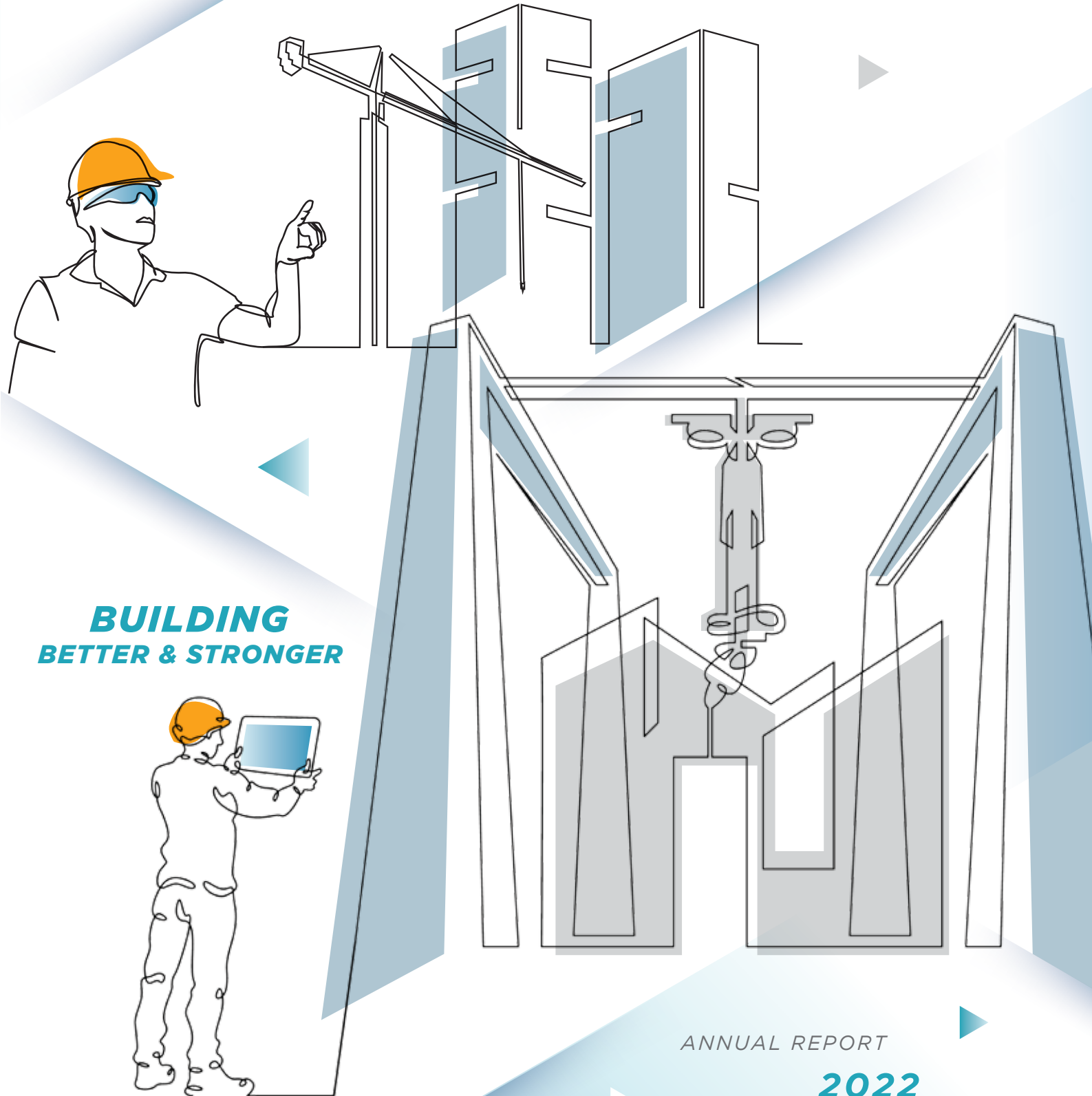




**SARAWAK CONSOLIDATED  
INDUSTRIES BERHAD**

Registration No. 197501003884 (25583-W)



**BUILDING  
BETTER & STRONGER**

ANNUAL REPORT

**2022**

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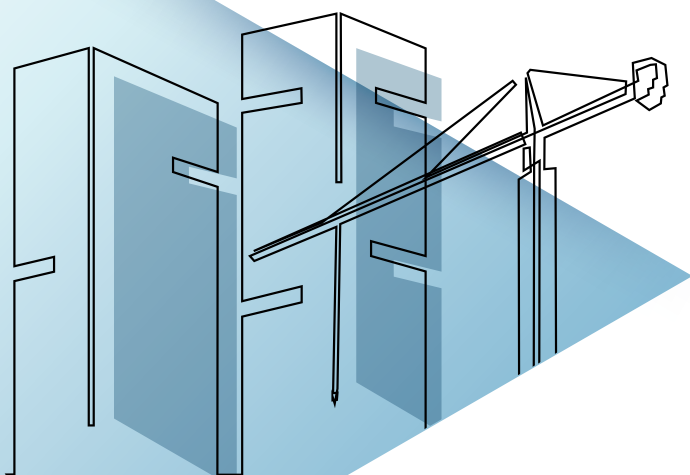
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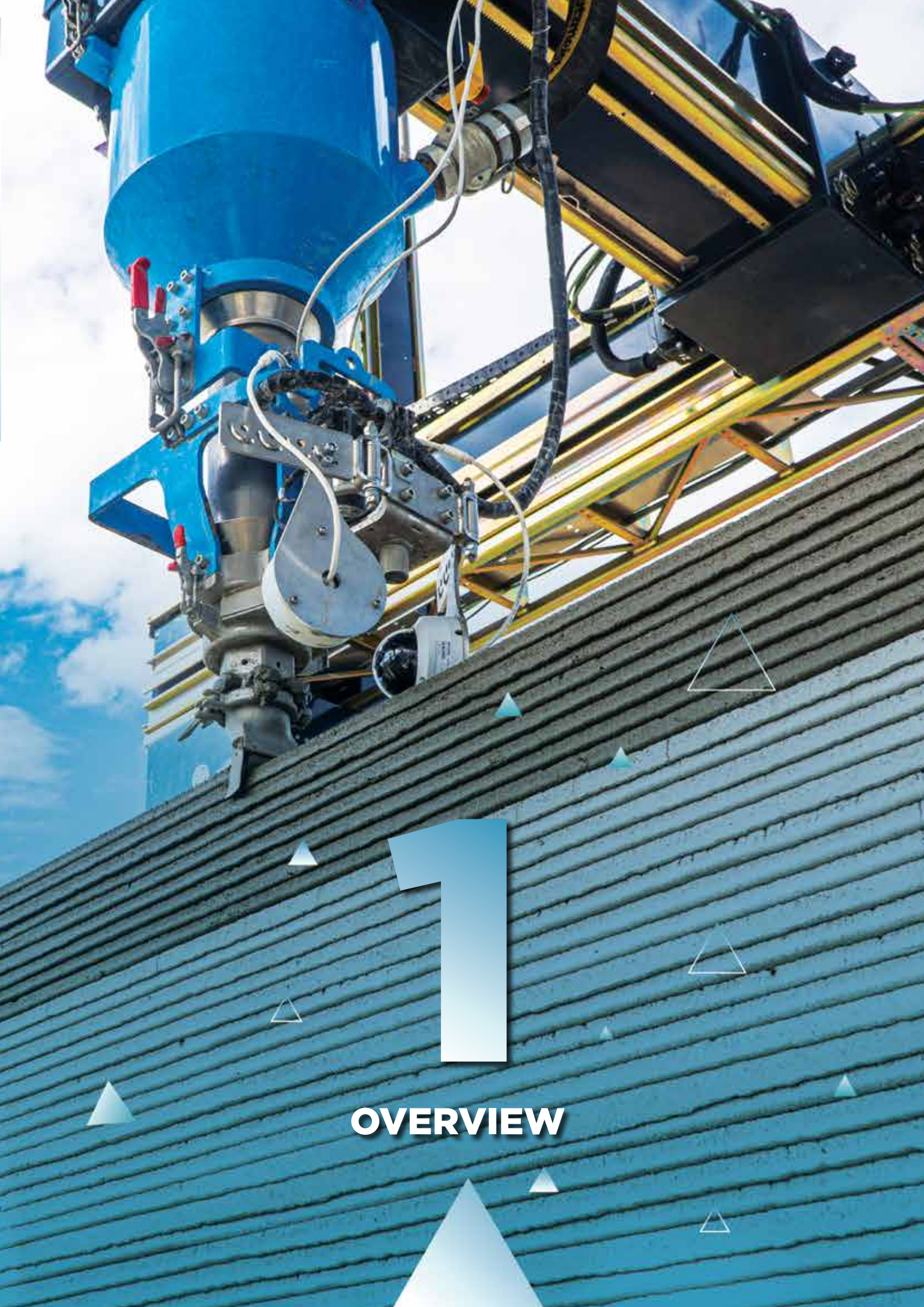
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1

OVERVIEW



# CHAIRMAN'S STATEMENT

## CHAIRMAN

Shamsul Anuar Bin Ahamad Ibrahim



“

*The financial year ended 30 June 2022 (“FYE 2022”) has been challenging for Sarawak Consolidated Industries Berhad (“SCIB” or the “Group”), and as I present to you the Annual Report for FYE 2022, I take note of the obstacles that the Group have had to navigate, including rising raw material prices, increasing logistics cost and labour shortages that have weighed on the financial performance.*

”



# CHAIRMAN'S STATEMENT

(CONT'D)

I would like to also take the opportunity to thank the Group for appointing me as chairman. I look forward to working with the rest of the Board of Directors ("Board") in upholding shareholders' interests through our duties assessing performance and corporate governance.

While we have seen positive signs of recovery for the domestic economy despite the challenges posed by COVID-19, the Russia-Ukraine war, China's slowdown and, tighter monetary policy as central banks across the world respond to inflationary pressure, have compounded the lingering effects of the pandemic.

For FYE 2022, the Group recorded revenue of RM128.4 million and gross profit of RM16.1 million. There is no comparison with the previous financial period as there was a change in financial year-end.

Given that the global economic outlook has darkened somewhat, we note that the government has taken measures to support the domestic economy, including the rollout of large civil infrastructure projects such as the RM50.0 billion MRT3 project, which was announced in June 2022. The measured pace of interest rate hikes by Bank Negara Malaysia ("BNM") is supportive of business growth and private consumption while robust exports has also helped in ensuring a positive employment outlook.

It is also heartening to note that Malaysia's GDP for the second quarter ended 30 June 2022 ("2Q 2022") grew more than forecast at 8.9% year-on-year on an expansion in domestic demand and resilient exports. This is an acceleration from the 5.0% growth in 1Q 2022 and may perhaps lead to a reassessment of the country's GDP growth for this year. At present, BNM expects GDP growth for 2022 to come in at the upper end of its 5.3% to 6.3% target and despite the unexpected growth spurt in 2Q 2022, risks remain, with the International Monetary Fund ("IMF") having revised down Malaysia's GDP to 5.1% from 5.6% previously.

For SCIB, our expansion to Peninsular Malaysia has been beneficial as we have secured several projects from road works to building construction over the course of FYE 2022. While Sabah and Sarawak will continue to be mainstays for us, the Group continues to build on its strength as the largest precast concrete and Industrialised Building System ("IBS") producer in East Malaysia to seek opportunities in Peninsular Malaysia and, in Southeast Asia, where we are exploring opportunities as an engineering, procurement, construction and commissioning ("EPCC") specialist in Indonesia's telecommunications infrastructure.

Our focus is also on small to mid-sized EPCC projects involving the construction, expansion, maintenance or upgrades of healthcare, educational and utility facilities as well as rural infrastructure such as roads together with housing and logistics infrastructure. These opportunities include projects in Sabah and Sarawak, in which RM6.3 billion and RM5.4 billion were allocated respectively under Budget 2023.

On the corporate front, we note that the Group has successfully completed a private placement in three tranches to raise RM41.76 million for capital expenditure requirements, working capital and estimated expenses for upcoming projects. We have decided not to proceed with the final tranche of private placement shares because of the uncertain market conditions that has prevailed since late 2021 and going into this year.

## Sustainability

We believe that adopting IBS and automation is an effective step towards making construction and manufacturing activities sustainable, for the environment and for the business as well as for our own operations and that of our customers.

Using IBS helps to reduce cost, enables the facilitation of better cost control, reduces waste, and enhances efficiency while mitigating the risks of labour shortages. As part of our manufacturing operations, we have also incorporated a lightweight system plant to improve our IBS offerings. Through our innovation initiatives, we completed a sample house using our 3D printing system, which was unveiled in conjunction with the visit of the State Deputy Minister of Urban Planning, Land Administration and Environment, YB Datuk Haji Len Talif Salleh.

## CHAIRMAN'S STATEMENT

(CONT'D)

Our sustainability efforts extended to the wider community where we continued to support skills development by welcoming a new batch of trainees from Institut Latihan Perindustrian Kota Samarahan in June 2022 as part of their industrial training programme in their final year. In support of government initiatives to create a pool of skilled graduates through industrial attachment, we also collaborated with SCIB Industrialised Building System Dan Sasoakai Resources JV Sdn. Bhd. on the Professional Training and Education for Growing Entrepreneurs (Protégé) programme, an eight-month programme blending intensive soft skills classroom training and on-the-job training opportunities. The Group accepted 58 protégés into the programme during the year.

As part of the Group's innovation initiatives, we are also exploring the development of 3D skills and knowledge with the Construction Industry Development Board ("CIDB") that we intend to offer to workers in the construction industry who want to enhance or upgrade their skillsets and knowledge. This 3D training programme is being studied following the successful completion of an IBS sample house built using 3D printing technology that we acquired.

As our FYE 2022 straddles the surge of COVID-19 infections from the delta and omicron variants, we took precautions ensuring the safety and health of all concerned, from the factory floor to construction sites and our corporate offices. Standard operating procedures ("SOPs") taken included work-from-home for those whose duties allow it to temperature checks, mandatory masking and social-distancing measures. We also adhered strictly to all SOPs as announced by the National Security Council ("NSC"), Ministry of Health ("MOH"), Ministry of International Trade and Industry ("MITI") and the Sarawak Disaster Management Committee ("SDMC").

### Acknowledgements

I would like to extend my welcome to En. Noor Azri Bin Dato' Sri Noor Azerai and Mr. Ku Chong Hong, who were appointed Independent Directors of SCIB on 17 March 2022 and En. Mohd Shakir Bin Shahimi and En. Nuraiman Bin Shaiful Anuar, who were both appointed Independent Directors on 15 September 2022. We would also like to congratulate Mr. Ku on his appointment on 15 September 2022 as Executive Director.

The new Directors bring with them a wealth of experience and coupled with their farsightedness, the Group look forward to working with them in creating value and growing the business at a time that is both challenging and yet filled with opportunities.

On another note, YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim was redesignated as Non-Independent Non-Executive Director on 25 October 2022. The Board of Directors and I would like to extend our appreciation for his leadership and valuable contributions to the SCIB Group's growth and success.

We would also like to extend our thanks to the outgoing Director, YBhg. Datu Haji Mohidden Bin Haji Ishak, who retired on 28 February 2022, for his guidance and advice. The Board and I would like to congratulate Datu Haji Abdul Hadi Bin Datuk Haji Abdul Kadir, who was conferred with the Darjah Jasa Bakti Sarawak, which comes with the title of Datu on the occasion of His Excellency, the Governor of Sarawak, Tun Pehin Sri Abdul Taib Mahmud's 86<sup>th</sup> birthday.

Before I end this statement, I would like to reiterate that SCIB remains dedicated and committed to our vision of linked prosperity despite the setbacks posed by the prolonged COVID-19 pandemic. We all look forward to a better year. I would also like to acknowledge the hard work and sacrifice of everyone in SCIB during these trying but exciting times for us. I would also like to extend my gratitude to our customers, suppliers, business partners, bankers and financial institutions. The sustainability of the Group's business is all due to them. Thank you all and stay safe.

**CHAIRMAN**  
Encik Shamsul Anuar Bin Ahamad Ibrahim



# CEO'S STATEMENT

**GROUP MANAGING DIRECTOR/CEO**

*Rosland bin Othman*



“

***It has been a challenging year for us, but we have also made a lot of progress in our efforts to build a better, stronger and more sustainable business.***

”

## CEO'S STATEMENT

(CONT'D)

We can confidently say that the Group is on a firmer footing and have leveraged on its strengths as the leading precast concrete and IBS products manufacturer in East Malaysia as well as an EPCC specialist to seek opportunities that have opened up after our expansion into Peninsular Malaysia from our traditional base of Sarawak and Sabah. We are also seeking projects in Indonesia in which we see synergies arising from our manufacturing facilities in and around Kuching, Sarawak together with the ability to transport building materials from our wharf as well as our EPCC expertise.

More importantly, we took measures to ensure that the Group is free of all obligations incurred from projects in Qatar and Oman by signing, in November 2021, Settlement Agreements with clients and respective subcontractors to mutually terminate contracts as well as confirm the full and final settlement of debts together with the establishment of payment terms and schedules. SCIB subsequently signed a Novation Agreements in September 2022 with these clients and respective subcontractors in which these clients agreed to take on the debts the Group owes to the subcontractors for the projects in Qatar and Oman. The debt owed to the subcontractors will be paid from what the clients owe SCIB and its wholly-owned subsidiary, SCIB International (Labuan) Ltd ("SCIBL").

We also decided to recognise net impairment loss on trade and other receivables of long outstanding balance from clients amounting to RM23.0 million in FYE 2022 as a further measure to mitigate the Group's exposure to credit risk. We will continue to monitor credit risk exposure by taking steps such as the systematic and thorough analysis of project owners for future contracts to enhance the payment collection process as well as dealing with counterparties with sound credit.

Key to the Group's strength is our focus on small-to-mid-sized projects, a niche that we have carved out for ourselves in a construction industry where such projects are often overlooked but in which we see lots of opportunities. Our focus is on the construction, expansion, maintenance or upgrades of healthcare, educational and utility facilities. We are also interested in rural infrastructure such as roads as well as housing and logistics infrastructure like ports and airports.

### State of the construction sector

The construction sector in the period under review has been volatile, to say the least. There have been opportunities and wins for the Group in a tough operational landscape that only eased up with the full reopening of the domestic economy in the last three months of our FYE 2022. Construction players have had to manage a shortage of labour, rising building material prices, supply-chain and logistics issues and, rising interest rates for their operations.



We view positively the national development allocations for Sabah and Sarawak, at RM6.3 billion and RM5.4 billion, respectively, for the development of water, electricity, roads, health, and educational facilities under Budget 2023.

Specifically, a total of RM1.2 billion was provided to upgrade dilapidated schools, with 182 projects in Sarawak and 123 projects in Sabah to replace old wooden buildings. Ceiling rates for building new houses in rural areas have also been raised to RM79,000 per unit from RM68,000 in both States while in relation to new rural housing, more than half of the 3,000 new homes will be built in Sabah and Sarawak. We note that both States have also been prioritised for the refurbishment of dilapidated rural healthcare facilities.

We are also encouraged by the government's efforts to continue supporting economically important infrastructure that will benefit both States. These allocations include RM250.0 million for the expansion of the Sapangar Bay Container Port, Sabah and RM100.0 million for the Samalaju Water Treatment Plant Project Phase 3, Sarawak.



## CEO'S STATEMENT

(CONT'D)

Department of Statistics Malaysia ("DOSM") data showed that the sector contracted in three of the four quarters of calendar 2021 and also in the first quarter of 2022. Construction sector data released in August 2022 by DOSM showed a rebound in the second quarter of calendar 2022 of 6.1% year-on-year, with value of work done of RM29.9 billion. Selangor, Wilayah Persekutuan and Sarawak contributed RM15.4 billion or 51.6% of the value of work done.

Data from DOSM showed the residential subsector grew 7.9% from a contraction of 11.9% in the preceding quarter; the non-residential subsector expanded 18.1% from 4.2% in the first quarter; special trades activities subsector saw slower growth of 11.9% from 24.1% and; the civil engineering subsector saw a narrower contraction of 4.4% from contraction of 15.5%.

The most important news to come out of 2022 is the announcement of the RM50.2 billion MRT 3 project announced earlier in the year and in which the tender process is still ongoing as of the time of writing. We believe that the MRT 3 project as well as the continuation of other large civil infrastructure projects will be positive for the construction sector as a whole as well as for the manufacturing of building materials as it means continuous need for contract works as well as building materials for the projects.

### FYE 2022 performance

Given that the Group has changed its financial year-end to 30 June from 31 December, there are no comparisons available for FYE 2022. We have annualised financial period ended 30 June 2021 ("FPE 2021"), which covers 18 months, to give a better understanding of FYE 2022 performance.

At SCIB, our revenue decreased by 3.2% to RM128.4 million for FYE 2022 compared to RM132.6 million in annualised revenue recorded for FPE 2021. Gross Profit ("GP") decreased to RM16.1 million from the annualised GP of RM57.9 million in FPE 2021 mainly due to the termination of the Qatar and Oman projects.

The Group recorded a Loss Before Tax ("LBT") of RM53.4 million as compared with an annualised Profit Before Tax ("PBT") of RM3.8 million in FPE 2021, representing a PBT decrease of RM57.3 million mainly attributable to the net impairment loss on trade and other receivables and contract assets of RM24.8 million and expenditure incurred in consultation fees on project related activities of RM26.0 million.

On a segmental basis, the manufacturing business remains the largest contributor to the Group's Revenue, at RM85.9 million for FYE 2022 compared with RM70.5 million in annualised revenue for FPE 2021, a gain of 21.8%. Growth was primarily driven by the supply of building materials for coastal bridges and schools in Sarawak. The construction/EPCC/project management business saw a decline in revenue to RM41.9 million from RM62.2 million primarily due to the termination of overseas contracts.

The Group's decision to expand to Peninsular Malaysia has resulted in several projects being awarded in the year under review. These projects, with a total value of RM329.4 million, ranged from road maintenance works in Terengganu to project engineering services in Kuala Lumpur for smart lamp poles. On top of these projects, in our home base of Sarawak, we were awarded RM87.3 million worth of projects mainly for road construction and the redevelopment of daif schools.

As of 30 September 2022, SCIB has an order book of RM1.52 billion with earnings visibility up to 2026. The Group is continuously seeking opportunities leveraging on our strengths and core expertise, and is currently in discussions for several projects that will replenish the order book.

### Sustainability for growth

With the construction industry moving towards the adoption of more sustainable practices and government initiatives that are supportive of such adoption, we see demand rising for IBS products that we can leverage on as the leading precast concrete and IBS manufacturer in East Malaysia with an annual capacity in our three factories of 500,000 tonnes. We have also incorporated a lightweight system plant to improve our IBS offerings.

## CEO'S STATEMENT

(CONT'D)



We intend to also offer our products in the Group's expansion plans in Indonesia, where a Memorandum of Understanding ("MoU") was signed in August 2022 with local parties to explore the formation of a partnership in relation to the construction of 4G telecommunications towers for Indonesia's outermost regions, and in particular Kalimantan. The MoU is just the first step in our strategy to diversify geographically and expand the market for our precast concrete and IBS products as well as EPCC services.

SCIB will continue to focus on innovation in the construction industry for efficiency, cost and safety. For this initiative, the Group acquired a 3D printing system from COBOD International A/S, a Copenhagen, Denmark-based 3D construction specialist. We completed an IBS sample house using the 3D printing system in August 2022 in collaboration with the CIDB and this sample house was unveiled on 4 October 2022 in conjunction with the visit of the State Deputy Minister of Urban Planning, Land Administration and Environment, YB Datuk Haji Len Talif Salleh, to the CIDB Kuching campus.



# CEO'S STATEMENT

(CONT'D)



The sample house construction was undertaken as part of CIDB's Construction Strategy Plan 4.0. The Group believes that the successful deployment of 3D technology for construction and manufacturing purposes will enhance efficiency as well as lower costs and can be used to support state-funded people-centric construction projects in Sarawak.

For roadworks maintenance projects, the Group will continue to deploy the Artificial Intelligence Pothole Detection System ("AIPODS"). We believe that advanced technology such as AIPODS and automation can enhance efficiency while lowering costs and solving labour shortage.

## Acknowledgements

I would like to express my appreciation to the SCIB team, our most valuable stakeholders, for their continuous and unfailing support over the year. It has not been easy but the hard work and perseverance from everyone pulled us through a challenging time.

My thanks also go to our respected Board of Directors, and our loyal shareholders, who stood by us and placed their trust in us as we made the changes needed to put the Group on a firmer footing in order to move forward. We will do better for FYE 2023.



## CORPORATE BACKGROUND



### SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Sarawak Consolidated Industries Berhad (“SCIB”) is founded in 1975 and has evolved from a small enterprise into a reputable Group of companies listed on the Main Market of Bursa Malaysia Securities Berhad.

SCIB is well known for professional management and has a long history of innovative ideas and technological advances. Coupled with its wealth of experience and research acquired in more than three decades, SCIB offers its clients in-depth expertise through a combination of technology, efficiency and speed.


Currently, SCIB is operating three factories in Kuching, Sarawak, one factory in the Pending Industrial Estate and two factories in the Demak Laut Industrial Park. SCIB manufactures concrete products for use in the construction and infrastructure sectors in the domestic and global market.

# CORPORATE BACKGROUND

(CONT'D)



## ◀ OUR BUSINESS MODEL ▶



**PRODUCTS**

- 1 Conventional Product
- 2 Industrialised Building System
- 3 Roofing Products

- 1 Engineering
- 2 Manufacturing
- 3 Construction
- 4 Commissioning



**SERVICES (EMCC)**



**CUSTOMERS**

Infrastructure, project developer/owner, industrial, commercial, residential, properties developer/owner



## VISION & MISSION

### VISION

To be a company founded on excellence

### MISSION

We are dedicated to the creation and demonstration of a concept of linked prosperity. Our mission consists of three (3) interrelated parts;

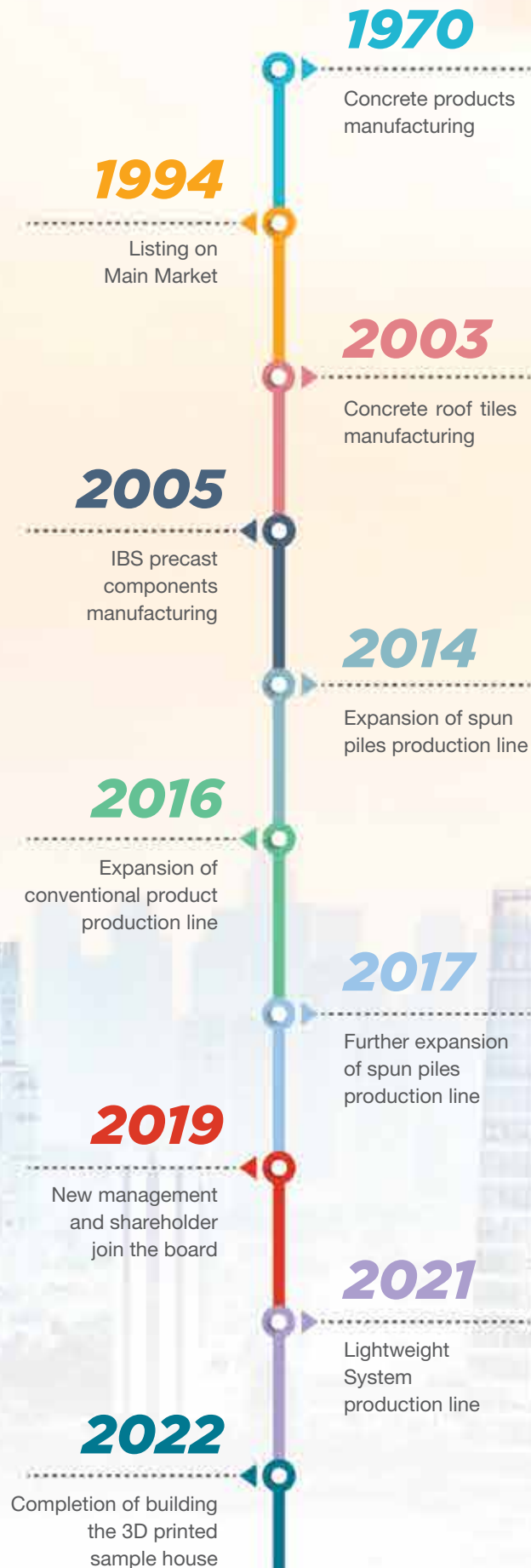
- Economic Mission: To operate the Company on sound management principles for growth and increasing values for our shareholders and creating career opportunities and financial rewards for our employees;
- Production Mission: To make, distribute and sell the finest quality products in innovative and creative way while optimizing the utilization of resources; and
- Special Mission: To operate the Company in a way that actively recognizes the central role that business plays in the structure of society by initiating innovative ways to improve the quality of life of a broad community.

Underlying the mission is the determination to seek new and creative ways to achieve all three parts.

## VALUE STATEMENT



# SCIB GROWTH STORY



# CORPORATE INFORMATION

## ▶ DIRECTORS

**Encik Shamsul Anuar Bin Ahamad Ibrahim**  
(Independent Non-Executive Chairman)

**YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah**  
(Non-Independent Non-Executive Director)

**YBhg. Datu Haji Soedirman Bin Haji Aini**  
(Independent Non-Executive Director)

**YBhg. Datu Haji Abdul Hadi Bin Datuk Haji Abdul Kadir**  
(Non-Independent Non-Executive Director)

**Encik Sr. Mohd Nazri Bin Mat Noor**  
(Independent Non-Executive Director)

**Encik Noor Azri Bin Dato' Sri Noor Azerai**  
(Independent Non-Executive Director)

**Encik Mohd Shakir Bin Shahimi**  
(Independent Non-Executive Director)

**Encik Nuraiman Bin Shaiful Annuar**  
(Independent Non-Executive Director)

**Encik Rosland Bin Othman**  
(Group Managing Director / Chief Executive Officer / Executive Director)

**Mr. Ku Chong Hong**  
(Group Executive Director)

## ▶ GROUP MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

Encik Rosland Bin Othman

## ▶ GROUP EXECUTIVE DIRECTOR

Mr. Ku Chong Hong

## ▶ COMPANY SECRETARY

Ng Lai Yee  
SSM PC No. 202008000977  
(MAICSA 7031768)

## ▶ REGISTERED OFFICE

Lot 1258, Jalan Utama  
Pending Industrial Estate  
93450 Kuching, Sarawak  
Tel : 082-334 485  
Fax : 082-334 484

## ▶ AUDITORS

NEXIA SSY PLT  
(LLP0019490-LCA & AF 002009)  
Chartered Accountants

UOA Business Park Tower 3,  
5<sup>th</sup> Floor, K03-05-08,  
1 Jalan Pengaturcara, U1/51A, Section U1  
40150 Shah Alam, Selangor Darul Ehsan

Tel : +60(3) 5039 1811  
Fax : +60(3) 5039 1822

## ▶ INVESTOR RELATION

Email: scib.ir@scib.com.my  
Tel : 082-334 485  
Fax : 082-334 484

Swan Consultancy  
Email: s.wan@swanconsultancy.biz  
kj.gan@swanconsultancy.biz

## ▶ STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad  
Stock Name : SCIB  
Stock Code : 9237  
Sector : Industrial Products and Services

## ▶ SHARE REGISTRAR

Symphony Corporate Services Sdn. Bhd.  
Unit 7-21, Wisma Conlay,  
Jalan USJ 10/1,  
47620 Subang Jaya,  
Selangor Darul Ehsan,  
Malaysia

Tel : +60(3) 8605 5304  
Fax : +60(3) 8605 5303

## ▶ PRINCIPAL BANKERS

Malayan Banking Berhad  
Affin Islamic Bank Berhad  
AmBank (M) Berhad  
Amlslamic Bank Berhad  
RHB Bank Berhad

## ▶ WEBSITE

www.scib.com.my

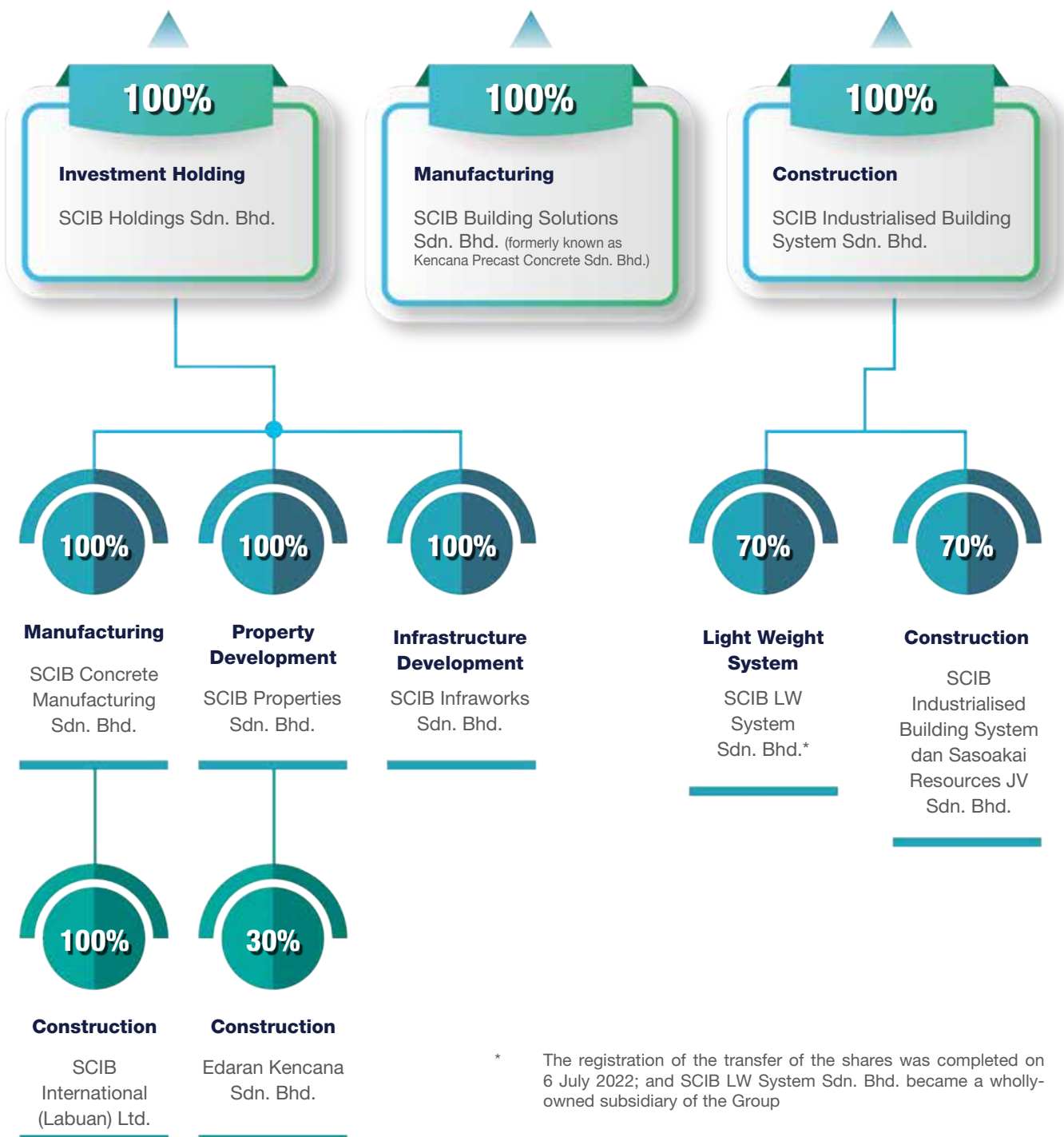


# CORPORATE STRUCTURE



## SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No. 197501003884 (25583-W)



\* The registration of the transfer of the shares was completed on 6 July 2022; and SCIB LW System Sdn. Bhd. became a wholly-owned subsidiary of the Group

## BOARD OF DIRECTORS

**YBHG. DATU  
HAJI ABDUL  
HADI BIN  
DATUK HAJI  
ABDUL KADIR**

Non-Independent  
Non-Executive  
Director



**YBHG. DATO'  
DR. IR. TS.  
MOHD ABDUL  
KARIM BIN  
ABDULLAH**

Non-Independent  
Non-Executive  
Director



**ENCIK  
SHAMSUL  
ANUAR  
BIN AHAMAD  
IBRAHIM**

Independent  
Non-Executive  
Chairman



**ENCIK  
ROSLAND  
BIN OTHMAN**

Group Managing Director,  
Chief Executive Officer,  
Executive Director



**MR. KU  
CHONG  
HONG**

Group  
Executive  
Director



# BOARD OF DIRECTORS

(CONT'D)

**ENCIK  
SR. MOHD  
NAZRI BIN  
MAT NOOR**

Independent  
Non-Executive  
Director



**ENCIK  
NURAIMAN BIN  
SHAIFUL  
ANNUAR**

Independent  
Non-Executive  
Director



**YBHG. DATU  
HAJI  
SOEDIRMAN  
BIN HAJI AINI**

Independent  
Non-Executive  
Director



**ENCIK NOOR  
AZRI BIN  
DATO' SRI  
NOOR AZERAI**

Independent  
Non-Executive  
Director



**ENCIK  
MOHD  
SHAKIR BIN  
SHAHIMI**

Independent  
Non-Executive  
Director





## DIRECTORS' PROFILE



### ENCIK SHAMSUL ANUAR BIN AHAMAD IBRAHIM

Independent Non-Executive Chairman  
Malaysian / Age 60 / Male

**Date of Appointment as Independent Non-Executive Director:** 17 March 2022

**Date of Redesignation as Independent Non-Executive Chairman:** 25 October 2022

**Board Meeting Attendance from July 2021 to June 2022:** 9/9

#### Board Committees Membership:

- Audit Committee  
(\*Retirement as the Chairman on 28.02.2022 and reappointed as a member on 17.03.2022)
- Risk Management Committee (Chairman)  
(\*Retirement as a member on 28.02.2022 and reappointed as the Chairman on 17.03.2022)
- Remuneration & Nomination Committee  
(\*Retirement on 28.02.2022 and reappointed as a member on 17.03.2022)

**Directorship in Other Public Companies and Listed Issuers:** Nil

#### ACADEMIC/PROFESSIONAL QUALIFICATIONS

He is a Fellow member of the Association of Chartered Certified Accountants ("FCCA"), United Kingdom, and a member of the Malaysian Institute of Accountants.

#### WORKING EXPERIENCE AND OCCUPATION

Encik Shamsul Anuar joined ASSAR Group of Companies in 1993 as the Finance & Administration Manager of Amanah Saham Sarawak Berhad ("ASSB"). Since then, he has been assigned to various positions in the group and was made the Chief Executive Officer of ASSB in 2003. In 2007, he was promoted to his current position, i.e., the Group Corporate Affairs General Manager of Permodalan ASSAR Sdn. Bhd. ("PASB") (the Holding Company of ASSB).

Apart from being a corporate nominee for PASB, he also sits on the Board of Transnational Insurance Brokers Sdn. Bhd.

## DIRECTORS' PROFILE

(CONT'D)

### YBHG. DATO' DR. IR. TS. MOHD ABDUL KARIM BIN ABDULLAH

Non-Independent Non-Executive Director  
Malaysian / Age 57 / Male

**Date of Appointment as Director:** 1 August 2019

**Date of Redesignation as Non-Independent  
Non-Executive Chairman:** 1 October 2019

**Date of Redesignation as Non-Independent  
Non-Executive Director:** 25 October 2022

**Board Meeting Attendance from July 2021 to June  
2022:** 6/10

#### Board Committees Membership:

- Investment Committee (Chairman)

#### Directorship in Other Public Companies and Listed Issuers:

- Serba Dinamik Holdings Berhad



#### ACADEMIC / PROFESSIONAL QUALIFICATIONS

Dato' Karim holds a Bachelor's Degree in Mechanical Engineering from Universiti Teknologi Malaysia. He obtained an Honorary Ph.D. in Industrial Engineering from InterAmerican University, the U.S.A., in 2009 and a Ph.D. in Entrepreneurship from Golden State University, the U.S.A., in 2012. He has been a member of the Institution of Engineers Malaysia since 1994, a registered member of the Board of Engineers Malaysia since 1996, and a member of the Asean Federation of Engineering Organisation since 2002. Since January 2020, He holds the Title of Professional Technologist ("Ts") from the Malaysia Board of Technologists ("MBOT").

#### WORKING EXPERIENCE AND OCCUPATION

Dato' Karim's illustrious engineering career spanning more than 3 decades started with Asean Bintulu Fertilizer Sdn. Bhd. (1988) as a Mechanical Engineer. Later he was appointed as the Coordinator for the Ammonia and Rotary 5th turnaround Preparation Team (1990) and as a Rotating Equipment Area Engineer (1991). In 1993, he formed Serba Dinamik and assumed the position of the Group's Chief Executive Officer.

He gained vast experience in the maintenance and installation of rotating equipment since 1993, which includes major overhaul/inspection of 37MW M.H.I. steam turbines in Modules 1, 2 & 3 of Malaysia L.N.G. Sdn. Bhd. and overall supervisory of plant shutdown maintenance on various rotating equipment.

His tenure as a site project manager with Malaysia L.N.G. Sdn. Bhd. exposed him to construction and fabrication under the supply and construction of a new civil workshop, the extension of the main warehouse and mechanical workshop, and the installation of the Jet A-1 Bunkering Line in Shell Timur Sdn. Bhd., installation of the flush tank at Bintulu Depot and various other projects with the Company.

He has conducted numerous training sessions, internally and externally, primarily in the power and oil & gas sectors. Focus areas of training include vibration, machinery alignment and balancing course, condition monitoring programme for rotating equipment, integrated machinery maintenance, preventive and predictive maintenance, inspection and maintenance of pumps, and inspection and maintenance of steam turbines. He also conducted talks on the latest technologies related to Industry 4.0, Asset Integrity Management and technologies related to Industry 4.0, Asset Integrity Management, and Innovative Blockchain. Currently, Dato' Karim holds a directorship in Serba Dinamik Holdings Berhad.

There was a charge brought against him on 29 December 2021 under Section 369(a)(B) of the Capital Markets and Services Act 2007 ("CMSA") for making a false statement in "Serba Dinamik Holdings Berhad's Quarterly Report on the Consolidated Results for the Quarter and Year Ended 31 December 2020". The charge was subsequently withdrawn on 13 May 2022.

## DIRECTORS' PROFILE

(CONT'D)



### YBHG. DATU HAJI SOEDIRMAN BIN HAJI AINI

Independent Non-Executive Director  
Malaysian / Age 66 / Male

**Date of Appointment as Non-Independent Non-Executive Director:** 1 January 2013

**Date of Resignation as Independent Non-Executive Director:** 19 May 2016

**Board Meeting Attendance from July 2021 to June 2022:** 10/10

**Board Committees Membership:**

- Investment Committee

**Directorship in Other Public Companies and Listed Issuers:**

- Sarawak Plantation Berhad

### ACADEMIC/PROFESSIONAL QUALIFICATIONS

He is a Fellow member of the Association of Chartered Certified Accountants, United Kingdom ("FCCA") and a member of the Malaysian Institute of Accountants. He has attended the Macro Economic Policy and Management Program at Harvard University.

### WORKING EXPERIENCE AND OCCUPATION

He started his career with Petronas in 1982, where he served in the Economic and Investment Evaluation Department, Corporate Planning Division, and its subsidiary company, ASEAN Bintulu Fertilizer Sdn. Bhd. After serving 13 years with Petronas, he resigned in 1995 to join the Sarawak State Government.

Prior to his retirement from the State Government in December 2018, he held the position of the General Manager of Sarawak Economic Development Corporation ("SEDC"). His previous employment in the Sarawak Civil Service includes being the Permanent Secretary of the Ministry of Social Development, Director of State Implementation Monitoring Unit, Permanent Secretary of the Ministry of Industrial Development, Deputy State Financial Secretary, and State Accountant-General. Between November 2002 and September 2003, he was seconded to Amanah Saham Sarawak Berhad as its Chief Executive Officer. During his tenure with the Sarawak Government, he served on the Boards of Malaysia L.N.G. Tiga Sdn. Bhd. and Malaysia Investment Development Authority ("MIDA").

Datu Haji Soedirman is currently an Independent Director of Sarawak Plantation Berhad. He also sits on the Board of various Government-Linked Companies and Non-Governmental Organisations.



