2017	12,857,531
1-18-1 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	9 years	1,132	18 December 2014	703,758
1-12A-16 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	8 years	459	11 September 2020	296,563
1-12A-17 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	8 years	459	18 December 2014	296,563

Location	Current use	Tenure Lease period (Expiry date)	Age of Building	Area (sq. ft.)	Date of Last Valuation	Net Book Value (RM)
1-10-1 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	6 years	1,711	27 June 2016	1,089,653
1-10-2 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	6 years	915	27 June 2016	603,904
1-10-7 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	6 years	2,164	27 June 2016	1,369,724
Plot 329(d) Batu Kawan Industrial Park Penang, Malaysia	Vacant Land	Leasehold 60 years (24 August 2080)	-	228,464	18 November 2019	10,318,461

STATISTICS OF SHAREHOLDINGS

as at 14 October 2022

Total no. of issued share capital	:	426,873,274 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	70	1.43	2,642	0.00
100 – 1,000	737	15.01	517,079	0.12
1,001 – 10,000	2,248	45.79	12,475,374	2.92
10,001 – 100,000	1,536	31.29	51,008,826	11.95
100,001 – 21,343,662 (*)	317	6.46	335,696,353	78.64
21,343,663 and above (**)	1	0.02	27,173,000	6.37
TOTAL	**4,909**	**100.00**	**426,873,274**	**100.00**

* *Less than 5% of issued shares*

** *5% and above of issued shares*

DIRECTORS' SHAREHOLDINGS

	No. of Ordinary Shares Held			
Names	Direct Interest	%[#]	Indirect Interest	%[#]
Dato' Alex Kang Pang Kiang	34,743,800	8.49	27,945,200 [a]	6.83
Keh Chuan Seng	-	-	27,945,200 [a]	6.83
Ang Seng Wong	-	-	-	-
Lim Sze Yan	-	-	-	-
Lee Kean Teong	32,900	0.01	-	-

[a] *27,945,200 shares held through QYH Capital Sdn. Bhd.*

[#] *After netting off 17,585,900 treasury shares*

SUBSTANTIAL SHAREHOLDERS

	No. of Ordinary Shares Held			
Names	Direct Interest	%[#]	Indirect Interest	%[#]
Jubilee Industries Holdings Limited	36,556,424	8.93	-	-
Dato' Terence Tea Yeok Kian	1,000,000	0.24	36,556,424 [a]	8.93
Accrelist Limited	-	-	36,556,424 [a]	8.93
Dato' Alex Kang Pang Kiang	34,743,800	8.49	27,945,200 [b]	6.83
Keh Chuan Seng	-	-	27,945,200 [b]	6.83
QYH Capital Sdn. Bhd.	27,945,200	6.83	-	-

[a] *36,556,424 shares held through Jubilee Industries Holdings Limited*

[b] *27,945,200 shares held through QYH Capital Sdn. Bhd.*

[#] *After netting off 17,585,900 treasury shares*

30 Largest Shareholders as at 14 October 2022 (excluding Treasury Shares)
(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)	27,173,000	6.6391
2	XENIAN SDN. BHD.	19,246,900	4.7025
3	SEM GLOBAL SDN BHD	17,381,900	4.2469
4	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JUBILEE INDUSTRIES HOLDINGS LTD	15,247,500	3.7254
5	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JUBILEE INDUSTRIES HOLDINGS LTD	14,480,000	3.5379
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEO CHING YUEN	12,950,000	3.1640
7	TAN PHAIK IMM	12,314,700	3.0088
8	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QYH CAPITAL SDN. BHD. (MY4382)	11,240,000	2.7462
9	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QYH CAPITAL SDN BHD (MX3960)	10,000,000	2.4433
10	LEE PAK HOONG	9,445,272	2.3077
11	MEP ENVIRO TECHNOLOGY SDN. BHD.	8,957,000	2.1884
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SUEANG SUEANG	8,485,000	2.0731
13	LEE TEIK HEE	7,947,700	1.9418
14	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK	7,770,800	1.8986
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (MY3922)	7,429,050	1.8151
16	KENANGA NOMINEES (ASING) SDN BHD JUBILEE INDUSTRIES HOLDINGS LTD (023)	6,828,924	1.6685
17	QYH CAPITAL SDN BHD	6,705,200	1.6383
18	SLC TOP SDN. BHD.	5,986,400	1.4626
19	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEO CHING YUEN (MY4476)	5,849,500	1.4292
20	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK (MY2975)	5,584,200	1.3644
21	LOW CHOON YEN	5,463,100	1.3348
22	ROGER BEH HAW CHUN	4,812,500	1.1758
23	GIAP SENG CAPITAL SDN. BHD.	3,599,070	0.8794
24	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG JOO VOON	3,032,800	0.7410
25	KHOO SIEW WAH	2,704,000	0.6607
26	LOW SOOK MENG	2,341,597	0.5721
27	GIAP SENG CAPITAL SDN. BHD.	2,000,000	0.4887
28	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA CHIN KOON	1,900,000	0.4642
29	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING MING	1,800,000	0.4398
30	SIM MUI KHEE	1,746,700	0.4268
	TOTAL:	**250,422,813**	**61.1851**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-First 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, 29 November 2022 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 2022 and the Reports of Directors and Auditors thereon.