# DIRECTORS' PROFILE

(CONT'D)



## YBHG. DATU HAJI ABDUL HADI BIN DATUK HAJI ABDUL KADIR

Non-Independent Non-Executive Director  
Malaysian / Age 62 / Male

**Date of Appointment as Non-Independent Non-Executive Director:** 1 April 2019

**Board Meeting Attendance from July 2021 to June 2022:** 10/10

### Board Committees Membership:

- Audit Committee  
(\*Appointed as a member on 17.03.2022)
- Remuneration & Nomination Committee  
(\*Appointed as the Chairman on 17.03.2022)

**Directorship in Other Public Companies and Listed Issuers:** Nil

### ACADEMIC/PROFESSIONAL QUALIFICATIONS

He graduated with a Bachelor of Science with Honours from the Universiti Sains Malaysia.

### WORKING EXPERIENCE AND OCCUPATION

YBhg. Datu Haji Abdul Hadi Bin Datuk Haji Abdul Kadir has gained many years of experience in marketing, production, manufacturing operations, and Senior Level Management roles throughout his career since 1998.

He joined Harwood Timber Sdn. Bhd., the wholly owned subsidiary of Sarawak Timber Industry Development Corporation as a Planning Manager in 1996, and since then, he has been assigned to various positions. He was the General Manager of Harwood Timber from the year 2008 to 2018. On 1 January 2019, he was appointed to his current position as the General Manager of Sarawak Economic Development Corporation ("SEDC").

## DIRECTORS' PROFILE

(CONT'D)



### ENCIK SR. MOHD NAZRI BIN MAT NOOR

Independent Non-Executive Director  
Malaysian / Age 59 / Male

**Date of Appointment as Independent Non-Executive Director:** 31 January 2020

**Board Meeting Attendance from July 2021 to June 2022:** 10/10

Board Committees Membership:

- Risk Management Committee  
(\*Appointed as a member on 17.03.2022)

**Directorship in Other Public Companies and Listed Issuers:** Nil

### ACADEMIC/PROFESSIONAL QUALIFICATIONS

A graduate of the University of New South Wales, Australia, he is a Registered Quantity Surveyor with Lembaga Jurukur Bahan Malaysia, and a qualified Chartered Quantity Surveyor from Royal Institute of Chartered Surveyors ("RICS"), United Kingdom.

### WORKING EXPERIENCE AND OCCUPATION

He is a Registered Quantity Surveyor and currently the principal consultant to a Professional Quantity Surveying Consulting firm ("PQS") registered with the Lembaga Jurukur Bahan Malaysia and the Treasury, Ministry of Finance.

He has over 30 years of related professional experience covering Australia, Malaysia, Asean and the Middle East Regions. Starting with a 5-year-old working experience in Australia, he went on to work with a few Multinational companies (Sarawak Shell, Bovis/McLier) and local companies in various capacities and industries. His areas of expertise being contracts and procurement, project and development management, as well as exposure to the Oil and Gas industry during his 3-year stint with Sarawak Shell Berhad's MLNG-DUA Gas Development Project in Miri/ Bintulu.

He previously served as the Chairman of UMKBV, a wholly owned business holding of Universiti Malaysia Kelantan, in which he was a member of the Lembaga Pengarah Universiti (LPU) for the 2018-2020 period.

# DIRECTORS' PROFILE

(CONT'D)



## ENCIK NOOR AZRI BIN DATO' SRI NOOR AZERAI

Independent Non-Executive Director  
Malaysian / Age 23 / Male

**Date of Appointment as Independent Non-Executive Director:** 17 March 2022

**Board Meeting Attendance from July 2021 to June 2022:** 1/1

### Board Committees Membership:

- Risk Management Committee  
(\*Appointed as a member on 17.03.2022)
- Remuneration & Nomination Committee  
(\*Appointed as a member on 17.03.2022)

### Directorship in Other Public Companies and Listed Issuers:

- Bintai Kinden Corporation Berhad
- Malaysian Genomics Resource Centre Berhad

### ACADEMIC/PROFESSIONAL QUALIFICATIONS

Encik Azri graduated with an Honours Degree in Finance, Investment, and Risk from the London Institute of Banking and Finance, United Kingdom.

### WORKING EXPERIENCE AND OCCUPATION

Encik Azri has experience in Corporate Finance and Investment in Equity & Commodity Derivatives during his stint with M&A Securities Sdn. Bhd. and Maybank Investment Bank Berhad respectively, involving Initial Public Offering (IPO) exercise as well as managing portfolios of high value net worth individuals. He is also a founder of UK based company involved in investment in private companies in the United Kingdom and Europe.

Currently, he is an Executive Director in both Bintai Kinden Corporation Berhad and Malaysian Genomics Resource Centre Berhad.



## DIRECTORS' PROFILE

(CONT'D)



### ENCIK MOHD SHAKIR BIN SHAHIMI

Independent Non-Executive Director

Malaysian / Age 49 / Male

**Date of Appointment as Independent Non-Executive Director:** 15 September 2022

**Board Meeting Attendance from July 2021 to June 2022:** N/A

**Board Committees Membership:**

- Audit Committee  
(\*Appointed as the Chairman on 15.09. 2022)

**Directorship in Other Public Companies and Listed Issuers:**

- Bintai Kinden Corporation Berhad
- Malaysian Genomics Resource Centre Berhad

### ACADEMIC/PROFESSIONAL QUALIFICATIONS

Encik Mohd Shakir Bin Shahimi graduated with a Bachelor's Degree in Accountancy from Universiti Utara Malaysia. He is a qualified Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA).

### WORKING EXPERIENCE AND OCCUPATION

Encik Mohd Shakir began his career with Arthur Andersen & Co as Auditor from 1997 to 2000 before joining Harta Usahawan Sdn. Bhd. as an Accountant until June 2001. He moved to Australia for a year and joined Baqir Hussain, Yeap & Associates as a freelance auditor upon returning to Malaysia in April 2003, prior to joining Khairuddin Hasyudeen & Razi as an Audit Manager in May 2003 until now. Currently, he is also an Independent Non-Executive Director in Bintai Kinden Corporation Berhad and Malaysian Genomics Resource Centre Berhad.

## DIRECTORS' PROFILE

(CONT'D)



### ENCIK NURAIMAN BIN SHAIFUL ANNUAR

Independent Non-Executive Director

Malaysian / Age 26 / Male

**Date of Appointment as Independent Non-Executive Director:** 15 September 2022

**Board Meeting Attendance from July 2021 to June 2022:** N/A

**Board Committees Membership:**  
N/A

**Directorship in Other Public Companies and Listed Issuers:**  
N/A

#### ACADEMIC/PROFESSIONAL QUALIFICATIONS

Encik Nuraiman has attended the International Bachelor of Business Administration Programme from Hult International Business School, London, the United Kingdom, in the year 2017.

#### WORKING EXPERIENCE AND OCCUPATION

Encik Nuraiman is a passionate business leader with experienced adapting to a diverse range of management cultures. He is also a dynamic business operator experienced in high-value contract negotiations in the construction development and oil and gas field. Furthermore, he has obtained wide business development experience in managing many contractors in delivering projects efficiently and on time.

Encik Nuraiman began his career with Hipro Technologies Ltd as a Director in May 2018. Subsequently, he was appointed as a Director of Petro Flanges and Fitting Sdn. Bhd. from December 2018 until now.

## DIRECTORS' PROFILE

(CONT'D)



### ENCIK ROSLAND BIN OTHMAN

Group Managing Director | Chief Executive Officer  
| Executive Director  
Malaysian / Age 49 / Male

**Date of Appointment as Chief Executive Officer:**  
10 September 2019

**Date of Appointment as Managing Director:**  
1 October 2019

**Board Meeting Attendance from July 2021 to June 2022:** 10/10

**Board Committees Membership:**

- Investment Committee (Managing Director)

**Directorship in Other Public Companies and Listed Issuers:** Nil

### ACADEMIC/PROFESSIONAL QUALIFICATIONS

Encik Rosland graduated with a degree in Finance and Economics from New York University, Stern Business School, United States.

### WORKING EXPERIENCE AND OCCUPATION

Encik Rosland was a Senior Vice President of Serba Dinamik Holdings Berhad from June 2016 to September 2019. Prior to that, he has been extensively involved in investment banking as well as oil and gas industries, covering positions such as the Head of Corporate and Investment Banking in P.T. Bank Muamalat Indonesia (Kuala Lumpur), Vice President, Investment Banking Division of Ibdar Bank B.S.C (c), Malaysia, Vice President, Investment Banking Division Elaf Bank B.S.C (c), Bahrain and Acting Head, Investment Banking Department of Bank Muamalat (M) Berhad.

Currently, he sits on the Board of Directors in various companies, namely Konsortium KAJV Sdn. Bhd., Malaysia, OHP Ventures Incorporated, Labuan, Malaysia, Sufini Holdings Ltd, Abu Dhabi, U.A.E., and Geppert GmbH, Austria.



## DIRECTORS' PROFILE

(CONT'D)



### MR. KU CHONG HONG

Group Executive Director  
Malaysian / Age 34 / Male

**Date of Appointment as Independent Non-Executive Director:** 17 March 2022

**Date of Redesignation as Executive Director:**  
15 September 2022

**Board Meeting Attendance from July 2021 to June 2022:** 1/1

**Board Committees Membership:**  
N/A

**Directorship in Other Public Companies and Listed Issuers:**

- Bintai Kinden Corporation Berhad
- Malaysian Genomics Resource Centre Berhad

### ACADEMIC/PROFESSIONAL QUALIFICATIONS

Mr. Ku graduated with a Bachelor of Accounting (Hons) from Multimedia University and is a member of the Malaysian Institute of Accountants.

### WORKING EXPERIENCE AND OCCUPATION

Mr. Ku Chong Hong began his career in auditing with several audit firms before joining Grant Thornton Malaysia as an Audit Senior Manager in 2017. Throughout his career as an auditor for more than 8 years, he had gained vast exposure in audit and assurance, and business advisory related fields through his portfolios of various local and international companies involved in a broad spectrum of industries such as property development, construction, manufacturing, trading, poultry, agriculture, aquaculture, service provider, trading of software and real estate.

Mr. Ku is responsible in overseeing the financial and accounting functions of Bintai Group involving budgeting, cash flow management, financial projections and internal control policies.

Currently, he is an Executive Director of Bintai Kinden Corporation Berhad and an Independent Non-Executive Director in Malaysian Genomics Resource Centre Berhad.

# DIRECTORS' PROFILE

(CONT'D)

Notes:

1. **Family Relationship with Director and/or Major Shareholder**  
Save as disclosed above, none of the Directors has any family relationship with any director and/or major shareholder of the Company.
2. **Conflict of interest**  
None of the Directors has any conflict of interests with the Company.
3. **Conviction of Offences**  
Save as disclosed above, none of the Directors has been convicted of any offences other than traffic offences in the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year under review.
4. **Directorships**  
Save as disclosed above, none of the Directors has other directorship in public companies and listed issuers.
5. Details of the Board members' participation in the various Board Committees are set out in the Corporate Governance Overview Statement in this Annual Report.
6. **Directors' Training**  
All Directors have attended various in-house or external programmes to enable them to discharge their duties and responsibilities effectively. In addition, all Directors are encouraged to attend seminars, conferences, and various training programmes to keep abreast with the market and economic developments as well as with the new statutory and regulatory requirements.

## DIRECTORS' TRAINING IN THE FINANCIAL YEAR FROM JULY 2021 TO JUNE 2022

No	Name of Directors	Conferences, Seminars and Training Programmes attended in Financial Year from July 2021 to June 2022
1	<b>ENCIK SHAMSUL ANUAR BIN AHAMAD IBRAHIM</b>	S.S.M. National Conference 2021 on Governing under New Normal Tricor Taxand 2022 Malaysian Budget 2022 Budget Seminar Conduct of Directors & Common Breaches of Listing Requirements
2	<b>YBHG. DATO' DR. IR. TS. MOHD ABDUL KARIM BIN ABDULLAH</b>	Tricor Taxand 2022 Malaysian Budget
3	<b>YBHG. DATU HAJI SOEDIRMAN BIN HAJI AINI</b>	S.C. Updates the Malaysian Code on Corporate Governance to Promote Board Leadership and Oversight of Sustainability Board Room Workshop for Directors "Inspiring your Board Performance" M.I.A. International Accountants Conference 2022: Leading E.S.G., Charting Sustainability
4	<b>YBHG. DATU HAJI ABDUL HADI BIN DATUK HAJI ABDUL KADIR</b>	Participation in Lab 1 – 3 Session of the Diamond Project 2021 Program Digital Leadership Forum 2022 & Introduction Workshop to Sarawak G.L.C. Transformation Plan (SGTP) 2030 Risk Management Review 2022 International Digital Economy Conference Sarawak 2022 Conduct of Directors & Common Breaches of Listing Requirements

# DIRECTORS' PROFILE

(CONT'D)

No	Name of Directors	Conferences, Seminars and Training Programmes attended in Financial Year from July 2021 to June 2022
5	<b>ENCIK ROSLAND BIN OTHMAN</b>	Tricor Taxand 2022 Malaysian Budget ..... Conduct of Directors & Common Breaches of Listing Requirements
6	<b>ENCIK SR. MOHD NAZRI BIN MAT NOOR</b>	Key Amendments to Listing Requirements 2022 ..... Conduct of Directors & Common Breaches of Listing Requirements
7	<b>ENCIK NOOR AZRI BIN DATO' SRI AZERAI</b> <i>(Appointed on 17.03.2022)</i>	Mandatory Accreditation Programme for Directors of Public Listed Companies ..... Conduct of Directors & Common Breaches of Listing Requirements
8	<b>MR KU CHONG HONG</b> <i>(Appointed on 17.03.2022)</i>	M.I.A. Webinar Series: Managing Income Tax Audit Challenges Effectively ..... Accounting for Property Development Activities and Construction Contracts ..... Mandatory Accreditation Programme for Directors of Public Listed Companies ..... SC: A.O.B. Conversation with Audit Committees ..... Conduct of Directors & Common Breaches of Listing Requirements
9	<b>ENCIK MOHD SHAKIR BIN SHAHIMI</b> <i>(Appointed on 15.09.2022)</i>	N/A
10	<b>ENCIK NURAIMAN BIN SHAFUL ANNUAR</b> <i>(Appointed on 15.09.2022)</i>	N/A

## DIRECTORS' PROFILE

(CONT'D)

### DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year from July 2021 to June 2022, four (4) Board Meetings were held on 30 September 2021, 30 November 2021, 28 February 2022, 26 May 2022, and six (6) Special Board Meeting was held on 14 July 2021, 25 July 2021, 19 August 2021, 26 October 2021, 29 December 2021 and 17 March 2022. The attendance of the Directors at the Board Meetings is as follows:

No.	Name of Directors	Board Meeting	Special Board Meeting
1	Encik Shamsul Anuar Bin Ahamad Ibrahim	4/4	5/5
2	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	3/4	3/6
3	YBhg. Datu Haji Soedirman Bin Haji Aini	4/4	6/6
4	YBhg. Datu Haji Abdul Hadi Bin Datuk Haji Abdul Kadir	4/4	6/6
5	Encik Rosland Bin Othman	4/4	6/6
6	Encik Sr. Mohd Nazri Bin Mat Noor	4/4	6/6
7	Encik Noor Azri Bin Dato' Sri Noor Azerai <i>(Appointed on 17.03.2022)</i>	1/1	N/A
8	Mr. Ku Chong Hong <i>(Appointed on 17.03.2022)</i>	1/1	N/A
9	Encik Mohd Shakir Bin Shahimi <i>(Appointed on 15.09.2022)</i>	N/A	N/A
10	Encik Nuraiman Bin Shaiful Annuar <i>(Appointed on 15.09.2022)</i>	N/A	N/A



## KEY MANAGEMENT

### **ROSLAND BIN OTHMAN** ▶

MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Aged 49, Male, Malaysian



Details of the Group Managing Director | Chief Executive Officer | Executive Director are set out on page 26, the Directors' Profile of this Annual Report.

## KEY MANAGEMENT

(CONT'D)



### ◀ **KU CHONG HONG**

**GROUP EXECUTIVE DIRECTOR**

Aged 34 / Male / Malaysian

Details of the Group Executive Director are set out on page 27, the Directors' Profile of this Annual Report.

## KEY MANAGEMENT

(CONT'D)

Encik Mohd Ariff Bin Abd Samat joined the Company as the Finance Director on 10 September 2019 and was redesignated as the Group Chief Operating Officer on 30 September 2021. He will supervise all operational matters related to Sarawak Consolidated Industries Berhad (SCIB) and its subsidiaries.

He holds a Bachelor's Degree in Accounting from the International Islamic University Malaysia and is a Member of the Malaysian Institute of Accountants ("MIA").

His experience in the oil & energy industry, among others, includes roles in internal audit, cash flow budgeting, responsible for the execution of internal audits function in operational, compliance, financial, and risk management audits in manufacturing, Original Equipment Manufacturer ("OEM"), automotive and heavy engineering. He has over 10 years in key positions in Internal Audit, Accounts, Reporting and Business Planning & Budgeting in the oil & energy industry during his tenure with Petronas, UMW Corporation Sdn. Bhd. and KPMG Malaysia.

He has also covered a wide range of sectors such as privatization of government projects/private finance initiatives/public private partnership, water and wastewater, asset-backed securities (including CLOs, RMBS, and non-performing loans), toll roads, property/real estate, healthcare, aviation, renewable energy, and waste management.



**MOHD ARIFF  
BIN ABD SAMAT**

**GROUP CHIEF  
OPERATING OFFICER**

Malaysian / Aged 40 / Male



**CHAI TZE KHANG**  
**CHIEF OPERATING OFFICER**

Malaysian / Aged 48 / Male

Mr. Chai Tze Kang joined SCIB in 1997 as a Production Engineer. He was appointed as the General Manager of the Company in 2008 and was promoted to Chief Operating Officer on 14 February 2020. He is to oversee the daily operations of the manufacturing business of SCIB on a day-to-day basis.

He graduated with a Bachelor of Science Degree in Industrial Engineering and Management from Oklahoma State University, USA.

He gained more than 20 years of experience in Manufacturing operation and Sales and Marketing throughout his career in various positions such as QA Manager and Factory Manager. He was instrumental in setting up various factory expansions for SCIB. He is also the director of SCIB's subsidiary companies.

**CHIEW JONG WEI**  
**CHIEF FINANCIAL OFFICER**

Aged 47 / Male / Malaysian

Mr. Chiew Jong Wei joined SCIB on 19 February 2018 as the Chief Financial Officer of the Company.

He is a member of the Malaysian Institute of Accountants ("MIA").

He has more than 20 years of working experience in audit firms and commercial companies as an Accountant, Financial Controller, Head of Treasury, and Head of Finance.



# KEY MANAGEMENT

(CONT'D)

## ► RASHIDI BIN JAMANI SENIOR BUSINESS DEVELOPMENT MANAGER Aged 50 / Male / Malaysian

En. Rashidi Bin Jamani joined SCIB on 2 March 2020 as the Senior Business Development Manager of the Company.

He holds a Bachelor of Arts in Accounting and Finance from the University of Lancaster, UK, and is a member of the Association of Chartered Certified Accountants (“ACCA”).

He has vast experience in the account and finance industry, which includes a role in the assessment and evaluation of company proposals, facilitation with relevant stakeholders, and undertakes venture capital investment and administration and financial management of the company.

He has over 20 years in key positions in Venture Capital Investment, Business Advisory, and Fund management during his tenure with BIMB Venture Capital Sdn Bhd, Prokhas Sdn Bhd, and TERAJU Corporation.

His last attachment was with the Teraju Corporation, where he assumed a role as an Associate Director for Financial Services & Special Projects. He led a program named ‘Skim Jejak Jaya Bumiputera (SJJB) to identify qualified Bumiputera-controlled companies to be assisted in going through the listing process in Bursa Malaysia.

## ► SAIFUL AZRIN BIN FUDZIL HEAD OF PROJECT MANAGEMENT TEAM (PMT) Aged 49, Male, Malaysian

En. Saiful Azrin Bin Fudzil joined SCIB on 1 June 2021 as the Head of PMT of the Company.

He holds a Bachelor of Science in Industrial Engineering from Lehigh University, Pennsylvania, USA.

He is a member of the U.S.A Industrial Engineering Honor Society (“Alpha Pi MU”) and a member of the U.S.A Society of Manufacturing Engineers (“SME”).

He has vast experience in the infrastructure works at PeIP, Pengerang, and his managed operation of facilities at Proton Center of Excellence, Proton Tanjung Malim & Proton Casting Plant.

## ► WONG LI WEN HEAD OF CORPORATE SERVICES Aged 39, Female, Malaysian

Ms. Wong Li Wen joined SCIB on 1 March 2008 as an Accountant and has been the Finance Manager since 2012. She was then appointed as the Chief Financial Officer of the Company on 4 April 2016 and was re-designated as the Group’s Head of Corporate Services on 19 February 2018.

She holds a Master of Science degree in Professional Accountancy from the University of London, is a Fellow Member of The Chartered Association of Certified Accountants (“FCCA”), and a member of the Malaysian Institute of Accountants (“MIA”).

She has more than 15 years of working experience in audit firms and commercial companies as an Accountant, Company Secretary, Finance Manager, and Chief Financial Officer.

### Notes:

1. **Family Relationship with Director and/or Major Shareholder**  
*The Managing Director/ Chief Executive Officer, Executive Director and none of the Key Management has any family relationship with any director and/or major shareholder of the Company.*
2. **Conflict of interest**  
*The Managing Director/ Chief Executive Officer, Executive Director and none of the Key Management has any conflict of interest with the Company.*
3. **Conviction of Offences**  
*The Managing Director/ Chief Executive Officer, Executive Director and none of the Key Management has been convicted of any offences other than traffic offences in the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year under review.*
4. **Directorships**  
*Save as disclosed in the Director’s Profile of this Annual Report, none of the Key Management has other directorship in public companies.*



# 2

## ANALYSIS



# MANAGEMENT DISCUSSION & ANALYSIS

## OVERVIEW OF COMPANY'S BUSINESS

Sarawak Consolidated Industries Berhad ("SCIB" or "the Group") is a Kuching-based integrated construction-and-manufacturing Group founded in 1975 as a small enterprise and has since evolved into an entity listed on the Main Market of Bursa Malaysia Securities Berhad.

Our core business is the manufacturing of precast concrete products such as Concrete Spun Pipes, Prestressed Spun Concrete Piles, RC Square Piles, RC Box Culverts, Prestressed Girder Beams, Precast Concrete Industrialised Building System (IBS), a construction technique in which components are manufactured in a controlled environment either onsite or offsite, and other related concrete products.

The Group is the leading precast concrete products and IBS manufacturer in East Malaysia certified with Quality Management System ISO9001:2015 by SIRIM QAS. The Group's brand is well-known among housing developers and contractors in Sarawak as well as other parts of Borneo.

We operate three (3) factories in Kuching located in the Pending Industrial Estate and the Demak Laut Industrial Park with a total capacity of 500,000 tonnes yearly, which is sufficient to cater to Sarawak's large public infrastructure projects such as the State's portion of the Pan Borneo Highway, Sarawak's coastal road and bridges, water and power supply, public schools, hospitals and health clinics and other infrastructure and construction projects overseas. SCIB is home to 318 employees and contract workers as of 30 September 2022.



## OUR VISION

We are a business founded on excellence and dedicated to the creation of prosperity that can be shared with all.

## OUR MISSION

- To operate based on sound management principles that grow and create value for our shareholders while creating career opportunities as well as financial rewards for our employees
- To produce and distribute best-in-class products leveraging on our in-house expertise
- To be a good corporate citizen by actively engaging with the community that we operate and work in while recognising the role business plays in society



# MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

## OUR KEY MARKETS

The Group began by supplying precast concrete and IBS products to Sarawak and parts of Sabah, Kalimantan and Brunei where we are the market leader. Now, the Group has spread its wings, diversifying to the rest of Malaysia, as well as overseas markets. Besides civil infrastructure projects, our products such as pipes, piles, culverts, beams and other precast concrete IBS components are used extensively in commercial, industrial and residential property projects too.

Building strategic relationships with our customers is important to us and we have gone above and beyond the normal supplier/customer affiliation as part of our plan to extend our reach and presence beyond Sarawak and Malaysia.

## OUR STRENGTHS AND OPPORTUNITIES

The Group has an excellent track record as a manufacturer of precast concrete and IBS products while at the same time offering customers technical expertise, professional consultation, and customised solutions. Our record of projects and our brand-recognition, especially in Sarawak, where we are a preferred supplier not just for government but also for the private sector, is a testament to our reliability and quality.

These are our underlying strengths:

- i) The leading spun pile and IBS hollow core and panel walls manufacturer in East Malaysia
- ii) Leading precast concrete pipe manufacturer in East Malaysia
- iii) All factories are certified with Quality Management System ISO 9001: 2015 by SIRIM QAS, ISO45001:2018 (Occupational Health and Safety Management Systems) and ISO14001:2015 (Environmental Management System)
- iv) An experienced and reliable in-house engineering design team
- v) A wharf facility for shipments across Borneo
- vi) A total solutions provider with a wide product range

While Sarawak continues to be an important market for us, we seek opportunities throughout Malaysia and beyond to:

- i) Increase market acceptance and government support of the IBS system
- ii) Increase use of the IBS system as developers and contractors face labour shortages
- iii) Continue roll-out of large infrastructure projects in Sarawak such as the Pan Borneo Highway, Sarawak coastal road and bridges, water and power supply, public schools, hospitals and health clinics.
- iv) Expand to overseas markets
- v) Specialise in small to mid-sized EPCC projects such as the construction, expansion, maintenance or upgrades of healthcare, educational and utility facilities
- vi) Interest in rural infrastructure such as roads as well as housing and logistics infrastructure like ports and airports

## OUR BUSINESS STRATEGIES

The Group's construction division is diversifying geographically from our main market in East Malaysia by leveraging on our presence overseas to tender for projects. Our manufacturing division will leverage on our experience producing quality building materials through our entry into higher value-added projects in the Engineering, Manufacturing, Construction and Commissioning ("EMCC") sector where we can increase sales of our precast concrete and IBS products.

For the future, the Group is busy strengthening its construction capabilities to ensure we are capable of handling more value-added jobs, especially in the EMCC sector. SCIB is also adopting technology to better assist our customers in terms of efficiency and productivity.

# MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

## KEY FACTS (AS AT 30 SEPTEMBER 2022)



More than  
**RM1 billion**  
construction projects  
supported

**500,000**  
tonnes annual  
capacity




**3**  
integrated  
factories  
based in  
Sarawak



Newly acquired  
subsidiary  
company in West  
Malaysia with  
**IBS facilities**



**RM1.52**  
billion  
order book  
value

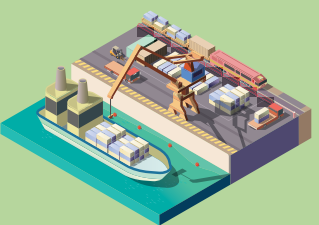


Equipped with the relevant accredited licenses such as **Contractor Grade G7** and Sijil Perolehan Kerja Kerajaan (SPKK) - by Construction Industry Development Board, Sijil Taraf Bumiputra (“STB”) and approved supplier of Ministry of Finance (“MOF”)

**Leading**  
precast concrete &  
IBS manufacturer  
in **East**  
**Malaysia**



**Wharf**  
facility  
for shipment  
across  
Borneo





# MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

## COMPANY FINANCIAL REVIEW

As announced on 24 May 2021, the Group has changed its financial year end from 31 December to 30 June. The current financial year ended 30 June 2022 ("FYE 2022") covers 12 months financial result from 1 July 2021 to 30 June 2022, and therefore cannot be entirely compared with the results reported in the previous 18-months financial period ended 30 June 2021 ("FPE 2021").

### Our financial highlights for the past 5 financial years/period

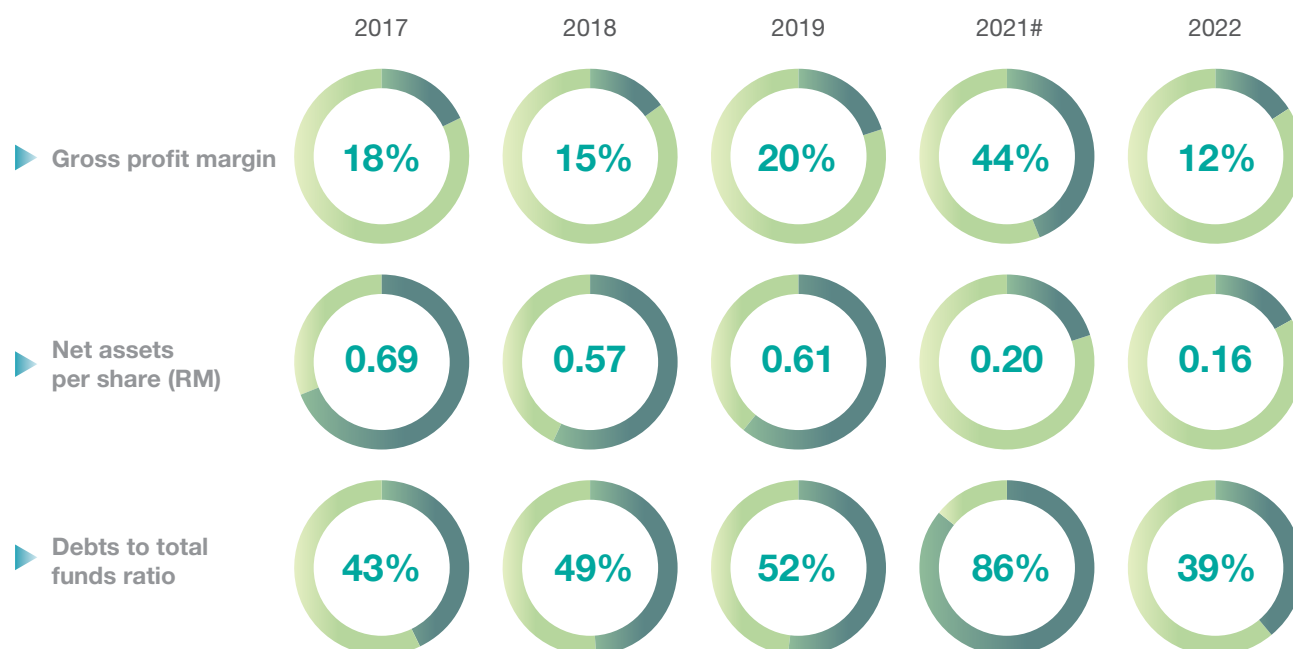
Financial year/period	2017 (12 months) RM'000	2018 (12 months) RM'000	2019 (12 months) RM'000	2021 (18 months) RM'000	2022 (12 months) RM'000
<b>Revenue</b>	<b>68,785</b>	<b>75,957</b>	<b>86,048</b>	<b>198,964</b>	<b>128,429</b>
- Manufacturing	61,098	75,957	77,511	105,696	85,862
- Construction/EPCC/Project Management*	7,312	-	8,902	93,268	41,860
- Property Trading	375	-	(365)	-	707
<b>Gross profit / (loss)</b>	<b>12,441</b>	<b>11,410</b>	<b>17,297</b>	<b>86,829</b>	<b>16,051</b>
- Manufacturing	11,637	14,323	16,076	21,168	13,735
- Construction/EPCC/Project Management*	760	(2,913)	1,256	65,661	2,247
- Property Trading	44	-	(35)	-	69
<b>Profit /(loss) before tax</b>	<b>(118)</b>	<b>(9,928)</b>	<b>3,193</b>	<b>5,722</b>	<b>(53,439)</b>
<b>Profit /(loss) after tax</b>	<b>(258)</b>	<b>(9,792)</b>	<b>3,150</b>	<b>(4,209)</b>	<b>(43,757)</b>
<b>Adjusted EBITDA</b>	<b>5,089</b>	<b>2,041</b>	<b>6,609</b>	<b>58,031</b>	<b>(25,883)</b>
<b>Total assets</b>	<b>108,619</b>	<b>101,941</b>	<b>116,109</b>	<b>761,860</b>	<b>193,596</b>
<b>Current assets</b>	<b>57,774</b>	<b>58,945</b>	<b>65,719</b>	<b>715,302</b>	<b>137,950</b>
<b>Total liabilities</b>	<b>49,763</b>	<b>53,090</b>	<b>64,108</b>	<b>663,488</b>	<b>98,430</b>
<b>Shareholders' equity</b>	<b>58,856</b>	<b>48,851</b>	<b>52,001</b>	<b>98,372</b>	<b>95,166</b>
<b>Current liabilities</b>	<b>39,273</b>	<b>36,637</b>	<b>44,321</b>	<b>646,542</b>	<b>71,930</b>
<b>Loans and borrowings</b>	<b>23,830</b>	<b>26,305</b>	<b>37,426</b>	<b>44,035</b>	<b>49,016</b>
<b>Total no. of shares</b>	<b>85,882,500</b>	<b>85,882,500</b>	<b>85,882,500</b>	<b>490,610,000</b>	<b>582,037,532</b>

Remarks:-

\* Construction/EPCC/Project Management segment – involved in the installation of Industrialised Building System components, construction contracts, engineering, procurement, construction and commission ("EPCC") which includes, among others, piping system, process control and instrumentation, equipment installation and other related services. The revenue of this segment is contributed by contracts revenue and project management fee.

# MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)



For better comparison, FPE 2021 figures have been annualised in the below analysis to illustrate the Group’s financial performance.

The Group’s revenue showed a decrease of 3.2% at RM128.4 million for FYE 2022 as compared with the RM132.6 million of annualised revenue recorded for FPE 2021. The Group recorded gross profit (“GP”) of RM16.1 million, a decrease of RM41.8 million or 72.2% compared with the annualised GP of RM57.9 million in FPE 2021. The decline in gross profit is mainly due to the termination of overseas projects.

The Group also recorded a loss before tax (“LBT”) of RM53.4 million as compared with an annualized profit before tax (“PBT”) of RM3.8 million in FPE 2021, representing a decrease of RM57.3 million. The LBT is mainly attributed to the net impairment loss on trade and other receivables, and contract assets of RM24.8 million and expenditure incurred in consultation fees on project related activities of RM26 million.

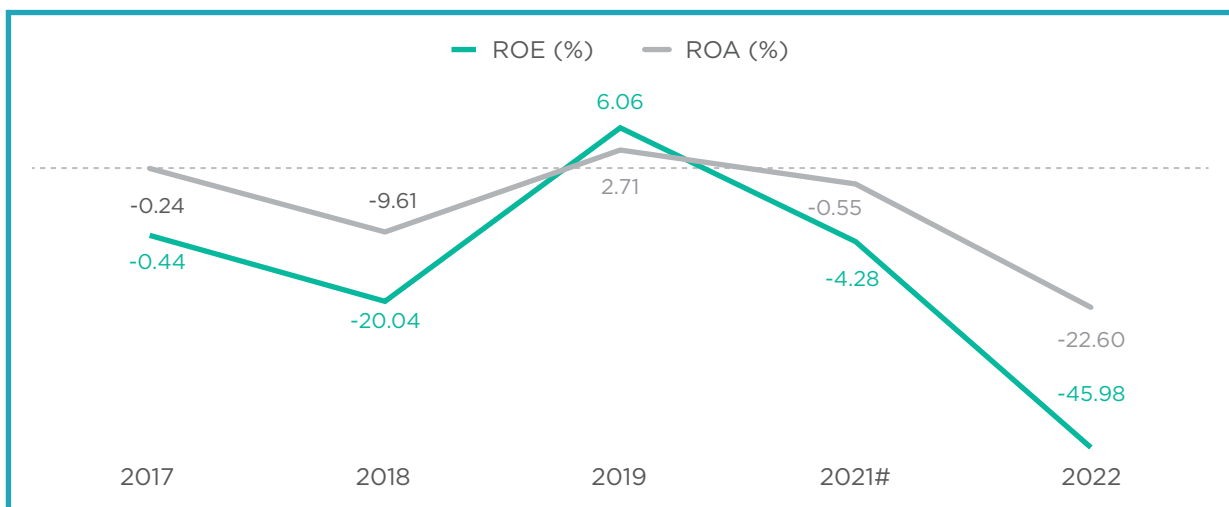
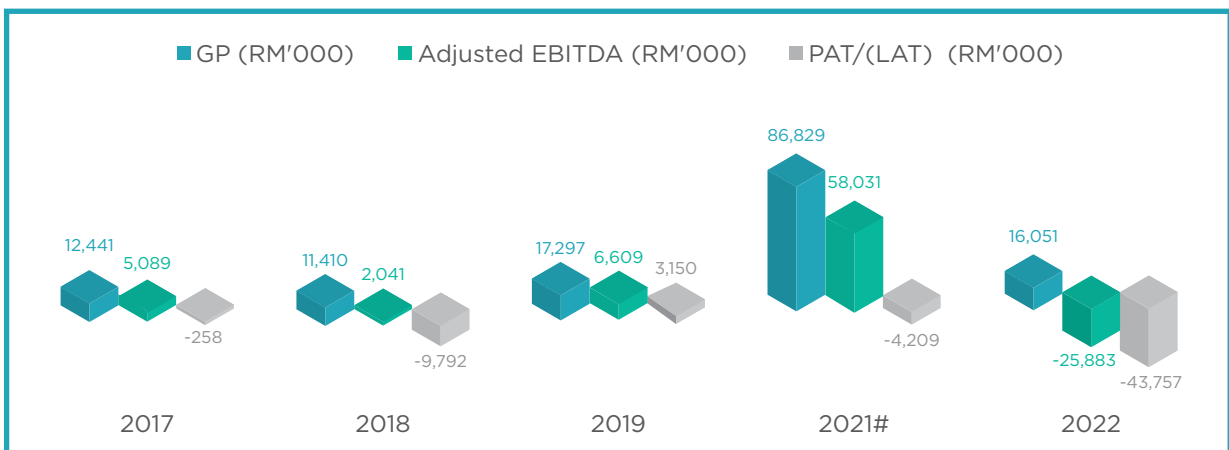
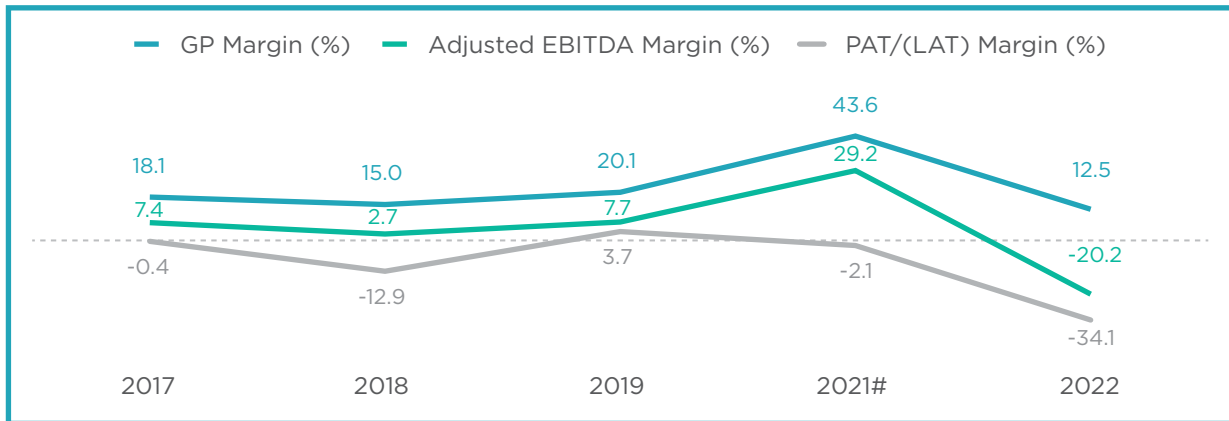
The Group’s total assets decreased 74.6% to RM193.6 million as of 30 June 2022 compared with the RM761.9 million recorded in the corresponding financial period of 2021 whereby total liabilities decreased by 85.2% to RM98.4 million. Our current assets decreased by 80.7% to RM137.9 million as at 30 June 2022 compared with the RM715.3 million recorded in the corresponding financial period of 2021. The huge decrease in assets and liabilities were due to the offset of trade debtors and trade creditors from Qatar and Oman, as a result of the signing of Novation Agreement. Cash and bank balances stood at RM36.2 million as of 30 June 2022.

# This was a cumulative 18-months result due to the change in financial year end from 31 December 2020 to 30 June 2021.

# MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

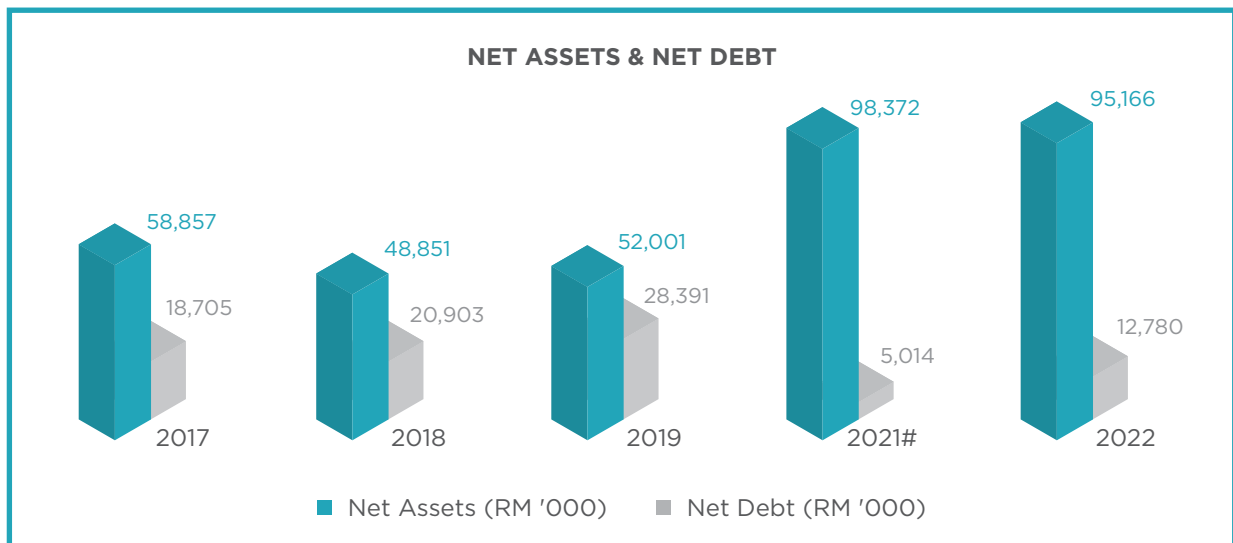
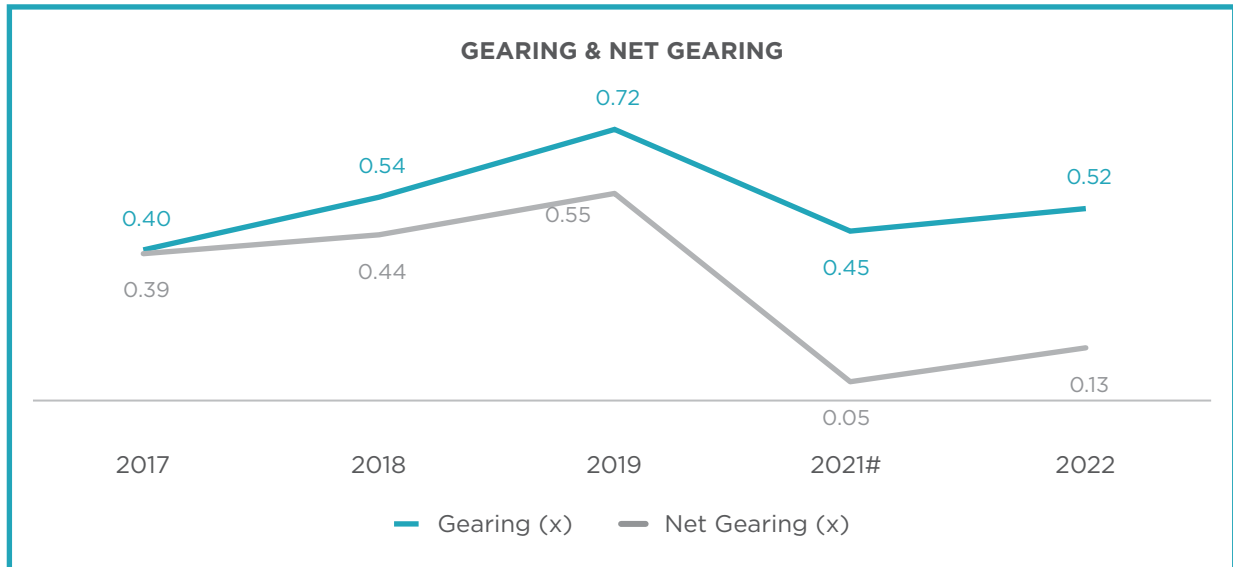
## Profitability & Margins



# This was a cumulative 18-months result due to the change in financial year end from 31 December 2020 to 30 June 2021.

# MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)



# This was a cumulative 18-months result due to the change in financial year end from 31 December 2020 to 30 June 2021.



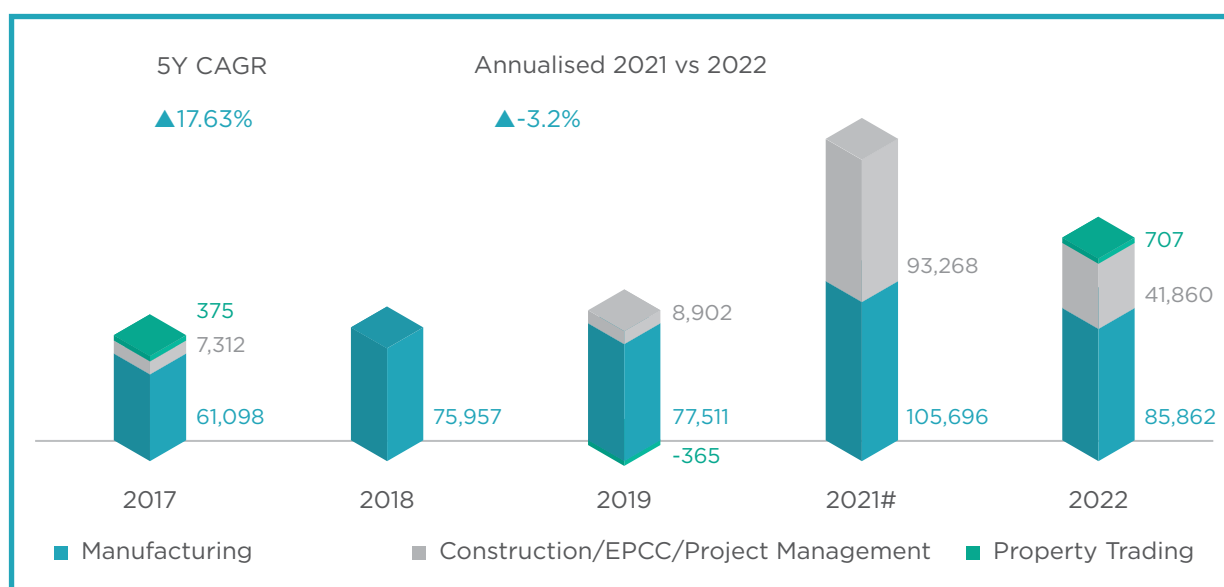
# MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

## OPERATION REVIEW BY BUSINESS SEGMENT

The Group's business segments are as follows:

1. Manufacturing
2. Construction/EPCC/Project Management
3. Property Trading



Revenue breakdown for FYE 2017 - FYE 2022

### Manufacturing Segment

- Our manufacturing segment, being the pillar of the Group, continued to thrive and remained as the largest contributor to the Group's revenue. The segment revenue increased by 21.8% to RM85.9 million for FYE 2022 as compared to the annualised revenue of RM70.5 million recorded in FPE 2021. The revenue growth was primarily driven by economic recovery from the pandemic as we continued supply for the rolling out of coastal bridges and schools projects in Sarawak.

### Construction/EPCC/Project Management Segment

- Construction/EPCC/Project Management segment reported revenue of RM41.9 million for FYE 2022, representing a decrease of 32.6% as compared to the annualized revenue of RM62.2 million recorded in FPE 2021. The decrease in revenue was mainly due to the termination of overseas contracts.

### Property Trading Segment

- The property trading segment registered revenue of RM0.7 million for FYE 2022. Revenue was contributed by the sales of apartment units at Santubong Suites.

# This was a cumulative 18-month result due to the change in financial year end from 31 December 2020 to 30 June 2021.

# MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

## Share Price Performance

As at 30 June 2022, the Group’s share price closed at RM0.175 with a total market capitalization of RM101.9 million. The year-to-date high stood at RM0.87 while the year-to-date low stood at RM0.17.

### Share Price Performance & Trading Volume for the financial year ended 30 June 2022



Source: Wall Street Journal

## Dividend

Starting 2020, the Board adopted a Dividend Payout Ratio of at least 30% of the Profit After Tax attributable to the owners of SCIB for each financial year, excluding any unrealised income from adjustments due to accounting policies that are non-cash in nature. During the financial year under review, no dividend was proposed to the shareholders.

## ANTICIPATED OR KNOWN RISKS

### Risks

The Group is exposed to operational and financial risks arising from its operations and from the use of financial instruments. These risks are monitored quarterly through the Board’s Risk Management Committee (“RMC”) and the Risk Management Working Group (“RMWG”) at the management level.

The RMWG has met numerous times to identify, address and manage those risks that are deemed critical and will greatly affect the daily operations of our factories. The said committee will also review the effectiveness of the actions taken to mitigate those risks and recommend further steps where and when required. Management is of the opinion that the operational and financial risks are properly mitigated to a minimum level.

# MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

## Credit risk

The Group and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company ("SCIB") and its subsidiary, SCIBL had on 10 November 2021 signed the respective Settlement Agreements with our Clients and the respective subcontractors for Qatar and Oman projects that were awarded to SCIB Group, to mutually terminate the Contracts and confirm the obligation on the full and final settlement of debts and establish the term and payment schedule for the amount owing between the Parties. Subsequently on 20 September 2022, SCIB and SCIBL signed a Novation Agreement with the above Clients and the respective subcontractors, to mutually novate all their obligations, rights, benefits and interest pursuant to the Settlement Agreement dated 10 November. This financial year under review, the Group has also recognized a net impairment loss on trade and other receivables of long due outstanding balance from our clients, amounting RM23.0 million as a measure to mitigate the Group's exposure to credit risk.

The Group's trade debtors' turnover period improved from 139 days to 115 days, mainly benefitting from the economic recovery as we transitioned to the endemic phase of COVID-19. Ample steps have been taken to assess and manage the credit risks during the year under review.

## Liquidity risk

The Group and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group has a total revolving bank facilities limit of RM31.0 million, of which only RM19.1 million or 61.5% was drawn down in the financial year under review. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of our stand-by revolving credit facilities.

As far as practicable, the Group will constantly raise committed funding from both capital markets and financial institutions and prudently balance its portfolio through short term funding so as to achieve overall cost-effectiveness.

## Interest rate risk

The Group is exposed to market risks as there are risks for changes in interest rates, mainly in loans and borrowings. Despite the possibility of fluctuation in the bank's base financing rate, the Group does not foresee that it will be greatly affected if there is such an increase.

## Risks inherent in the infrastructure and construction industries

By virtue of the Group's involvement in the manufacturing of precast concrete products and IBS components for use in the infrastructure and construction industries, we are exposed and will be affected by the inherent risk factors such as risks arising from changes in government policies, legislation and regulations affecting the infrastructure and construction industries, risks relating to changes in political, social and economic conditions and competition and/or business risks. Furthermore, the Group is also exposed to construction risks such as an increase in construction cost due to any escalation of material and service costs, availability of skilled manpower, materials, subcontractors' performance, and default or breach of contractual obligations and terms.

## Operational risks

In running the day-to-day business, the operational risks that arise include shortages of raw materials, price uncertainties of raw materials, factory productivity and efficiency, labour shortage, machinery downtime, skill and competency of the Company's employees and quality of products and services.

## Foreign exchange risks

The Group is exposed to foreign exchange risks with its geographical presence in other countries due to currency fluctuations. The Group adopts a natural hedge policy whereby expenses are incurred in the same currency in which revenue is generated. As a result, no significant realised (actual) foreign gain or loss is expected due to the fluctuation of currency exchange.

# MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

## OUTLOOK



Signs are increasingly pointing to a recession for major economies across the world as governments try to manage raging inflation in the face of geopolitical uncertainties from the Russia-Ukraine war, a slowdown in China and lingering effects from the COVID-19 lockdowns of the previous two years that continue to impact the supply chain and pose challenges to economies around the world.

The IMF noted in its July 2022 update of the World Economic Outlook (WEO) that disinflationary monetary policy is expected to bite in 2023, with global GDP growing by just 2.9%, lower than the 3.6% global GDP growth in the April 2022 update of the WEO. The IMF also noted that 2022 is increasingly gloomy and uncertain compared with 2021, lowering the global GDP growth forecast to 3.2% in the July WEO update from 3.6% in the April update.

Malaysia's economy is expected to grow at a slower pace in 2023, with Minister of Finance Tengku Datuk Seri Zafrul Abdul Aziz citing slowing growth in the major economies. The Socio-Economic Research Centre (SERC), the research arm of the Associated Chinese Chambers of Commerce and Industry of Malaysia, expects Malaysia's GDP to expand at a more moderate pace of 4.1% as the global economy faces increasing risks of a slowdown. SERC also expects BNM to raise interest rates by another 50 basis points in the first-half of 2023 to 3.0%.

SCIB notes that a combination of policy support and fiscal spending will continue to be implemented to help maintain stable growth as the economy faces a challenging landscape going into 2023. The outlook is also supported by the announcement in June 2022 of the RM50.0 billion MRT3 project, which is Malaysia's largest civil infrastructure project to-date.

This positive outlook for the construction sector is further supported by the continuation or expediting of other large infrastructure projects such as the East Coast Rail Link, MRT2, LRT3, Johor-Singapore Rapid Transit System, Pan Borneo Highway, Central Spine Road, Klang Valley DoubleTracking Phase 2, and Electrified Double Track Gemas-Johor Bahru, which the Group believes will have positive spillover effects through the need for civil engineering works as well as building materials.

For 2023, the Group is cautiously optimistic although we note that the outlook has become more challenging despite a strong pipeline of civil infrastructure projects in Malaysia, government fiscal initiatives, stable employment and wages as well as strong exports. We will continue to leverage on our strengths as a leading producer of precast concrete and IBS, a specialist in small to mid-sized projects and collaborations in innovation and technology to ensure business sustainability as well as to continue carving a niche for ourselves, both in Sabah and Sarawak and in Peninsular Malaysia.



3

**CORPORATE  
GOVERNANCE**



# CORPORATE GOVERNANCE OVERVIEW STATEMENT



## INTRODUCTION

The Board of Directors (“Board”) of Sarawak Consolidated Industries Berhad (“SCIB” or “the Company”) supports high standards of corporate governance practices as stipulated in the Principles and Recommendations of the Malaysian Code on Corporate Governance (“MCCG”) 2021 which was released on 28 April 2021, in implementing its governance system and ensuring compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board acknowledges its fundamental responsibility to promote and drive long term sustainable growth, whilst taking into account the interests of the investors and all other stakeholders.

The Board is pleased to present an overview of the Corporate Governance Statement, which provides key highlights on how the Company complies with the three (3) principles of the MCCG 2021 during the financial year ended 30 June 2022, which are as follow:

1. Principle A: Board Leadership and Effectiveness
2. Principle B: Effective Audit and Risk Management
3. Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This statement was approved by the Board of Directors on 25 October 2022 and is complemented with a Corporate Governance Report (“CG Report”) based on a prescribed format pursuant to paragraph 15.25 of the Listing Requirements of Bursa Securities.

The CG Report is available on the Company’s website as well as via announcement on the website of Bursa Securities.

As at 30 June 2022, the Company complied in most of the material aspects with the principles as set out in the MCCG.

As of the date of this report, the Company has applied thirty-five (35) of forty-eight (48) recommended practices of MCCG, which two (2) recommended practices are not applicable, in addition, the Company has adopted two (2) of five (5) Step-Up recommended practices.

A summary of the corporate governance practices as well as the Board’s key focus areas in relation to the corporate governance practices are as described below, under each corporate governance principle.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### 1. Board Responsibilities

The Board is responsible for the effective leadership and long-term success of the Company.

The Board Members, in discharging their duties are constantly mindful that the interests of our customers, investors and all other stakeholders are well safeguarded.

The Board has formally adopted a Board Charter, which outlines the roles and responsibilities of the Board and those which it delegates to the various Board Committees.

The Board is responsible for formulating and reviewing the Company's strategic plan and key policies, and to chart the course of the Company's business operations while providing effective oversight of the Management's performance as well as the risk management procedures and key controls.

The principal responsibilities of the Board include the following:

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Developing succession planning;
- Developing an investor relations program or shareholder communications policy for Company; and
- Reviewing adequacy and integrity of Company's internal control systems and Management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

In furtherance, the Board also delegated specific tasks to the Board Committees namely the Audit Committee ("AC"), Remuneration & Nomination Committee ("RNC"), Risk Management Committee ("RMC") and Investment Committee ("IC").

All the Board Committees have their own terms of reference to deal with particular issues and report back to the Board with the necessary recommendation, if any.

The Board Committees comprise majority of Independent Non-Executive Directors which are able to provide diverse perspectives and insights supporting the Board to make decision objectively.

The ultimate approval still lies with the entire Board and certain Board functions are also delegated to the Management and the Board ensures Management is of the highest caliber.

The Directors are at liberty to seek independent professional advice on matters relating to the discharge of their duties and the cost of securing such professional services will be borne by the Company.

Additionally, the Company has in place the Whistleblowing Policy and Procedures for its directors and employees which are implemented to enable the exposure of any violations or improper conduct or wrongdoing within the Company.

The Board has approved the Anti-Bribery & Anti-Corruption Policy for the Company with the objective to manage risk in relation to fraud, bribery and corruption.

The aforesaid Board Charter and the respective policies and procedures are accessible at the Company's website.

In addition, the Board is responsible for overseeing the implementation inclusive of its adequacy and effectiveness of Adequate Procedures as per the guideline issued by the Prime Minister's Department pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 (Amendment) 2018.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### 2. Board Composition

As at the date of this Report, the Board consists of seven (10) members, of whom two (2) are Non-Independent Non-Executive Directors, six (6) are Independent Non-Executive Directors and two (2) are Executive Director, as follow, which complies with Paragraph 15.02 of the Listing Requirements of Bursa Securities, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be independent:

NO.	NAME	DESIGNATION
1	Encik Shamsul Anuar Bin Ahamad Ibrahim*	Independent Non-Executive Chairman
2	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah**	Non-Independent Non-Executive Director
3	YBhg. Datu Haji Abdul Hadi Bin Datuk Haji Abdul Kadir	Non-Independent Non-Executive Director
4	YBhg. Datu Haji Soedirman Bin Haji Aini	Independent Non-Executive Director
5	Encik Sr. Mohd Nazri Bin Mat Noor	Independent Non-Executive Director
6	Noor Azri Bin Dato' Sri Noor Azerai***	Independent Non-Executive Director
7	Encik Mohd Shakir Bin Shahimi****	Independent Non-Executive Director
8	Encik Nuraiman Bin Shaiful Annuar****	Independent Non-Executive Director
9	Encik Rosland Bin Othman	Group Managing Director/Chief Executive Officer ("GMD/CEO")
10	Mr Ku Chong Hong*****	Group Executive Director

\* Redesignated as Independent Non-Executive Chairman of the Company on 25 October 2022

\*\* Redesignated as Non-Independent Non-Executive Director of the Company on 25 October 2022

\*\*\* Appointed as an Independent Non-Executive Director of the Company on 17 March 2022

\*\*\*\* Appointed as the Independent Non-Executive Director of the Company on 15 September 2022

\*\*\*\*\* Appointed as the Independent Non-Executive Director of the Company on 17 March 2022 and re-designated as the Group Executive Director of the Company on 15 September 2022

The profile of each Director is disclosed in the Directors' Profile of this Annual Report.

The Non-Executive Chairman is primarily responsible for the leadership and management of the Board, ensuring the Board and Board Committees execute their responsibilities in the best interest of the Company.

The Company's Non-Independent Executive Directors are responsible for providing the vision and strategic direction of the Company and to formulate appropriate corporate strategies and develop the business.

They are also involved in all day-to-day management and for leading the development and execution of the Company's long and short-term plans.

They act as a direct liaison between the Board and the Management and communicates on behalf of the Company to the Board, shareholders, employees, Government Authorities and other stakeholders.

The Independent Non-Executive Directors play a significant role in bringing impartiality and scrutiny to the Board's deliberations and decision-making, and also serve to stimulate and challenge the Management in an objective manner.

To further enhance the function of the Independent Non-Executive Directors, the Board has also defined their roles and responsibilities to include the following:

- Provides independent and objective views, assessment and suggestions in deliberations of the Board;
- Ensures effective check and balance in the proceedings of the Board;
- Mitigates any possible conflict of interest between the policy-making process and day-to-day management of the Company; and
- Constructively challenge and contribute to the development of the business strategies and direction of the Company.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 2. Board Composition *(cont'd)*

The Independent Non-Executive Directors do not engage in the day-to-day management of the Company and do not participate in any business dealings and are not involved in any other relationship with the Company.

This ensures that the Independent Non-Executive Directors remain free of conflict-of-interest situations and execute their roles and responsibilities effectively.

The members of the Board possess wide-ranging experiences, skills and expertise in accounting, economics, engineering and business management and are persons of high caliber and integrity, which give added strength to the leadership which is necessary for the effective stewardship of the Company.

The Board is confident that there are sufficient experienced and independent-minded Directors on the Board to provide sufficient check and balance.

Given that there are six (6) experienced Independent Directors representing more than 50% of the Board, the Board collectively would be able to function independently of management.

This allows for effective oversight of the management as well as to support objective and independent deliberation, review and decision making.

None of the Independent Non-Executive Directors hold office as independent directors for more than nine (9) years under the reporting period.

The Board is well aware that the tenure of an independent director should not exceed a cumulative term of nine (9) years as recommended by the MCCG.

Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director.

The RNC and the Board also noted that pursuant to the MCCG, the Board may provide justifications and seek shareholders' approval in the event there is intention to retain a Director who has served a cumulative term of nine (9) years as an Independent Director.

The Board views that Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender.

The RNC have assessed the Board's size and composition and was satisfied that the Board's size is appropriate given the scale of the Company's business and operations and the composition well balanced with the right mix of diverse knowledge, skills and attributes constituting an effective Board able to discharge its duties professionally and efficiently.

#### Directors' Code of Ethics

The Directors observed a code of ethics in accordance with the code of conduct as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

#### Board Meetings & Supply of Information

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year to facilitate the Directors to plan ahead and organise the next financial year's Board meetings into their respective schedules.

The Board holds meetings of no less than four (4) times a year as soon as the Company's quarterly and annual results are finalised in order to review and approve the results for submission to Bursa Securities and the Securities Commission.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 2. Board Composition *(cont'd)*

#### Board Meetings & Supply of Information *(cont'd)*

Special Board meetings may be convened to consider urgent proposals or matters that require the expeditious review or consideration by the Board.

The minutes of the Board meetings were circulated to all Directors for their perusal and comments.

The Directors may request for further clarification or raise comments on the minutes prior to the minutes being confirmed as a correct record of the proceedings of the Board at the subsequent meeting.

At the Board meetings, the Board reviews management reports on the business performance of the Company as well as the major subsidiaries, and reviews, inter-alia, the results compared to the preceding month and year-to-date, and also the comparison against pro-rated business targets.

As part of the integrated risk management initiatives, the Board also notes the decisions and salient issues deliberated by the Board Committees through minutes of the Committees' meetings.

The Board Members deliberate, and in the process, assess the viability of business propositions and proposals, and the principal risks that may have significant impact on the Company's business or on its financial position, and the mitigating factors.

The Board also assesses various types of propositions and matters that are required to be submitted to the Board for concurrence or approval, in accordance with the guidelines issued by the Board.

The Chairman of the AC would inform the Directors at Board meetings, of any salient matters noted by the AC and which require the Board's notice or direction.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance to a structured agenda.

For effective Board proceedings, the Directors would receive the structured agenda together with comprehensive management reports and proposal papers at least five (5) business days before the Board meeting, which is in accordance to MCCG.

This is to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company Secretary, or to consult independent advisers, if they deem necessary.

The Company has appointed qualified Company Secretary as required pursuant to the Companies Act 2016.

The Company Secretary is a fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

She is competent in carrying out her work and plays supporting and advisory roles to the Board with the assistance of the Management.

She ensures adherence and compliance to the procedures and regulatory requirements from time to time.

Confidential papers or urgent proposals are presented and tabled at the Board meetings under supplemental agenda.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 2. Board Composition *(cont'd)*

#### Board Meetings & Supply of Information *(cont'd)*

The Board meeting papers are prepared and presented in a concise and comprehensive format to ensure that the Directors have a complete and relevant depiction of the issues in order that the Board deliberation and decision-making are performed systematically and in a well-informed manner.

The directors remain fully committed and dedicated in fulfilling their duties and responsibilities as reflected by their attendance at Board meetings during the financial year, in which details of the number of Meetings held and the attendance of each Director can be found in the Report on Directors' Profile in this Annual Report.

#### Training & Development of Directors

Every Director has attended the Mandatory Accreditation Program ("MAP") except for the newly appointed Director, Encik Nuraiman Bin Shaiful Anuar, who will attend the MAP on 21-22 November 2022 and the Directors have continued to attend seminars and briefings during the financial year in order to enhance their skills and knowledge, and to keep abreast with changing commercial risks in line with market and economic developments.

The Directors are also provided with the Board Policy Manual that contained information including but not limited to the structure of the Company, management and the operation as well as the Directors' duties and obligations.

The Directors also keep up-to-date with market developments and related issues through discussion meetings with the other Senior Management Officers.

These provide the platforms to disseminate emergent strategic directions and ideas as well as intellectual interactions which enhance the knowledge and relevance of the Directors.

The Company's Human Resources Department facilitates the organisation of internal training programmes and Directors' attendance in external programmes.

The details of directors' training participated during the financial year are highlighted in the Directors' Profile report herein this Annual report.

#### Time Commitment of Directors

Directors are at liberty to accept other Board appointments so long as such appointments are not in conflict with the business of the Company and do not adversely affect the Directors' performance and contributions as a member of the Board and Board Committee.

#### Re-Appointment and Re-Election of Directors

The RNC will consider and recommend to the Board for the continuation in service of those Directors who are due for re-election/re-appointment.

The Constitution of the Company provide that at its every annual general meeting, one-third of Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election.

The Constitution further provide that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

The re-appointment and re-election of Directors at its annual general meeting is subject to the prior assessment by the RNC and the recommendations thereafter submitted to the Board for approval or the Director concerned to continue to hold office.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### 2. Board Composition (cont'd)

#### Re-Appointment and Re-Election of Directors (cont'd)

The Board does not fix a maximum tenure limit for Directors as the Board is of the view that there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's affairs.

The Board is of the view that there is no need to set a time-frame on how long an Independent Director should serve on the Board in view of the following reasons:

- The ability of a Director to serve effectively as an Independent Director is very much a function of his calibre, qualification, experience and personal qualities, and has no compelling relationship to his tenure as an Independent Director; and
- The Board conducts annual assessment of Independent Directors in respect of inter-alia their skills, experience and contributions, and whether the Independent Directors are able to discharge their duties with unbiased judgement.

#### Board Committees

To assist the Board in discharging its duties, the Board has established several Board Committees whose compositions and terms of reference are in accordance with the best practices.

The functions and terms of reference of Board Committees as well as authority delegated by the Board to these Committees, were approved by the Board, and are reviewed from time to time to ensure that they are relevant and up-to-date.

The Board Committees of the Company are as follows:

- Audit Committee
- Remuneration & Nomination Committee
- Risk Management Committee
- Investment Committee

Details of the Board members' membership in the various Board Committees are set out as below:

NO.	DIRECTOR	AUDIT COMMITTEE	REMUNERATION & NOMINATION COMMITTEE	RISK MANAGEMENT COMMITTEE	INVESTMENT COMMITTEE
1	Encik Shamsul Anuar Bin Ahamad Ibrahim	Member	Member	Chairman <sup>(1)</sup>	-
2	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	-	-	-	Chairman
3	YBhg. Datu Haji Soedirman Bin Haji Aini	-	-	-	Member
4	YBhg. Datu Haji Abdul Hadi Bin Datuk Haji Abdul Kadir	Member	Chairman <sup>(2)</sup>	-	-
5	Encik Sr. Mohd Nazri Bin Mat Noor	-	-	Member <sup>(3)</sup>	-
6	Encik Rosland Bin Othman	-	-	-	Member
7	Mr Ku Chong Hong <sup>(7)</sup>	-	-	-	-



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### 2. Board Composition (cont'd)

#### Board Committees (cont'd)

Details of the Board members' membership in the various Board Committees are set out as below: (cont'd)

NO.	DIRECTOR	AUDIT COMMITTEE	REMUNERATION & NOMINATION COMMITTEE	RISK MANAGEMENT COMMITTEE	INVESTMENT COMMITTEE
8	Noor Azri Bin Dato' Sri Noor Azerai	-	Member <sup>(4)</sup>	Member <sup>(5)</sup>	-
9	Encik Nuraiman Bin Shaiful Annuar	-	-	-	-
10	Encik Mohd Shakir Bin Shahimi	Chairman <sup>(6)</sup>	-	-	-

(1) - (2) Appointed as the Chairman of the respective Board committee on 17 March 2022

(3) - (5) Appointed as the Member of the respective Board committee on 17 March 2022

(6) Appointed as the Chairman of the Audit Committee ("AC") on 15 September 2022

(7) Appointed as the Chairman of the AC on 17 March 2022 and resigned as the Chairman of AC on 15 September 2022

All proceedings, matters arising, deliberations in terms of the issue discussed, and recommendations made by the Board Committees at the Committees' meetings are recorded in the minutes by the Company Secretary, confirmed by the Board Committees, signed by the Chairman of the said Committees.

Upon invitation, Management representatives were present at the Board Committees' meetings to provide additional insight into matters to be discussed during the said committee meetings, if so required.

All the Board Committees do not have executive powers but to report to the Board on all matters considered and their recommendations thereon.

#### Audit Committee

The terms of reference of the AC are set out under the AC Report in this Annual Report and further details are disclosed under Principal B: Effective Audit and Risk Management in this Statement.

The AC meets at least four (4) times a year.

#### Remuneration and Nomination Committee

The RNC will recommend candidates for all directorships to be filled to the Board.

Any new Director will undergo a familiarisation programme, which includes presentation of an overview of the Company's profile, products, factories and track records to facilitate the new Directors' understanding of the Company.

The Company Secretary will ensure that all appointments of new Director are properly carried out and all legal and regulatory obligations are met.

The RNC comprises three (3) Non-Executive Directors, the majority of whom are independent.

Meetings of the RNC are held as and when required, and at least once a year.

The RNC will recommend the proposed appointment of a new Director and the re-appointment of Directors upon the expiry of their respective tenures of office for approval of the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 2. Board Composition *(cont'd)*

#### Remuneration and Nomination Committee *(cont'd)*

The RNC had also reviewed the Board Members' directorships in companies other than the Company; the number of directorships held are well within the restriction of not more than five (5) directorships in public listed companies as stated in the Main Market Listing Requirements of Bursa Securities.

All assessments and evaluations carried out by the RNC in the discharge of all its functions shall be properly documented.

The RNC and the Board shall assess the independence of all independent directors annually.

In 2022, the RNC carried out the annual review of the overall remuneration policy for Directors and key Senior Management Officers and recommended to the Board for approval.

The RNC and the Board ensure that the Company's remuneration policy remains supportive of its corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Directors and key Senior Management Officers are sufficiently attractive to draw in and to retain persons of high caliber.

The RNC reviews annually the performance of the Executive Directors and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, and which are competitive and are in tandem with the Company's corporate objectives, culture and strategy.

The Board as a whole determines the remuneration of Non-Executive Directors, and each individual Director abstains from the Board decision on his own remuneration.

#### Risk Management Committee

Among others, the RMC has the following roles & responsibilities:

- a. Develop and recommend the Company's risk policies and objectives aligned with its strategic business objectives;
- b. Communicate Board's risk policies, objectives, responsibilities, and reporting lines;
- c. Identify and communicate to the Board on all risks (present and potential) the Company faces, its changes and management action plans to manage those risks;
- d. Perform risk oversight and review of risk profiles of the Company and regularly review business units' risk management processes;
- e. Provide guidance to business units of the Company's and its risk appetite and capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board; and
- f. All other risk management matters delegated by the Board.

More information about the activities of the RMC is set out in the Statement on Risk Management and Internal Control of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

### 2. Board Composition *(cont'd)*

#### Investment Committee

Among others, the IC has the following roles & responsibilities:

- a. To review annual business plans and budgets for recommendation to the Board for approval;
- b. To evaluate proposals on new investments and divestments of significant value to ensure they align with SCIB's vision, mission and corporate goals;
- c. To approve investment up to a prescribed amount as determined by the Board from time to time, beyond which a recommendation will be made to the Board;
- d. To review financial investment portfolios of the Group. This includes and is not limited to existing and new merger and acquisitions, new partnerships, divestments and large capital expenditure projects;
- e. To oversee current and future capital and financial resource requirements;
- f. To monitor the fund-raising activities of the Group;
- g. To conduct the annual performance evaluation of the Group's investment activities;
- h. To review and recommend to the Board of Directors the foreign exchange and hedging policies and procedures; and
- i. To implement other necessary duties as mutually agreed by the Investment Committee and the Board of Directors or any other authorities which are required by law or regulated by any Government authority.

### 3. Remuneration

The remuneration of the Executive Directors is structured to link rewards to the Company and individual performance.

As for Non-Executive Directors, the level of remuneration reflects mainly on their experience, qualification and competence of the Non-Executive Director concerned.

The Non-Executive Directors are remunerated with Directors' fees which are subject to shareholders' approval at the AGM annually.

In recommending the proposed Directors' fees, the RNC takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Company's complexity, and also the market rate among the industry.

The Directors are paid annual fees and meeting allowance for each Board meeting that they attend.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### 3. Remuneration (cont'd)

The disclosure of the remuneration of individual Directors of the Company on named basis for the financial year ended 30 June 2022 is set out as below:

NO.	DIRECTOR	SALARIES RM	FEES RM	MEETING ALLOWANCES & OTHER EMOLUMENTS RM	TOTAL REMUNERATION RM
<b>EXECUTIVE DIRECTOR</b>					
1	Encik Rosland Bin Othman	686,076	37,200	290,766	1,014,042
<b>NON-EXECUTIVE DIRECTOR</b>					
2	Encik Shamsul Anuar Bin Ahamad Ibrahim	-	37,200	32,420	69,620
3	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	-	74,400	19,600	94,000
4	YBhg. Datu Haji Soedirman Bin Haji Aini	-	37,200	24,200	61,400
5	YBhg. Datu Haji Abdul Hadi Bin Datuk Haji Abdul Kadir	-	37,200	21,560	58,760
6	YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak **	-	24,000	19,400	43,400
7	Encik Sr. Mohd Nazri Bin Mat Noor	-	37,200	16,460	53,660
8	Noor Azri Bin Dato' Sri Noor Azerai	-	13,200	4,920	18,120
9	Ku Chong Hong*	-	13,200	8,880	22,080
<b>TOTAL</b>		<b>686,076</b>	<b>310,800</b>	<b>438,206</b>	<b>1,435,082</b>

\* Re-designated as the Executive Director with effect from 15 September 2022

\*\* Retired as the Independent Non-Executive Directors of the Company on 28 February 2022

The Fees and Benefits for the directors in respect of the period from 28 February 2022 until the Annual General Meeting ("AGM") to be held on 8 December 2022 ("2022 AGM"), were not approved at the Company's AGM held on 28 February 2022. For this upcoming AGM scheduled on 8 December 2022, the Company shall be tabling Directors' fee and Benefits for the aforesaid period commencing 28 February 2022 until 8 December 2022. Hence, the total Remuneration above includes the provision of the directors' fees and benefits from 1 March 2022 to 30 June 2022. Please refer to the Notice of AGM and the explanatory notes for the proposed directors' fees and benefits on pages 216, 218 and 219 of this Annual Report.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### 1. Audit Committee

The terms of reference of the AC re set out under the AC Report in this Annual Report.

The AC meets at least four (4) times a year.

#### Relationship with the External Auditors

The AC has in place policies and procedures to review and assess the appointment or re-appointment of the external auditors in respect of their suitability, objectivity and independence.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *(cont'd)*

### 1. Audit Committee *(cont'd)*

#### Relationship with the External Auditors *(cont'd)*

The AC in this regard assesses and reviews annually among others, the adequacy of their experience and resources, their audit engagements and the experience of the engagement partners and staff in accordance with the requirements of the Company.

The AC also meets with the external auditors without the presence of the Management to enable the AC to discuss matters privately with them.

There have not been any non-audit services that have compromised their independence as external auditors of the Company.

The external auditors, Messrs. Nexia SSY PLT, are registered with Audit Oversight Board of the Securities Commission.

Through the AC, the Company has established a formal and transparent relationship with the external auditors.

### 2. Risk Management & Internal Control

The Board acknowledges their responsibility for the Company's system of risk management and internal control, which is designed to identify and manage the risks of the businesses of the Company, in pursuing of its objectives.

The system of risk management and internal control spans over financial, operational and compliance aspects, particularly to safeguard the Company's assets and hence shareholders' investments.

In executing this responsibility, the Board via the AC and RMC and the outsourced internal audit function, has adopted procedures to monitor the ongoing adequacy and integrity of the system of risk management and internal control.

Information on the Company's system of risk management and internal control is presented in the Statement on Risk Management and Internal Control in this Annual Report.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### 1. Communication with Stakeholders

We maintain a regular policy of disseminating information that is material for shareholders' information via announcements made to Bursa Securities.

In compliance with the Main Market Listing Requirements of Bursa Securities, the Company also releases timely financial information on a quarterly basis, which includes an overview of the performance of the Company.

In addition, the Company also put in place electronic facility to enable communication with shareholders via its website which shareholders can access to and obtain all information (operational, financial, corporate governance and investor relations aspects) on the Company by accessing this website.

All announcements made by the Company and information that are relevant to the shareholders and investors are available in this website.

The Company had its Investors briefing on 14 October 2021, 7 June 2022 and 2 September 2022 which gave the Company the opportunity to share about its business profile, products, recent developments and future prospects with research analysts, fund managers and their sales team.

Investors briefing creates valuable opportunity for the Company to meet with research analyst and fund managers to share our business updates that are relevant to the analyst coverage area and provide information for their research paper.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *(cont'd)*

### 2. Conduct of General Meetings

The Annual General Meeting (“AGM”) is the principal forum for dialogue with shareholders who are encouraged and given sufficient opportunity to enquire about the Company’s activities and prospects as well as communicate their expectations and concerns.

Each item of special business included in the Notice of Annual General Meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate evaluation of the proposed resolution.

Shareholders are encouraged to put forward their questions on the proposed resolutions tabled at the general meetings.

Members of the Board, the external auditors, senior management and/or advisers of the Company are present to answer queries raised at the general meetings.

Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll.

Hence, all the resolutions tabled at the forthcoming 46th AGM to be held on 8 December 2022 will be voted by way of a poll.

The 46<sup>th</sup> AGM will be conducted entirely through live streaming from the broadcast venue.

The shareholders will be briefed on the voting procedures while the results of the poll will be verified by an Independent Scrutineer.

## KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is satisfied that the Company has maintained high standards of corporate governance and strived to achieve the highest level of integrity and ethical standard, in all its business dealings.

Moving forward, the Board will continue to operationalise and improve the Company’s corporate governance practices and instil a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

This Statement was approved by the Board on 25 October 2022.



## **STATEMENT OF DIRECTORS' RESPONSIBILITY**



The Board of Directors is required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, to issue a statement explaining their responsibility for preparation of the annual audited financial statements.

The Directors are also required by the Companies Act 2016 to prepare financial statements for each financial year which gives a true and fair view of the financial position of the Group and of the Company as at the financial year end and their financial performance and the cash flows for the financial year then ended.

The Directors considered that in preparing the financial statements of the Group and the Company for the financial year ended 30 June 2022 contained in this Annual Report, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. The Directors also considered that all Malaysian Financial Reporting Standards and International Financial Reporting Standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

(This Statement of Directors' Responsibility is made in accordance with a resolution of the Board of Directors dated 25 October 2022.)



# AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) of the Company is pleased to present Audit Committee (“AC”) Report for the financial year ended 30 June 2022.

## 1. COMPOSITION & ATTENDANCE

During the financial year ended 30 June 2022, AC held ten (10) meetings on 25 July 2021, 19 August 2021, 28 September 2021, 28 October 2021, 10 November 2021, 24 November 2021, 14 December 2021, 29 December 2021, 24 February 2022 and 24 May 2022.

Details of attendance of members of AC in its meetings are as follows:

MEMBERS & DESIGNATION	MEETING ATTENDANCE
Encik Mohd. Shakir Bin Shahimi (Bachelor of Accountancy (CA), MIA) <i>Chairman / Independent Non-Executive Director</i> <i>(Appointed as the Chairman on 15 September 2022)</i>	N/A
YBhg. Datu Haji Abdul Hadi Bin Datuk Haji Abdul Kadir (Bachelor of Science (Hons)) <i>Member / Non-Independent Non-Executive Director</i> <i>(Appointed as a member on 17 March 2022)</i>	1/1
Encik Shamsul Anuar Bin Ahamad Ibrahim (FCCA, MIA) <i>Member / Independent Non-Executive Chairman</i> <i>(Appointed as the Chairman on 28 October 2015, retired on 28 February 2022, and re-appointed as a member on 17 March 2022)</i>	10/10
Mr. Ku Chong Hong (Bachelor of Accounting (Hons), MIA) <i>Chairman / Executive Director</i> <i>(Appointed as the Chairman on 17 March 2022 and resigned on 15 September 2022)</i>	1/1
YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak (Bachelor of Engineering (Civil)) <i>Member / Independent Non-Executive Director</i> <i>(Appointed as a member on 1 September 2015 and retired on 28 February 2022)</i>	9/9
YBhg. Datu Haji Soedirman Bin Haji Aini (FCCA, MIA) <i>Member / Independent Non-Executive Director</i> <i>(Appointed as a member on 18 June 2019 and resigned on 17 March 2022)</i>	9/9

AC consists of qualified individuals having the required skills and expertise to discharge its functions and duties.

AC’s literacy and understanding of financial reporting standards and information have contributed to meaningful discussions in overseeing the integrity of financial reporting processes and financial statements.

Encik Shamsul Anuar Bin Ahamad Ibrahim (Independent Non-Executive Chairman) was appointed as the Chairman of the AC until 28 February 2022.

The Board then appoint Mr. Ku Chong Hong (Executive Director) as the Chairman of AC on 17 March 2022.

Subsequently, the Board appoint Encik Mohd. Shakir Bin Shahimi as the Chairman of AC in place of Mr. Ku Chong Hong, who resigned upon his re-designation as an Executive Director of the Company on 15 September 2022.

En. Shamsul, Mr. Ku, and Encik Shakir, as the Chairman of AC, are members of the Malaysian Institute of Accountants, which complies with paragraph 15.09(1)(c)(i) of Main Market Listing Requirements of Bursa Malaysia.

The meetings of AC were conducted in accordance with the requisite quorum as stipulated in its Terms of Reference, which requires at least two (2) members, with the majority of members present must be independent non-executive directors.



# AUDIT COMMITTEE REPORT

(CONT'D)

## 1. COMPOSITION & ATTENDANCE *(cont'd)*

By invitation, the Group Managing Director / Chief Executive Officer, the Executive Director, the Group Chief Operating Officer (formerly the Finance Director), the Chief Financial Officer, the Chief Operating Officer, and/or representative of the internal auditors were invited to attend all the meetings held during the financial period, to present reports on financial results, internal audit matters and other matters for AC's deliberation and approval, if required.

In addition, other senior management personnel were invited to attend these meetings, when necessary, to brief AC on specific matters.

The External Auditors were invited to brief AC on audit-related matters during the financial period and provide a high-level review of the financial position of the Company and its subsidiaries ("Group").

Specific time was also allocated for the External Auditors to have private discussions with AC in the absence of the Management.

Ms. Wong Li Wen, Head of Corporate Services, acted as the secretary of the AC from 26 August 2020 to 23 May 2022. AC then appoint Ms. Ng Lai Yee (Rinani Management Sdn. Bhd.), the Company Secretary to act as the Secretary of AC from 24 May 2022.

Members of AC were provided with agenda and relevant papers prior to each meeting.

Matters of discussion at AC Meetings will be permanently included in the meeting agenda for notation and action by the Board.

## 2. TERMS OF REFERENCE

The terms of reference of AC, as follows, was reviewed and updated on 17 June 2020 to reflect the requirements of applicable practices and guidance of the Malaysian Code on Corporate Governance 2021 ("MCCG2021"):

### a. Objectives

AC shall give assurance to shareholders of the Group that compliance with specified financial standards and disclosure policies developed and administered by Bursa Malaysia Securities Berhad are being adhered to.

In addition, AC shall assure that certain standards of corporate responsibility, integrity, and accountability to the Company's shareholders are being inculcated as duties and responsibilities of the Board.

### b. Composition

Members of AC shall be appointed by the Board and shall consist of not less than three (3) members, all of whom shall be non-executive directors.

The majority of AC members shall be independent non-executive directors, which the Chairman of AC shall be approved by the Board and shall be an independent non-executive director.

### c. Meetings & Quorum

Meetings shall be held not less than four (4) times a year.

AC may invite any person to its meeting, specific to relevancies.

A quorum shall consist of at least two (2) members, with the majority of members present must be independent non-executive directors.

# AUDIT COMMITTEE REPORT

(CONT'D)

## 2. TERMS OF REFERENCE *(cont'd)*

### d. Authority

- AC is authorised by the Board to investigate any activities within its terms of reference, having full and unrestricted access to any information pertaining to the Group.
- AC shall have the necessary resources which are required to perform its duties and shall have direct communication channels with the external auditors, the person(s) executing the internal audit function, and independent professional advice if it considers necessary.
- AC shall have a meeting, excluding the attendance of the Executive Directors and Management, to consider any matter the external auditor believes should be brought to the attention of AC and the Board.

### e. Roles & Responsibilities of AC

Roles & responsibilities of AC shall be to review:

- With the external and internal auditors: the audit plans, the scope of the audits, the audit reports – management letters, major findings and Management's responses thereof, and evaluation of the Group's internal control system;
- Assistance was given by the Group's employees to both the external and internal auditors;
- Adequacy and effectiveness of the system of internal control and governance systems, including the adequacy of scopes, functions, and resources of the internal audit function, and that it has the necessary authority to execute its work;
- Audit fees proposed by the external auditors;
- Performance of the external auditors and make recommendations to the Board on their appointment, removal, or replacement;
- Appointment, dismissal, or replacement of the Head of Internal Audit;
- Performance and remuneration of the internal auditors and ensure they are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- Quarterly and annual financial statements of the Group for recommendation to the Board for approval, focusing particularly on;
- Changes in or implementation of new accounting policies and practices;
- Significant adjustments arising from the audit;
- Going concern assumptions;
- Compliance with the applicable approved accounting standards and other legal and regulatory requirements;
- Any related party transactions ("RPT") that may arise within the Group;
- Verify allocation of options to employees under relevant criteria imposed by the Company's Share Option Scheme; and
- any other functions as may be agreed to by AC and the Board, or as may be required or empowered by statutory legislation or guidelines issued by relevant governing authorities.

# AUDIT COMMITTEE REPORT

(CONT'D)



### 3. SUMMARY OF ACTIVITIES

The following activities were executed by AC during the financial year ended 30 June 2022 in discharging its duties and functions:

#### a. Financial Reporting

Reviewed the quarterly, interim and annual financial statements of the Group prior to recommending them for approval by the Board.