2. To approve the Directors' Fees and benefits payable to the Directors of the Company up to an aggregate amount of RM350,000 commencing this AGM through to the next AGM of the Company in 2023 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 Dato' Kang Pang Kiang who retires in accordance with Clause 99 of the Company's Constitution. Ordinary Resolution 2

4. To re-elect Mr. Lim Sze Yan who retires in accordance with Clause 99 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 ("MCCG") and read together with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")."

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 MCCG 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 MMLR of Bursa Securities 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 at any time, at such price, upon such terms and conditions, for such purposes and to such person or persons, as the Directors may, in their absolute discretion, deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being."

   THAT the Directors are also empowered to obtain the approval from the Bursa Securities for the listing and quotation for the additional shares to be issued and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

   AND THAT pursuant to Section 85 of the Act, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from issuance of new shares pursuant to this mandate.

   FURTHER THAT the new shares to be issued shall, upon issuance and allotment, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

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 MMLR of 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 MMLR 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 MMLR of 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 31 October 2022 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, 31 October 2022

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 may hold 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 who 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 21 November 2022 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.

8. Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely via the remote, participation and voting ("RPV") facilities.

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 ("Board") of the Company, which recognises that the Fees and benefits payable is in the best interest of the Company. It will also authorise 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. The amount also includes a contingency sum to cater for unforeseen circumstances such as the appointment of any additional Director and/or for the formation of additional Board Committees and/or unscheduled Board and Board Committees' meetings. 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.

2. Ordinary Resolutions 2 and 3 are to re-elect Directors who retire in accordance with Clause 99 of the Company's Constitution

   The Directors' profiles standing for re-election under Ordinary Resolutions 2 and 3 are set out under Directors' Profiles in the Annual Report 2022. The Board approved the recommendations from the Nomination Committee and is supportive of the re-election of the retiring Directors based on the justifications below. The retiring Directors do not have any conflict of interest with the Company and had abstained from deliberation and decision making on their own eligibility to stand for re-election at the meetings of Nomination Committee and Board, as applicable.

   2.1 Dato' Kang Pang Kiang is the Group Chief Executive Officer/Executive Director. His invaluable experience and knowledge in management, sales and production as well as his extensive network of business connections in Malaysia and oversea have been instrumental in ensuring the continued growth of the Group.

   2.2 Mr. Lim Sze Yan ("Mr. Lim") is the Independent Non-Executive Director ("INED") of the Board. He has fulfilled the requirements on independence as set out in the MMLR of Bursa Securities and the prescribed criteria under the MCCG 2021. He exhibited his objectivity during meetings of the Board and Board Committees by sharing independent and impartial insights, views and opinions on issues tabled for discussion. He has exercised due care and carried out his professional duties proficiently and effectively throughout his tenure as INED of the Company.

Explanatory Notes on Special Business:

3. Ordinary Resolutions 5 and 6 pursuant to retention of Mr. Ang Seng Wong ("Mr. Ang") and Mr. Lim as the Senior INED and 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 Thirty-First 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 MMLR of Bursa Securities. They have demonstrated 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. Mr. Ang and Mr. Lim had abstained from deliberation and decision on their own eligibility to stand for re-election at both Nomination Committee and Board meetings.

4. 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, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 30 November 2021 and which will lapse at the conclusion of the Thirty-First AGM.

   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.

   At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make announcement in respect thereof.

5. 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 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.

6. 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 MMLR 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 MMLR of Bursa Securities)

No individual is standing for election as a Director at the forthcoming AGM of the Company.