#### b. Internal Audit

- Reviewed the audit plan to ensure adequate scope and coverage of activities of the Group, taking into consideration assessment of key risk areas;
- Reviewed the internal audit reports, audit recommendations made, and Management's responses thereof; and
- Where appropriate, AC has directed action to be taken by Management to rectify and improve the internal control system and procedures based on the internal audit's recommendations and suggestions for improvement.

#### c. External Audit

- Reviewed the external auditors' scopes of work and audit plan for the year;
- Reviewed with external auditors on results of the audit and the audit report in particular, and accounting issues and significant audit adjustments arising from the external audit exercise; and
- Evaluated the performance of the external auditors and made recommendations to the Board on their appointment, remuneration, removal, or replacement.

#### d. Related Party Transaction ("RPT")

Reviewed related party transactions entered into by the Group on a quarterly basis to ensure the adequacy of the Review Procedures and to ensure compliance with Chapter 10.08 and Chapter 10.09 of the Main Market Listing Requirements of Bursa Malaysia.

# AUDIT COMMITTEE REPORT

(CONT'D)

## 4. INTERNAL AUDIT FUNCTION

AC is supported by Internal Audit Function in the discharge of its roles and responsibilities.

On 27 August 2020, the Group appointed Salihin Consulting Group Sdn. Bhd. to replace CGRM Infocomm Sdn. Bhd. to undertake the function.

The role of the Internal Audit Function is to undertake regular independent and systematic reviews of the internal control system so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively as intended.

The Internal Audit Function covers the review of the adequacy of operational control, risk assessment, compliance with established internal policies, operational procedures, and guidelines, amongst others.

A risk-based approach is adopted for all audits.

The audits ensure that the instituted internal control system is appropriate, effectively applied, and achieves acceptable risk exposures consistent with the Group's risk management framework.

In particular, the Internal Audit Function has, under the remit of AC, conducted and submitted four (4) reports on a quarterly basis on the internal audit work performed on operating units, encompassing various areas of operations, where any significant weaknesses were identified, measures were taken to rectify and improve the internal control system accordingly.

The overall review of the internal control system revealed that internal control is generally sound and sufficient and functioning satisfactorily.

The total costs incurred for the Internal Audit in respect of the financial year ended 30 June 2022 were RM136,658.03.

This AC Report was approved by the Board on 25 October 2022.





# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) is committed to continuously improving the Group’s risk management & internal control system and is pleased to present the following Statement on Risk Management & Internal Control for the financial year ended 30 June 2022.

This statement is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia and in accordance with the principles as stipulated in the Malaysian Code on Corporate Governance 2021 (“MCCG2021”) and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

This statement outlines nature and scope of risk management and internal control of the Group and covers all of the Group’s operations except for associate companies.

## 1. THE BOARD’S RESPONSIBILITY

The Board affirms its overall responsibility for risk management and internal control system for the Company and its subsidiaries (“Group”), and for continually reviewing its adequacy and effectiveness to safeguard shareholders’ investment, interests of stakeholders, and the Group’s assets.

The Group maintains a sound system of risk management and internal control that covers finance, operations, governance and risk management.

The Board believes that system of risk management and internal control should provide reasonable assurance in achieving its corporate objectives as the Board acknowledges limitations that are inherent in such a system.

The Group’s system of risk management and internal control is designed to manage rather than to eliminate risk of failure in achieving corporate objectives.

Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatements, financial losses or fraud.

Pursuant to the above, the Board has instituted and has delegated to Audit Committee and Risk Management Committee to uphold risk management & internal control oversight within the Group.

## 2. THE RISK MANAGEMENT COMMITTEE

The Risk Management Committee (“RMC”) is chaired by an Independent Non-Executive Chairman, who is the Chairman of the Board.

The composition of RMC consists of majority Independent Non-Executive Directors.

The roles and responsibilities of RMC include the following:

- Develop and recommend the Group’s risk policies and objectives aligned with its strategic business objectives;
- Communicate Board’s risk policies, objectives, responsibilities, and reporting lines;
- Identify and communicate to the Board on all risks (present and potential) the Group faces, its changes and the Management action plans to manage those risks;
- Perform risk oversight and review of risk profiles of the Group and regularly review business units’ risk management processes;
- Provide guidance to the business units of the Group’s and its risk appetite and capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board; and
- All other risk management matters delegated by the Board.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## 2. THE RISK MANAGEMENT COMMITTEE *(cont'd)*

Four (4) RMC meetings were held during the financial year ended 30 June 2022, 28 September 2021, 24 November 2021, 24 February 2022, and 24 May 2022 with agenda encompassing the following areas:

- Reviewing and monitoring status of the adopted risk management action plans under the Group's Risk Management Framework;
- Reviewing business risks and operational risks faced by the Group through risk profile of the Group; and
- Reviewing adequacy, effectiveness and relevance of the risk management action plans.

On a quarterly basis, RMC reports to the Board on status of the approved risk profile and mitigation actions plans.

## 3. THE AUDIT COMMITTEE

The terms of reference of the Audit Committee are defined under the Audit Committee Report in this Annual Report and further details are disclosed under Principal B: Effective Audit and Risk Management in this Statement of the Corporate Governance Overview Statement.

## 4. RISK MANAGEMENT FRAMEWORK

A sound system of risk management incorporates need to have an appropriate risk assessment framework, identification of internal control to manage and control these risks, implementation of an effective information and communications system, and an ongoing process for monitoring continuing adequacy and effectiveness of system of risk management.

As such, the Board has implemented a Risk Management Framework within the Group in order to minimize potential for undesired risk exposures for benefit of shareholders and other stakeholders.

The formalization of the Risk Management Framework involved setting up of RMC and Risk Compliance Department, which was established to undertake a risk assessment exercise and to draw up risk management action plans in order to identify, evaluate and manage risks faced by the Group.

RMC and Risk Compliance Department has established an ongoing process for identifying, evaluating and managing risks faced by the Group in its achievement of objectives and strategies.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing risks faced, and by designing, implementing and monitoring internal control in order to mitigate and control these risks.

The process is regularly reviewed by the Board, which would include on its agenda on the management of risks that may impede business objectives.

Salient points of the Risk Management Framework consist of the following elements:

1. Identification of risks;
2. Assessment of risks;
3. Mitigation of risks;
4. Implementation of risks' mitigation;
5. Monitoring and review of the risks; and
6. Communication of the risks.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## 4. RISK MANAGEMENT FRAMEWORK *(cont'd)*

As per the Risk Management Framework, the following risk elements shall be incorporated in the Risk Register & Profile of the Group:

1. Environment Risk;
2. Financial Risk;
3. Human Resources Risk;
4. Information Technology Risk;
5. Legal, Regulatory & Compliance Risk;
6. Operational Risk;
7. Stakeholder Management Risk;
8. Market Risk;
9. Corruption Risk;
10. Construction Risk;
11. Quality Risk;
12. Investment Risk; and
13. Project Risk.

## 5. INTERNAL CONTROL SYSTEM

Other key processes that have been established in reviewing adequacy and effectiveness of internal control system include the following:

- **Compliance**

The Group's Accounting and Administration Regulations and Policies, Staff Manual and ISO 9001 Quality Management System Documentations has clearly outline operating procedures that cover finance, human resources and operations.

Internal audit reviews are conducted at regular intervals to monitor compliance with the procedures and assess integrity of information provided.

- **Financial Performance**

Interim financial results are reviewed by the Audit Committee and approved by the Board, together with annual budgets and forecasts.

The variance between actual and budgeted results is analysed for effective Management actions thereafter and presented to the Audit Committee and the Board.

- **Authority Level**

The Board clearly defines delegated authority levels for revenue and capital expenditure.

The approval of capital and revenue proposals exceeding authorised limits requires decision by the Board.

Comprehensive appraisal procedures apply to all major investment decisions.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## 5. INTERNAL CONTROL SYSTEM (cont'd)

- **Accountability & Reporting**

The Group has a clear line of accountability, approval and reporting procedures taking into consideration segregation of duties and other control procedures.

These procedures are communicated throughout the Group.

- **Internal Audit Function**

The Board, via the Audit Committee, monitors risks management and internal control system through quarterly reviews, which is undertaken by Internal Audit.

The reviews include a balanced assessment of risks and adequacy and effectiveness of risk management and internal control system of the Group.

Where any weaknesses are identified, Internal Audit, together with input from the Management, would recommend measures to improve risk management and internal control accordingly.

## 6. ASSURANCE FROM THE MANAGEMENT

The Board has received reasonable assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's Risk Management Framework and internal control system are operating adequately and effectively, in all material respects, based on risk management and internal control system of the Group.

## 7. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Para 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in 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* ("AAPG 3") issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Company for the year ended 30 June 2022, and reported to the Board that except for those matters highlighted in the Qualified Opinion section of the independent auditors' report, nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Company, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on adequacy and effectiveness of the Group's risk management and internal control system including assessment and opinion by the Directors and Management thereon.

The report from the external auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Main Market Listing requirements of Bursa Malaysia and for no other purposes or parties.

The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

## 8. CONCLUSION

The Board is of the view that the risk management and internal control system instituted for the year under review are adequate and effective to safeguard the shareholders' investment, the interests of stakeholders, and the Group's assets.

This Statement was approved by the Board on 25 October 2022.



# ADDITIONAL COMPLIANCE INFORMATION

## 1. AUDIT FEES AND NON-AUDIT FEES

The amount of audit fees and non-audit paid or payable to the External Auditors by the Group and the Company for the financial year ended 30 June 2022 are as follows:

SERVICES	COMPANY (RM)	GROUP (RM)
Audit Fees	122,000	362,000
Non-Audit Fees	Nil	Nil

Services rendered by the External Auditors are not prohibited by regulatory and other professional requirements, and are based on globally practiced guidelines on auditors' independence.

## 2. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

- (i) The Company had on 7 April 2020, announced a private placement of up to 36,750,000 SCIB Shares, representing approximately 42.8% of the then total number of issued Shares, and were issued at an issue price of RM1.82 per Share, raising total gross proceeds of approximately RM66.89 million ("**Private Placement 1.0**").

As at the last practicable date ("LPD"), the actual proceeds raised from Private Placement 1.0 is fully utilised.

Description	Estimated timeframe for utilisation of proceeds from the date of listing of the Placement Shares	Proposed utilisation RM'000	Actual utilisation as at the LPD RM'000	Balance as at the LPD RM'000
Working capital for on-going projects	Fully utilised	6,806	6,806	-
Estimated expenses for future projects	Fully utilised	59,408	59,408	-
Estimated expenses in relation to the Proposals	Fully utilised	671	671	-
		<b>66,885</b>	<b>66,885</b>	-

# ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

## 2. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL (cont'd)

- (ii) On 27 May 2021 that Bursa Securities had, vide its letter dated 25 May 2021, resolved to approve the listing of and quotation for up to 147,158,999 new shares, representing approximately 20% of the enlarged number of issued shares of SCIB, pursuant to the proposed private placement ("**Private Placement 2.0**").

As at the LPD, the actual proceeds raised from Private Placement 2.0 is fully utilised.

Description	Estimated timeframe for utilisation of proceeds from the date of listing of the Placement Shares	Proposed utilisation RM'000	Actual utilisation as at the LPD RM'000	Balance as at the LPD RM'000
Capital expenditure requirements for current operations	Fully utilised	4,173	4,173	-
Partial settlement of a new business	Fully utilised	3,431	3,431	-
Working capital for on-going projects	Fully utilised	25,809	25,809	-
Estimated expenses for upcoming projects	Fully utilised	5,150	5,150	-
Estimated expenses	Fully utilised	3,200	3,200	-
		<b>41,763</b>	<b>41,763</b>	-

## 3. MATERIAL CONTRACTS OR LOANS WITH RELATED PARTIES

There were no material contracts or loans entered by the Company and its subsidiaries involving Directors and major shareholders' interest either subsisting at the end of the financial year or entered into since the end of previous financial period.

## 4. RECURRENT RELATED PARTY TRANSACTIONS

At the 45<sup>th</sup> Annual General Meeting of the Company held on 28 February 2022, the shareholders had approved the proposed renewal of shareholders mandate for recurrent related party transactions.

# ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

## 4. RECURRENT RELATED PARTY TRANSACTIONS (cont'd)

In accordance with Section 3.1.5 of Practice Note 12 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the details of RRPT pursuant to the Shareholders' Mandate are disclosed as follows:

No.	Nature of Transaction	Transacting Party	Actual value transacted during the validity period of the mandate (Actual Value)	Interested Director/ Interested Major Shareholder
1.	Provision of engineering, procurement, construction and commissioning ("EPC") contract in Abu-Dhabi	Serba Dinamik International Limited, a subsidiary of Serba Dinamik Holdings Berhad ("SDHB")	Nil	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah, who is the common director and common major shareholder of SCIB and SDHB
2.	Provision of EPC contract in Pengerang, Daerah Kota Tinggi, Johor Darul Tazim, Malaysia	Serba Dinamik Development Sdn. Bhd., a subsidiary of Serba Dinamik Holdings Berhad ("SDHB")	Nil	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah, who is the common director and common major shareholder of SCIB and SDHB







# 4

**SUSTAINABILITY**



# SUSTAINABILITY STATEMENT

## SUSTAINABILITY MISSION

To improve the quality of life of the broader community by operating responsibly and recognising the central role business plays in society.



## GOVERNANCE STRUCTURE

Recognizing that risk management is correlated to overall sustainability performance, our sustainability agenda is driven within our governance structure by the Board Risk Management Committee and Risk Management Working Group (“RMWG”) where sustainability issues or sustainability-related risks are identified. The RMWG is led by the Chief Executive Officer and comprises a management team from all of the Group’s business units. RMWG manages the identified sustainability issues and report to the Risk Management Committee at the Board level. The Board of Directors provides oversight for the Group’s sustainability practices and is kept informed on the progress of sustainability-related matters.

The Board of Directors is primarily responsible for the implementation and execution of the Group’s sustainability practices and performance, delegating to the RMWG the task of monitoring and assessment of sustainability plans and targets. The Risk Management Committee will set direction and focus to facilitate formulation of strategies for meeting sustainability missions and report to the Board on a half yearly basis or whenever necessary, on the status of sustainability related matters.

# SUSTAINABILITY STATEMENT

(CONT'D)

We will constantly review our approach in addressing the key sustainability challenges facing SCIB affecting employees, customers, the environment and society.



## SCOPE OF THIS REPORT

This report covers the manufacturing operations of Sarawak Consolidated Industries Berhad and its subsidiaries in Malaysia and the construction/ EPC operations in Malaysia which are the key drivers and main contributors to the Group's revenue.

## KEY STAKEHOLDERS' ENGAGEMENT

We recognise the importance of engaging with stakeholders given their importance to the Group's performance. We continue to strengthen engagement with them to not only ensure good corporate governance but also enable us to understand their needs, interests and motivations more effectively and help us build positive and mutually beneficial long-term relationships that can improve the Group's brand image, reputation and business outcomes.

Our existing list of engagement activities are as follows:

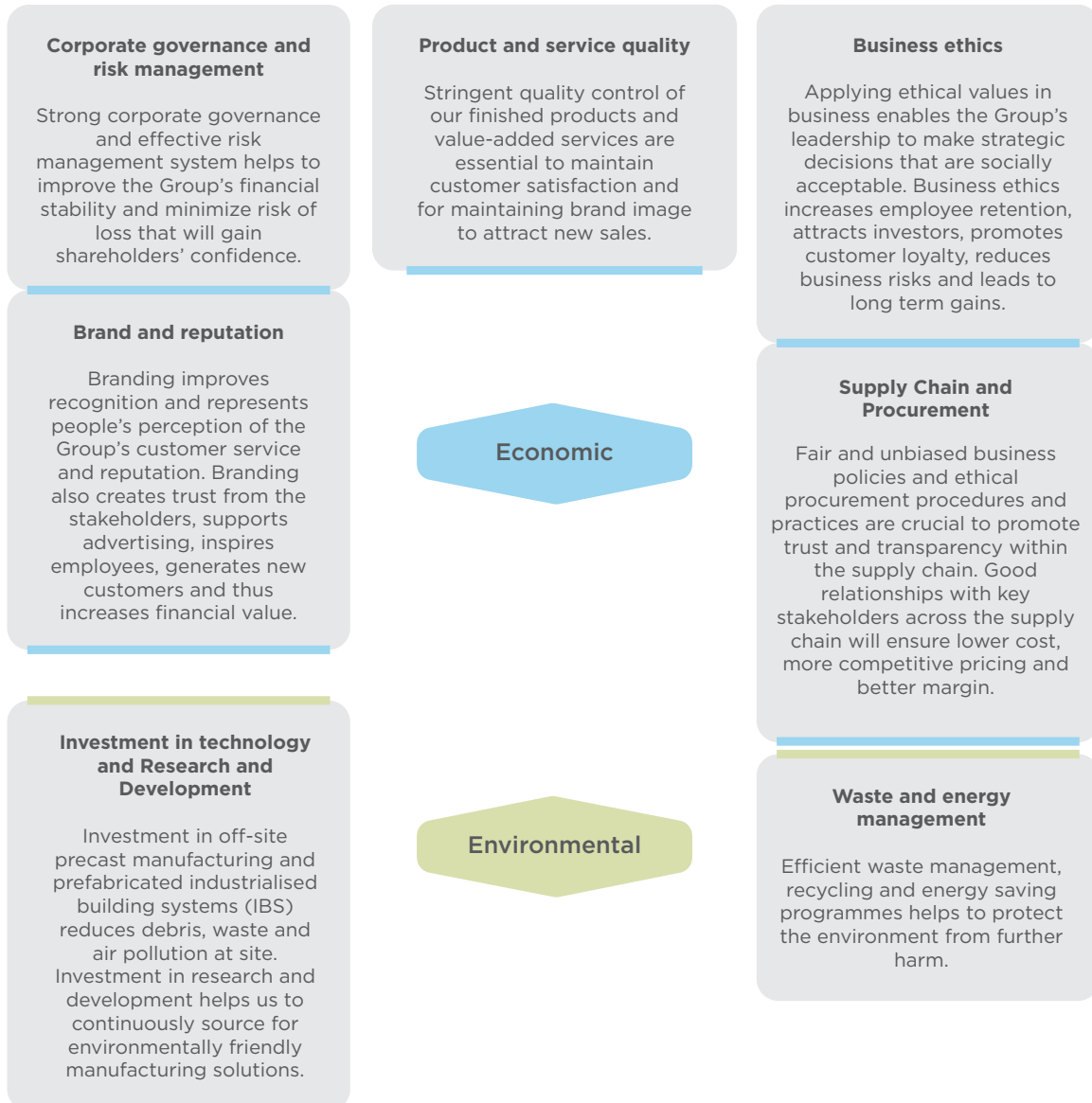
KEY STAKEHOLDERS	NATURE OF ENGAGEMENT
Customers	Customer surveys and customer complaints
Employees	Monthly assembly, in-house briefing, staff recreational programmes, employee satisfaction surveys
Suppliers	Periodic meetings and visits
Shareholders and Investors	Company website, Quarterly reporting, Annual General Meeting, Quarterly Analyst briefing, Analyst reports
Bankers/Financiers	Periodic meetings
Government Agencies and Regulatory Authorities	Correspondences, trainings and social activities
Community	Corporate Social Responsibility activities

# SUSTAINABILITY STATEMENT

(CONT'D)

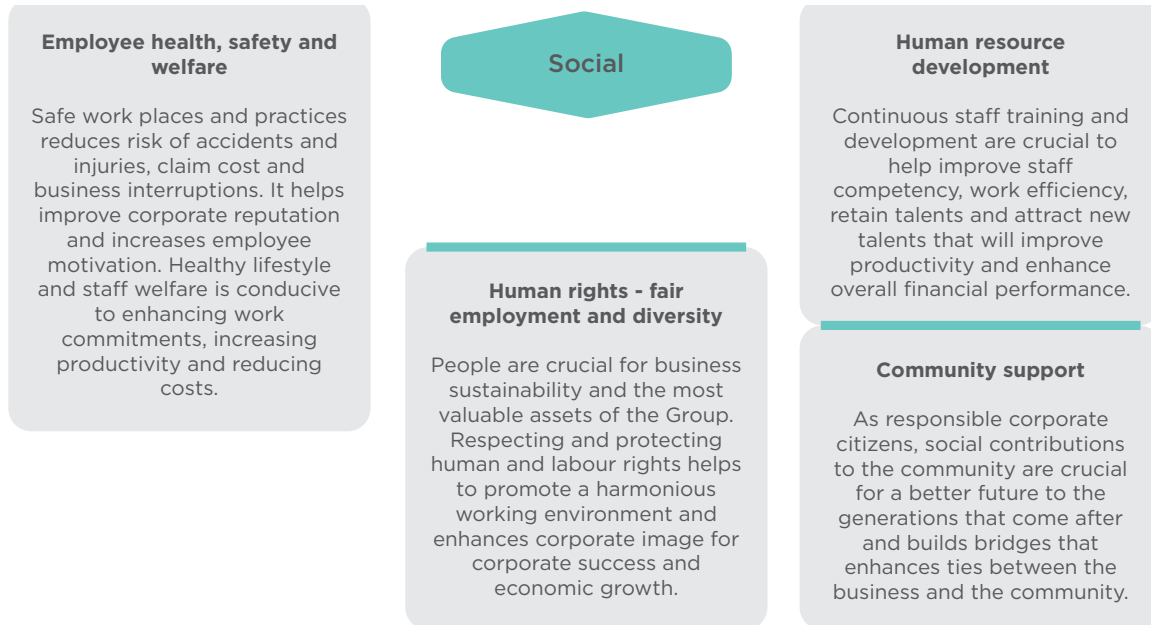
## MATERIALITY ASSESSMENT

We conduct materiality assessment to help us determine and prioritize areas to which efforts are intensified. Through our process of identifying and prioritization of sustainability matters, we have broadly categorized the following key sustainability matters at this juncture.



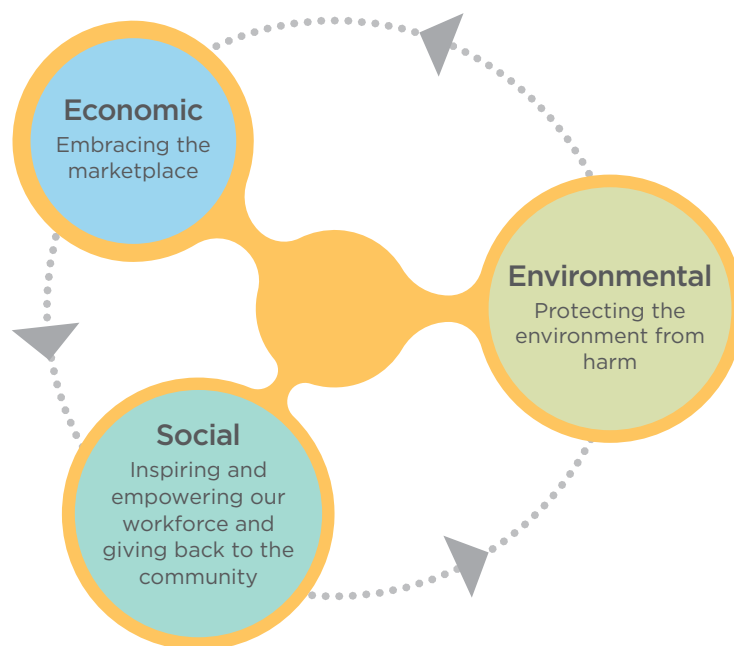
# SUSTAINABILITY STATEMENT

(CONT'D)



## SUSTAINABILITY FRAMEWORK

We are committed to nurturing sustainability values within our Group from the aspects of the Economic, Environmental and Social (“EES”) pillars and have conducted in-house briefings across our organisation where we collate inputs from various business units to create awareness as well as to arrive at sustainability commitments or action plans.



SCIB’s overall sustainability strategy takes on four (4) main focus areas that drives the Group’s sustainability direction and reporting processes:

- (1) Embracing the marketplace;
- (2) Protecting the environment from harm;
- (3) Inspiring and empowering our workforce; and
- (4) Giving back to the community



# SUSTAINABILITY STATEMENT

(CONT'D)

## SOCIAL



### CARING, INSPIRING AND EMPOWERING THE WORKFORCE

Employees are our Group's most valuable assets in ensuring continuous excellence. They are the foundation of a strong organisation and essential contributors towards the success and performance of the Group. We care for, and empower employees, to ensure their wellbeing while at the same time, assist them to realise their potential.

On 17 March 2021, SCIB received the e-Shared Prosperity Organisation ("eSPO") certification, recognized by the Ministry of International Trade and Industry (MITI), Ministry of Human Resources (MOHR) and Malaysia Productivity Corporation (MPC) that the Group practices Profit Linked Wages Scheme (PLWS). eSPO is an online system that issues electronic acknowledgement certificates to organisations that successfully implement PLWS, a flexible wage system that is mutually beneficial to employees and employers.



### EMPLOYEE HEALTH, SAFETY AND WELFARE

SCIB prioritises health and safety. We strive to provide a safe, healthy and quality working environment for our employees through reducing accidents and injuries, improving workflow and efficiency. We recognise that a good health and safety environment are crucial to boost staff morale, retain and attract skilled employees, increase productivity and reduce costs.

#### Health & Safety policies and procedures

We continue to strengthen our health and safety policies and procedures and formulate safety and health plans throughout the year via our Safety 365 Awareness programmes. Among others, the Noise Monitoring, Dust Monitoring and Chemical Health Risk Assessment (CHRA) was undertaken at our factories in line with the requirements of relevant regulation enacted under the Occupational Safety & Health Act (1994).

# SUSTAINABILITY STATEMENT

(CONT'D)

We have engaged an independent and qualified assessor registered with the Department of Occupational Safety & Health (DOSH) to determine the level of chemical and cement dust exposure associated with our workers' respiratory health. The appointed assessor conducted the Chemical Health Risk Assessment (CHRA) review at the three factories to identify any chemicals that are potentially carcinogenic. The CHRA revealed that our workers are exposed to two major sources of health hazards, namely, silica dust and benzene, used as additives in diesel.

However, based on CHRA, we are not required to send any workers for medical surveillance as workers' exposure to the chemicals are considered not significant.

Based on the Noise Monitoring Report issued by the Competent Noise Risk Assessor, workers who are exposed to high levels of noise and vibration, more than 82 dB(A) for average four hours a day, would have to undergo annual audiometric test. We have arranged for our workers who are exposed to excessive noise to do the test in 2021 and the next test is scheduled by end of 2022.

We continuously improve our factory premises and work sites via the established Health, Safety & Environment Management System ("HSEMS") that seek to provide a safe and healthy working environment for the prevention of injury and ill health.

Additionally, we have also established campaigns, banners, posters, brochures and signboards at prominent areas to disseminate Health and Safety messages to workers such as posters on Silica Dust Hazards. We provide Personal Protective Equipment (PPE) such as hand gloves, safety boots, hard hats, face masks and ear plugs to our workers and conduct regular inspection to ensure wearing of PPE.

For our road maintenance projects, we have a Traffic Management Plan (TMP) to control and facilitate vehicle movement during road construction or road maintenance/ upgrading works. The TMP not only minimises traffic congestion but also safeguards the site workers, motorists, pedestrians and road users against safety hazards and accidents. A well-planned traffic management will increase the safety level and work productively, consequently the road works can be completed timely and cost effectively.

## Monitoring of Lost Time Injury (LTI) & All Injury Frequency Rate (AIFR)

We have established performance indicators for the HSEMS known as the Four Zeros consisting of Zero Lost Time Injury, Zero Fatality, Zero Environmental Contamination and Zero Regulatory Violation. Each factory is required to record and monitor their respective Lost Time Injury (LTI) which is the record of productive time lost when a worker is unable to return to work. LTI is used as a key performance indicator to measure work safety. We have also installed Safety Performance Board at the main entrance to monitor the Man-hour Accident Free target.

Safety accidents are also investigated to determine the root causes, to identify unsafe conditions or actions and to recommend corrective actions to prevent future recurrence. New employees are provided with orientation of the safety and health risks and procedures at the workplace.

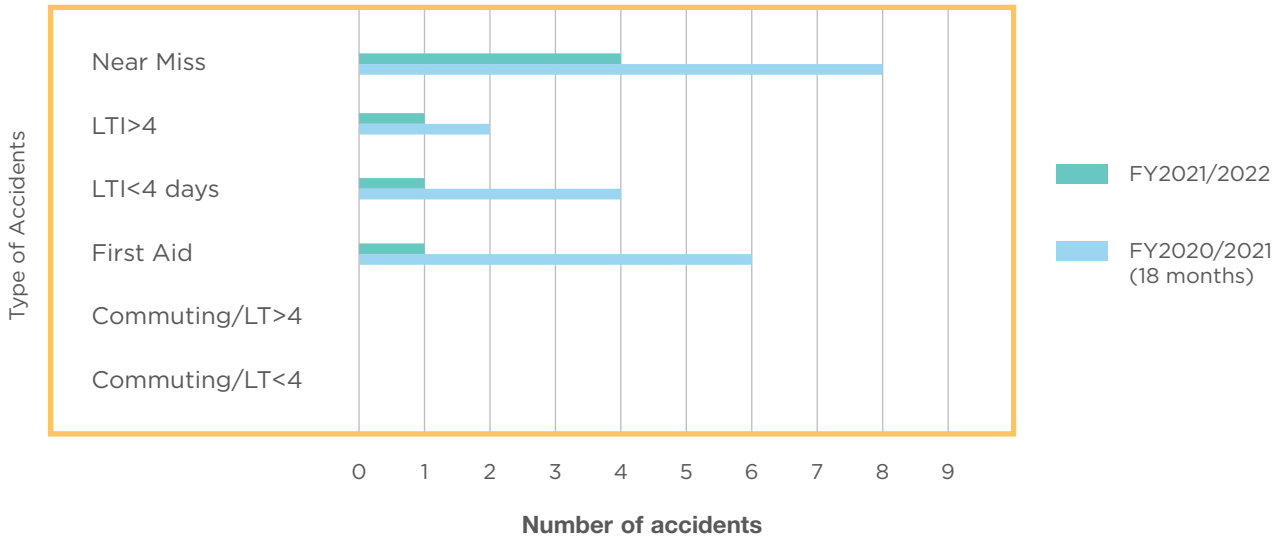
We also recognize the importance of keeping tabs of the near-misses and accidents to enable us to assess the hazards level at the workplace. We started to capture data on near misses from 2020 to help us identify the root causes of actual accidents and at the same time manage and reduce the overall risk of having a serious accident, lost time injuries and illnesses, or even fatalities. For 2022, we reported four (4) near-misses and seven accidents in total compared to twenty previously reported for the preceding eighteen (18) months in 2020/2021. The statistics of all types of incidents recorded for FY2021/2022 as compared to 2020/2021 is shown in the following chart: -



# SUSTAINABILITY STATEMENT

(CONT'D)

## INCIDENTS & ACCIDENTS STATISTICS



Further, we also monitor the All Injury Frequency Rate (AIFR), which provides an indication of the frequency of injury recorded compared with man-hours worked during the year. AIFR is calculated based on dividing reported accidents for a year by the number of hours worked, multiplied by 200,000 for standardization. It is described as the number of accidents per 100 employees working 40 hours per week for 50 weeks per year. For the full year FY2021/2022, an AIFR of 0.35 was recorded, a commendable achievement that is well below the industry average of 2.6 cited for construction sector and 2.8 for the manufacturing sector (*source: <https://sitemate.com>*).

### Health & Safety Committee

The Health & Safety Committee was established to identify, evaluate and control safety issues and foreseeable risks at our workplace. Both employers and employees are equally represented in the committee, and the management is represented by non-managerial executives in line with the ISO45001 requirements. The Committee provides links for better communication between workers on the ground and the management, bringing together a broad range of expertise and experience to help identify safety hazards at work and find solutions or new ways to enhance safety practices. Workers are encouraged to express their safety and health concerns to the Committee where issues can be responded to and addressed accordingly. In FY2022/2021, the Health & Safety Committee met on 24 February 2022 and 27 July 2022.

### Mitigating the Threat of Pandemic, Epidemic & Occupational Diseases

As a responsible corporate citizen, we have responded to the Government’s move in combating the spread of the COVID-19 pandemic by complying with the various directives and standard operating procedure (SOP) announced by the National Security Council (NSC), Ministry of Health (MOH), Ministry of International Trade and Industry (MITI) as well as Sarawak Disaster Management Committee (SDMC). High risk personnel or those identified to have close contacts with person who tested positive for COVID-19 was asked to work-from-home; while for those categorized as Person-under-Investigation (PUI) or travel quarantine were allowed to take paid leave for self-quarantine. The Group also facilitated free testing under the SOCSO scheme.

In compliance with MITI requirements during the pandemic, we carried out daily screening of body temperature on visitors, workers and lorry drivers at the Guard House and those with temperatures above 37.5°C were advised to go to the clinic for immediate health check. We also provided sanitizing dispensers at the entrance of the building, and conduct regular disinfection around the factories. Social distancing of 1 meter was enforced for meetings and resting arrangement; while entry to poorly ventilated areas such as toilets, pantry and prayer room is restricted to a number of people at any one time. A directive was also issued to ban handshakes or hugs between colleagues, as well as prohibition to visit high risk areas such as construction sites other than for our own projects.



# SUSTAINABILITY STATEMENT

(CONT'D)



Twincity Marathon 2022 held on 23-24 July, a scenic race across Cyberjaya and Putrajaya

## Healthy lifestyle

In order to encourage our employees to adopt a healthier lifestyle, health talks were conducted such as the “Mental Health & Stress Management” on 24 September 2021 and “Lifestyle Diseases” on 29 October 2021. The purpose of the health talk is to raise awareness and share current information of the common diseases and challenges facing society, and educating employees on what they can do to overcome these challenges and live a healthier life.

Due to the pandemic, SCIB suspended all social and recreational events since 2020. However, recently, we have resumed our sponsorship of badminton club to support interested employees to play the sport twice a week. We have also subsidized employees to join marathon events such as the TWINCITY MARATHON 2022 on 23-24 July, a scenic race across Cyberjaya and Putrajaya in which 17 employees in Cyberjaya office participated. Our employees also participated in the “KUCHING MARATHON 2022” organized by the Association of International Marathons and Distance Races (AIMS) on 2 October 2022. The purpose of joining these marathon is to promote staff engagement and encourage a healthy lifestyle.



Kuching Marathon 2022 held on 2 October 2022

Further, the Company also conducted a fun filled team-building programme for all the new staff in Cyberjaya office on 1 December 2021 with the objective to promote trust and teamwork among the team, to acquire understanding and develop dynamism between every member of the group and improve team bonding.

Throughout all these events, we observed all the relevant COVID-19 SOPs and complied with the latest rules and regulations set by the policy-makers.

## Safety talks & training

Safety and health talks are conducted throughout the year and during monthly assembly by experienced staff to create awareness on the importance of personal safety and hygiene. These talks cover topics on the Mandatory Use of PPE and Social Distancing in Office and Production during the Movement Control Order.



# SUSTAINABILITY STATEMENT

(CONT'D)



Fun filled team-building activities held on 1 December 2021



Fun filled team-building banner

Safety Induction Briefing for new hires are conducted on a quarterly basis while courses conducted for the financial year ended June 2022 included the Chemical Safety Management & Emergency Spill Control, Psychological First Aid, Occupational Safety & Health (“OSH”) Proactive Intervention, Toolbox PPE & COVID-19 Awareness, and Emergency Response Team Fire and Five (5)S system.

A set of SOPs have been implemented to curb the spread of the virus as per MITI requirements and as prescribed by the other relevant authorities for factories and construction sites. Other measures include assembly on precautionary measures and email reminders and updates.

Health and safety officers regularly educate fellow workers about the risks at the workplace and safety procedures to prevent untoward accidents. Staff are provided with appropriate safety programmes and training to further enhance their knowledge on health and safety at the workplace. Our safety supervisors also have regular Toolbox Meeting with subcontractors’ workers to highlight any Health, Safety and Environment related matters of concern.

## Upgrade of factory facilities and infrastructures

We also progressively pursue upgrading of our factory facilities and infrastructure in order to provide a favorable working environment. We established safe operating procedures for machinery and set up an emergency response team (ERT) in every factory. Our Health and Safety team works closely with our Repair and Maintenance team to enhance the Planned Preventive Maintenance Programmes to reduce hazards of major accidents at the factory. We continuously ensure that our workers and personnel are adequately protected when working in critical areas exposed to work hazards and provide them with PPE.

We recently opened the cafeteria in the Pending factory/ office where all staff can dine in or order food for takeaways. The cafeteria serves delicious breakfast and lunch and provides employees with a comfy and convenient place to eat their meals. The inclusion of an office cafeteria at the workplace is a simple and powerful way to foster happiness and emotional well-being among employees and is especially helpful and time-saving for workers who may be busy with work and find no time to cook or go out to eat. Apart from just the meals, the cafeteria also offers a space where employees can come together or meet with customers, suppliers or other stakeholders for casual social interactions.

## Appreciation of employees

In appreciation of employees’ efforts and contributions to SCIB, we distributed delicious packed food to celebrate Raya Gawai 2022 on 30 June 2022. We also extended our appreciation to our staff with annual increments and ex-gratia. However, due to the prolonged lockdowns and the uncertainty of COVID-19, we have deferred our Annual Dinner and presentation of the long service awards but have plans to have it next year.

Lunch served at SCIB Cafeteria



Gawai Raya packed food for the employees on 30 June 2022

# SUSTAINABILITY STATEMENT

(CONT'D)

## True spirit of giving - Tabung SCIB

Kelab SCIB, established in 2003, is a fund in which employees and SCIB come together to contribute funds on a monthly basis. The Group matches every ringgit contributed by employees on a one-on-one basis. Kelab SCIB is overseen by employees with the objective of managing members' welfare through an emergency fund, benevolent fund, and education fund. The emergency fund provides assistance to employees during emergencies, while the education fund offers scholarships and cash rewards to children of our employees who achieved excellent results in public examinations such as SPM and final semester examinations for college and universities. SCIB also aims to promote togetherness among the club members through social events and activities organised by the Kelab. During the financial year ended 30 June 2022 under review, one hundred and ninety-five (195) children received Year-End-Gifts of school stationery and two hundred and ninety-two (292) members benefited from free meal voucher worth RM10 each from Kelab SCIB.



Year End Gifts to the children of SCIB Employees on 16 December 2021



## HUMAN RESOURCE DEVELOPMENT

We ensure that there are growth, development and progression opportunities for our employees through in-house training, seminars, workshops and talks. These opportunities equip them with the latest job-related updates and learning. A total of one hundred and sixty-four (164) employees benefited from the seventy-five (75) training courses, both internal and external, conducted over the year, which is equivalent to around 1,246 training hours.

We also provide the opportunity of department rotation to employees where they are able to expand their knowledge, experience and expertise in various job scopes. During the financial year ended 30 June 2022, twenty-three (23) employees were promoted, and fourteen (14) employees were transferred to other departments or job functions for further development.

We have developed a competency and succession programme for key and critical positions in which assessments are made on job requirements and skillsets. Potential candidates who are identified are coached, nurtured and groomed for succession to these key and critical positions with career development plan and training needs analysis.

We are committed to providing educational opportunities to our employees. Financial aid are provided to support their quest for further learning. The Group also offers educational assistance and career development plans to employees helping them earn professional degree/master qualification for job enhancement. For the financial year ended 30 June 2022, three (3) employees benefited from the educational assistance.

Since May 2021, we have organised virtual Tazkirah Jumaat, which was later renamed as Meet Up sessions aimed to connect staff in Cyberjaya office and Kuching office while strengthening relationships and team cohesion among the employees. Further, it also encourages sharing of important updates and exchange of information and ideas as well as provides awareness and valuable information addressing issues of concern. Topics covered include the legal matters related to construction contracts, Inequality and Social Cohesiveness in Malaysia, Mental Health and Stress Management, Lifestyle Diseases, Communication skills, How to be Your Own Bodyguard, Women Empowerment and Workplace Sexual Harassment.



Meet Up Sessions via Google Meet



# SUSTAINABILITY STATEMENT

(CONT'D)

## Human rights - Fair employment and diversity

We treat everyone including our employees, customers, suppliers with respect and integrity and ensure we protect our employee rights at all times by adhering to local regulations and the Employment Act. We acknowledge employees' right to a minimum wage and fair salary and ensure monthly remuneration is paid on time. Our recruitment of employees is conducted through a fair and transparent process based on qualification, experience, merit and attributes. We practice gender diversity with 21% of our total employees being female as of 30 June 2022.

An employee survey was conducted in August 2022 reaching out to around 75% of employees, out of which 67% responded that they are satisfied working in SCIB.



## GIVING BACK TO THE COMMUNITY

We believe that businesses and communities are interdependent and that building relationships are important as part of sustainability.



SCIB Blood Donation Drive with Sarawak General Hospital - 16 September 2021



Donations to orphans under Yayasan Seri Negara

## Community support - SCIB Volunteers

SCIB organized the Blood Donation Drive programme with the Sarawak General Hospital blood bank in conjunction with Malaysia Day on 16 September 2021 to create awareness on blood donation and address the blood shortage at the Sarawak General Hospital, where we sponsored goodie bags for the first 100 donors. The Blood Donation Drive programme was held at the Department of Transfusion Service and Blood Bank of Sarawak General Hospital and we managed to register 115 successful donors.

In conjunction with Malaysia Day 2022, SCIB once again in collaboration with the Sarawak General Hospital Blood Bank and the Malaysian Red Crescent to organize the "SCIB Blood Donation Day" pls delete the once again pls change to 115 program. We managed to register 120 successful donors, where they had received a microfibre shirt and goodie bags.

In ramping up our momentum to aid those in need, on 2 September 2021, SCIB's subsidiary, SCIB Industrialised Building System Sdn Bhd. ("SIBS") organised a CSR event with its joint venture partner in the Terengganu roadwork maintenance concession, Sasoakai Resources Sdn. Bhd. ("SRSB") to support communities affected by the COVID-19 pandemic in Pulau Redang. The Group sponsored RM10,000 worth of basic needs to the asnaf families in the villages located around Pulau Redang.

SCIB also donated to 80 orphans under the Yayasan Seri Negara (YSN) at an Aidilfitri open house. The one-day event was officially launched by the patron of YSN, YBhg Datuk Seri Mazlan Lazim together with the representative from SCIB. The collaboration with YSN gives SCIB the platform to take proactive steps in supporting the unfortunate and the needy.

The Group also donated grocery to Malaysian Association Help For The Poor Terminally ill and the needy patients, which benefited five (5) families through grocery contributions. They have been referred by the medical Social Welfare Department at hospitals.

# SUSTAINABILITY STATEMENT

(CONT'D)

## Training for tomorrow

During the financial year ended 30 June 2022, SCIB provided industrial training to 15 undergraduates from local institutions of higher learning in the areas of Production, Quality Safety Health Environment, Repair & Maintenance, Account and Business Development for a duration of between 2 to 6 months. We believe that these young students are the future of the manufacturing and construction industries in Malaysia and our training programme gives them learning opportunities and insights into the industry to improve their practical knowledge and field exposure.

On 16 November 2020, SCIB signed a Memorandum of Understanding (MoU) with the Manpower Department (JTM) under the MOHR to collaborate with tertiary institutes in the provision of industrial internships, training and expertise sharing. Due to the lockdowns, the official MoU signing ceremony was deferred and we celebrated the collaboration by participating in the 15th Convocation of Institut Latihan Perindustrian Kota Samarahan of Institut Latihan Jabatan Tenaga Manusia Kementerian Sumber Manusia held on 16 June 2022, an occasion officiated by YB Datuk Hajah Rubiah Haji Wang, the member of parliament for Kota Samarahan.



SCIB's Senior Business Development manager was the panelist in the Industrial Revolution 4.0 Programme

In October 2019, SCIB inked an MoU with Akademi Binaan Malaysia and CIBD Malaysia to collaborate for five (5) years in providing training to CIBD-registered contractors in Malaysia on the IBS. We are always keen to send out technical experts to share with university students in conferences, lectures and talks on various topics to nurture talent and train our next-generation leaders. Our Senior Business Development Manager, a professional engineer, Mr. Ivonson Kwee, has spoken in several courses on IBS organised by CIBD Malaysia and will be speaking as a panelist in an interactive forum of upcoming Industrial Revolution 4.0 programme on 29 September 2022. SCIB was also invited to participate in the CR4.0 Conference co-organised by CIBD IBS Malaysia and Malaysian Investment Development Authority (MIDA) on 11 November 2021, in which, En. Ahmad Tarmidzi Mohd Sofie, the SCIB Special Project Coordinator, spoke on the outlook of 3D construction printing for Malaysia and Southeast Asia.

The Company also embarked on the Professional Training and Education for Growing Entrepreneurs (Protégé) program in collaboration with SCIB Sasoakai Resources Sdn. Bhd. in support of the Government's initiatives to create a pool of competent, well trained, knowledgeable and skilled graduates through industrial attachment that will help them to attain relevant competencies that enhance their marketability and employability. The 8-month programme blends intensive soft skills classroom training and on-the-job training opportunities, offering practical skills and real-life experiences to build a strong foundation for a successful future. SCIB's Protégé program was approved by the Ministry of Entrepreneur Development and Cooperatives (MEDAC) and during the financial year, the Group has accepted 58 protégés to join the program.



En. Ahmad Tarmidzi on the outlook of 3D construction printing event



# SUSTAINABILITY STATEMENT

(CONT'D)

## ENVIRONMENTAL



### PROTECTING THE ENVIRONMENT FROM HARM

We have taken active steps to ensure protection of the environment in which our business operations are located. We recognise the importance of conducting operations that will not bring negative impact on the environment because we understand that our business is a part of life that correlates to the wellbeing of the surrounding areas we operate in.



### WASTE AND ENERGY MANAGEMENT

#### Pursuing ISO Certification

We are also committed to answering society's ever-louder call for greater corporate responsibility in managing the environmental impact from our operations, especially of our factory sites. Since our factories are closely located to major bodies of water such as rivers, we are doing our best to ensure that the water discharged from our premises are within the tolerable limit permitted by relevant statutes, and in particular the Environmental Quality Act 1974.

Our investment in off-site precast manufacturing and prefabricated IBS contribute positively towards sustainability as it reduces debris, waste and air pollution at site. Furthermore, our operations do not discharge excessive or harmful dust or smoke into the air.



# SUSTAINABILITY STATEMENT

(CONT'D)



## ENVIRONMENTAL QUALITY MONITORING PROGRAM

We established an Environmental Quality Monitoring Programme (EQMP) in 2022 at all factories and local project sites to systematically monitor the environmental quality. The programme is a self-assessment system to measure the air, water quality of the surrounding environment in which the business operates. This programme was established to voluntarily measure and monitor the environmental effect of the projects but are not subject to Environmental Impact Assessment (EIA) Approval Conditions. Several key areas are covered in the programme such as air quality, noise quality and discharged water quality. We measure and monitor based on the parameters as summarised below:

### Stack Monitoring - Chimney for Boiler Room

1. Dust Load in the Smoke Emission according to Standard C, EQ (Clean Air) Regulation, 2014  
RESULTS FY2021/2022 - Average Quarterly Dust Load at the factories
2. Must not exceed the permissible limit  $< 0.15\text{g/Nm}^3$   
RESULTS FY2021/2022 - Achieved  $0.049\text{ g/Nm}^3$  vs FY2020/2021 of  $0.06\text{g/Nm}^3$



## ENVIRONMENTAL CARE EFFORTS UNDERTAKEN AT OUR FACTORIES AND CONSTRUCTION SITE

We acknowledge the importance of integrating sustainable principles into project delivery, given the extent to which construction of buildings affect the environment. Hence, we continuously seek to improve by adopting sustainable approaches in our planning, building design, construction, operations and maintenance processes and practices. We prioritise energy reduction, conservation of natural resources, reduction of solid waste and improvement of ecosystems as much as possible. In the face of climate change, we take precautionary and preventive action whenever appropriate to prevent harm to the environment.



## FLOOD CONTROL AT FACTORY PREMISES AND CONSTRUCTION SITES

Controlled earthworks and flood mitigation controls in construction projects is vital to prevent flooding of the surrounding low-lying areas near the project sites. Hence, controlled earthworks and effective Flood Mitigation Controls, including adequate earth drainage and detention ponds, have been implemented to control the flow of rainwater. We did not record any case of severe flooding at our construction sites in 2022.

Our factory premises, being at the proximity of a river mouth, have to cope with the seasonal King Tide phenomenon, were largely unaffected this year even though we have seen water levels substantially rising due to the combined effects of sea water rising and heavy rainfalls towards the end of the year. Efforts are ongoing to improve the drainage system within our factory premises to facilitate smooth flowing of rain water during heavy downpour, which would mitigate against the risk of flash flood.



## AIR QUALITY CONTROL AT FACTORIES AND CONSTRUCTION SITES

Open burning is not allowed at our factory premises and construction sites. We do not permit open burning at work sites to prevent smoke pollution, which may escalate into haze hazards and add to the carbon dioxide emissions while maintaining the atmospheric air quality of the surrounding areas. It is also a precaution against potential fire hazards.

By controlling dust pollution at factory premises and work sites, air pollution can also be reduced. Workers regularly sprinkle water onto the ground on dry days to control airborne particles that affects visibility as well as reduce the air quality for breathing. Our cement silo has a filter system that is regularly maintained to avoid accidental discharge of cement into the atmosphere.

# SUSTAINABILITY STATEMENT

(CONT'D)



## WATER QUALITY CONTROL AT FACTORIES AND CONSTRUCTION SITES

We monitor the water discharge from all factories to look for contaminants and have installed proper drainage, filters or oil traps that the local authorities recommended.

We regularly test the water discharged or accumulated at construction sites for pollutants in the water and take the necessary steps to treat or implement an appropriate dewatering process.

Reducing the environmental impact from our construction sites requires a collaborative effort, so site supervisors and all workers including the sub-contractors, must understand and take responsibility.



## CONTROL OF EMISSION FOR CARBON FOOTPRINT AND OZONE DEPLETING SUBSTANCES

We are committed to the Kyoto Protocol/Paris Agreement (2016) Emission of GreenHouse Gases (GHG) to monitor, mitigate and report periodically the on-site greenhouse emission, the emissions from the use of company-owned or leased vehicles and from the raw material generation, transports, wastewater treatment, creation of company infrastructure and employee commuting. All these are now included in the SCIB Carbon Footprint Calculator Version 1.0, which enables us to track the emission of carbon dioxide (CO<sub>2</sub>).

As for Ozone Depleting Substances (ODS) which are chemicals that destroy the earth's protective ozone layer such as chlorofluorocarbon (CFC), hydrochlorofluorocarbon (HCFC) and hydrofluorocarbons (HFCs), these are neither used in any of our products nor used in any production processes. Aerosol insecticide for pest control and air-conditioning refrigerant are mostly chlorine-free, while use of Clorox for disinfection and sanitization is known to be non-hazardous to the ozone.

To the extent where it is possible, the use of environmentally friendly machinery is preferred at our factory premises and work sites. Efforts are ongoing to replace old machinery with latest technologies that emit less carbon to the environment.

For a start, we are reviewing our rental policy and have begun to engage with suppliers on the importance of sustainability-related matters and will move towards suppliers who provide environmental friendly combustion engines to power machinery.



## RECYCLING OF WASTE

One of SCIB subsidiary, SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd. collaborate with Universiti Malaysia Terengganu (UMT) and Sekolah Menengah Kebangsaan Bukit Sawa to raise awareness about beach litter and marine plastic pollution





# SUSTAINABILITY STATEMENT

(CONT'D)



Road maintenance Project in Kuala Terengganu, Darul Iman for year 2021-2026

We recycle waste materials back to production if they are reusable, while those that are unusable are sold as scrap. We are also improving the drainage system to dispose of production slurry more effectively. We have implemented proper disposal of Solidified Slurry Waste programme as a community service at zero disposal cost where the slurry wastes are self-collected by transporters and used for land filling etc.

We have also participated in the recycle waste programme known as the Coral Reef Propagation Project in collaboration with the Jabatan Perikanan Malaysia in which our obsolete or defect pipes and U-culverts are laid out in the coasts of Sematan. We have plans for future participation in this project as we accumulate more obsolete / defect products.

Through our subsidiary, SCIB Industrialised Building System Dan Sasoakai Resources JV Sdn. Bhd., we have also engaged in the collection of beach trash in Pantai Teluk Ketapang, Kuala Terengganu, through a collaboration with Universiti Malaysia Terengganu (UMT) and Sekolah Menengah Kebangsaan Bukit Sawa. This event, held on 9 August 2022 aims to raise awareness about beach litter and marine plastic pollution, and the importance of maintaining the beach's cleanliness to preserve marine wildlife and create a safer environment for the beach.



Road maintenance Project in Kuala Terengganu, Darul Iman for year 2021-2026



## TRAINING AND AWARENESS PROGRAM

We have conducted training to enhance awareness and put in place adequate controls over handling of scheduled waste within our premises in line with Environmental Quality (Scheduled Waste) Regulation, 2005 ie. Training on Environmental Sustainability - Low Carbon with CO<sub>2</sub> Mineralization, Scheduled Waste Management, Safety, Handling and Storing scheduled waste were carried out in the financial year 2022.



# SUSTAINABILITY STATEMENT

(CONT'D)



## INVESTMENT IN TECHNOLOGY AND RESEARCH & DEVELOPMENT

Our precast concrete are factory-made products under stringent ISO-accredited procedures and quality systems. We employ quality plants and machinery such as batching plant technology, which create minimal wastage. We also conduct research and development to find supplemental materials in manufacturing to reduce cement consumption such as the use of admixtures as hardening accelerators.

We are now looking into designing and construction of more effective slurry pits as additional engineering control against transmission of harmful pollutants to the environment and will conduct scheduled checks to ensure that water discharged are closed to PH neutral and less harmful to the environment.

Our factory managers have taken initiatives to reduce the usage of diesel and sludge oil, progressively replacing formulated mould oil that is less harmful to human health and the environment.

We are exploring green design involving the creation of energy-efficient products and systems with a light footprint on the environment from building design, production, installation to construction and commissioning and also consider environmental effect and energy efficiency in building design and material purchasing criteria. We have established an open communication with our suppliers about reducing the environmental impact and improving social conditions throughout the supply chain.

With the development and evolution of IR 4.0, our management team has explored digital approaches such as 3D printing technology to transform our existing supply chain into a digital value network system. The integrated 3D-printing architecture is a new emerging technology in the construction industry as the technology is able to build an entire physical structure by integrating the design, construction, equipment, new materials and application to the architecture within a short period of time without incurring high cost compared to the traditional method.



3D Modular Construction Printer from COBOD, Denmark

The complete building of a 3D printed sample house



We acquired a 3D modular construction printer from COBOD, Denmark, commissioned and completed the building of a 3D printed sample house at CIDB Sarawak Complex, Kuching, in collaboration with Akademi Binaan Malaysia (Sarawak) Sdn Bhd ("ABM"). SCIB and CIDB Malaysia had jointly organised an event to launch and introduce the 3D printed technology for the construction industry to relevant authorities and government agencies on 4 October 2022.

We are exploring the certification and potential application of this new 3D construction system with our IBS in the domestic landscape and how this can assist in the overall operational efficiency of the construction industry. In addition to this, we have incorporated a lightweight system plant to improve our IBS offerings and an AIPODS (Artificial Intelligence Pothole Detection System) in optimising the effectiveness of roadworks maintenance projects.



## SAVE THE TREES

We have invested in information technology system to reduce the usage of paper in our daily operations and also practice recycling paper waste.

We are promoting a paperless office through digitalization of information such as our investment in the New Human Resource system as well as digitalization of meeting papers, which was successfully implemented in the first quarter of 2022.



## SAVE ENERGY

We encourage employees to switch off non-essential electrical machinery, equipment and appliances when not in use.

# SUSTAINABILITY STATEMENT

(CONT'D)

## ECONOMIC



### EMBRACING THE MARKETPLACE

In pursuing our business goals, we are also cognisant of how to make growth sustainable. Through diversification, we are now capable of providing customers with a wider range of products and services, while through synergies, we have managed to penetrate the global market. With our belief in upholding ethical, sustainable and responsible business practices, our commitment to economic sustainability has opened up opportunities.



### BETTER PRODUCTS AND SERVICES

All of our products are SIRIM QAS ISO9001:2015 certified/credited. This is the best quality assurance for both our existing and potential customers to rely on when they work with us.

As a one-stop centre for engineering and manufacturing solutions, we offer customers excellent value-added services such as professional advice and consultation, problem solving and customised solutions while the in-house design team offers customers extended services covering a wide range of industry practices.

Through adopting technological advancement and pursuing product innovation to develop and introduce new products, and new designs, we have enhanced the quality of our products and improve overall performance. We stay on top of trends and customer expectations by constantly engaging customers to understand their needs and demands, and also get first hand feedback on our products or services.

Through the Engineering, Manufacturing, Construction and Commissioning (EMCC) strategy adopted in 2020 by the construction division of the Group, we are positioning to become a one-stop integrated provider of civil construction. This strategy also leverages on our manufacturing division's precast concrete and IBS products. Our subsidiary, SIBS, is certified G7 by CIDB and also have Sijil Taraf Bumiputera ("STB") license, Perbendaharaan Malaysia Sarawak (MOF) License, Sijil Perolehan Kerja Kerajaan("SPKK") license or the Government Work Procurement Certificate.

# SUSTAINABILITY STATEMENT

(CONT'D)

Three of our wholly-owned subsidiaries, SIBS, SCIB Properties Sdn. Bhd. (“SCIBP”) and SCIB Infracore Sdn. Bhd. (“SCIBI”), which comes under the Construction division, were identified to pursue qualifications and licenses to become full-fledged construction specialists. These wholly-owned subsidiaries are now licensed or have received specialisation codes, Bumiputra status license, ISO certification and other relevant accreditations.

SCIB had also acquired the entire equity stake in SCIB LW System Sdn. Bhd., a supplier and installer of prefabricated lightweight system products, including but not limited to carrying out engineering, procurement, construction, and commissioning (“EPCC”) contracts. We completed the installation of the lightweight system plant in July 2021 to produce the IBS lightweight steel frame wall panel, steel roofing truss and form light concrete block. Targeted customers are building developers, contractor and Sekolah Daif Sarawak.

We also completed the acquisition of Kencana Precast Concrete Sdn. Bhd on 30 August 2021, for the purpose of exploring the business opportunities in Peninsular Malaysia.

SCIB have also invested and introduced the AIPODS technology, a road monitoring system, utilizing the artificial intelligence to detect road defects, to assist the JKR road maintenance works. This technology is able to identify defects in real time, where GPS accurately mark the location of defect.



## CORPORATE GOVERNANCE AND COMPLIANCE

We are committed to achieving good corporate governance and code of conduct with a high level of transparency and ethical integrity in our engagements with various stakeholders through various communication channels such as regular meetings, timely disclosure to Bursa Malaysia Securities Berhad, annual general meeting and annual report.

Our Board of Directors oversee the conduct of the Company’s business providing governance of the Group’s affairs and direction to optimise development, growth and performance.

We have adopted effective risk assessment and management systems that are evaluated every quarter of the year to ensure adequacy and integrity of the Group’s internal controls are in place to manage the risks identified with a view to long term viability after taking into consideration economic, environmental and social impacts.

With the introduction of Corporate Liability in the recent amendment to the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009), which became effective from 1 June 2020, the Group has taken proactive actions to ensure that it has adequate procedures in place designed to prevent associated persons from conduct that could trigger the newly introduced Section 17A of the MACC Act, 2009. We also published our ABAC tagline, “Arrest Corruption and Enhance Productivity”, as a statement on banner, poster and Corporate website. We have our continuous ABAC training and awareness programme, with the first ABAC awareness programme completed during the Townhall event on 15 February 2020, attended by all employees and another refresher webinar conducted in January 2021. We have an on-going ABAC briefing conducted during the monthly assembly subject to the pandemic situation while ABAC is part of the orientation sessions for newly joined employees.

We also apply the Fit and Proper policy setting out the criteria for the appointment, re-appointment and/ or re-election of Directors of SCIB and its subsidiaries. This policy will provide guidelines and procedures to ensure each of the Directors has the character, experience, integrity, competence and time to effectively discharge his/ her role as a Director of SCIB and its subsidiaries.





# SUSTAINABILITY STATEMENT

(CONT'D)



## BRAND AND REPUTATION

### Media releases

We use media releases to help our customers, suppliers, employees, investors, and other target stakeholders to learn more about our Group's recent developments, successes, and advancements. Media releases are also an integral marketing tool to increase sales potential and attract investors. During the financial year ended 30 June 2022, the Company distributed various media releases in regards to the acceptance of letters of award ("LOA") and EPCC contracts. Examples of these releases include the award of an EPCC contract to redevelop schools in Kanowit worth RM13.28 million in October 2021, acceptance of LOA valued at RM63.91 million for the proposed construction of a 35-storey service apartment in Mukim Petaling, Kuala Lumpur in November 2021 and the award of a project for the construction of road infrastructure in Sarawak in May 2022 worth RM36.0 Million. We also issued releases on the announcement of quarterly financial results and on our corporate social responsibility (CSR) activities, for example, the release on the RM10,000 contribution to orphans in Kelantan through YSN in April 2022.



Contributions to orphans in Kelantan through Yayasan Seri Negara in April 2022

### Market briefings

Market briefings create a valuable opportunity for the Group to meet with research analysts and fund managers to share our business updates relevant to the analyst coverage area and provide information for their research reports. We organise market briefings on a quarterly basis or when required, allowing us to share our business profile, products, recent developments, and future prospects with research analysts, fund managers, and their sales teams. During the financial year ended 30 June 2022, we conducted an investor briefing on 14 October 2021, subsequently a group briefing on 7 June 2022 and 2 September 2022.

### Corporate image

We have also revamped our corporate website to give a refreshing new interface with stakeholders and enhanced the website's viewability and efficiency for a better navigation experience. We launched our first ever corporate video on 8 March 2020 as an effective communication platform to promote and raise awareness about the Group's business, background, and key milestones. We also embarked on a new video showcasing the process of printing the 3D sample house and presented it during the MoU signing ceremony with ABM on 4 October 2022. The video aims to promote and raise awareness of the 3D printing technology among the developers, contractors, consultants and the general public.



# SUSTAINABILITY STATEMENT

(CONT'D)

## Social Media

Technological advances has revolutionized the way we communicate. The Group recognizes that social media interactions have become increasingly important in our daily lives and business engagements. We actively engage and update social media platforms on the latest news and developments to drive visibility with our connections via LinkedIn. Media releases relating to receiving LOAs and CSR activities are made available to the media whenever necessary for public awareness. We are supportive of a multicultural Malaysia and post greetings every festive season.

## Business ethics

We have our Code of Conduct policies in place that serves as a central guide and reference for employees to handle day-to-day decision making and business dealings. We have implemented adequate Anti-Corruption procedures and policies effective 1 April 2020 in line with Government efforts to combat bribery and whistleblowing policies to promote transparency, compliance and ethics.

## Supply chain and procurement

We follow business policies and processes that are fair, unbiased and applied consistently. We engage in ethical procurement procedures, good management practices, internal control systems and promote transparency emphasising corporate accountability. We exercise due care and business professionalism in all communications within our supply chain to maintain good relationships with customers and suppliers while avoiding behaviours or actions that may negatively impact the supply management decisions.

SCIB deals with a good, reliable and diverse range of suppliers to ensure high quality materials are used for production. We have our Quality Assurance team that make inspections of materials ensuring they meet desired quality standards. We evaluate our suppliers once a year in terms of quality, pricing and services.

The supply chain review for our manufacturing division is conducted annually in conjunction with ISO9001 requirements for Management Review. The review for FY2021/2022 was conducted on 21 December 2021 and indicated that the supply chain was adequate and demonstrated effectiveness in supporting the Group's operations.

## Sustainable Development Goals

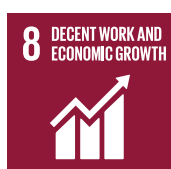
With our commitment to sustainable development, we have undertaken initiatives in order to reach our goals. Our Sustainable Development Goals (SDG) mirrors our dedication in conducting a safe, healthy and environmentally friendly business for our workforce and workplace, at home or abroad, including the sites we are working on, with emphasis on the environment.

As part of our Corporate Governance, we have put into action strategically designed initiatives to ensure SCIB's business operations comply with ethical values and can bring benefit to society, especially communities that are within the vicinity of our operations.

These initiatives are seen as our responsibility to portray the Group as an organisation that operates in a way that recognises the central role that businesses play in improving the quality of life for a community.



SCIB focuses on 5 SDGs below that are most relevant to our corporate values and sustainability strategies, which will be explained in the later sections.



# SUSTAINABILITY STATEMENT

(CONT'D)



## DECENT WORK AND ECONOMIC GROWTH

To support our growth, we continue to work on shaping our employees' safety through continuous Safe Workplace Initiatives and the established HSEMS at the factory premises and working sites that provide a safe and healthy working condition for the prevention of injury and ill health.

We have also established performance indicators for the HSEMS known as the Four Zeros consisting of Zero Lost time Injury, Zero Fatality, Zero Environmental contamination and Zero regulatory violation. LTI is used as a key performance indicator to measure work safety. We have also installed a Safety Performance Board at the main entrance to monitor the Man-hour Accident-Free target.

On 13 May 2020, SCIB's subsidiary company was awarded the SIRIM ISO 45001:2018 OH&S System certification.

Other initiatives include Safety talks conducted during Monday Assembly as well as Safety Induction Briefing for New Hire. Due to the pandemic, our HSE department implemented SOPs as per MITI requirements and provide awareness on the preventive measures to combat the spread of the virus in the monthly assembly and sends subsequent reminders and updates via emails to ensure employees are updated with the latest COVID-19 situation, together with the changes in the rules and regulations.

We have subsidised/sponsored our employees to join Badminton club to play the sports twice a week and Marathon events to promote fit and healthy lifestyle. We have also organised health talks to share important information about lifestyle diseases and issues facing society, as part of guidelines for employees to overcome life's challenges.



## INDUSTRY, INNOVATION AND INFRASTRUCTURE



Technology and skilled employees have helped SCIB adapt to changing market situations and adjust to the fundamental changes of a modern working world. As we prepare our infrastructure for further growth, we put a special focus on digitalisation, and we provide a work environment that fosters agile thinking, creativity and interaction. We encourage our employees to be versatile and adaptable while we support their wellbeing.

With the rapid advancements of technology in the fields of manufacturing of building materials and construction, our management continues to explore approaches that can transform and sustain the business. We have invested in 3D printing technology to transform our existing supply chain into a digital value network system while we have also acquired a 3D printer to explore opportunities in the application of this technology in construction.

# SUSTAINABILITY STATEMENT

(CONT'D)

Our IBS and light weight system also aims to enhance the overall operational efficiency of the construction industry and resolve the issues of labour shortage. In addition, our investment in AIPODS offers modern solutions to assist in roadworks maintenance projects utilising Artificial Intelligence to enhance effectiveness.



## SUSTAINABLE CITIES & COMMUNITIES

Our investment in IBS has so far managed to improve the speed of construction, reducing site costs and time due to off-site manufacture, less cleaning and clearing of construction debris, less exposure to stolen steel bars at site and reduced waste and debris on-site. The positive spillover effects include allaying the public's concerns over poor air quality in neighbourhoods surrounding construction sites.

We have also jointly organised a Blood Replenishment Campaign with the Sarawak General Hospital Blood Bank. This event was held on 16 September 2021 and 16 September 2022 in conjunction with Malaysia Day and we managed to receive overwhelming response with 115 and 120 successful donors, respectively.

In terms of tackling the global challenge in youth employment, SCIB continues to provide industrial training to undergraduates from local institutions of higher learning and collaborates with them in providing industrial internships.



The launching of the first 3D-Printed House in Sarawak held on 4th October 2022



# SUSTAINABILITY STATEMENT

(CONT'D)



## RESPONSIBLE CONSUMPTION AND PRODUCTION

As engineers and as a part of our CSR, we continue to seek new and innovative solutions that can reduce the impact of our operations on the environment.

Our precast concrete are factory-made products under stringent ISO-accredited procedures and quality systems. We employ quality plants and machinery such as batching plant technology with minimal wastage while recycling waste materials back to production if reusable.

SCIB has applied the EQMP at all factories and local project sites to systematically monitor the environmental quality parameters as per relevant regulations. The programme is a self-assessment system to ensure the air and water quality of the surrounding environment in which the business operates remains ethically positive.



## PEACE, JUSTICE AND STRONG INSTITUTIONS

Taking cognizance of the introduction of Corporate Liability in the recent amendment to the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009), which became effective on 1 June 2020, the Group has taken proactive actions to ensure that it has adequate procedures in place designed to prevent associated persons from conduct that could trigger the newly introduced Section 17A of the MACC Act, 2009. We also published our ABAC tagline, "Arrest Corruption and Enhance Productivity", as a statement on banner, poster and Corporate website. We have a clear Whistleblowing policy which encourages a culture of reporting and addressing issues quickly and potentially before any regulatory action or damage of company's reputation.

*(This Sustainability Statement is made in accordance with a resolution of the Board of Directors dated 25 October 2022)*



# FINANCIAL STATEMENTS

# 5



SARAWAK  
CONSOLIDATED  
INDUSTRIES  
BERHAD



## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, provision of management services, engineering, procurement, construction and commissioning. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

### RESULTS

	Group RM	Company RM
Loss for the financial year	43,757,268	25,690,540
Loss attributable to:		
Owners of the Company	43,599,366	25,690,540
Non-controlling interests	157,902	-
	43,757,268	25,690,540

### DIVIDENDS

No dividends were paid, declared or proposed since the end of the previous financial period.

The directors do not recommend the payment of any dividend for the financial year ended 30 June 2022.

### RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

### ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM152,268,754 to RM153,623,689 by way of:

- (a) Private placement exercise of up to 20% of the enlarged number of issued shares of the Company representing approximately 147,158,999 new shares. The total new shares issued were 91,427,532 for an aggregate amount of RM41,763,207 with share issue expenses of RM408,272, are as follows:
- (i) On 27 August 2021, the Company issued a total of 10,789,332 shares at an issue price of RM0.5823 per placement share;
  - (ii) On 13 September 2021, the Company issued a total of 24,638,200 shares at an issue price of RM0.5675 per placement share; and
  - (iii) On 14 October 2021, the Company issued a total of 56,000,000 shares at an issue price of RM0.3839 per placement share.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

Save as above, there were neither changes in the issued and paid-up capital of the Company, nor issuances of debentures by the Company, during the financial year.

# DIRECTORS' REPORT

(CONT'D)

## ISSUES OF SHARES AND DEBENTURES *(cont'd)*

- (b) A capital reduction of RM40,000,000, via the cancellation of RM40,000,000 of the issued and paid-up share capital of the Company and that the credit arising from such share capital reduction shall be used to eliminate the accumulated losses of the Company pursuant to Section 116 of the Companies Act 2016. On 21 October 2021, the Company received the signed and sealed Court Order to effect the capital reduction exercise.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## WARRANTS B

On 16 February 2021, the Company issued 245,264,997 Warrants B pursuant to the renounceable right issue on the basis of 1 free Warrant B for every 2 existing ordinary shares held by the entitled shareholders of the Company.

The Warrants B are constituted by the Deed Poll dated 14 January 2021.

Salient features of the Warrants B are as follows:

- (a) Each Warrants B shall entitle its registered holders to subscribe for one (1) new ordinary share in the Company at an exercise price of RM1.77 per Warrant B during the 3-year period expiring on 8 February 2024 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll;
- (b) At the expiry of the Exercise Period, any Warrants B which have not been exercised shall automatically lapse and cease to be valid for any purposes; and
- (c) Warrant holders must exercise the Warrants B in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank *pari passu* in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

During the financial year, no (2021: 80,000) Warrant B was exercised into new ordinary shares of the Company. As at 30 June 2022, the total number of Warrant B which remained unexercised are 245,184,997 (2021: 245,184,997).

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

# **DIRECTORS' REPORT**

(CONT'D)

## **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, 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 which would render the values attributed to the current assets in the financial statements misleading.

## **VALUATION METHODS**

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

## **CONTINGENT AND OTHER LIABILITIES**

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

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

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

## **CHANGE OF CIRCUMSTANCES**

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

## **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the recognition of bargain purchase arising from the acquisition of a new subsidiary, as disclosed in Note 5 and Note 25 respectively.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.



# DIRECTORS' REPORT

(CONT'D)

## DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:

Rosland Bin Othman	
Ku Chong Hong	(Appointed on 17.3.2022)
YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	
YBhg. Datu Haji Abdul Hadi Bin Datuk Abdul Kadir	
YBhg. Datu Haji Soedirman Bin Haji Aini	
Sr. Mohd Nazri Bin Mat Noor	
Shamsul Anuar Bin Ahamad Ibrahim	(Retired on 28.2.2022 and reappointed on 17.3.2022)
Noor Azri Bin Dato' Sri Noor Azerai	(Appointed on 17.3.2022)
Mohd Shakir Bin Shahimi	(Appointed on 15.9.2022)
Nuraiman Bin Shaiful Annuar	(Appointed on 15.9.2022)
YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak	(Retired on 28.2.2022)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:

Chai Tze Khang	
Mohd Ariff Bin Abd Samat	
Rashidi Bin Jamani	
Ivonson Kwee	(Appointed on 27.5.2022)
Ahmad Ghazali Bin Abas	(Appointed on 3.6.2022)
Mohd Rasid Bin Othman	(Appointed on 3.6.2022)
Syed Ahmad Anas Bin Syed Omar	(Resigned on 3.6.2022)
Seah Boon Kee	(Resigned on 7.7.2022)
Seah Boon Tiat	(Resigned on 7.7.2022)

## DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

	Number Of Ordinary Shares in the Company					At 30.6.2022
	At 1.7.2021	Additions	Warrants Exercised	Private Placements	Disposals	
<b>Shareholdings in the name of the Directors:</b>						
Rosland Bin Othman	21,899,440	-	-	-	(12,156,900)	9,742,540
YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	181,554,020	-	-	-	(41,887,356)	139,666,664
YBhg. Datu Haji Soedirman Bin Haji Aini	20,000	-	-	-	(15,000)	5,000
Noor Azri Bin Dato' Sri Noor Azerai	-	100,000	-	-	-	100,000

# DIRECTORS' REPORT

(CONT'D)

## DIRECTORS' INTEREST *(cont'd)*

	Number Of Warrants B in the Company				At 30.6.2022
	At 1.7.2021	Additions	Exercised	Disposals	
<b>Warrantholdings in the name of the Directors:</b>					
Rosland Bin Othman	1,065,420	-	-	(50)	1,065,370
YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	33,333,332	-	-	-	33,333,332
YBhg. Datu Haji Soedirman Bin Haji Aini	6,000	-	-	(6,000)	-

The other directors holding office at the end of the financial year had no interest in Warrants B of the Company or its related corporations during the financial year.

## DIRECTORS' BENEFIT

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 31(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 30(a) to the financial statements.

## INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Directors and Officers of the Group and of the Company are covered by Directors' and Officers' Liability Insurance ("DOL Insurance") under Section 289 of the Companies Act 2016. The total insured limit for the DOL Insurance effected for the Directors' and Officers of the Group and of the Company was RM10,000,000. The insurance premium for the DOL Insurance paid during the financial year amounted to RM26,510.

## INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Nexia SSY PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Nexia SSY PLT during the financial year and up to the date of this report.

# ***DIRECTORS' REPORT***

(CONT'D)

## **SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

## **SIGNIFICANT AND SUBSEQUENT EVENTS**

The significant and subsequent events are disclosed in Note 35 to the financial statements.

## **AUDITORS**

The auditors, Nexia SSY PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 25 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 October 2022.

**Rosland Bin Othman**  
Director

**Ku Chong Hong**  
Director

# STATEMENTS OF FINANCIAL POSITION

as at 30 June 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment in subsidiaries	5	-	-	41,456,047	36,476,047
Investment in an associate	6	-	302,548	-	-
Property, plant and equipment	7	36,335,987	28,421,793	1,277,648	1,172,305
Right-of-use assets	8	19,309,927	17,833,843	6,373,946	4,890,353
Other assets	9	-	-	-	-
		<b>55,645,914</b>	46,558,184	<b>49,107,641</b>	42,538,705
<b>Current assets</b>					
Inventories	10	22,169,032	25,103,477	-	-
Trade receivables	11	41,282,534	608,137,543	-	67,082,549
Other receivables, deposits and prepayments	12	32,029,826	43,038,327	8,405,041	5,243,208
Contract assets	13	5,649,744	1,069	-	-
Amount owing by subsidiaries	14	-	-	59,523,712	52,598,834
Current tax assets		583,132	-	307,359	-
Fixed deposits with licensed banks	15	15,888,607	20,675,141	15,717,441	20,507,084
Cash and bank balances		20,347,004	18,346,075	320,513	310,853
		<b>137,949,879</b>	715,301,632	<b>84,274,066</b>	145,742,528
<b>TOTAL ASSETS</b>		<b>193,595,793</b>	761,859,816	<b>133,381,707</b>	188,281,233

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



# STATEMENTS OF FINANCIAL POSITION

as at 30 June 2022

(CONT'D)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	16	153,623,689	152,268,754	153,623,689	152,268,754
Foreign exchange translation reserves	17	(848,945)	(45,188)	-	-
Accumulated losses		(57,519,417)	(53,920,051)	(23,797,286)	(38,106,746)
<b>Equity attributable to owners of the Company</b>					
		95,255,327	98,303,515	129,826,403	114,162,008
Non-controlling interests	5(b)	(89,175)	68,727	-	-
<b>TOTAL EQUITY</b>		<b>95,166,152</b>	<b>98,372,242</b>	<b>129,826,403</b>	<b>114,162,008</b>
<b>Non-current liabilities</b>					
Other payables	18	152,129	181,350	7,418	45,215
Bank borrowings	19	23,139,453	15,904,076	-	-
Lease liabilities	20	2,610,760	859,978	711,092	27,149
Deferred tax liabilities	21	597,254	-	-	-
		<b>26,499,596</b>	<b>16,945,404</b>	<b>718,510</b>	<b>72,364</b>
<b>Current liabilities</b>					
Trade payables	22	43,322,474	595,829,620	-	67,082,550
Other payables and accruals	18	4,432,575	11,971,906	638,219	2,920,972
Contract liabilities	13	508,980	1,529,825	-	-
Amount owing to a subsidiary	14	-	-	1,253,837	457,553
Bank borrowings	19	21,784,398	26,697,534	-	-
Lease liabilities	20	1,481,501	573,388	944,738	34,832
Provision of taxation		400,117	9,939,897	-	3,550,954
		<b>71,930,045</b>	<b>646,542,170</b>	<b>2,836,794</b>	<b>74,046,861</b>
<b>TOTAL LIABILITIES</b>		<b>98,429,641</b>	<b>663,487,574</b>	<b>3,555,304</b>	<b>74,119,225</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>193,595,793</b>	<b>761,859,816</b>	<b>133,381,707</b>	<b>188,281,233</b>

The annexed notes form 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		Company	
		Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
		RM	RM	RM	RM
Revenue	23	<b>128,429,337</b>	198,964,293	<b>5,206,815</b>	24,447,398
Cost of sales		<b>(112,378,092)</b>	(112,135,043)	-	-
Gross profit		<b>16,051,245</b>	86,829,250	<b>5,206,815</b>	24,447,398
Other operating income		<b>10,650,996</b>	25,075,132	<b>4,211,158</b>	24,315,401
Administrative expenses		<b>(54,352,968)</b>	(24,210,531)	<b>(25,509,466)</b>	(14,495,999)
Selling and distribution expenses		<b>(6,858,738)</b>	(12,026,596)	-	-
Net impairment losses on financial assets and contract assets	24	<b>(17,084,631)</b>	(67,049,295)	<b>(12,993,948)</b>	(15,767,060)
Share of (loss)/profit in equity accounted associate	6	<b>(2,548)</b>	2,548	-	-
(Loss)/profit from operations		<b>(51,596,644)</b>	8,620,508	<b>(29,085,441)</b>	18,499,740
Finance costs		<b>(1,842,647)</b>	(2,898,441)	<b>(53,243)</b>	(50,611)
(Loss)/profit before taxation	25	<b>(53,439,291)</b>	5,722,067	<b>(29,138,684)</b>	18,449,129
Taxation	26	<b>9,682,023</b>	(9,931,280)	<b>3,448,144</b>	(3,600,558)
(Loss)/profit after taxation		<b>(43,757,268)</b>	(4,209,213)	<b>(25,690,540)</b>	14,848,571

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2022  
(CONT'D)

	Note	Group		Company	
		Financial year from 1.7.2021 to 30.6.2022 RM	Financial period from 1.1.2020 to 30.6.2021 RM	Financial year from 1.7.2021 to 30.6.2022 RM	Financial period from 1.1.2020 to 30.6.2021 RM
Other comprehensive (expenses)/income					
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation differences		(803,757)	(45,286)	-	-
Total comprehensive (expenses)/income for the financial year/period		(44,561,025)	(4,254,499)	(25,690,540)	14,848,571
<b>(Loss)/profit after taxation attributable to:</b>					
Owners of the Company		(43,599,366)	(4,187,910)	(25,690,540)	14,848,571
Non-controlling interests	5(b)	(157,902)	(21,303)	-	-
		(43,757,268)	(4,209,213)	(25,690,540)	14,848,571
<b>Total comprehensive (expenses)/income attributable to:</b>					
Owners of the Company		(44,403,123)	(4,233,196)	(25,690,540)	14,848,571
Non-controlling interests		(157,902)	(21,303)	-	-
		(44,561,025)	(4,254,499)	(25,690,540)	14,848,571
<b>Loss per share (sen)</b>					
Basic	27	(7.80)	(0.94)		
Diluted	27	(7.80)	(0.94)		

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

# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2022

	Note	Share capital RM	Foreign exchange translation reserves RM	Accumulated losses RM	Total equity attributable to the owners of the Company RM	Non-controlling interests RM	Total equity RM
<b>Group</b>							
Balance at 1 July 2021		152,268,754	(45,188)	(53,920,051)	98,303,515	68,727	98,372,242
Loss after taxation for the financial year		-	-	(43,599,366)	(43,599,366)	(157,902)	(43,757,268)
Other comprehensive expenses for the financial year:							
- Foreign currency translation differences	17	-	(803,757)	-	(803,757)	-	(803,757)
Contributions by and distributions to owners of the Company:							
- Issuance of shares	16	41,763,207	-	-	41,763,207	-	41,763,207
- Share issue expenses	16	(408,272)	-	-	(408,272)	-	(408,272)
- Capital reduction	16	(40,000,000)	-	40,000,000	-	-	-
Total transactions with owners of the Company		1,354,935	-	40,000,000	41,354,935	-	41,354,935
Balance at 30 June 2022		153,623,689	(848,945)	(57,519,417)	95,255,327	(89,175)	95,166,152
Balance at 1 January 2020		85,913,168	98	(33,912,548)	52,000,718	-	52,000,718
Loss after taxation for the financial period		-	-	(4,187,910)	(4,187,910)	(21,303)	(4,209,213)
Other comprehensive expenses for the financial period:							
- Foreign currency translation differences	17	-	(45,286)	-	(45,286)	-	(45,286)
Contributions by and distributions to owners of the Company:							
- Issuance of shares	16	67,026,600	-	-	67,026,600	-	67,026,600
- Share issue expenses	16	(671,014)	-	-	(671,014)	-	(671,014)
- Acquisition of subsidiaries		-	-	-	-	90,030	90,030
- Dividends paid by the Company	28	-	-	(15,819,593)	(15,819,593)	-	(15,819,593)
Total transactions with owners of the Company		66,355,586	-	(15,819,593)	50,535,993	90,030	50,626,023
Balance at 30 June 2021		152,268,754	(45,188)	(53,920,051)	98,303,515	68,727	98,372,242

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



# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2022  
(CONT'D)

	Note	Share capital RM	Accumulated losses RM	Total RM
<b>Company</b>				
Balance at 1 July 2021		152,268,754	(38,106,746)	114,162,008
Loss after taxation, representing total comprehensive expenses for the financial year		-	(25,690,540)	(25,690,540)
Contributions by and distributions to owners of the Company:				
- Issuance of shares	16	41,763,207	-	41,763,207
- Share issue expenses	16	(408,272)	-	(408,272)
- Capital reduction	16	(40,000,000)	40,000,000	-
		1,354,935	40,000,000	41,354,935
Balance at 30 June 2022		153,623,689	(23,797,286)	129,826,403
Balance at 1 January 2020		85,913,168	(37,135,724)	48,777,444
Profit after taxation, representing total comprehensive income for the financial period		-	14,848,571	14,848,571
Contributions by and distributions to owners of the Company:				
- Issuance of shares	16	67,026,600	-	67,026,600
- Share issue expenses	16	(671,014)	-	(671,014)
- Dividends paid by the Company	28	-	(15,819,593)	(15,819,593)
		66,355,586	(15,819,593)	50,535,993
Balance at 30 June 2021		152,268,754	(38,106,746)	114,162,008

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

# STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2022

	Group		Company		
	Note	Financial year from 1.7.2021 to 30.6.2022 RM	Financial period from 1.1.2020 to 30.6.2021 RM	Financial year from 1.7.2021 to 30.6.2022 RM	Financial period from 1.1.2020 to 30.6.2021 RM
<b>Cash flows for operating activities</b>					
(Loss)/profit before taxation		(53,439,291)	5,722,067	(29,138,684)	18,449,129
Adjustments for:					
Depreciation of property, plant and equipment		3,366,153	4,576,534	144,890	71,410
Depreciation of right-of-use assets		1,566,503	1,423,701	369,168	232,616
Impairment losses on:					
- trade receivables		16,407,873	63,500,712	731,086	11,857,355
- other receivables		1,164,425	3,645,436	32,684	530,093
- contract assets		1,862,205	-	-	-
- amount owing by subsidiaries		-	-	12,230,178	3,379,612
Impairment of investment in an associate		300,000	-	-	-
Impairment of other receivables – non-financial assets		7,750,000	-	-	-
Interest expense on financial liabilities that are not fair value through profit or loss:					
- amount owing to subsidiaries		-	-	35,230	44,145
- bank overdraft		1,114	24	-	24
- bankers' acceptances		532,554	584,952	-	-
- revolving credits		63,173	975,583	-	-
- term loans		1,125,843	1,235,886	-	-
- other interest expense		-	267	-	267
Interest expense on lease liabilities		119,963	101,729	18,013	6,175
Inventories written down		137,646	376,164	-	-
Inventories written-off		-	432,648	-	-
Investment in a subsidiary written-off		-	-	-	323,992
Property, plant and equipment written-off		938	2,240	-	-
Reversal of profit guarantee receivable	9	-	6,189,520	-	6,189,520
Bargain purchase arising from acquisition of a subsidiary	5	(2,383,883)	-	-	-
Gain on disposal of property, plant and equipment		-	(28,781)	-	(15,999)
Interest income		(460,404)	(680,077)	(2,156,804)	(1,323,681)
Balance carried forward		(21,885,188)	88,058,605	(17,734,239)	39,744,658

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

# STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2022

(CONT'D)

	Note	Group		Company	
		Financial year from 1.7.2021 to 30.6.2022 RM	Financial period from 1.1.2020 to 30.6.2021 RM	Financial year from 1.7.2021 to 30.6.2022 RM	Financial period from 1.1.2020 to 30.6.2021 RM
<b>Cash flows for operating activities (Cont'd)</b>					
Balance brought forward		(21,885,188)	88,058,605	(17,734,239)	39,744,658
Overprovision of agent fees relating to EPCC projects		(5,723,834)	-	(1,243,883)	-
Proceeds from termination of Share Sale Agreement	9	-	(28,968,073)	-	(28,968,073)
Reversal of impairment losses on trade receivables		(2,349,872)	(96,853)	-	-
Reversal of allowance for inventories obsolescence		(134,601)	-	-	-
Share of loss/(profit) in equity accounted associate	6	2,548	(2,548)	-	-
Unrealised foreign exchange gain		(1,513,412)	(148,069)	(763,770)	(8,163)
<b>Operating (loss)/profit before working capital changes</b>		<b>(31,604,359)</b>	<b>58,843,062</b>	<b>(19,741,892)</b>	<b>10,768,422</b>
Decrease/(increase) in inventories		2,931,400	(1,492,398)	-	-
Decrease/(increase) in trade and other receivables		559,790,968	(685,864,889)	68,056,830	(79,900,597)
(Increase)/decrease in contract assets		(7,510,880)	198,417	-	199,486
Increase in amount owing by subsidiaries		-	-	(19,155,056)	(55,965,370)
(Decrease)/increase in trade and other payables		(557,584,346)	579,272,232	(72,295,331)	65,378,754
(Decrease)/increase in contract liabilities		(1,020,845)	1,493,311	-	-
Increase in amount owing to a subsidiary		-	-	796,284	287,749
Cash for operations		(34,998,062)	(47,550,265)	(42,339,165)	(59,231,556)
Interest paid		(1,842,647)	(2,898,441)	(53,243)	(50,611)
Interest received		460,404	680,077	2,156,804	1,323,681
Income tax paid		(695,464)	(183,327)	(446,386)	(58,604)
Income tax refunded		37,753	9,963	36,217	9,963
<b>Net cash for operating activities</b>		<b>(37,038,016)</b>	<b>(49,941,993)</b>	<b>(40,645,773)</b>	<b>(58,007,127)</b>

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

# STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2022

(CONT'D)

	Note	Group		Company	
		Financial year from 1.7.2021 to 30.6.2022 RM	Financial period from 1.1.2020 to 30.6.2021 RM	Financial year from 1.7.2021 to 30.6.2022 RM	Financial period from 1.1.2020 to 30.6.2021 RM
<b>Cash flows (for)/from investing activities</b>					
Acquisition of a subsidiary, net cash outflow	5	(4,979,864)	-	(4,980,000)	-
Proceeds from disposal of property, plant and equipment		-	69,997	-	15,999
Purchase of property, plant and equipment	7	(2,473,090)	(6,919,695)	(250,233)	(1,222,954)
Purchase of right-of-use assets	29(a)	(284,420)	(167,087)	-	-
Acquisition of non-controlling interests		-	90,030	-	-
Proceeds from termination of Share Sale Agreement	9	-	28,968,073	-	28,968,073
Increase in investment in an associate	6	-	(300,000)	-	-
Increase in fixed deposits pledged to licensed banks		(5,923)	(22,706)	(2,814)	(17,649)
Net cash (for)/from investing activities		(7,743,297)	21,718,612	(5,233,047)	27,743,469
<b>Cash flows from financing activities</b>					
Dividend paid	28	-	(15,819,593)	-	(15,819,593)
Drawdown of term loans	29(b)	14,927,786	-	-	-
Drawdown of revolving credits	29(b)	-	3,683,756	-	-
Drawdown of bankers' acceptance	29(b)	34,230,076	31,412,622	-	-
Net proceeds from issuance of ordinary shares	16	41,354,935	66,355,586	41,354,935	66,355,586
Repayment of lease liabilities	29(b)	(946,466)	(723,429)	(258,912)	(49,211)
Repayment of term loans	29(b)	(5,556,124)	(2,163,825)	-	-
Repayment of revolving credits	29(b)	(11,195,989)	(871,025)	-	-
Repayment of bankers' acceptances	29(b)	(30,083,508)	(25,740,622)	-	-
Net cash from financing activities		42,730,710	56,133,470	41,096,023	50,486,782
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,050,603)</b>	27,910,089	<b>(4,782,797)</b>	20,223,124
Effect of foreign exchange translation		(740,925)	2,053,817	-	-
Cash and cash equivalents at beginning of the year/period		38,436,952	8,473,046	20,401,730	178,606
<b>Cash and cash equivalents at end of the year/period</b>	29(d)	<b>35,645,424</b>	38,436,952	<b>15,618,933</b>	20,401,730

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



# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2022

### 1. GENERAL INFORMATION

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

Registered office and principal place of business : Lot 1258, Jalan Utama,  
Pending Industrial Estate,  
93450 Kuching, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 14 October 2022.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, provision of management services, engineering, procurement, construction and commissioning. The principal activities of the subsidiaries are set out in Note 5.