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 Thirty-First Annual General Meeting ("**31st AGM**"), as *my/our proxy to vote for *me/us and on *my/our behalf at the 31st AGM of the Company to be conducted on a fully virtual basis via online meeting platform at www.agriteum.com.my on Tuesday, 29 November 2022 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 ____________2022

____
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 may hold 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 who 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 authorized 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 21 November 2022 (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.

EG INDUSTRIES BERHAD
REGISTRATION NO. 199101012585 (222897-W)
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL 31ST AGM

Day and Date	Tuesday, 29 November 2022
Time	11:30 am
Online Meeting Platform	www.agriteum.com.my (Domain Registration No. With MYNIC-D1A400977)

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITY

Shareholder(s)/proxy(ies)/corporate representative(s)/attorney(s) are to participate, communicate and vote (collectively, "**participate**") remotely at the 31st 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 31st AGM. Shareholder(s) may also submit questions to the Board prior to the 31st AGM via the Q&A icon in the *AGRITEUM* Portal from 12:00 noon on 22 November 2022 up to 11:00 am on 29 November 2022. If there is time constraint in answering the questions during the 31st AGM, the reponses to these questions will be included into the minutes of 31st AGM.

PROCEDURES FOR RPV FACILITY

Shareholder(s)/proxy(ies)/corporate representative(s)/attorney(s) who wish to participate in the 31st AGM remotely using the RPV Facility are to follow the requirements and procedures as summarised below:

Procedures	Action
Before the day of 31st 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 22 November 2022 up to 11:00 am on 29 November 2022.
On the day of 31st AGM	
(iii) Login to *AGRITEUM* Portal at www.agriteum.com.my	• Login with your user ID and password for remote participation at the 31st AGM at any time from 11:00 am i.e. 30 minutes before the commencement of the 31st AGM on Tuesday, 29 November 2022 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 31st AGM. • If you have any question(s) during the 31st AGM, you may use the Q&A icon in ZOOM Cloud Meetings App to submit your question(s). The Chairman of the 31st AGM ("**Chairman**")/ Board/Management will try to respond to all relevant questions submitted during the 31st AGM. If there is time constraint in answering the questions during the 31st AGM, the reponses to these questions will be included into the minutes of 31st AGM. • If you are using a smartphone to participate in the 31st AGM, please download ZOOM Cloud Meetings App before the 31st 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 next to <<**Join Meeting**>> to indicate your votes for the resolutions that are tabled for voting. • The 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 and submit your votes on all the resolutions as they appear on the screen. Once submitted, your votes are final and cannot be changed. • You can download the acknowledgement of your voting after you have submitted the votes.
(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 31st AGM.

EG INDUSTRIES BERHAD

REGISTRATION NO. 199101012585 (222897-W)
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL 31ST 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 31st AGM and to vote remotely using the RPV Facility. Your login to the *AGRITEUM* Portal on the day of the 31st AGM will indicate your presence at the 31st 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 31st AGM.

RECORD OF DEPOSITORS ("ROD") FOR THE 31st AGM

Only shareholders whose names appear on the ROD as at 21 November 2022 shall be entitled to participate or appoint proxy(ies) to participate at the 31st AGM via the RPV Facility.

PROXY

1. The 31st AGM will be conducted on a fully virtual basis. If you are unable to participate the 31st 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 31st 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, Penang, Malaysia not less than forty-eight (48) hours before the time fixed for holding the 31st 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 31st 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 31st AGM.

REVOCATION OF PROXY

If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in the 31st AGM by yourself, please write in to *AGRITEUM* not less than forty-eight (48) hours before the time fixed for holding the 31st AGM to revoke the earlier appointed proxy.

POLL VOTING

1. All resolutions set out in the Notice of the 31st 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 Corporate Services 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 31st 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 31st 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 31st AGM.

ENQUIRY

If you have any enquiry relating to the 31st 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.
Registration No.: 200201010810 (578473-T)
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 31st AGM using the RPV Facility, the shareholder(s)/proxy(ies)/corporate representative(s)/attorney(s) accepts and agrees to the personal data privacy terms.

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EG INDUSTRIES BERHAD 199101012585 (222897-W)
Plot 102, Jalan 4, Bakar Arang Industrial Estate,
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Tel : +(604) 422 9881
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Email : eg@eg.com.my

www.eg.com.my