### 3. BASIS OF PREPARATION

The financial statements of the Group is prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

#### MFRSs and/or IC Interpretations (Including The Consequential Amendments)

##### Title

Amendments to MFRS 16:	Leases
Amendments to MFRS 4:	Insurance Contracts
Amendments to MFRS 7:	Financial Instruments: Disclosures
Amendments to MFRS 9:	Financial Instruments
Amendments to MFRS 16:	Leases
Amendments to MFRS 139:	Financial Instruments: Recognition and Measurement

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 3. BASIS OF PREPARATION (cont'd)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

### MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Title		Effective Date
Amendments to MFRS 1:	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
Amendments to MFRS 3:	Business Combinations	1 January 2022
Amendments to MFRS 9:	Financial Instruments	1 January 2022
Amendments to MFRS 116:	Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137:	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to MFRS 141:	Agriculture	1 January 2022
MFRS 17:	Insurance Contracts	1 January 2023
Amendments to MFRS 17:	Insurance Contracts	1 January 2023
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2023
Amendments to MFRS 108:	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112:	Income Taxes	1 January 2023
Amendments to MFRS 10:	Consolidated Financial Statements	Deferred
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	Deferred

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

#### Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

#### (a) Impairment of Investments in Subsidiaries and an Associate

The Group determines whether an item of its investments in subsidiaries and an associate are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rate. The carrying amount of investments in subsidiaries and an associate as at the reporting date are disclosed in Notes 5 and 6 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

#### *Key Sources of Estimation Uncertainty (cont'd)*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below: *(cont'd)*

#### **(b) Depreciation of Property, Plant and Equipment**

The Group depreciates property, plant and equipment over their estimated useful lives after taking into account their estimated residual values, using the straight-line method. The estimated useful lives applied by the Group as disclosed in Note 4.7 reflect the directors' estimates of the periods that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### **(c) Impairment of Property, Plant and Equipment**

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit ("CGU") to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### **(d) Write-down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 10.

#### **(e) Impairment of Trade Receivables and Contract Assets**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables and contract assets. The carrying amount of trade receivables and contract assets as at the reporting date are disclosed in Notes 11 and 13 respectively.

#### **(f) Impairment of Non-Trade Receivables**

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amount of other receivables as at the reporting date is disclosed in Note 12.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

#### *Key Sources of Estimation Uncertainty (cont'd)*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below: (cont'd)

#### **(g) Impairment of Amount Owning by Subsidiaries**

The loss allowances for amount owing by subsidiaries is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amount of amount owing by subsidiaries as at the reporting date is disclosed in Note 14.

#### **(h) Revenue Recognition for Construction Contracts**

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 13.

#### **(i) Income tax**

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### **(j) Discount Rates used in Leases**

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

#### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:

#### (a) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

#### (b) Contingent Liabilities

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, management is of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

#### (c) Coronavirus Disease 2019 (COVID-19)

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporarily closing of businesses, travel restrictions and quarantine measures across the globe. These measures and policies affect supply chains and the production of goods and services and lower economic activity which is likely to result in reduced demand for the Group's and the Company's goods and services. The Group and the Company exercise judgement, in light of all facts and circumstances, to assess what event in this series of events provides additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Group's and the Company's assets and liabilities at 30 June 2022.

### 4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.2 BASIS OF CONSOLIDATION (cont'd)

#### (a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

#### (b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### (c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

#### (d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.3 FUNCTIONAL AND FOREIGN CURRENCIES

#### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

#### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2022	2021
	RM	RM
1 Euro ("EUR")	4.6024	4.9351
1 United States Dollar ("USD")	4.4080	4.1520

#### (c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

#### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

##### *Debt Instruments*

#### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

#### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.4 FINANCIAL INSTRUMENTS (cont'd)

#### (a) Financial Assets (cont'd)

##### *Debt Instruments (cont'd)*

##### (iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

##### *Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

#### (b) Financial Liabilities

##### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

##### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 4.4 FINANCIAL INSTRUMENTS *(cont'd)*

#### (c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

#### (d) 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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. 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.

#### (e) 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 guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

### 4.5 INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries is stated at cost in the statement of financial position of the Company, and is reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 4.6 INVESTMENT IN AN ASSOCIATE

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

Investment in an associate is 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 decrease 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 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.

Investment in an associate is 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.

### 4.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.7 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Buildings	5%
Concrete jetty	5%
Furniture, fittings and equipment	10% - 33.33%
Motor vehicles	25%
Plant and machineries	4% - 20%
Renovation	5%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

### 4.8 LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 4.8 LEASES *(cont'd)*

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset 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 the right-of-use assets are determined on the same basis as those property, plant and equipment, except for leasehold lands at 60 years expiring between years of 2053 and 2070.

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

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

### 4.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method except consumables which is on the first-in, first-out method, and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

### 4.10 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 – Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### 4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.12 IMPAIRMENT

#### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

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

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment losses recognised in respect of cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 4.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

### 4.14 EMPLOYEE BENEFITS

#### (a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

#### (b) Defined Contribution Plans

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

### 4.15 INCOME TAXES

#### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

#### (b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.15 INCOME TAXES (cont'd)

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

### 4.16 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. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 4.17 EARNINGS PER ORDINARY SHARE

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### 4.18 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.

### 4.19 FAIR VALUE MEASUREMENTS

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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. However, this basis does not apply to leasing transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group 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 that asset.

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

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

#### (a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### (b) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

#### (c) Project Management Services

Revenue from providing management and/or agency services is recognised over time in the period in which the services are rendered.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

#### (d) Sale of Properties

Revenue from sale of completed properties recognised at a point in time, when the control of the properties has been transferred to the purchasers, being when the properties have been delivered to the purchasers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

### 4.21 REVENUE FROM OTHER SOURCES AND OTHER INCOME

#### (a) Rendering of Services

Revenue from providing management services is recognised over time in the period in which the services are rendered.

#### (b) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

#### (c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

### 4.22 CONTINGENCIES

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When its inflow of economic benefit is virtually certain, then the related asset is recognised in the statement of financial position.

A contingent liability is a possible obligation that arises from past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of economic resources will be required to settle the obligation.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

### 4.23 WARRANTS

The Group issued Warrants 2021/2024 ("Warrant B") at no cost and these are not recognised in the financial statements. Each Warrant B is convertible into one new ordinary share at the adjusted exercise price of RM1.77 per share during the exercise period and will only be recognised as equity instruments upon conversion.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 5. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	RM	RM
<b>Carrying amount</b>		
At beginning of the year/period	36,476,047	36,800,039
Additions	4,980,000	-
Write-offs	-	(323,992)
At end of the year/period	41,456,047	36,476,047
Unquoted shares, at cost	43,956,049	38,976,049
Accumulated impairment losses	(2,500,002)	(2,500,002)
	41,456,047	36,476,047

The details of the subsidiaries are as follows:

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Equity Interest		Principal Activities
		2022	2021	
		%	%	
<i>Subsidiaries of the Company</i>				
SCIB Holdings Sdn. Bhd.	Malaysia	100	100	Investment holding
SCIB Industrialised Building System Sdn. Bhd. ^	Malaysia	100	100	Supply and installation of industrialised building system components
SCIB Building Solutions Sdn. Bhd. (formerly known as Kencana Precast Concrete Sdn. Bhd.) *	Malaysia	100	-	Construction. Not in operation since the date of acquisition by the holding company
<i>Subsidiaries of SCIB Holdings Sdn. Bhd.</i>				
SCIB Concrete Manufacturing Sdn. Bhd.	Malaysia	100	100	Investment holding, trading of construction materials, manufacturing and sale of precast concrete pipes, prestressed spun concrete piles and other related concrete products
SCIB Properties Sdn. Bhd. ^	Malaysia	100	100	Property investment and development, engineering, procurement, construction and commissioning

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 5. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Equity Interest		Principal Activities
		2022	2021	
		%	%	
<i>Subsidiaries of SCIB Holdings Sdn. Bhd. (Cont'd)</i>				
SCIB Infracore Sdn. Bhd. ^	Malaysia	100	100	Construction and other related activities
<i>Subsidiaries of SCIB Concrete Manufacturing Sdn. Bhd.</i>				
SCIB International (Labuan) Ltd. ^#	Labuan, Malaysia	100	100	Engineering, procurement, construction and commissioning project activities and investment holding
<i>Subsidiaries of SCIB Industrialised Building System Sdn. Bhd.</i>				
SCIB LW System Sdn. Bhd. ^	Malaysia	70	70	Supplying and installations of prefabricated Lightweight Systems products including but not limited to carrying out engineering, procurement, construction and commissioning ("EPCC")
SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd. ^	Malaysia	70	70	Road construction, maintenance and other related activities

^ The auditors' report on the financial statements of the subsidiary includes a "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiary to continue as a going concern in view of its capital deficiency position as at the end of the current reporting year. The financial statements were prepared on a going concern basis as the Company has undertaken to provide continued financial support to the subsidiary.

\* Audited by another firm of chartered accountants.

# Audited by Messrs. Nexia SSSY PLT (LLP001940 & AAL 0191), a member firm of Nexia International.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 5. INVESTMENT IN SUBSIDIARIES *(cont'd)*

### (a) Acquisition of a subsidiary

On 10 December 2021, the Company has acquired 100% equity interest in SCIB Building Solutions Sdn. Bhd. (formerly known as Kencana Precast Concrete Sdn. Bhd.) ("SCIBBS") for a cash consideration of RM4,980,000 resulting in SCIBBS becoming a wholly-owned subsidiary of the Company, as disclosed in Note 35.3.

The financial due diligence review arising from the acquisition has been concluded on 9 December 2021 as such, the directors deemed 10 December 2021 as the date of acquisition. Between 10 December 2021 and 30 June 2022, the subsidiary contributed a loss of RM195,194. The subsidiary did not generate any revenue during this period as the subsidiary has yet to commence its operation since the date it was acquired by the Company.

The fair value of the identifiable assets and liabilities of SCIBBS as at the date of acquisition is included in the presentation below:

#### Identifiable assets acquired and liabilities assumed

	As audited RM	Adjustments RM	As restated RM
Property, plant and equipment (Note 7)	7,961,001	-	7,961,001
Other receivables	1,429,724	(1,429,724)	-
Cash and bank balances	136	-	136
Other payables	(261,177)	261,177	-
Bank borrowings	(1,168,547)	1,168,547	-
Deferred tax liabilities (Note 21)	(597,254)	-	(597,254)
Net identifiable assets acquired	7,363,883	-	7,363,883
Less: Gain arising from bargain purchase			(2,383,883)
Total purchase consideration, satisfied by cash			4,980,000
Less: Cash acquired			(136)
Net cash outflow arising from the acquisition of a subsidiary (Statements of Cash Flows)			<u>4,979,864</u>

Subsequent to the acquisition on 30 June 2022, the former management of SCIBBS has signed a letter of undertaking to settle all liabilities, inclusive of the abovementioned bank borrowings, and has also agreed to provide the Company access to information with regards to the bank borrowings and/or any other documents which are necessary for the preparation of the financial statements of SCIBBS, and pending the settlement of the above liabilities by the former management, the financial guarantee provided to the licensed bank for the bank borrowings have been included in the "exposure to credit risk" and "liquidity risk maturity analysis", as disclosed in Note 33.1(b)(ii) and 33.1(c) respectively.

Following the letter of undertaking, the Group has made adjustments to the financial statements, by setting-off the balances and disclosing the net amount of the liabilities (inclusive of bank borrowings) as disclosed above.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 5. INVESTMENT IN SUBSIDIARIES (cont'd)

### (b) Non-controlling interests

Set out below are the Group's subsidiaries which have non-controlling interests:

Name of Subsidiary	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		(Accumulated losses)/ retained earnings of non-controlling interests	
	2022	2021	2022	2021	2022	2021
	%	%	RM	RM	RM	RM
SCIB LW System Sdn. Bhd.	30	30	(110,778)	(19,697)	(40,475)	70,303
SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd.	30	30	(47,124)	(1,606)	(48,700)	(1,576)
			(157,902)	(21,303)	(89,175)	68,727

Summarised financial information for each subsidiary that has non-controlling interests is set out below. The summarised financial information below represents amounts before inter-company eliminations.

### i. Summarised statements of financial position

	SCIB LW System Sdn. Bhd.	
	2022	2021
	RM	RM
Non-current assets	531,246	498,936
Current assets	160,595	397,097
Current liabilities	(826,758)	(661,688)
Net (liabilities)/assets	(134,917)	234,345
Equity attributable to owners of the Company	(94,442)	164,042
Non-controlling interest	(40,475)	70,303
	(134,917)	234,345
	SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd.	
	2022	2021
	RM	RM
Non-current assets	1,935,169	-
Current assets	8,393,366	549
Non-current liabilities	(1,702,357)	-
Current liabilities	(8,788,510)	(5,803)
Net liabilities	(162,332)	(5,254)
Equity attributable to owners of the Company	(113,632)	(3,678)
Non-controlling interest	(48,700)	(1,576)
	(162,332)	(5,254)

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 5. INVESTMENT IN SUBSIDIARIES (cont'd)

### (b) Non-controlling interests (cont'd)

#### ii. Summarised statements of profit or loss and other comprehensive income

	SCIB LW System Sdn. Bhd.	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM
Revenue	219,328	10,605
Loss before taxation	(369,262)	(65,655)
Taxation	-	-
Loss for the year/period, representing total comprehensive expense for the year/period	(369,262)	(65,655)
Loss attributable to owners of the Company	(258,484)	(45,958)
Non-controlling interest	(110,778)	(19,697)
	(369,262)	(65,655)

	SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd.	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM
Revenue	25,663,093	-
Loss before taxation	(157,078)	(5,354)
Taxation	-	-
Loss for the year/period, representing total comprehensive expense for the year/period	(157,078)	(5,354)
Loss attributable to owners of the Company	(109,954)	(3,748)
Non-controlling interest	(47,124)	(1,606)
	(157,078)	(5,354)

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 5. INVESTMENT IN SUBSIDIARIES (Cont'd)

### (b) Non-controlling interests (Cont'd)

#### iii. Summarised statements of cash flows

	SCIB LW System Sdn. Bhd.	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM
Net cash (used in)/generated from operating activities	(208,949)	499,686
Net cash used in investing activities	(89,177)	(499,698)
Net cash generated from financing activities	-	300,000
Net (decrease)/increase in cash and cash equivalents	(298,126)	299,988

	SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd.	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM
Net cash used in operating activities	(4,800,778)	(30)
Net cash generated from financing activities	5,137,408	100
Net increase in cash and cash equivalents	336,630	70

## 6. INVESTMENT IN AN ASSOCIATE

	Group	
	2022	2021
	RM	RM
<b>Carrying amount</b>		
At beginning of the year/period	302,548	-
Additions	-	300,000
Impairment losses	(300,000)	-
Share of post-acquisition (loss)/profit	(2,548)	2,548
At end of the year/period	-	302,548
Unquoted shares, at cost	300,000	300,000
Share of post-acquisition reserves	-	2,548
	300,000	302,548
Accumulated impairment losses	(300,000)	-
	-	302,548



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 6. INVESTMENT IN AN ASSOCIATE (cont'd)

The details of the associate are as follows:

Name of Associate	Principal Place of Business/ Country of Incorporation	Effective Equity Interest		Principal Activities
		2022	2021	
		%	%	
<i>Associate of SCIB Properties Sdn. Bhd.</i>				
Edaran Kencana Sdn. Bhd.*	Malaysia	30	30	General contractor and builder, engineering consultancy and other related services

\* The associate's financial statements for the financial year ended 31 December 2021 were audited by another firm of chartered accountants.

Edaran Kencana Sdn. Bhd. has a different financial year end from the Group. In applying the equity method of accounting, the financial statements of the associate for the financial year ended 31 December 2021 (2021: 31 December 2020) have been used and appropriate adjustments have been made for the effects of significant transactions between 1 January 2022 and 30 June 2022 (2021: 1 January 2021 and 30 June 2021).

In the previous financial period, the Company through its wholly-owned subsidiary, SCIB Properties Sdn. Bhd., acquired 300,000 ordinary shares, representing 30% of equity interests in the share capital of Edaran Kencana Sdn. Bhd. for a cash consideration of RM300,000. The acquisition was completed on 25 August 2020.

The summarised financial information of the associate is as follows:

	Group	
	2022	2021
	RM	RM
Non-current assets	2,650	2,187,500
Current assets	3,937,011	15,487,432
Current liabilities	(15,602,173)	(16,460,776)
Net (liabilities)/assets	(11,662,512)	1,214,156
12-month/18-month year/period ended 30 June		
Revenue	3,134,587	14,642,190
(Loss)/profit for the year/period, representing total comprehensive (expense)/income for the year/period	(12,876,668)	8,493
Group's share of (loss)/profit for the year/period	(2,548)	2,548

The Group has not recognised its share of losses amounting to RM3,860,452 (2021: RMNil) because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised amounted to RM3,860,452 (2021: RMNil).

The auditors' report on the financial statements of the associate includes a "Material Uncertainty Related to Going Concern" regarding the ability of the associate to continue as a going concern in view of its capital deficiency position as at the end of the current reporting year. Due to its capital deficiency position, the cost of investment of the associate has been fully impaired during the current financial year.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 7. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Concrete jetty RM	Furniture, fittings and equipment RM	Motor vehicles RM	Balance carried forward RM
<b>Group</b>						
<b>Cost</b>						
At 1 July 2021	-	28,163,633	404,466	4,365,083	655,391	33,588,573
Acquisition of a subsidiary (Note 5)	6,700,000	800,000	-	213	-	7,500,213
Additions	-	541,829	-	334,211	-	876,040
Reclassifications	-	-	-	66,958	-	66,958
Transfers from right-of-use assets (Note 8)	-	-	-	-	173,028	173,028
Write-offs	-	-	-	(9,745)	-	(9,745)
At 30 June 2022	6,700,000	29,505,462	404,466	4,756,720	828,419	42,195,067
<b>Accumulated depreciation</b>						
At 1 July 2021	-	16,006,256	390,208	3,226,117	652,992	20,275,573
Depreciation for the year	-	1,209,774	-	448,539	1,849	1,660,162
Transfers from right-of-use assets (Note 8)	-	-	-	-	173,026	173,026
Write-offs	-	-	-	(8,807)	-	(8,807)
At 30 June 2022	-	17,216,030	390,208	3,665,849	827,867	22,099,954
<b>Carrying amount</b>						
At 30 June 2022	6,700,000	12,289,432	14,258	1,090,871	552	20,095,113

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Balance brought forward RM	Plant and machineries RM	Renovation RM	Capital work-in- progress RM	Total RM
<b>Group (Cont'd)</b>					
<b>Cost</b>					
At 1 July 2021	33,588,573	58,252,973	267,362	4,651,739	96,760,647
Acquisition of a subsidiary (Note 5)	7,500,213	460,788	-	-	7,961,001
Additions	876,040	651,076	67,064	878,910	2,473,090
Reclassifications	66,958	3,767,945	-	(3,834,903)	-
Transfers from right-of-use assets (Note 8)	173,028	1,735,751	-	-	1,908,779
Write-offs	(9,745)	-	-	-	(9,745)
At 30 June 2022	42,195,067	64,868,533	334,426	1,695,746	109,093,772
<b>Accumulated depreciation</b>					
At 1 July 2021	20,275,573	48,056,716	6,565	-	68,338,854
Depreciation for the year	1,660,162	1,692,345	13,646	-	3,366,153
Transfers from right-of-use assets (Note 8)	173,026	888,559	-	-	1,061,585
Write-offs	(8,807)	-	-	-	(8,807)
At 30 June 2022	22,099,954	50,637,620	20,211	-	72,757,785
<b>Carrying amount</b>					
At 30 June 2022	20,095,113	14,230,913	314,215	1,695,746	36,335,987

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM	Buildings RM	Concrete jetty RM	Furniture, fittings and equipment RM	Motor vehicles RM	Balance carried forward RM
<b>Group (Cont'd)</b>						
<b>Cost</b>						
At 1 January 2020	-	28,100,945	404,466	3,547,806	873,663	32,926,880
Additions	-	62,688	-	888,179	-	950,867
Disposals	-	-	-	-	(218,272)	(218,272)
Write-offs	-	-	-	(70,902)	-	(70,902)
At 30 June 2021	-	28,163,633	404,466	4,365,083	655,391	33,588,573
<b>Accumulated depreciation</b>						
At 1 January 2020	-	14,292,728	390,208	2,801,585	867,351	18,351,872
Depreciation for the period	-	1,713,528	-	493,206	3,913	2,210,647
Disposals	-	-	-	-	(218,272)	(218,272)
Write-offs	-	-	-	(68,674)	-	(68,674)
At 30 June 2021	-	16,006,256	390,208	3,226,117	652,992	20,275,573
<b>Carrying amount</b>						
At 30 June 2021	-	12,157,377	14,258	1,138,966	2,399	13,313,000

	Balance brought forward RM	Plant and machineries RM	Renovation RM	Capital work- in-progress RM	Total RM
<b>Group (Cont'd)</b>					
<b>Cost</b>					
At 1 January 2020	32,926,880	57,550,069	-	-	90,476,949
Additions	950,867	1,049,727	267,362	4,651,739	6,919,695
Disposals	(218,272)	(317,340)	-	-	(535,612)
Write-offs	(70,902)	(29,483)	-	-	(100,385)
At 30 June 2021	33,588,573	58,252,973	267,362	4,651,739	96,760,647
<b>Accumulated depreciation</b>					
At 1 January 2020	18,351,872	46,002,989	-	-	64,354,861
Depreciation for the period	2,210,647	2,359,322	6,565	-	4,576,534
Disposals	(218,272)	(276,124)	-	-	(494,396)
Write-offs	(68,674)	(29,471)	-	-	(98,145)
At 30 June 2021	20,275,573	48,056,716	6,565	-	68,338,854
<b>Carrying amount</b>					
At 30 June 2021	13,313,000	10,196,257	260,797	4,651,739	28,421,793

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Capital work- in-progress RM	Total RM
<b>Company</b>					
<b>Cost</b>					
At 1 July 2021	654,979	10,440	250,362	360,000	1,275,781
Additions	140,961	-	67,064	42,208	250,233
At 30 June 2022	795,940	10,440	317,426	402,208	1,526,014
<b>Accumulated depreciation</b>					
At July 2021	89,145	8,043	6,288	-	103,476
Depreciation for the year	130,246	1,848	12,796	-	144,890
At 30 June 2022	219,391	9,891	19,084	-	248,366
<b>Carrying amount</b>					
At 30 June 2022	576,549	549	298,342	402,208	1,277,648
<b>Cost</b>					
At 1 January 2020	42,387	228,712	-	-	271,099
Additions	612,592	-	250,362	360,000	1,222,954
Disposals	-	(218,272)	-	-	(218,272)
At 30 June 2021	654,979	10,440	250,362	360,000	1,275,781
<b>Accumulated depreciation</b>					
At 1 January 2020	27,937	222,401	-	-	250,338
Depreciation for the period	61,208	3,914	6,288	-	71,410
Disposals	-	(218,272)	-	-	(218,272)
At 30 June 2021	89,145	8,043	6,288	-	103,476
<b>Carrying amount</b>					
At 30 June 2021	565,834	2,397	244,074	360,000	1,172,305

Included in the property, plant and equipment of the Group are the following assets which have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 5(a) for the freehold land and Note 19 for the buildings:

	Group	
	2022 RM	2021 RM
Freehold land	6,700,000	-
Buildings	8,856,176	8,515,423
	15,556,176	8,515,423



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 8. RIGHT-OF-USE ASSETS

	Leasehold lands RM	Building RM	Motor vehicles RM	Plant and machineries RM	Total RM
<b>Group</b>					
<b>Cost</b>					
At 1 July 2021	21,567,867	-	1,377,370	2,625,050	25,570,287
Additions	-	1,852,761	2,037,020	-	3,889,781
Transfers to property, plant and equipment (Note 7)	-	-	(173,028)	(1,735,751)	(1,908,779)
At 30 June 2022	21,567,867	1,852,761	3,241,362	889,299	27,551,289
<b>Accumulated depreciation</b>					
At 1 July 2021	6,222,525	-	473,137	1,040,782	7,736,444
Depreciation for the financial year	547,304	231,595	551,278	236,326	1,566,503
Transfers to property, plant and equipment (Note 7)	-	-	(173,026)	(888,559)	(1,061,585)
At 30 June 2022	6,769,829	231,595	851,389	388,549	8,241,362
<b>Carrying amount</b>					
At 30 June 2022	14,798,038	1,621,166	2,389,973	500,750	19,309,927
<b>Cost</b>					
At 1 January 2020	21,567,867	-	359,755	2,463,578	24,391,200
Additions	-	-	1,017,615	161,472	1,179,087
At 30 June 2021	21,567,867	-	1,377,370	2,625,050	25,570,287
<b>Accumulated depreciation</b>					
At 1 January 2020	5,401,568	-	254,718	656,457	6,312,743
Depreciation for the financial period	820,957	-	218,419	384,325	1,423,701
At 30 June 2021	6,222,525	-	473,137	1,040,782	7,736,444
<b>Carrying amount</b>					
At 30 June 2021	15,345,342	-	904,233	1,584,268	17,833,843

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 8. RIGHT-OF-USE ASSETS (cont'd)

	Leasehold lands RM	Building RM	Motor vehicles RM	Total RM
<b>Company</b>				
<b>Cost</b>				
At 1 July 2021	6,490,851	-	186,727	6,677,578
Additions	-	1,852,761	-	1,852,761
At 30 June 2022	6,490,851	1,852,761	186,727	8,530,339
<b>Accumulated depreciation</b>				
At 1 July 2021	1,635,513	-	151,712	1,787,225
Depreciation for the financial year	108,397	231,595	29,176	369,168
At 30 June 2022	1,743,910	231,595	180,888	2,156,393
<b>Carrying amount</b>				
At 30 June 2022	4,746,941	1,621,166	5,839	6,373,946
<b>Cost</b>				
At 1 January 2020	6,490,851	-	186,727	6,677,578
Additions	-	-	-	-
At 30 June 2021	6,490,851	-	186,727	6,677,578
<b>Accumulated depreciation</b>				
At 1 January 2020	1,472,917	-	81,692	1,554,609
Depreciation for the financial period	162,596	-	70,020	232,616
At 30 June 2021	1,635,513	-	151,712	1,787,225
<b>Carrying amount</b>				
At 30 June 2021	4,855,338	-	35,015	4,890,353

- (a) The Group and the Company lease certain leasehold lands, buildings, motor vehicles and plant and machineries of which the leasing activities are summarised below:

Leasehold lands: The Group and the Company acquired the right to use the leasehold lands for 60 years expiring between years of 2053 and 2070.

Building: The Group and the Company acquired the right to use the building for 2 years.

Motor vehicles, plant and machineries: The Group and the Company have leased motor vehicles and plant and machineries under hire purchase arrangements. The leases are secured by the leased assets. The Group and the Company have options to purchase the asset at the expiry of the lease period for an insignificant amount.

- (b) Included in the right-of-use assets of the Group and of the Company at the end of the reporting period were leasehold lands with aggregate carrying amount of RM13,679,953 (2021: RM14,203,960) and RM3,628,855 (2021: RM3,713,956) respectively, which have been pledged to licensed banks as security for banking facilities granted to the Group and to the Company, as disclosed in Note 19.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 9. OTHER ASSETS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Profit guarantee receivable</u>				
At beginning of the year/period	-	6,189,520	-	6,189,520
Reversals	-	(6,189,520)	-	(6,189,520)
At end of the year/period	-	-	-	-

### Profit guarantee receivable

The above classification of the balance due from the Sellers of the share sale agreement ("SSA") entered into on 28 December 2016 by the Company to acquire the entire equity interest in Carlton Gardens Sdn. Bhd. ("CGSB") arose from the purchase consideration of RM9,500,000 which was satisfied by a combination of cash amounting to RM5,266,000 and the issuance of 7,300,000 new ordinary shares of the Company at an issue price of RM0.58 per share.

The SSA provides for a profit guarantee which is payable by the Sellers in the event that CGSB fails to achieve a profit before tax amounting to at least RM7,191,236 from the date of acquisition up to the financial year ended 31 December 2018. The profit guarantee is to be calculated based on any shortfall against the aforementioned profit before tax. Subsequently, the Company made its best estimate of the profit guarantee and recognised a profit guarantee receivable including interest accretion totalling RM6,189,520, being RM7,191,236 discounted over four years at 7.35% per annum to account for the timing of recovery of such receivable.

On 19 April 2018, the Company issued a Notice of Termination of SSA and had also obtained a court order to injunct the Company's shares which were issued for part settlement of the purchase consideration. During the financial year ended 31 December 2019, the Company commenced legal action against the Sellers for breach of SSA. On 10 December 2020, the Parties agreed to enter into a Settlement Agreement to fully settle all disputes and the terms and conditions of the said settlement was completed on 25 February 2021. The effect of the termination of the SSA and the completion of the Settlement Agreement has resulted in the net proceeds of RM22,778,553 received by the Company and have been disclosed in the (Loss)/Profit Before Taxation (Note 25) as 'Net proceeds from termination of Share Sale Agreement' after the reversal of the profit guarantee of RM6,189,520 recognised previously. The details are as follows:

	Group and Company 2021 RM
Proceeds from the share sales (which were originally slated to be returned by the Sellers)	38,943,593
Less:	
- Settlement sum paid to Sellers	(9,500,000)
- Settlement sum paid to liquidator of CGSB	(219,000)
- Other expenses paid	(256,520)
	(9,975,520)
Proceeds arising from the termination of Share Sale Agreement	28,968,073
Less: Profit guarantee receivable previously recognised	(6,189,520)
Net proceeds arising from the termination of Share Sale Agreement	22,778,553

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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## 10. INVENTORIES

	Group	
	2022 RM	2021 RM
Properties held for sale	1,005,679	1,644,045
Raw material	9,415,104	5,619,959
Finished goods	10,064,935	16,418,759
Stores and spares	1,849,291	1,662,160
	<b>22,335,009</b>	25,344,923
Allowance for inventories obsolescence	<b>(165,977)</b>	(241,446)
	<b>22,169,032</b>	25,103,477
<b>Allowance for inventories obsolescence:</b>		
At beginning of the year/period	<b>(241,446)</b>	(443,084)
Additions	<b>(137,646)</b>	(376,164)
Reversals to write-off	<b>78,514</b>	577,802
Reversal of allowance for inventories obsolescence	<b>134,601</b>	-
At end of the year/period	<b>(165,977)</b>	(241,446)
Recognised in profit or loss:		
Inventories recognised as cost of sales	<b>73,797,508</b>	84,479,410
Amount written down	<b>137,646</b>	376,164
Reversal of allowance for inventories obsolescence	<b>(134,601)</b>	-
Inventories written-off	-	432,648

## 11. TRADE RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Third parties:				
- project management	60,361,015	60,673,723	12,588,441	11,857,355
- project owners	34,336,575	21,273,134	-	-
- others	24,244,250	589,841,617	-	67,082,549
	<b>118,941,840</b>	671,788,474	<b>12,588,441</b>	78,939,904
Allowance for impairment losses	<b>(77,659,306)</b>	(63,650,931)	<b>(12,588,441)</b>	(11,857,355)
	<b>41,282,534</b>	608,137,543	-	67,082,549

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 11. TRADE RECEIVABLES (cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Allowance for impairment losses:</b>				
At beginning of the year/period	(63,650,931)	(247,072)	(11,857,355)	-
Impairment losses:				
- project management	(733,937)	(60,673,723)	(731,086)	(11,857,355)
- project owners	(15,036,434)	(2,783)	-	-
- others	(637,502)	(2,824,206)	-	-
	(16,407,873)	(63,500,712)	(731,086)	(11,857,355)
Reversals	2,349,872	96,853	-	-
Write-offs	49,626	-	-	-
At end of the year/period	(77,659,306)	(63,650,931)	(12,588,441)	(11,857,355)

- (a) The Group's and the Company's normal trade credit term range between 7 and 90 (2021: 7 and 90) days. Late interest is charged at 1.50% (2021: 1.50%) per month for sale of goods and are assessed on a case-by-case basis.
- (b) Included in trade receivables of the Group are retention sums totalling RM2,942,481 (2021: RM4,508,523).
- (c) Included in trade receivables – others of the Group and of the Company are amounts of RMNil (2021: RM561,122,581) and RMNil (2021: RM67,082,549), as disclosed in Note 35.7. The status of EPCC contracts have further developed to the extent that the termination clause of the Settlement Agreements has been triggered with the non-payment of the instalment due by 30 June 2022. Nonetheless, on 20 September 2022, Novation Agreements were entered into with the same parties and the Group and the Company had novated their liabilities due to the Sub-contractors, to the Project Owners ("Employer"). The Group's legal representative has agreed to be appointed as stakeholder for the purpose of payment, execution and/or administration of the Novation and Settlement Agreements. In the previous financial period, the balances due from Project Owners of Qatar and Oman projects are as explained in Note 35.7: Termination and Novation of the Contracts in relation to Qatar and Oman Projects, and were not set off with trade payables (Note 22(c)) of the same amount due to the provisions in the Settlement Agreements.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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## 12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Other receivables:					
- third parties		<b>13,711,731</b>	22,979,714	<b>654,499</b>	4,755,416
- related parties		<b>7,725,437</b>	-	<b>7,725,437</b>	-
Non-trade deposits		<b>1,594,840</b>	586,246	<b>479,041</b>	479,541
Trade deposits	35.11	<b>16,147,203</b>	14,428,414	-	-
Deposits for acquisition of a subsidiary	35.3	-	4,482,000	-	4,482,000
Deposits for investment of business venture	35.2	-	10,000,000	-	-
Prepayments		<b>5,414,500</b>	1,232,968	<b>109,280</b>	249,946
		<b>44,593,711</b>	53,709,342	<b>8,968,257</b>	9,966,903
Allowance for impairment losses:					
- financial assets		<b>(4,813,885)</b>	(10,671,015)	<b>(563,216)</b>	(4,723,695)
- non-financial assets		<b>(7,750,000)</b>	-	-	-
		<b>(12,563,885)</b>	(10,671,015)	<b>(563,216)</b>	(4,723,695)
		<b>32,029,826</b>	43,038,327	<b>8,405,041</b>	5,243,208
<b>Allowance for impairment losses:</b>					
<u>Financial assets</u>					
At beginning of the year/period		<b>(10,671,015)</b>	(7,057,078)	<b>(4,723,695)</b>	(4,194,239)
Additions		<b>(1,164,425)</b>	(3,645,436)	<b>(32,684)</b>	(530,093)
Write-offs		<b>7,021,555</b>	31,499	<b>4,193,163</b>	637
At end of the year/period		<b>(4,813,885)</b>	(10,671,015)	<b>(563,216)</b>	(4,723,695)
<u>Non-financial assets</u>					
At beginning of the year/period		-	-	-	-
Additions		<b>(7,750,000)</b>	-	-	-
At end of the year/period		<b>(7,750,000)</b>	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 13. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Contract assets</b>				
Contract assets relating to construction services	5,649,744	1,069	-	-
<b>Contract liabilities</b>				
Contract liabilities relating to:				
- Construction services	(60)	(379,083)	-	-
- Manufacturing activities	(508,920)	(1,150,742)	-	-
	(508,980)	(1,529,825)	-	-

- (a) The contract assets primarily relate to the Group's and the Company's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 30 (2021: 30) days.
- (b) The contract liabilities relate to advance considerations received from customers for EPC contracts and manufacturing activities of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 1 to 3 (2021: 1 to 3) months.
- (c) The changes to contract assets and contract liabilities balances during the financial year are summarised below:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At beginning of the year/period	(1,528,756)	162,972	-	199,486
Revenue recognised in profit or loss during the financial year/period:				
- Construction contracts	41,293,346	29,044,648	-	-
- Sale of goods	641,822	-	-	-
Billings to customers during the year/period	(33,403,443)	(30,736,376)	-	(199,486)
Allowance for impairment losses	(1,862,205)	-	-	-
At end of the year/period	5,140,764	(1,528,756)	-	-
Represented by:				
Contract assets	5,649,744	1,069	-	-
Contract liabilities	(508,980)	(1,529,825)	-	-
	5,140,764	(1,528,756)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 13. CONTRACT ASSETS/(LIABILITIES) (cont'd)

- (d) As at the end of the reporting year/period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of long-term contracts of the Group is RM650,277,043 (2021: RM395,579,707). These remaining performance obligations are expected to be recognised as below:

	Group	
	2022	Restated 2021
	RM	RM
Within 1 year*	273,900,653	150,048,824
Between 1 and 5 years	376,376,390	245,530,883
	<b>650,277,043</b>	<b>395,579,707</b>

- \* Included in the above is an aggregate amount of RM30,600,533 and RM386,154,894 (2021 – Restated: RM30,600,533 and RM300,884,894) for projects which are on-hold and projects which have yet to commence during the year/period, respectively.

## 14. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2022	2021
	RM	RM
<b>Amount owing by subsidiaries</b>		
Non-trade balances	75,133,502	55,978,446
Allowance of impairment losses	(15,609,790)	(3,379,612)
	<b>59,523,712</b>	<b>52,598,834</b>
<b>Allowance for impairment losses:</b>		
At beginning of the year/period	(3,379,612)	-
Additions	(12,230,178)	(3,379,612)
At end of the year/period	<b>(15,609,790)</b>	<b>(3,379,612)</b>
<b>Amount owing to a subsidiary</b>		
Non-trade balances	1,253,837	457,553

The amounts owing by/(to) subsidiaries are unsecured, bears interest at the rate of 3.50% (2021: 3.50%) per annum and are repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 15. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bear effective interest rates ranging from 1.50% to 1.95% (2021: 1.60% to 3.35%) per annum and 1.50% to 1.95% (2021: 1.60% to 3.35%) per annum respectively. The fixed deposits have maturity periods ranging from 1 to 36 (2021: 1 to 36) months and 1 to 36 (2021: 1 to 36) months for the Group and the Company respectively.
- (b) Included in the deposits placed with licensed banks of the Group and the Company, RM590,187 (2021: RM584,264) and RM419,021 (2021: 416,207) respectively are pledged as security for banking facilities granted to a subsidiary as disclosed in Note 19.

## 16. SHARE CAPITAL

	Group and Company			
	2022	2021	2022	2021
	Unit	Unit	RM	RM
<b>Issued and fully paid-up ordinary shares</b>				
At beginning of the year/period	490,610,000	85,882,500	152,268,754	85,913,168
Issuance of ordinary shares pursuant to:				
- private placement	91,427,532	36,750,000	41,763,207	66,885,000
- bonus issue	-	367,897,500	-	-
- conversion of Warrants B	-	80,000	-	141,600
	91,427,532	404,727,500	41,763,207	67,026,600
Less:				
- share issue expenses	-	-	(408,272)	(671,014)
- capital reduction	-	-	(40,000,000)	-
	-	-	(40,408,272)	(671,014)
	582,037,532	490,610,000	153,623,689	152,268,754

During the financial year, the Company increased its issued and paid-up share capital from RM152,268,754 to RM153,623,689 by way of:

- (a) Private placement exercise of up to 20% of the enlarged number of issued shares of the Company representing approximately 147,158,999 new shares. The total new shares issued were 91,427,532 with an aggregate amount of RM41,763,207 with share issue expenses of RM408,272, are as follows:
- (i) On 27 August 2021, the Company issued a total of 10,789,332 shares at an issue price of RM0.5823 per placement share;
  - (ii) On 13 September 2021, the Company issued a total of 24,638,200 shares at an issue price of RM0.5675 per placement share; and
  - (iii) On 14 October 2021, the Company issued a total of 56,000,000 shares at an issue price of RM0.3839 per placement share.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 16. SHARE CAPITAL (cont'd)

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

- (b) A capital reduction of RM40,000,000, via the cancellation of RM40,000,000 of the issued and paid-up share capital of the Company and that the credit arising from such share capital reduction shall be used to eliminate the accumulated losses of the Company pursuant to Section 116 of the Companies Act 2016. On 21 October 2021, the Company received the signed and sealed Court Order to effect the capital reduction exercise.

## 17. FOREIGN EXCHANGE TRANSLATION RESERVES

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

	Group	
	2022 RM	2021 RM
At beginning of the year/period	(45,188)	98
Foreign currency translation differences	(803,757)	(45,286)
At end of the year/period	(848,945)	(45,188)

## 18. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Non-current</u>				
Other liabilities	152,129	181,350	7,418	45,215
	152,129	181,350	7,418	45,215
<u>Current</u>				
Other payables – third parties	484,079	1,465,004	122,183	449,011
Accruals	2,165,406	9,794,202	472,836	2,428,761
Deposits received	1,783,090	712,700	-	-
Deposits received from a subsidiary	-	-	43,200	43,200
	4,432,575	11,971,906	638,219	2,920,972
	4,584,704	12,153,256	645,637	2,966,187



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 19. BANK BORROWINGS

	Group	
	2022	2021
	RM	RM
<b>Short-term borrowings (Secured):</b>		
Bankers' acceptances	19,072,568	14,926,000
Revolving credits	-	8,930,133
Term loans	2,711,830	2,841,401
	<b>21,784,398</b>	26,697,534
<b>Long-term borrowings (Secured):</b>		
Revolving credits	-	2,265,856
Term loans	23,139,453	13,638,220
	<b>23,139,453</b>	15,904,076
<b>Total borrowings (Secured):</b>		
Bankers' acceptances	19,072,568	14,926,000
Revolving credits	-	11,195,989
Term loans	25,851,283	16,479,621
	<b>44,923,851</b>	42,601,610

- (a) The details of bankers' acceptances are as follows:

Bankers' acceptances I were drawn down under conventional loan facility and is secured by a first legal charge over certain leasehold lands of the Company, as disclosed in Note 8, together with the buildings thereon of the Group as disclosed in Note 7, and corporate guarantee by the Company. Interest is charged at 1.25% (2021: 1.25%) per annum above the licensed bank's Cost of Fund.

Bankers' acceptances II were drawn down under Islamic loan facility and is secured by a first party first legal charge over a leasehold land of a subsidiary, as disclosed in Note 8, together with the buildings thereon of the Group as disclosed in Note 7, and corporate guarantee by the Company. Interest is charged at 1.25% (2021: Not applicable) per annum above the licensed bank's Prevailing Islamic Money Market Rate.

- (b) As at the end of the financial year, there was no bank overdraft balance, however the facility is still available. Bank overdraft is secured by pledge of a fixed deposit as disclosed in Note 15 and corporate guarantee by a subsidiary. Interest is charged at 1.25% (2021: 1.25%) per annum above the licensed bank's Base Lending Rate.
- (c) Revolving credit was drawn down under Commodity Murabahah Revolving Financing-I (CMRF-i) and is secured by a debenture incorporating fixed and floating charge over all the assets and a first party third legal charge over a leasehold land of a subsidiary, as disclosed in Note 8, together with the building thereon of the Group as disclosed in Note 7, and corporate guarantee by the Company. Interest is charged at 0.50% (2021: 0.50%) per annum above the licensed bank's Base Financing Rate.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 19. BANK BORROWINGS (cont'd)

(d) The details of term loans are as follows:

Term loan I is secured by a first legal charge over a leasehold land of the Company, as disclosed in Note 8, together with the building thereon of the Group as disclosed in Note 7, and corporate guarantee by the Company. Interest is charged at 1.00% (2021: 1.00%) per annum below the licensed bank's Base Lending Rate.

Term loan II is secured by a first party first legal charge over a leasehold land of a subsidiary, as disclosed in Note 8, together with the building thereon of the Group as disclosed in Note 7, and a first or third party letter of set-off over fixed deposit pledged as disclosed in Note 15, and corporate guarantee by the Company. Interest is charged at 2.20% (2021: 2.20%) per annum below the licensed bank's Base Lending Rate.

Term loan III was drawn down under Commodity Murabahah Term Financing-i (CMTF-i) and is secured by a debenture incorporating fixed and floating charge over all the assets and a first legal charge over a leasehold land of a subsidiary, as disclosed in Note 8, together with the building thereon of the Group as disclosed in Note 7, and corporate guarantee by the Company. Interest is charged at 0.50% (2021: 0.50%) per annum above the licensed bank's Base Financing Rate.

Term loan IV arose from the conversion of the payment of arrears of Term loan III during the moratorium period under the existing CMTF-i. Interest is charged at 4.00% (2021: 4.00%) per annum above the licensed bank's Base Financing Rate.

Term loan V arise from the settlement of revolving credits, Term loan III and Term loan IV during the financial year. Term loan V was drawn down under Tawarruq Term Financing-I and is secured by a first party legal charge over a leasehold land of a subsidiary as disclosed in Note 8, together with the building thereon of the Group as disclosed in Note 7, and corporate guarantee by the Company. Interest is charged at 1.25% (2021: Not applicable) per annum above effective profit rate of Islamic Cost of Fund (iCOF) with a minimum rate of 4.00% (2021: Not applicable) per annum or such other minimum rate as may be prescribed by the bank not exceeding ceiling profit rate of 12.00% (2021: Not applicable) per annum.

(e) The repayment terms of term loans are as follows:

	Group	
	2022	2021
	RM	RM
Repayment terms		
- not later than 1 year	2,711,830	2,841,401
- later than 1 year and not later than 5 years	12,133,299	4,902,921
- later than 5 years	11,006,154	8,735,299
	<b>25,851,283</b>	16,479,621

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 20. LEASE LIABILITIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At beginning of the year/period	1,433,366	1,144,795	61,981	111,192
Additions	3,605,361	1,012,000	1,852,761	-
Interest expenses recognised in profit or loss	119,963	101,729	18,013	6,175
Repayment of principal	(946,466)	(723,429)	(258,912)	(49,211)
Repayment of interest expenses	(119,963)	(101,729)	(18,013)	(6,175)
At end of the year/period	4,092,261	1,433,366	1,655,830	61,981
Analysed by:				
Current liabilities	1,481,501	573,388	944,738	34,832
Non-current liabilities	2,610,760	859,978	711,092	27,149
	4,092,261	1,433,366	1,655,830	61,981

The repayment terms of lease liabilities are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Minimum lease payments				
- not later than 1 year	1,635,163	626,826	987,655	36,924
- later than 1 year and not later than 5 years	2,657,333	852,092	720,000	27,655
- later than 5 years	146,957	75,584	-	-
Total minimum lease payments	4,439,453	1,554,502	1,707,655	64,579
Less: Future finance charges on lease liabilities	(347,192)	(121,136)	(51,825)	(2,598)
Present value of lease liabilities	4,092,261	1,433,366	1,655,830	61,981

Lease liabilities of the Group and of the Company are secured by the Group's and the Company's motor vehicles and plant and machineries under the hire purchase arrangements as disclosed in Note 8, with lease terms ranging from 5 to 7 (2021: 5 to 7) years and bear effective interest rates ranging from 2.12% to 6.55% (2021: 2.12% to 6.55%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 21. DEFERRED TAX LIABILITIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At beginning of the year/period	-	-	-	-
Acquisition of a subsidiary (Note 5(a))	(597,254)	-	-	-
Recognised in the statements of profit or loss and other comprehensive income	-	-	-	-
At end of the year/period	(597,254)	-	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	2,111,827	2,734,752	60,882	7,068
Deferred tax liabilities	(2,709,081)	(2,734,752)	(60,882)	(7,068)
	(597,254)	-	-	-

The components and movements of deferred tax assets and liabilities during the financial year/period prior to offsetting are as follows:

Group	Freehold land and building RM	Capital allowance in excess of depreciation RM	Total RM
<b>Deferred tax liabilities</b>			
At 1 January 2020	-	(3,110,030)	(3,110,030)
Recognised in the statements of profit or loss and other comprehensive income	-	375,278	375,278
At 30 June 2021	-	(2,734,752)	(2,734,752)
Recognised in the statements of profit or loss and other comprehensive income	-	622,925	622,925
Acquisition of a subsidiary (Note 5(a))	(597,254)	-	(597,254)
At 30 June 2022	(597,254)	(2,111,827)	(2,709,081)
<b>Deferred tax assets</b>			
At 1 January 2020	2,801,774	308,256	3,110,030
Recognised in the statements of profit or loss and other comprehensive income	(1,922,102)	1,546,824	(375,278)
At 30 June 2021	879,672	1,855,080	2,734,752
Recognised in the statements of profit or loss and other comprehensive income	(316,000)	(306,925)	(622,925)
At 30 June 2022	563,672	1,548,155	2,111,827

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 21. DEFERRED TAX LIABILITIES (cont'd)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (cont'd)

Company	Capital allowance in excess of depreciation	Total
Deferred tax liabilities	RM	RM
At 1 January 2020	(3,455)	(3,455)
Recognised in the statement of profit or loss and other comprehensive income	(3,613)	(3,613)
At 30 June 2021	(7,068)	(7,068)
Recognised in the statement of profit or loss and other comprehensive income	<b>(53,814)</b>	<b>(53,814)</b>
At 30 June 2022	<b>(60,882)</b>	<b>(60,882)</b>

Deferred tax assets	Other deductible temporary differences	Total
	RM	RM
At 1 January 2020	3,455	3,455
Recognised in the statement of profit or loss and other comprehensive income	3,613	3,613
At 30 June 2021	7,068	7,068
Recognised in the statement of profit or loss and other comprehensive income	<b>53,814</b>	<b>53,814</b>
At 30 June 2022	<b>60,882</b>	<b>60,882</b>

## 22. TRADE PAYABLES

- (a) The normal trade credit term granted to the Group and to the Company ranged from 30 and 90 (2021: 30 and 90) days.
- (b) Included in trade payables of the Group are retention sum payables totalling RM5,468,198 (2021: RM4,094,279).
- (c) Included in trade payables of the Group and of the Company are amounts of RMNil (2021: RM561,122,581) and RMNil (2021: RM67,082,549), as disclosed in Note 35.7. The status of EPCC contracts have further developed to the extent that the termination clause of the Settlement Agreements has been triggered with the non-payment of the instalment due by 30 June 2022. Nonetheless, on 20 September 2022, Novation Agreements were entered into with the same parties and the Group and the Company had novated their liabilities due to the Sub-contractors, to the Project Owners ("Employer"). The Group's legal representative has agreed to be appointed as stakeholder for the purpose of payment, execution and/or administration of the Novation and Settlement Agreements. In the previous financial period, the balances due to Sub-contractors of Qatar and Oman projects are as explained in Note 35.7: Termination and Novation of the Contracts in relation to Qatar and Oman Projects, and were not set off with trade receivables (Note 11(c)) of the same amount due to the provisions in the Settlement Agreements.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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## 23. REVENUE

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
<u>Revenue from Contracts with Customers</u>				
Sale of goods	85,862,161	105,696,449	-	-
Construction contracts	41,293,346	#29,044,648	-	-
Sale of properties	707,000	-	-	-
Project management fees	566,830	#64,223,196	-	#17,847,637
	<b>128,429,337</b>	198,964,293	-	17,847,637
<u>Revenue from Other Sources</u>				
Management fees from subsidiaries	-	-	4,942,815	6,203,761
Rental income	-	-	264,000	396,000
	-	-	<b>5,206,815</b>	6,599,761
	<b>128,429,337</b>	198,964,293	<b>5,206,815</b>	24,447,398

The other information on the disaggregation of revenue is disclosed in Note 32.

### # Construction contracts

In the previous financial period, following the Settlement Agreements signed on 10 November 2021 for six (Company: two) projects carried out in Qatar and Oman, the directors of the Company have resolved to reclassify the transactions relating to the said six (Company: two) projects and two (Company: one) projects based in Indonesia as project management fee instead of construction contracts. Notwithstanding the settlement agreements, limited management control of the projects based overseas; restrictions of movement in those locations caused by the Covid-19 pandemic and conformity with MFRS 15 in accounting for contracts have contributed to the directors' decision for re-classification. Set out below are the details of the current disclosures in comparison with the figures if the previous basis of construction contracts were applied:

	Current disclosures		Previous basis	
	Group	Company	Group	Company
	Financial period from 1.1.2020 to 30.6.2021	Financial period from 1.1.2020 to 30.6.2021	Financial period from 1.1.2020 to 30.6.2021	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
<u>Revenue from contracts with customers</u>				
Project management fees	64,223,196	17,847,637	-	-
Constructions contracts	29,044,648	-	748,551,678	125,045,612
	93,267,844	17,847,637	748,551,678	125,045,612
<u>Cost of sales</u>				
Project management fees	-	-	-	-
Constructions contracts	27,606,378	-	682,890,212	107,197,975
	27,606,378	-	682,890,212	107,197,975

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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## 24. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
Impairment losses:				
- trade receivables	16,407,873	63,500,712	731,086	11,857,355
- other receivables	1,164,425	3,645,436	32,684	530,093
- contract assets	1,862,205	-	-	-
- amount owing by subsidiaries	-	-	12,230,178	3,379,612
Reversal of impairment losses:				
- trade receivables	(2,349,872)	(96,853)	-	-
	<b>17,084,631</b>	<b>67,049,295</b>	<b>12,993,948</b>	<b>15,767,060</b>

## 25. LOSS/(PROFIT) BEFORE TAXATION

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
(Loss)/profit before taxation is arrived at after charging/(crediting):				
Auditors' remuneration:				
(a) Auditors of the Company				
i. Statutory (restated)				
- current year/period	300,000	369,209	102,000	84,000
- underprovision in prior period/year	50,000	-	20,000	-
(b) Other auditors				
i. Statutory				
- current year/period	12,000	125,720	-	30,000
- underprovision in prior years	-	20,000	-	13,000
Consultancy fee for software and hardware integration*	1,039,000	-	1,039,000	-
Depreciation of property, plant and equipment	3,366,153	4,576,534	144,890	71,410
Depreciation of right-of-use assets	1,566,503	1,423,701	369,168	232,616

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 25. LOSS/(PROFIT) BEFORE TAXATION (cont'd)

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
(Loss)/profit before taxation is arrived at after charging/ (crediting): (cont'd)				
Directors' remuneration (Note 30(a)):				
- fees	310,800	429,000	310,800	429,000
- salaries, bonuses and allowances	1,521,117	1,906,296	1,020,689	1,413,408
- E.I.S. contribution	285	308	95	142
- E.P.F. contribution	161,918	203,072	103,593	145,098
- SOCSO contribution	2,487	2,693	829	1,243
Feasibility studies and consultation expense on Hydropower Projects*	23,744,800	-	12,744,800	-
Impairment of investment in an associate	300,000	-	-	-
Impairment of other receivables – non-financial assets	7,750,000	-	-	-
Interest expense on financial liabilities that are not fair value through profit or loss:				
- amount owing to subsidiaries	-	-	35,230	44,145
- bank overdraft	1,114	24	-	24
- bankers' acceptances	532,554	584,952	-	-
- revolving credits	63,173	975,583	-	-
- term loans	1,125,843	1,235,886	-	-
- other interest expense	-	267	-	267
Interest expenses on lease liabilities	119,963	101,729	18,013	6,175
Inventories written down	137,646	376,164	-	-
Inventories written-off	-	432,648	-	-
Investment in a subsidiary written-off	-	-	-	323,992
Property, plant and equipment written-off	938	2,240	-	-
Realised foreign exchange loss	9,251	625,501	-	376,679
Rental expense on:				
(a) short-term lease				
- land and buildings	966,835	1,110,000	720,000	675,000
- plant and machineries	263,525	374,939	-	-
(b) low value assets				
- office equipment	116,416	129,793	24,573	40,270

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 25. LOSS/(PROFIT) BEFORE TAXATION (cont'd)

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
(Loss)/profit before taxation is arrived at after charging/ (crediting): (cont'd)				
Staff costs (including other key management personnel as disclosed in Note 30(b)):				
- salaries, wages, bonuses and allowances	11,956,148	19,030,391	2,844,770	4,367,957
- E.I.S. contribution	18,594	26,180	3,625	4,596
- E.P.F. contribution	1,317,559	2,106,688	318,367	494,559
- SOCSO contribution	163,420	228,450	31,706	40,846
- others	440,974	574,777	165,116	261,276
Tender and consultation expense*	660,400	1,609,698	-	1,551,398
Visibility study expense for 3D printer*	1,000,000	-	-	-
Bargain purchase arising from acquisition of a subsidiary	(2,383,883)	-	-	-
Gain on disposal of property, plant and equipment	-	(28,781)	-	(15,999)
Interest income on financial assets measured at amortised cost:				
- amount owing by subsidiaries	-	-	(1,751,981)	(1,114,081)
- bank balances	(52,423)	(465,420)	-	-
- fixed deposits with licensed banks	(407,981)	(214,657)	(404,823)	(209,600)
Net proceeds from termination of Share Sale Agreement	-	(22,778,553)	-	(22,778,553)
Overprovision of agent fees relating to EPCC projects	(5,723,834)	-	(1,243,883)	-
Realised foreign exchange gain	(6,349)	-	(6,349)	-
Rental income	-	-	(264,000)	(396,000)
Reversal of allowance for inventories obsolescence	(134,601)	-	-	-
Share of loss/(profit) in equity accounted associate	2,548	(2,548)	-	-
Unrealised foreign exchange gain	(1,513,412)	(148,069)	(763,770)	(8,163)

\* Included in the above is an aggregate amount of RM26,444,200 and RM13,783,800 (2021: RM1,609,698 and 1,551,398) of the Group and of the Company which have been expensed off to profit and loss, which include expenses related to secure tendered projects or investments, feasibility studies and consultant fees for project related advisory services.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 26. TAXATION

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
Income tax:				
- Current tax expenses				
- Malaysian tax	326,622	254,432	-	240,000
- Foreign tax	-	9,702,602	-	3,405,776
- Overprovision in prior period/year	(10,008,645)	(25,754)	(3,448,144)	(45,218)
	<b>(9,682,023)</b>	9,931,280	<b>(3,448,144)</b>	3,600,558

Reconciliations of income tax expense applicable to results of the Group and of the Company at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
(Loss)/profit before taxation	<b>(53,439,291)</b>	5,722,067	<b>(29,138,684)</b>	18,449,129
Tax at the statutory tax rate of 24% (2021: 24%)	<b>(12,825,430)</b>	1,373,296	<b>(6,993,284)</b>	4,427,791
Tax effects of:				
Tax exempt income	-	(1,151,696)	-	(1,151,696)
Non-taxable income	<b>(2,226,699)</b>	(5,676,423)	<b>(481,837)</b>	(5,580,979)
Non-deductible expenses	<b>10,748,871</b>	13,529,020	<b>5,332,565</b>	4,318,420
Utilisation of capital allowances and tax losses not recognised previously	<b>(989,441)</b>	(579,534)	-	-
Deferred tax movements not recognised during the year	<b>5,619,321</b>	2,399,757	<b>2,142,556</b>	1,632,240
Differential in tax rate	-	62,614	-	-
Overprovision of income tax in prior period/year	<b>(10,008,645)</b>	(25,754)	<b>(3,448,144)</b>	(45,218)
Income tax expense for the year/period	<b>(9,682,023)</b>	9,931,280	<b>(3,448,144)</b>	3,600,558



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 26. TAXATION (cont'd)

Subject to the agreement by Inland Revenue Board, the amount of temporary differences as at the end of the reporting year/period are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unutilised capital allowances	11,989,774	12,431,414	640,059	480,716
Unabsorbed tax losses	13,110,104	11,997,075	1,886,463	1,221,203
Other deductible temporary differences	92,392,912	73,773,141	28,700,359	20,597,647
	<b>117,492,790</b>	<b>98,201,630</b>	<b>31,226,881</b>	<b>22,299,566</b>
Deferred tax assets not recognised in respect of the above temporary differences due to uncertainties of realisation of profits	28,198,270	23,568,390	7,494,451	5,351,895

The unabsorbed tax losses are allowed to be utilised for 10 (2021: 7) consecutive years of assessment while the unutilised capital allowances are allowed to be carried forward indefinitely.

The Group's unabsorbed tax losses of RM4,096,666, RM411,553, RM587,271, RM3,305,284 and RM4,709,330 can be carried forward up to YA2028, YA2029, YA2030, YA2031 and YA2032 (2021: RM6,471,764, RM411,583, RM587,271 and RM4,526,487 can be carried forward up to YA2025, YA2026, YA2027 and YA2028) respectively.

## 27. LOSS PER SHARE

	Group	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
Loss attributable to owners of the Company (RM)	(43,599,366)	(4,187,910)
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at beginning of the year/period	490,610,000	85,882,500
Effect of private placement during the year/period	68,637,892	25,530,165
Effect of bonus issue during the year/period	-	334,237,994
Effect of exercise of Warrants B during the year/period	-	15,649
Weighted average number of ordinary shares at the end of the year/period	559,247,892	445,666,308
Basic loss per share (Sen)	(7.80)	(0.94)
Diluted loss per share (Sen)	(7.80)	(0.94)

The warrants are anti-dilutive and hence, the diluted earnings per share is equal to the basic earnings per share.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 28. DIVIDEND PAID

	Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM
First interim single tier dividend of 2.30 sen per ordinary share on 122,632,500 ordinary shares, declared on 27 August 2020 and paid on 30 September 2020 in respect of financial period ended 31 December 2020.	-	2,820,548
Second interim single tier dividend of 3.00 sen per ordinary share on 122,632,500 ordinary shares, declared on 26 November 2020 and paid on 29 January 2021 in respect of financial period ended 31 December 2020.	-	3,678,975
Third interim single tier dividend of 1.90 sen per ordinary share on 490,530,000 ordinary shares, declared on 25 February 2021 and paid on 30 March 2021 in respect of financial period ended 31 December 2020.	-	9,320,070
	-	15,819,593

## 29. CASH FLOW INFORMATION

(a) The cash disbursed for the additions of right-of-use assets is as follows:

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
Cost of right-of-use assets added (Note 8)	3,889,781	1,179,087	1,852,761	-
Less: Additions of new lease liabilities (Note (b) below)	(3,605,361)	(1,012,000)	(1,852,761)	-
Cash disbursed for new of right-of-use assets	284,420	167,087	-	-

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 29. CASH FLOW INFORMATION (cont'd)

(b) The reconciliations of liabilities arising from financing activities are as follows:

	Bankers' acceptances RM	Revolving credits RM	Term loans RM	Lease liabilities RM	Total RM
<b>Group</b>					
<b>2022</b>					
At 1 July 2021	14,926,000	11,195,989	16,479,621	1,433,366	44,034,976
<u>Changes in financing cash flows</u>					
Proceeds from drawdown	34,230,076	-	14,927,786	-	49,157,862
Repayment of principal	(30,083,508)	(11,195,989)	(5,556,124)	(946,466)	(47,782,087)
Repayment of interests	(532,554)	(63,173)	(1,125,843)	(119,963)	(1,841,533)
	3,614,014	(11,259,162)	8,245,819	(1,066,429)	(465,758)
<u>Non-cash changes</u>					
Acquisition of a new lease (Note (a) above)	-	-	-	3,605,361	3,605,361
Interest expense recognised in profit or loss	532,554	63,173	1,125,843	119,963	1,841,533
	532,554	63,173	1,125,843	3,725,324	5,446,894
At 30 June 2022	19,072,568	-	25,851,283	4,092,261	49,016,112
<b>2021</b>					
At 1 January 2020	9,254,000	8,383,258	18,643,446	1,144,795	37,425,499
<u>Changes in financing cash flows</u>					
Proceeds from drawdown	31,412,622	3,683,756	-	-	35,096,378
Repayment of principal	(25,740,622)	(871,025)	(2,163,825)	(723,429)	(29,498,901)
Repayment of interests	(584,952)	(975,583)	(1,235,886)	(101,729)	(2,898,150)
	5,087,048	1,837,148	(3,399,711)	(825,158)	2,699,327
<u>Non-cash changes</u>					
Acquisition of a new lease (Note (a) above)	-	-	-	1,012,000	1,012,000
Interest expense recognised in profit or loss	584,952	975,583	1,235,886	101,729	2,898,150
	584,952	975,583	1,235,886	1,113,729	3,910,150
At 30 June 2021	14,926,000	11,195,989	16,479,621	1,433,366	44,034,976

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 29. CASH FLOW INFORMATION (cont'd)

(b) The reconciliations of liabilities arising from financing activities are as follows: (cont'd)

	Lease liabilities RM	Total RM
<b>Company</b>		
<b>2022</b>		
At 1 July 2021	61,981	61,981
<u>Changes in financing cash flows</u>		
Repayment of principal	(258,912)	(258,912)
Repayment of interests	(18,013)	(18,013)
	(276,925)	(276,925)
<u>Non-cash changes</u>		
Acquisition of a new lease (Note (a) above)	1,852,761	1,852,761
Interest expense recognised in profit or loss	18,013	18,013
	1,870,774	1,870,774
At 30 June 2022	1,655,830	1,655,830
<b>2021</b>		
At 1 January 2020	111,192	111,192
<u>Changes in financing cash flows</u>		
Repayment of principal	(49,211)	(49,211)
Repayment of interests	(6,175)	(6,175)
	(55,386)	(55,386)
<u>Non-cash changes</u>		
Interest expense recognised in profit or loss	6,175	6,175
	6,175	6,175
At 30 June 2021	61,981	61,981

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 29. CASH FLOW INFORMATION (cont'd)

(c) The total cash outflows for leases as a lessee are as follows:

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
Interest paid on lease liabilities	119,963	101,729	18,013	6,175
Payment of lease liabilities	946,466	723,429	258,912	49,211
	<b>1,066,429</b>	825,158	<b>276,925</b>	55,386

(d) The cash and cash equivalents comprise the following:

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
Fixed deposits with licensed banks	15,888,607	20,675,141	15,717,441	20,507,084
Cash and bank balances	20,347,004	18,346,075	320,513	310,853
	<b>36,235,611</b>	39,021,216	<b>16,037,954</b>	20,817,937
Less: Fixed deposits pledged to licensed banks (Note 15(b))	(590,187)	(584,264)	(419,021)	(416,207)
	<b>35,645,424</b>	38,436,952	<b>15,618,933</b>	20,401,730



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

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## 30. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year/period are as follows:

### (a) Directors

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	310,800	429,000	310,800	429,000
- salaries, bonuses and other benefits	1,020,689	1,413,408	1,020,689	1,413,408
- E.P.F. contribution	103,593	145,098	103,593	145,098
- E.I.S. contribution	95	142	95	142
- SOCSO contribution	829	1,243	829	1,243
	<b>1,436,006</b>	1,988,891	<b>1,436,006</b>	1,988,891
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	500,428	492,888	-	-
- E.P.F. contribution	58,325	57,974	-	-
- E.I.S. contribution	190	166	-	-
- SOCSO contribution	1,658	1,450	-	-
	<b>560,601</b>	552,478	-	-
Total directors' remuneration (Note 25)	<b>1,996,607</b>	2,541,369	<b>1,436,006</b>	1,988,891
Estimated monetary value of benefits-in-kind	8,800	13,200	-	-

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 30. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

### (a) Directors (cont'd)

The detailed remuneration of each named director at Group and subsidiary levels during the current financial year is as follows:

	Fees RM	Salaries, bonuses and other benefits RM	E.P.F. contribution RM	E.I.S. contribution RM	SOCSSO contribution RM	Total RM
<b>Group level</b>						
Rosland Bin Othman	37,200	873,249	103,593	95	829	1,014,966
Ku Chong Hong*	13,200	8,880	-	-	-	22,080
YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	74,400	19,600	-	-	-	94,000
YBhg. Datu Haji Abdul Hadi Bin Datuk Abdul Kadir	37,200	21,560	-	-	-	58,760
YBhg. Datu Haji Soedirman Bin Haji Aini	37,200	24,200	-	-	-	61,400
Sr. Mohd Nazri Bin Mat Noor	37,200	16,460	-	-	-	53,660
Shamsul Anuar Bin Ahamad Ibrahim	37,200	32,420	-	-	-	69,620
Noor Azri Bin Dato' Sri Noor Azerai*	13,200	4,920	-	-	-	18,120
YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak*	24,000	19,400	-	-	-	43,400
	<b>310,800</b>	<b>1,020,689</b>	<b>103,593</b>	<b>95</b>	<b>829</b>	<b>1,436,006</b>
<b>Subsidiary level</b>						
Chai Tze Khang	-	308,888	35,871	95	829	345,683
Rashidi Bin Jamani	-	191,540	22,454	95	829	214,918
	-	500,428	58,325	190	1,658	560,601
	<b>310,800</b>	<b>1,521,117</b>	<b>161,918</b>	<b>285</b>	<b>2,487</b>	<b>1,996,607</b>

\* The directors' remuneration have been accounted for from their respective dates of appointment and/or until their dates of resignation.

Save from the above, no other director has received or become entitled to receive any benefit from the Group.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 30. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

### (b) Key management personnel

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
Short-term employee benefits:				
- salaries, bonuses and other benefits	1,209,032	1,526,238	957,732	1,303,199
- E.P.F. contribution	142,404	180,364	112,668	154,132
- E.I.S. contribution	380	498	285	426
- SOCSO contribution	3,314	4,350	2,485	3,729
Total compensation for key management personnel	1,355,130	1,711,450	1,073,170	1,461,486
Estimated monetary value of benefits-in-kind	17,600	1,711,450	17,600	10,266

## 31. RELATED PARTY DISCLOSURES

### (a) Identities of related parties

Parties are considered to be related to the Group 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.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 31. RELATED PARTY DISCLOSURES (cont'd)

### (b) Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year/period:

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
Interest expense paid or payable to subsidiaries				
- SCIB Concrete Manufacturing Sdn. Bhd.	-	-	33,899	43,702
- SCIB International (Labuan) Ltd.	-	-	-	443
- SCIB Properties Sdn. Bhd.	-	-	1,331	-
Interest income from subsidiaries				
- SCIB Holdings Sdn. Bhd.	-	-	(21,201)	-
- SCIB Industrialised Building System Sdn. Bhd.	-	-	(281,055)	(92)
- SCIB Infracore Sdn. Bhd.	-	-	(11,980)	(469)
- SCIB International (Labuan) Ltd.	-	-	(1,029,965)	(1,113,520)
- SCIB LW System Sdn. Bhd.	-	-	(5)	-
- SCIB Properties Sdn. Bhd.	-	-	(407,775)	-
Management fees received or receivable from subsidiaries				
- SCIB Concrete Manufacturing Sdn. Bhd.	-	-	(2,960,071)	(4,438,399)
- SCIB Holdings Sdn. Bhd.	-	-	(46,418)	(70,957)
- SCIB Industrialised Building System Sdn. Bhd.	-	-	(684,385)	(803,873)
- SCIB Infracore Sdn. Bhd.	-	-	(46,418)	(70,957)
- SCIB International (Labuan) Ltd.	-	-	(46,418)	(70,957)
- SCIB Properties Sdn. Bhd.	-	-	(1,159,105)	(748,618)
Rental income from a subsidiary				
- SCIB Concrete Manufacturing Sdn. Bhd.	-	-	(264,000)	(396,000)

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 31. RELATED PARTY DISCLOSURES (cont'd)

### (b) Related Party Transactions and Balances (cont'd)

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year/period: (cont'd)

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
Insurance premium paid or payable to a related party				
- Transnational Insurance Brokers (M) Sdn. Bhd.	562,342	823,571	101,984	114,252
Purchase of safety personal protective equipment from an associate				
- Edaran Kencana Sdn. Bhd.	18,138	3,636	-	-
Purchase of property, plant and equipment from an associate				
- Edaran Kencana Sdn. Bhd.	-	901,054	-	-
Consultation fees paid or payable to an associate				
- Edaran Kencana Sdn. Bhd.	200,000	1,551,398	-	-
Rendering of construction services to an associate				
- Edaran Kencana Sdn. Bhd.	-	(14,855,231)	-	-
Construction and progress claims of batching plant payable to an associate				
- Edaran Kencana Sdn. Bhd.	-	(237,744)	-	-

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

The outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

The key management personnel compensation of the Group and of the Company, including executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company, have been disclosed in Note 30.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 32. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Senior Management as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 4 main reportable segments as follows:

- Corporate Segment – involved in the provision of management services and investment holding.
  - Manufacturing Segment – involved in the manufacturing and sale of precast concrete pipes, prestressed spun concrete piles and other related concrete products as well as the manufacturing, supplying and installations of prefabricated Lightweight Systems products.
  - Property Trading Segment – involved in the business of investing, developing, dealing and trading of properties.
  - Construction/EPCC Segment/Project Management Segment – involved in the supply and installation of industrialised building system components, construction contracts, engineering, procurement, construction and commissioning (“EPCC”) which includes, among others, piping system, process control and instrumentation, equipment installation, road construction, road maintenance and other related services.
- (a) The Group Senior Management assesses the performance of the reportable segments based on their profit before taxation. The accounting policies of the reportable segments are the same as the Group’s accounting policies.
- (b) Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between operating segments are at arm’s length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 32. OPERATING SEGMENTS (cont'd)

### 32.1 BUSINESS SEGMENTS

	Corporate RM	Manufacturing RM	Property trading RM	Construction/ EPCC/project management RM	Consolidation adjustments and elimination RM	Group RM
<b>Financial year from 1.7.2021 to 30.6.2022</b>						
<b>Revenue</b>						
External revenue	-	85,862,161	707,000	41,860,176	-	128,429,337
Inter-segment revenue	5,206,815	86,403	-	2,498,650	(7,791,868)	-
	<b>5,206,815</b>	<b>85,948,564</b>	<b>707,000</b>	<b>44,358,826</b>	<b>(7,791,868)</b>	<b>128,429,337</b>
Represented by:						
<u>Revenue recognised at a point of time</u>						
- Sale of goods	-	85,948,564	-	-	(86,403)	85,862,161
- Sale of properties	-	-	707,000	-	-	707,000
<u>Revenue recognised over time</u>						
- Construction services	-	-	-	41,293,346	-	41,293,346
- Project management fee	-	-	-	566,830	-	566,830
<u>Revenue from other sources</u>						
- Management fees from subsidiaries	4,942,815	-	-	2,498,650	(7,441,465)	-
- Rental income	264,000	-	-	-	(264,000)	-
	<b>5,206,815</b>	<b>85,948,564</b>	<b>707,000</b>	<b>44,358,826</b>	<b>(7,791,868)</b>	<b>128,429,337</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 32. OPERATING SEGMENTS (cont'd)

### 32.1 BUSINESS SEGMENTS (cont'd)

	Corporate RM	Manufacturing RM	Property trading RM	Construction/ EPCC/project management RM	Consolidation adjustments and elimination RM	Group RM
<b>Financial year from 1.7.2021 to 30.6.2022</b>						
<b>Results</b>						
Segment (loss)/ profit	(11,357,730)	1,539,699	19,456	(49,184,935)	12,669,152	(46,314,358)
Finance costs	(74,444)	(1,770,908)	-	(2,713,130)	2,715,835	(1,842,647)
Share of loss in equity accounted associate	-	-	-	-	(2,548)	(2,548)
	(11,432,174)	(231,209)	19,456	(51,898,065)	15,382,439	(48,159,553)
Corporate expenses						(5,279,738)
Consolidated loss before taxation						(53,439,291)
Segment (loss)/ profit includes the followings:						
Bargain purchase arising from acquisition of a subsidiary	-	-	-	-	(2,383,883)	(2,383,883)
Depreciation of property, plant and equipment	144,890	3,113,708	-	305,362	(197,807)	3,366,153
Depreciation of right-of-use assets	369,168	576,546	-	433,668	187,121	1,566,503
Gain on disposal of property, plant and equipment	-	-	-	-	-	-
Impairment losses on:						
- trade receivables	-	637,502	-	15,770,371	-	16,407,873
- other receivables	-	-	-	1,164,425	-	1,164,425
- contract assets	-	-	-	1,862,205	-	1,862,205
- amount owing by subsidiaries	12,230,178	-	-	567,157	(12,797,335)	-

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 32. OPERATING SEGMENTS (cont'd)

### 32.1 BUSINESS SEGMENTS (cont'd)

	Corporate RM	Manufacturing RM	Property trading RM	Construction/ EPCC/project management RM	Consolidation adjustments and elimination RM	Group RM
<b>Financial year from 1.7.2021 to 30.6.2022</b>						
<b>Results (cont'd)</b>						
Segment (loss)/profit includes the followings: (cont'd)						
Impairment of other receivables – non-financial assets	-	-	-	7,750,000	-	7,750,000
Interest expenses	56,431	1,737,429	-	2,612,433	(2,683,609)	1,722,684
Interest expense on lease liabilities	18,013	33,479	-	100,697	(32,226)	119,963
Interest income	(2,156,804)	(208,423)	-	(811,012)	2,715,835	(460,404)
Inventories written down	-	137,646	-	-	-	137,646
Inventories written-off	-	-	-	-	-	-
Net proceeds from termination of Share Sale Agreement	-	-	-	-	-	-
Property, plant and equipment written-off	-	938	-	-	-	938
Reversal of allowance for inventories obsolescence	-	-	(134,601)	-	-	(134,601)
Reversal of impairment losses on trade receivables	-	(1,303,227)	-	(1,046,645)	-	(2,349,872)
Share of loss in equity accounted associate	-	-	-	-	2,548	2,548
Unrealised foreign exchange gain	-	-	-	(1,513,412)	-	(1,513,412)
<b>2022</b>						
<b>Assets</b>						
Segment assets	163,520,565	107,296,514	1,509,135	104,154,470	(182,884,891)	193,595,793
Additions to non-current assets other than financial instruments are:						
Property, plant and equipment	250,233	1,769,433	-	454,806	(1,382)	2,473,090
Right-of-use assets	1,852,761	-	-	2,037,020	-	3,889,781
<b>Liabilities</b>						
Segment liabilities	4,377,495	71,557,667	456,674	141,332,314	(119,294,509)	98,429,641

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 32. OPERATING SEGMENTS (cont'd)

### 32.1 BUSINESS SEGMENTS (cont'd)

	Corporate RM	Manufacturing RM	Property trading RM	Construction/ EPCC/project management RM	Consolidation adjustments and elimination RM	Group RM
<b>Financial period from 1.1.2020 to 30.6.2021</b>						
<b>Revenue</b>						
External revenue	-	105,696,449	-	93,267,844	-	198,964,293
Inter-segment revenue	6,599,761	-	-	462,788	(7,062,549)	-
	6,599,761	105,696,449	-	93,730,632	(7,062,549)	198,964,293
Represented by:						
<u>Revenue recognised at a point of time</u>						
- Sale of goods	-	105,696,449	-	-	-	105,696,449
- Sale of properties	-	-	-	-	-	-
<u>Revenue recognised over time</u>						
- Construction services	-	-	-	29,044,648	-	29,044,648
- Project management fee	-	-	-	64,223,196	-	64,223,196
<u>Revenue from other sources</u>						
- Management fees from subsidiaries	6,203,761	-	-	462,788	(6,666,549)	-
- Rental income	396,000	-	-	-	(396,000)	-
	6,599,761	105,696,449	-	93,730,632	(7,062,549)	198,964,293



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 32. OPERATING SEGMENTS (cont'd)

### 32.1 BUSINESS SEGMENTS (cont'd)

	Corporate RM	Manufacturing RM	Property trading RM	Construction/ EPCC/project management RM	Consolidation adjustments and elimination RM	Group RM
<b>Financial period from 1.1.2020 to 30.6.2021</b>						
<b>Results</b>						
Segment profit/(loss)	18,759,116	(2,810,459)	(245,365)	(5,392,226)	2,006,460	12,317,526
Finance costs	(56,097)	(2,880,373)	-	(1,273,024)	1,311,053	(2,898,441)
Share of profit in equity accounted associate	-	-	-	-	2,548	2,548
	18,703,019	(5,690,832)	(245,365)	(6,665,250)	3,320,061	9,421,633
Corporate expenses						(3,699,566)
Consolidated profit before taxation						5,722,067
Segment profit/ (loss) includes the followings:						
Bargain purchase arising from acquisition of a subsidiary	-	-	-	-	-	-
Depreciation of property, plant and equipment	71,410	4,799,615	-	55,287	(349,778)	4,576,534
Depreciation of right-of-use assets	232,616	813,590	-	96,813	280,682	1,423,701
Gain on disposal of property, plant and equipment	(15,999)	(12,782)	-	-	-	(28,781)
Impairment losses on:						
- trade receivables	-	2,824,206	-	60,676,506	-	63,500,712
- other receivables	-	-	-	3,645,436	-	3,645,436
- contract assets	-	-	-	-	-	-
- amount owing by subsidiaries	3,379,612	-	-	-	(3,379,612)	-

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 32. OPERATING SEGMENTS (cont'd)

### 32.1 BUSINESS SEGMENTS (cont'd)

	Corporate RM	Manufacturing RM	Property trading RM	Construction/ EPCC/project management RM	Consolidation adjustments and elimination RM	Group RM
<b>Financial period from 1.1.2020 to 30.6.2021</b>						
Results (Cont'd)						
Segment profit/(loss) includes the followings: (Cont'd)						
Impairment of other receivables – non-financial assets	-	-	-	-	-	-
Interest expenses	49,922	2,796,421	-	1,261,422	(1,311,053)	2,796,712
Interest expense on lease liabilities	6,175	83,952	-	11,602	-	101,729
Interest income	(1,323,681)	(205,547)	-	(461,902)	1,311,053	(680,077)
Inventories written down	-	241,563	134,601	-	-	376,164
Inventories written-off	-	432,648	-	-	-	432,648
Net proceeds from termination of Share Sale Agreement	(22,778,553)	-	-	-	-	(22,778,553)
Property, plant and equipment written-off	-	2,240	-	-	-	2,240
Reversal of allowance for inventories obsolescence	-	-	-	-	-	-
Reversal of impairment losses on trade receivables	-	(96,853)	-	-	-	(96,853)
Share of profit in equity accounted associate	-	-	-	-	(2,548)	(2,548)
Unrealised foreign exchange gain	-	-	-	(148,069)	-	(148,069)
<b>2021</b>						
<b>Assets</b>						
Segment assets	159,091,037	104,160,420	1,609,902	650,272,608	(153,274,151)	761,859,816
Additions to non-current assets other than financial instruments are:						
Property, plant and equipment	1,222,954	1,628,245	-	4,068,496	-	6,919,695
Right-of-use assets	-	515,216	-	663,871	-	1,179,087
<b>Liabilities</b>						
Segment liabilities	8,667,991	68,221,560	-	666,343,869	(79,745,846)	663,487,574

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 32. OPERATING SEGMENTS (cont'd)

### 32.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

	Revenue		Non-current assets	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
Malaysia	128,426,486	134,741,097	55,645,914	46,558,184
Indonesia	2,851	536,418	-	-
Oman	-	24,677,383	-	-
Qatar	-	39,009,395	-	-
	<b>128,429,337</b>	198,964,293	<b>55,645,914</b>	46,558,184

The information on the disaggregation of revenue based on geographical region is summarised below:

	At a point in time		Over time		Group	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM	RM	RM
Malaysia	84,070,511	105,233,661	44,355,975	29,507,436	128,426,486	134,741,097
Indonesia	-	-	2,851	536,418	2,851	536,418
Oman	-	-	-	24,677,383	-	24,677,383
Qatar	-	-	-	39,009,395	-	39,009,395
	<b>84,070,511</b>	105,233,661	<b>44,358,826</b>	93,730,632	<b>128,429,337</b>	198,964,293

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 32. OPERATING SEGMENTS *(cont'd)*

### 32.3 MAJOR CUSTOMERS

The following are the major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue		Segment
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	
	RM	RM	
Customer #1	25,663,093	-	Construction services
Customer #2	-	24,677,864	Project management

## 33. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:

#### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily USD and EUR. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting year/period is summarised below:

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (a) Market Risk (cont'd)

##### (i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure

	United States Dollar RM	Euro RM	Ringgit Malaysia RM	Total RM
<b>Group</b>				
<b>2022</b>				
<b>Financial assets</b>				
Trade receivables	-	-	41,282,534	41,282,534
Other receivables	-	-	8,873,283	8,873,283
Fixed deposits with licensed banks	-	-	15,888,607	15,888,607
Cash and bank balances	48,388	4,702	20,293,914	20,347,004
	<b>48,388</b>	<b>4,702</b>	<b>86,338,338</b>	<b>86,391,428</b>
<b>Financial liabilities</b>				
Trade payables	-	-	43,322,474	43,322,474
Other payables and accruals	61,563	-	4,523,141	4,584,704
Bank borrowings	-	-	44,923,851	44,923,851
Lease liabilities	-	-	4,092,261	4,092,261
	<b>61,563</b>	<b>-</b>	<b>96,861,727</b>	<b>96,923,290</b>
Net financial (liabilities)/assets	<b>(13,175)</b>	<b>4,702</b>	<b>(10,523,389)</b>	<b>(10,531,862)</b>
Less: Net financial assets denominated in the Company's functional currency	-	-	10,523,389	10,523,389
Currency exposure	<b>(13,175)</b>	<b>4,702</b>	<b>-</b>	<b>(8,473)</b>



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (a) Market Risk (cont'd)

##### (i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure (cont'd)

	United States Dollar RM	Euro RM	Ringgit Malaysia RM	Total RM
<b>Group (cont'd)</b>				
<b>2021</b>				
<b>Financial assets</b>				
Trade receivables	-	-	47,014,962	47,014,962
Other receivables	3,393,170	-	8,915,529	12,308,699
Fixed deposits with licensed banks	-	-	20,675,141	20,675,141
Cash and bank balances	1,769,812	393,313	16,182,950	18,346,075
	5,162,982	393,313	92,788,582	98,344,877
<b>Financial liabilities</b>				
Trade payables	-	-	34,707,039	34,707,039
Other payables and accruals	5,633,320	-	6,519,936	12,153,256
Bank borrowings	-	-	42,601,610	42,601,610
Lease liabilities	-	-	1,433,366	1,433,366
	5,633,320	-	85,261,951	90,895,271
Net financial (liabilities)/assets	(470,338)	393,313	7,526,631	7,449,606
Less: Net financial assets denominated in the Company's functional currency	-	-	(7,526,631)	(7,526,631)
Currency exposure	(470,338)	393,313	-	(77,025)

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (a) Market Risk (cont'd)

##### (i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure (cont'd)

	United States Dollar RM	Euro RM	Ringgit Malaysia RM	Total RM
<b>Company</b>				
<b>2022</b>				
<b>Financial assets</b>				
Other receivables	-	-	7,816,720	7,816,720
Amount owing by subsidiaries	18,966,968	-	40,556,744	59,523,712
Fixed deposits with licensed banks	-	-	15,717,441	15,717,441
Cash and bank balances	-	-	320,513	320,513
	<b>18,966,968</b>	<b>-</b>	<b>64,411,418</b>	<b>83,378,386</b>
<b>Financial liabilities</b>				
Other payables and accruals	-	-	645,637	645,637
Amount owing to a subsidiary	-	-	1,253,837	1,253,837
Lease liabilities	-	-	1,655,830	1,655,830
	<b>-</b>	<b>-</b>	<b>3,555,304</b>	<b>3,555,304</b>
Net financial assets	18,966,968	-	60,856,114	79,823,082
Less: Net financial assets denominated in the Company's functional currency	-	-	(60,856,114)	(60,856,114)
Currency exposure	18,966,968	-	-	18,966,968

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (a) Market Risk (cont'd)

##### (i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure (cont'd)

	United States Dollar RM	Euro RM	Ringgit Malaysia RM	Total RM
<b>Company (cont'd)</b>				
<b>2021</b>				
<b>Financial assets</b>				
Other receivables	-	-	31,721	31,721
Amount owing by subsidiaries	28,772,526	-	23,826,308	52,598,834
Fixed deposits with licensed banks	-	-	20,507,084	20,507,084
Cash and bank balances	-	-	310,853	310,853
	28,772,526	-	44,675,966	73,448,492
<b>Financial liabilities</b>				
Other payables and accruals	1,185,735	-	1,780,452	2,966,187
Amount owing to a subsidiary	-	-	457,553	457,553
Lease liabilities	-	-	61,981	61,981
	1,185,735	-	2,299,986	3,485,721
Net financial assets	27,586,791	-	42,375,980	69,962,771
Less: Net financial assets denominated in the Company's functional currency	-	-	(42,375,980)	(42,375,980)
Currency exposure	27,586,791	-	-	27,586,791

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (a) Market Risk (cont'd)

##### (i) Foreign Currency Risk (cont'd)

###### Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currency at the end of the reporting year/period, with all other variables held constant:

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
<b>Effects on (loss)/ profit after taxation</b>				
USD/RM				
- strengthened by 10%	(1,001)	(35,746)	1,441,490	2,096,596
- weakened by 10%	1,001	35,746	(1,441,490)	(2,096,596)
EUR/RM				
- strengthened by 10%	357	29,892	-	-
- weakened by 10%	(357)	(29,892)	-	-

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 19.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (a) Market Risk (cont'd)

##### (ii) Interest Rate Risk (cont'd)

##### *Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:

	Group		Company	
	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021	Financial year from 1.7.2021 to 30.6.2022	Financial period from 1.1.2020 to 30.6.2021
	RM	RM	RM	RM
<b>Effects on (loss)/profit after taxation</b>				
Increase of 25 basis points	(85,355)	(80,943)	-	-
Decrease of 25 basis points	85,355	80,943	-	-

##### (iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

#### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from corporate guarantee given to financial institutions for credit facilities granted to a subsidiary. The Company monitors the results of this subsidiary regularly and repayments made by the subsidiary.

##### (i) Credit Risk Concentration Profile

The Group's and the Company's major concentration of credit risk relates to the amount owing by 1 (2021: 1) and Nil (2021: Nil) customers respectively which constitute approximately 28% (2021: 37%) and Nil% (2021: Nil%) respectively of its trade receivables at the end of the reporting period.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (b) Credit Risk (cont'd)

##### (ii) Exposure to Credit Risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is presented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses, and as well as the following guarantees:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	-	-	47,665,525	43,148,058
Financial guarantee provided to a licensed bank for credit facilities granted to a subsidiary	1,183,007	-	-	-
	<b>1,183,007</b>	-	<b>47,665,525</b>	43,148,058

##### (iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

#### Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 90 days, are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 12 months (2021: 18 months) from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (b) Credit Risk (cont'd)

##### (iii) Assessment of Impairment Losses (cont'd)

##### Trade Receivables and Contract Assets (cont'd)

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:

	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying amount RM
<b>Group</b>				
<b>2022</b>				
1 to 90 days	23,207,965	-	(65,019)	23,142,946
91 to 120 days	12,604,071	-	(31,355)	12,572,716
121 to 150 days	2,391,695	-	(38,769)	2,352,926
151 to 180 days	934,887	-	(23,853)	911,034
More than 180 days	79,803,222	(77,448,783)	(51,527)	2,302,912
Trade receivables	118,941,840	(77,448,783)	(210,523)	41,282,534
Less: Non-financial instruments	-	-	-	-
	118,941,840	(77,448,783)	(210,523)	41,282,534
Contract assets	7,511,949	(1,862,205)	-	5,649,744
	126,453,789	(79,310,988)	(210,523)	46,932,278
<b>2021</b>				
1 to 90 days	95,009,518	-	(176,775)	94,832,743
91 to 120 days	99,340,749	-	(115,655)	99,225,094
121 to 150 days	74,351,568	-	(131,602)	74,219,966
151 to 180 days	74,190,488	-	(106,395)	74,084,093
More than 180 days	328,896,151	(62,468,806)	(651,698)	265,775,647
Trade receivables	671,788,474	(62,468,806)	(1,182,125)	608,137,543
Less: Non-financial instruments	(561,122,581)	-	-	(561,122,581)
	110,665,893	(62,468,806)	(1,182,125)	47,014,962
Contract assets	1,069	-	-	1,069
	110,666,962	(62,468,806)	(1,182,125)	47,016,031

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS *(cont'd)*

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

#### (b) Credit Risk *(cont'd)*

##### (iii) Assessment of Impairment Losses *(cont'd)*

##### *Trade Receivables and Contract Assets (cont'd)*

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below: *(cont'd)*

	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying amount RM
<b>Company</b>				
<b>2022</b>				
1 to 90 days	-	-	-	-
91 to 120 days	-	-	-	-
121 to 150 days	-	-	-	-
151 to 180 days	-	-	-	-
More than 180 days	12,588,441	(12,588,441)	-	-
Trade receivables	12,588,441	(12,588,441)	-	-
Less: Non-financial instruments	-	-	-	-
	12,588,441	(12,588,441)	-	-
<b>2021</b>				
1 to 90 days	-	-	-	-
91 to 120 days	27,616,026	-	-	27,616,026
121 to 150 days	5,114,518	-	-	5,114,518
151 to 180 days	5,974,848	-	-	5,974,848
More than 180 days	40,234,512	(11,857,355)	-	28,377,157
Trade receivables	78,939,904	(11,857,355)	-	67,082,549
Less: Non-financial instruments	(67,082,549)	-	-	(67,082,549)
	11,857,355	(11,857,355)	-	-

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 11 and 13 respectively.

##### *Other Receivables*

Other receivables are also subject to the impairment requirements of MFRS 9. The identified impairment loss is disclosed in Note 12.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (b) Credit Risk (cont'd)

##### (iii) Assessment of Impairment Losses (cont'd)

##### *Fixed Deposits with Licensed Banks, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

##### *Amount Owing By Subsidiaries (Non-trade Balances)*

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. 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 in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

When the amount owing by a subsidiary is overdue for more than 365 days, the Company estimates expected credit losses to be discounted to the reporting date, not to the expected default or some other date, using the effective interest rate determined at initial recognition or an approximation thereof.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated for the amount owing by subsidiaries are summarised below:

	Gross amount RM	Lifetime loss allowance RM	Carrying amount RM
<b>Company</b>			
<b>2022</b>			
Low credit risk	822,071	-	822,071
Credit impaired	74,311,431	(15,609,790)	58,701,641
	<b>75,133,502</b>	<b>(15,609,790)</b>	<b>59,523,712</b>
<b>2021</b>			
Low credit risk	45,884,341	-	45,884,341
Credit impaired	10,094,105	(3,379,612)	6,714,493
	<b>55,978,446</b>	<b>(3,379,612)</b>	<b>52,598,834</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (b) Credit Risk (cont'd)

##### (iii) Assessment of Impairment Losses (cont'd)

*Amount Owing By Subsidiaries (Non-trade Balances) (cont'd)*

The movements in the loss allowances are disclosed in Note 14.

*Financial Guarantee Contracts*

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

#### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting year/period):

	Weighted Effective Interest Rate	Carrying amount	Contractual undiscounted cash flows	Within 1 Year	1 - 5 Years	Over 5 Years
	%	RM	RM	RM	RM	RM
<b>Group</b>						
<b>2022</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	43,322,474	43,322,474	43,322,474	-	-
Other payables and accruals	-	4,584,704	4,584,704	4,432,575	92,219	59,910
Bank borrowings	3.50% - 7.42%	44,923,851	50,986,651	23,705,973	15,066,583	12,214,095
Lease liabilities	2.12% - 6.55%	4,092,261	4,439,453	1,635,163	2,657,333	146,957
Financial guarantee provided to a licensed bank for credit facilities granted to a subsidiary (Note 5(a))	-	-	1,183,007	1,183,007	-	-
		96,923,290	104,516,289	74,279,192	17,816,135	12,420,962



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (c) Liquidity Risk (cont'd)

##### Maturity Analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting year/period): (cont'd)

	Weighted Effective Interest Rate	Carrying amount	Contractual undiscounted cash flows	Within 1 Year	1 - 5 Years	Over 5 Years
	%	RM	RM	RM	RM	RM
<b>Group (cont'd)</b>						
<b>2021</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	34,707,039	34,707,039	34,707,039	-	-
Other payables and accruals	-	12,153,256	12,153,256	11,971,906	119,188	62,162
Bank borrowings	3.25% - 6.70%	42,601,610	47,751,613	28,520,483	9,084,393	10,146,737
Lease liabilities	2.12% - 6.55%	1,433,366	1,554,502	626,826	852,092	75,584
		90,895,271	96,166,410	75,826,254	10,055,673	10,284,483
<b>Company</b>						
<b>2022</b>						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals	-	645,637	645,637	638,219	7,418	-
Lease liabilities	3.75% - 4.76%	1,655,830	1,707,655	987,655	720,000	-
Amount owing to a subsidiary	3.50%	1,253,837	1,297,526	1,297,526	-	-
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	-	-	47,665,525	47,665,525	-	-
		3,555,304	51,316,343	50,588,925	727,418	-

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

#### (c) Liquidity Risk (cont'd)

##### Maturity Analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting year/period): (cont'd)

	Weighted Effective Interest Rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>Company (cont'd)</b>						
<b>2021</b>						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals	-	2,966,187	2,966,187	2,920,972	38,890	6,325
Lease liabilities	4.76%	61,981	64,579	36,924	27,655	-
Amount owing to a subsidiary	3.50%	457,553	473,307	473,307	-	-
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	-	-	43,148,058	43,148,058	-	-
		3,485,721	46,652,131	46,579,261	66,545	6,325

The contractual undiscounted cash flows represent the outstanding credit facilities of subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

### 33.2 CAPITAL RISK MANAGEMENT

The Group and the Company manage their capital to ensure that entities within the Group and the Company will be able to maintain optimal capital structures so as to support their businesses and maximise shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.2 CAPITAL RISK MANAGEMENT (cont'd)

The Group and the Company manage their capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group and the Company include within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The debt-to-equity ratios of the Group and the Company at the end of the reporting year/period were as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Bank borrowings	44,923,851	42,601,610	-	-
Lease liabilities	4,092,261	1,433,366	1,655,830	61,981
	49,016,112	44,034,976	1,655,830	61,981
Less: Cash and cash equivalent (Note 29(d))	(35,645,424)	(38,436,952)	(15,618,933)	(20,401,730)
Net debt	13,370,688	5,598,024	(13,963,103)	(20,339,749)
Total equity	95,166,152	98,372,242	129,826,403	114,162,008
Debt-to-equity ratio	0.14	0.06	Not applicable	Not applicable

There were no changes in the Group's and the Company's approach to capital management during the financial year/period.

### 33.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Financial assets</b>				
<u>Amortised Cost</u>				
Trade receivables	41,282,534	47,014,962	-	-
Other receivables	8,873,283	12,308,699	7,816,720	31,721
Amount owing by subsidiaries	-	-	59,523,712	52,598,834
Fixed deposits with licensed banks	15,888,607	20,675,141	15,717,441	20,507,084
Cash and bank balances	20,347,004	18,346,075	320,513	310,853
	86,391,428	98,344,877	83,378,386	73,448,492
<b>Financial liabilities</b>				
<u>Amortised Cost</u>				
Trade payables	43,322,474	34,707,039	-	-
Other payables and accruals	4,584,704	12,153,256	645,637	2,966,187
Amount owing to a subsidiary	-	-	1,253,837	457,553
Bank borrowings	44,923,851	42,601,610	-	-
Lease liabilities	4,092,261	1,433,366	1,655,830	61,981
	96,923,290	90,895,271	3,555,304	3,485,721

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 33. FINANCIAL INSTRUMENTS (cont'd)

### 33.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<b>Financial assets</b>				
<u>Amortised Cost</u>				
Net (losses)/gains recognised in profit or loss	(17,071,688)	(41,882,905)	(10,073,374)	7,966,658
<b>Financial liabilities</b>				
<u>Amortised Cost</u>				
Net (losses)/gains recognised in profit or loss	115,324	(4,044,647)	(46,894)	463,018

### 33.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

## 34. CAPITAL COMMITMENTS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Purchase of property, plant and equipment	491,436	6,564,440	36,697	159,574

## 35. SIGNIFICANT AND SUBSEQUENT EVENTS

### 35.1 CORONAVIRUS OUTBREAK

The coronavirus (COVID-19) outbreak in early 2020 has reached a pandemic level affecting all businesses and economic activities globally. The Malaysian Government has enforced various measures to curb with the spreading of the virus including travel restrictions, reduced business operating capacity and total prohibition for certain businesses to operate.

There is no material impact of COVID-19 on the Group's results of operations and financial performance during the current financial year, and the Group foresees the same for the financial year ending 30 June 2023. Given the fluidity of the situation, the Group will continuously monitor the impact of COVID-19 on its operations and its financial performance and will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 35. SIGNIFICANT AND SUBSEQUENT EVENTS *(cont'd)*

### 35.2 PROPOSED BUSINESS VENTURE

On 17 June 2020, the Company's wholly-owned subsidiary, SCIB International (Labuan) Ltd. ("SCIBIL") had accepted to invest in a venture comprising two (2) hydro power projects in Nepal, namely Middle Hongu Khola A Hydro Power Plant and Middle Hongu Khola B Hydro Power Plant ("Projects") through 30% equity based on the Power Purchase Agreement ("PPA") valuation at USD40.410 million (equivalent to 30% of estimated project cost). SCIBIL will also assume the role as Civil Contractor for the construction of works and as Supplier for construction materials ("Proposed Business Venture") and the estimated revenue would be RM188.580 million (USD47.145 million). A commitment fee of RM10.776 million (USD2.684 million), equivalent to 1/3 of the Equity Valuation at PPA Stage) is payable, and RM10.000 million has been paid as at 30 June 2021, as disclosed in Note 12.

During the current financial year, the Company has further incurred RM12.745 million and RM1.000 million, on the feasibility studies and consultant fees for advisory services, respectively for another project in Nepal, namely Myagdi Khola Hydropower Project.

Despite the evidence and argumentative points mentioned in the feasibility studies, the Management has decided not to pursue all three projects at Nepal due to the following reasons (amongst others):

- (a) Current financial standing and performance of the Group and of the Company which are not favourable at the moment;
- (b) Tight deadlines for finalisation of the arrangements as required by the project owners;
- (c) Subsequent foreseeable financial commitments post acquisition due to current SCIB's capability to raise funding/financing;
- (d) Commitment to provide dedicated project team to be deployed to Nepal which requires additional commitment to the Company (both qualitative and quantitative); and
- (e) The uncertainty of current global foreign exchange may significantly escalate the project costs.

Consequently, the directors of the Company have concluded that the Group and the Company are currently not ready to venture into long-term projects with high capital expenditure requirements. Priority will be given towards local projects with short/medium term tenure and secured/reputable paymasters.

Notwithstanding the further incurrence of RM13.745 million, the Group has expensed off the abovementioned deposits for acquisition of investment amounting to RM10.000 million to profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 35. SIGNIFICANT AND SUBSEQUENT EVENTS *(cont'd)*

### 35.3 ACQUISITION OF A SUBSIDIARY

The Company had on 14 April 2021 entered into a conditional Share Sale Agreement (“SSA”) with Noorazylawati Binti Abdul Bakar, Mohd Khairil Bin Mohd Hatta and Ibrahim Bin Mohd Noor for the acquisition of 1,000,000 ordinary shares, representing the entire equity interest in Kencana Precast Concrete Sdn. Bhd. (“KPC”) for a total cash consideration of RM4,980,000 in accordance with the terms and conditions thereof (“Proposed Acquisition”).

The Parties had on 11 August 2021 entered into a Supplemental Agreement to record the Parties’ mutual consent to vary and supplement the Principal Agreement in the manner as set out in the Supplemental Agreement, mainly related to inclusion of Bintang Kencana Sdn. Bhd., as an additional party to the named vendors mentioned in the earlier agreement.

On 16 August 2021, all the Conditions Precedent as set out in the SSA in relation to the Proposed Acquisition of KPC had been fulfilled. The SSA was completed on 30 August 2021 and the registration of share transfer was completed on 10 December 2021, resulting in KPC becoming a wholly-owned subsidiary of the Company.

On 31 December 2021, the subsidiary changed its name from Kencana Precast Concrete Sdn. Bhd. to SCIB Building Solutions Sdn. Bhd..

### 35.4 PRIVATE PLACEMENT

On 3 May 2021, the Company proposed to undertake a private placement of issuance of up to 20% of the total number of issued shares of the Company or equivalent to 147,158,999 new ordinary shares of the Company to third party investor(s) to be identified later, pursuant to Section 75 and 76 of the Companies Act, 2016 (“The Act”).

On 27 August 2021, 10,789,332 new ordinary shares were issued at an issue price of RM0.5823 per share. On 13 September 2021, 24,638,200 new ordinary shares were issued under this corporate proposal at an issue price of RM0.5675 per share. On 14 October 2021, 56,000,000 new ordinary shares were issued at an issue price of RM0.3839 per share.

On 22 December 2021, the Company announced that the private placement is deemed completed and the Company has decided not to proceed to place out the remaining placement shares under the private placement.

### 35.5 CAPITAL REDUCTION

On 8 June 2021, the Company had proposed a reduction in the issued share capital of the Company pursuant to Section 116 of the Act. The Capital Reduction entails the reduction of RM40.000 million of the issued share capital of the Company which is lost and unrepresented by available assets pursuant to Section 116(1)(b) of the Act. The corresponding credit of RM40.000 million arising from the Capital Reduction will be utilised to eliminate the accumulated losses of the Company while the balance, if any, will be credited to the retained earnings account of the Company which may be utilised in such manner as the Board deems fit, as permitted by the relevant and applicable laws, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) as well as the Company’s Constitution.

The special resolution on the proposed reduction of capital has been approved by the shareholders at the extraordinary general meeting held on 30 June 2021. Thereafter, the Company’s legal counsel had filed an application to the High Court in relation to the Capital Reduction pursuant to Section 116 of the Act on 21 September 2021.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 35. SIGNIFICANT AND SUBSEQUENT EVENTS *(cont'd)*

### 35.5 CAPITAL REDUCTION *(cont'd)*

On 2 November 2021, the Company announced that the High Court of Malaya had on 2 November 2021 granted an order confirming the Capital Reduction. On 15 November 2021, the sealed order was extracted and an office copy of the order was lodged with the Registrar of Companies for the Capital Reduction to take effect pursuant to Section 116(6) of the Act.

On 25 November 2021, the Company had announced that an office copy of the sealed order of the High Court of Malaya confirming the Capital Reduction has been lodged with the Registrar of Companies on 15 November 2021. Pursuant thereto, the Capital Reduction shall therefore take effect and be deemed completed on 15 November 2021, as confirmed by the Notice of Confirming Reduction of Share Capital dated 25 November 2021 pursuant to Section 116(7) of the Act.

### 35.6 LITIGATION BETWEEN SCIB PROPERTIES SDN. BHD. WITH PUNCAK GEMILANG MELATI SDN. BHD.

On 24 June 2021, the Company's wholly-owned subsidiary, SCIB Properties Sdn. Bhd. ("SCIBP") filed a civil suit against Puncak Gemilang Melati Sdn. Bhd. ("PGM") for the return of the sum of RM1.000 million paid to PGM. The Group's claim was that PGM had no legal standing to have issued a Letter of Award for the position of subcontractor to SCIBP. PGM has counterclaimed, among others, for a declaration that the Letter of Award issued to SCIBP is valid and binding and for damages amounting to RM22.100 million for alleged loss of profit, exemplary damages and legal fees.

The Case Management of the main suit has been fixed on 17 February 2022 and subsequently, the trial date was fixed for 13 September 2022 to 15 September 2022.

On 13 September 2022, the trial was concluded and the parties were directed as follows:

- (a) Parties are to finalise the Notes of Proceedings on/before 4 October 2022;
- (b) Parties are to file their respective written submissions on/before 1 November 2022;
- (c) Parties are to file their respective written submissions in reply on/before 22 November 2022; and
- (d) The matter is fixed for decision/clarification on 14 December 2022.

The Group's lawyers have indicated that they are not in a position to gauge whether there will be a favourable outcome for SCIBP of the pending decision on 14 December 2022. Consequently, there is a contingent liability not provided for in the financial statements to the extent of RM22.100 million, as disclosed in Note 36.

### 35.7 TERMINATION AND NOVATION OF THE CONTRACTS IN RELATION TO QATAR AND OMAN PROJECTS

The Company and its wholly-owned subsidiary, SCIB International (Labuan) Ltd. ("SCIBIL") had on 10 November 2021 signed the respective Settlement Agreements with their Clients, who are the Project Owners, and the respective subcontractors for six projects carried out in Qatar and Oman that have been awarded to the Group. The salient terms of the said agreements were to terminate the Contracts and confirm the Parties' obligations on the full and final settlement of debts and establish the terms and payment schedule for the amount owing between the Parties, after taking into consideration the following factors:

- (a) The project progress was greatly affected by the manpower issues caused by the COVID-19 pandemic;
- (b) The prolonged pandemic and travelling and operational restrictions posed challenges in the project management; and
- (c) Slow payment and long outstanding debts owing by the Project Owners.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022  
(CONT'D)

## 35. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd)

### 35.7 TERMINATION AND NOVATION OF THE CONTRACTS IN RELATION TO QATAR AND OMAN PROJECTS (cont'd)

The final outstanding balances of the six projects with Settlement Agreements are reflected in the previous financial statements aggregating to:

	Group 2021 RM	Company 2021 RM
Trade receivables – others (Due from Project Owners – Note 11(c))	561,122,581	67,082,549
Trade payables (Due to Sub-contractors – Note 22(c))	561,122,581	67,082,549

The terms of the Settlement Agreements states that the Project Owners have guaranteed their obligations for settlement of the receivables and they have also guaranteed the payments to the sub-contractors in the event that the Settlement Agreements are terminated due to the non-compliance of the payment schedules. Based on the guarantee, the Group's liability to the sub-contractors can be deemed to be novated to the Project Owners and set-off against the receivables due. The final claims stated in the Settlement Agreements are consistent with the provisions that were taken up in the financial statements.

Subsequently, on 20 September 2022, the Company and its wholly-owned subsidiary, SCIBIL has signed the respective Novation Agreements with the Project Owners and the respective subcontractors to novate all their obligations, rights, benefits and interest due to subcontractors to the Project Owners.

Due to the default in payment by the Project Owners which triggered the termination clause of the Settlement Agreements, the Company and SCIBIL had agreed to enter into the Novation Agreements to discharge all of the Company's and SCIBIL's liabilities/obligations towards the Settlement Agreements in regards to Debt 2.

The Project Owners, the Company and SCIBIL have agreed to novate all of the Company's and SCIBIL's obligations, rights, benefits, and interests under Debt 2 pursuant to the Settlement Agreements to the Project Owners and the parties have also agreed that the Project Owners shall pay to the Company and SCIBIL the differential sum between Debt 1 and Debt 2 ("Differential Sum"), and that the Differential Sum shall be paid to the Company and SCIBIL on or before the next financial year ending 30 June 2023.

### 35.8 AUDITORS' REPORT – QUALIFIED OPINION

The Company has announced that Nexia SSY PLT, the Company's External Auditors, had expressed a qualified opinion on the Company's Audited Financial Statements for the financial period ended 30 June 2021 ("AFS"). Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company hereby sets out below the full details of the qualified opinion under the Report on the Audit of the Financial Statements dated 30 December 2021 contained in the AFS:

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 35. SIGNIFICANT AND SUBSEQUENT EVENTS *(cont'd)*

### 35.8 AUDITORS' REPORT – QUALIFIED OPINION *(cont'd)*

*Basis for Qualified Opinion On The Engineering, Procurement, Construction and Commissioning (“EPCC”) Contracts*

Subsequent to the previous financial period end of the Company, the Company and its wholly owned subsidiary, SCIB International (Labuan) Ltd (“SCIBIL”), have on 10 November 2021, signed settlement agreements (“Settlement Agreements”) with all the parties of the six projects carried out in Qatar and Oman, as disclosed in Note 35.7 to the financial statements. The key salient terms of the Settlement Agreements are as follows:

1. To terminate the EPCC contracts;
2. Confirmation of the amounts owing from and to the respective parties in respect of the works carried out for the project with no penalty and/or punitive damages to be claimed by the parties;
3. Settlement of the debts will be solely dependent on collections from Project Owners. In the event the agreed instalments are not paid in full or progressively on due dates and/or ceased, payments to the Sub-Contractors shall also be delayed and/or ceased;
4. The Project Owners have agreed to guarantee the payments owing by them to the Company and SCIBIL as at 30 September 2021 (Debt 1) of USD148,706,410 (RM617,429,014) and by the Company and SCIBIL to the Sub-Contractors (Debt 2) of USD135,145,130 (RM561,122,581) and indemnify the Company and SCIBIL against all claims by the Sub-Contractors; and
5. The Settlement Agreements shall be terminated in the event that any one of the payments are not made according to the schedule. The payment instalment deadlines pursuant to the agreements are November 2021, December 2021, March 2022 and June 2022.

The Company had made the relevant announcements of the above Settlement Agreements to Bursa on 10 November 2021.

In the event of termination of the Settlement Agreements, Debt 1 owing by the Project Owners to the Company and SCIBIL shall become immediately due and payable upon which the Company and SCIBIL may commence arbitration proceedings for the recovery of Debt 1. Notwithstanding the above, the Sub-Contractors collectively agree that the amounts received by them towards Debt 2 shall be deemed to be the full and final settlement of Debt 2 payment and that they will have no claims in respect of Debt 2 against the Company and SCIBIL. Up to the date of our report, the Company and SCIBIL have indicated that the November and December 2021 instalments of the six settlement agreements have not been paid by the Project Owners.

Following the Settlement Agreements signed on 10 November 2021 by all the parties, the directors of the Company resolved to reclassify the transactions relating to all eight projects based overseas (inclusive of the six projects carried out in Qatar and Oman) by disclosing the net amount due to the Group and to the Company of USD15,670,756 (RM64,223,196) and USD4,246,080 (RM17,847,637) respectively as project management fee. Consequently, the Group and the Company have made adjustments to the financial statements, the details of which are disclosed in Note 23 to the financial statements.

The auditors were unable to obtain sufficient appropriate audit evidence about the EPCC Contracts and all the adjustments related thereto. Accordingly, the impact of the net profit recognised in the Statement of Profit or Loss and Other Comprehensive Income of the Group as disclosed, amounting to RM3,549,473 has not been ascertained. Consequently, the auditors were unable to determine whether the said adjustments were deemed necessary.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

(CONT'D)

## 35. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd)

### 35.9 RESUMPTION OF TRADING IN MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

On 9 November 2021, the Company's securities were suspended being unable to submit the outstanding 2021 Annual Report on or before 8 November 2021.

On 17 January 2022, upon its submission of 2021 Annual Report for the previous financial period ended 30 June 2021 to Bursa Securities for public release pursuant to Paragraph 9.23(1) of the Main Market Listing Requirements, the Company's securities resumed trading with effect from 9.00 a.m., 19 January 2022.

### 35.10 ACQUISITION OF REMAINING EQUITY SHAREHOLDINGS

On 21 June 2022, the Company's wholly-owned subsidiary, SCIB Industrialised Building System Sdn. Bhd. has acquired the remaining 30% equity shareholdings in existing subsidiary, SCIB LW System Sdn. Bhd. ("LWS") for a cash consideration of RM30,000.

The registration of shares transfer was completed on 6 July 2022. Upon the completion of the proposed acquisition, LWS became a wholly-owned subsidiary of the Group.

### 35.11 APPOINTMENT OF SCIB PROPERTIES SDN. BHD. AS MAIN CONTRACTOR FOR MUALLIM PROJECT

On 12 October 2022, the Company's wholly-owned subsidiary, SCIBP had been awarded a contract for the development of Malaysian civil servants housing programme ("PPAM"). The scope of the contract includes overall earthwork, infrastructure and building as well as mechanical, engineering and ancillary works. The contract sum of the project is estimated to be RM137.000 million. On 13 October 2022, SCIBP accepted the letter of award ("LOA"). A total of RM15.387 million (2021: RM13.567 million) security deposit included in the Trade Deposits, have been paid to the Developer and the other vendors related to the above contract, as disclosed in Note 12.

## 36. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Material litigation (Note 35.6)	22,100,000	-	-	-

## 37. COMPARATIVE FIGURES

In the previous financial period, the Company changed its financial year end from 31 December 2020 to 30 June 2021. Accordingly, the previous financial period's comparative figures for the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and the related notes are for eighteen months from 1 January 2020 to 30 June 2021, and are therefore not comparable to the current year's twelve months from 1 July 2021 to 30 June 2022.



## **STATEMENT BY DIRECTORS**

pursuant to Section 251(2) of the Companies Act 2016

We, Rosland Bin Othman and Ku Chong Hong, being two of the directors of Sarawak Consolidated Industries Berhad, state that, in the opinion of the directors, the financial statements set out on pages 106 to 203 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 ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 October 2022.

**Rosland Bin Othman**

**Ku Chong Hong**

## **STATUTORY DECLARATION**

pursuant to Section 251(1) of the Companies Act 2016

I, Chiew Jong Wei, MIA Membership Number: 38656, being the officer primarily responsible for the financial management of Sarawak Consolidated Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 106 to 203 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Chiew Jong Wei, NRIC Number: 750625-13-5435  
at Kuching in the State of Sarawak  
on this 14 October 2022.

**Chiew Jong Wei**

Before me

**Phang Dah Nan**  
Commissioner For Oaths  
No.55, 1st Floor,  
Jalan Chan Bee Kiew,  
Off Jalan Padungan,  
93100 Kuching, Sarawak

# INDEPENDENT AUDITORS' REPORT

to the Members of Sarawak Consolidated Industries Berhad  
 Registration No: 197501003884 (25583-W)  
 (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Qualified Opinion

We have audited the financial statements of Sarawak Consolidated Industries Berhad, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 106 to 203.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, 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 their financial performance and their cash flows for the 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 Qualified Opinion

#### *Matters arising from previous financial period ended 30 June 2021*

Our independent auditors' report dated 30 December 2021 contains a qualified opinion on the financial statements for the previous financial period ended 30 June 2021 and the basis for our qualified opinion is as disclosed in Note 35.8 to the financial statements. Consequently, the matters referred in our qualifications for the financial period ended 30 June 2021 are included in the opening balances of the financial year ended 30 June 2022. We were unable to satisfy ourselves that the subsequent transactions, if any affecting these balances, that they do not contain material misstatements that materially affect the current period's financial statements. We are therefore unable to satisfy ourselves in respect of the following assertions and obtain sufficient appropriate audit evidence to determine whether the following do not contain material misstatements:

- (a) The accuracy, existence and completeness of trade receivable balances in relation to foreign project owners' as at 1 July 2021 of the Group and the Company amounting to RM60,673,723 and RM11,857,355 respectively as disclosed in Note 11 to the financial statements; and
- (b) The accuracy and correctness of accumulated losses balance as at 1 July 2021 of the Group and the Company amounting to RM53,920,051 and RM38,106,746 respectively.

As disclosed in Note 35.7 to the financial statements, the status of EPCC contracts have further developed to the extent that the termination clause of the Settlement Agreements have been triggered with the non-payment of the instalment due by 30 June 2022. Nonetheless, on 20 September 2022, Novation Agreements were entered into with the same parties and the Group and the Company had novated their liabilities due to the Sub-contractors, to the Project Owners ("Employer"). The Group's legal representative has agreed to be appointed as stakeholder for the purpose of payment, execution and/or administration of the Novation and Settlement Agreements.

Our opinion on the current year's financial statements of the Group and of the Company is also qualified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISA"). 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 qualified 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.

# **INDEPENDENT AUDITORS' REPORT**

to the Members of Sarawak Consolidated Industries Berhad

Registration No: 197501003884 (25583-W)

(Incorporated in Malaysia)

(CONT'D)

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS** *(cont'd)*

### **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 2022 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 Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, our independent auditors' report dated 30 December 2021 contains a qualified opinion on the financial statements for the previous financial period ended 30 June 2021 and the basis for our qualified opinion is as disclosed in Note 35.8 to the financial statements. Consequently, the matters referred in our qualifications for the financial period ended 30 June 2021 are included in the opening balances for the financial year ended 30 June 2022. We were unable to satisfy ourselves that the subsequent transactions, if any affecting these balances, that they do not contain material misstatements that materially affect the current period's financial statements. We are therefore unable to satisfy ourselves in respect of the following assertions and obtain sufficient appropriate audit evidence to determine whether the following do not contain material misstatements:

- (a) The accuracy, existence and completeness of trade receivable balances in relation to foreign project owners' as at 1 July 2021 of the Group and the Company amounting to RM60,673,723 and RM11,857,355 respectively as disclosed in Note 11 to the financial statements; and
- (b) The accuracy and correctness of accumulated losses balance as at 1 July 2021 of the Group and the Company amounting to RM53,920,051 and RM38,106,746 respectively.

We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the annual report affected by the inability to obtain sufficient appropriate audit evidence about the Opening Balances.

# INDEPENDENT AUDITORS' REPORT

to the Members of Sarawak Consolidated Industries Berhad  
Registration No: 197501003884 (25583-W)  
(Incorporated in Malaysia)

(CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant to our audit of the financial statements of the Group and of the Company for the current 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.

1. Revenue and costs recognition for construction activities	How we address this key audit matter
<p>The amount of revenue of the Group's construction activities is recognised over the period of the contract with reference to the progress towards complete satisfaction of that performance obligation amounting to RM41,293,346 (2021: RM29,044,648) for the financial year ended 30 June 2022. The progress towards complete satisfaction of performance obligation is determined with reference to the proportion of construction costs incurred for works performed to date over the estimated total construction costs for each project (input method).</p> <p>We focused on this area because significant estimates and judgements are required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts projects. The estimated total revenue and costs are affected by a variety of uncertainties which are dependant on the outcome of future events.</p>	<p>Our audit procedures on samples selected include, among others:</p> <ul style="list-style-type: none"> <li>• Tested the operating effectiveness of the key controls based on Standard Operating Procedures ("SOP") from securing the contract till completion;</li> <li>• Read the contents, terms and conditions of contracts with customers to ensure that a binding contract exist and revenue, if any is recognised in accordance to MFRS 15;</li> <li>• Identified, evaluated and assessed the reasonableness of estimates and judgements used in recognising costs and revenue arising from construction activities;</li> <li>• Re-computed the measurement used, this includes the verification of total revenue, total costs, percentage or stages of completion and provision, if required, amongst others;</li> <li>• Compared the assessment on the potential deduction to revenue or additional costs such as delays resulting to liquidated and ascertained damages against the contractual delivery dates and estimated delivery dates; and</li> <li>• Verified other supporting evidences and corroborative evidences such as review progress reports, interview relevant project personnels, obtain confirmations and correspondences from project owners, subcontractors and solicitors, and conduct site visitations.</li> </ul>
2. Valuation of trade receivables	How we address this key audit matter
<p>The Group's trade receivables as at 30 June 2022 amounts to RM41,282,534 (2021: RM608,137,543).</p> <p>Trade receivables are recognised at their anticipated realisable value, which is the original invoiced amount less an estimated valuation allowance.</p> <p>We determine this as a key audit matter as the measurement of estimated valuation allowance, i.e Expected Credit Losses ("ECL") requires the application of significant judgement including the identification of credit exposures with significant deterioration in credit quality, assumptions used in the ECL models and application of current and forward-looking economic trends.</p>	<p>Our audit procedures include, among others:</p> <ul style="list-style-type: none"> <li>• Assessed the completeness, accuracy and relevance of data used in the impairment review;</li> <li>• Evaluated the reasonableness of management's key judgement and estimates made in determining the ECL, including the assessment in the selection of methods, models, assumptions and data sources for classification and measurement decisions; and</li> <li>• Evaluated the adequacy of disclosures for completeness, accuracy and relevance as required by MFRS 7.</li> </ul>

# **INDEPENDENT AUDITORS' REPORT**

to the Members of Sarawak Consolidated Industries Berhad

Registration No: 197501003884 (25583-W)

(Incorporated in Malaysia)

(CONT'D)

## **Responsibilities of the Directors for the Financial Statements**

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

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

to the Members of Sarawak Consolidated Industries Berhad  
Registration No: 197501003884 (25583-W)  
(Incorporated in Malaysia)

(CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

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

- 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, actions taken to eliminate threats or safeguards applied.

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

## 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 5 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.

**Nexia SSY PLT**  
201906000679 (LLP0019490-LCA) & AF 002009  
Chartered Accountants

Shah Alam  
14 October 2022

**Michelle Yong Voon Sze**  
No. 02864/07/2024 J  
Chartered Accountant





**ADDITIONAL  
INFORMATION**

**6**

## **LIST OF PROPERTIES**

Properties held by the Group as at 30 June 2022

Properties acquired by the Group						
Tenure	Description/ Location	Approximate Area	Age of Building (Years)	Existing Use	Net Book Value @ 30.06.2022 (RM'000)	Date of Acquisition
60 years leasehold land expiring year 2053	Leasehold land at Lot No. 830, Block No. 7, Sejingkat Industrial Park, Kuching, Sarawak	27,930 sq m (7 acres)	15	Factory Building & Office Premises	8,595	22 November 2019
Freehold	Freehold land at Lot No. 16024, Jalan Nilam 4, Kawasan Perindustrian Nilai Utama, 71800 Nilai, Negeri Sembilan Darul Khusus	10,035 sq m (2.48 acres)	3	Office premises	7,464	10 December 2021
60 years leasehold expiring 2064	Leasehold land at Lot No. 1166, Block No. 8, Muara Tebas Land District, Kuching, Sarawak	40,470 sq m (10 acres)	16	Factory Building & Office Premises	7,010	24 August 2004
60 years leasehold expiring 2069	Leasehold land at Lot No. 2351, Jalan Utama, 93450 Kuching, Sarawak (Amalgamation of land at lot 1167 and land at lot 1258, Jalan Utama, 93450 Kuching, Sarawak)	44,760 sq m (11 acres)	42	Factory Building & Office Premises	6,167	12 May 1975 (Land lot 1258) 1 March 1995 (Land lot 1167) 14 January 2009 (Land lot 2351, Amalgamated Land lot 1258 and Land lot 1167)
60 years leasehold expiring 2070	Leasehold land at Lot No. 1541, Block No. 8, Muara Tebas Land District, Kuching, Sarawak	12,500 sq m (3 acres)	9	Factory Building & Inventory Storage	2,026	26 July 2010
Yet to be determined *	Shophouse at Sublot 13, Lot 4871, Block 18, Salak Land District	564 sq m (0.139 acres)	6	Commercial Building	1,393	29 April 2014
Yet to be determined *	Shophouse at Sublot 24, Lot 4871, Block 18, Salak Land District	459 sq m (0.113 acres)	6	Commercial Building	1,132	22 January 2019

**Remarks:**

\* The Sales & Purchase Agreements were concluded in respect to the acquisition of the properties by the subsidiary of SCIB with the Vendor; and the individual land titles of the said properties are yet to be issued by the Land Office.



# ANALYSIS OF SHAREHOLDINGS

as at 30 September 2022

## SHARE CAPITAL

Number of Ordinary Shares	:	582,037,532
Share Capital	:	RM154,031,961
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share

## ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2022

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 to 99	117	0.62	3,300	0.00
100 to 1,000	3,029	15.92	1,913,455	0.33
1,001 to 10,000	9,304	48.91	47,769,789	8.21
10,001 to 100,000	5,772	30.34	190,752,592	32.77
100,001 to 29,101,876 (*)	801	4.21	341,598,396	58.69
29,101,876 AND ABOVE (**)	0	0.00	0	0.00
<b>TOTAL</b>	<b>19,023</b>	<b>100.00</b>	<b>582,037,532</b>	<b>100.00</b>

Remarks : \* - Less than 5% of Issued Holdings

\*\* - 5% and above of Issued Holdings

## INFORMATION OF SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2022 (As Per SCIB's Register Books)

NAME	DIRECT HOLDINGS	%	INDIRECT HOLDINGS	%
YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	139,666,664	23.996	0	0

## INFORMATION ON DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2022 (As Per SCIB's Register Books)

NAME	DIRECT HOLDINGS	%	INDIRECT HOLDINGS	%
Encik Shamsul Anuar Bin Ahamad Ibrahim	0	0	0	0
YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	139,666,664	23.996	0	0
YBhg. Datu Haji Abdul Hadi Bin Datuk Abdul Kadir	0	0	0	0
YBhg. Datu Haji Soedirman Bin Haji Aini	5,000	0.001	0	0
Encik Sr. Mohd Nazri Bin Mat Noor	0	0	0	0
Encik Noor Azri Bin Dato' Sri Noor Azerai	100,000	0.017	2,300,000	0.395
Encik Mohd Shakir Bin Shahimi	0	0	0	0
Encik Nuraiman Bin Shaiful Anuar	0	0	0	0
Encik Rosland Bin Othman	0	0	0	0
Mr. Ku Chong Hong	0	0	0	0

# ANALYSIS OF SHAREHOLDINGS

as at 30 September 2022

(CONT'D)

## LIST OF TOP 30 SHAREHOLDERS AS AT 30 SEPTEMBER 2022

No	Name	Holdings	%
1.	Huang Tiong Sii	27,013,500	4.64
2.	Sarawak Economic Development Corporation	25,925,000	4.45
3.	Yii Ming Sung	9,059,500	1.56
4.	Agnes Chan Wai Ching	8,005,000	1.38
5.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chor Sek Choon	7,905,200	1.36
6.	Waiko Engineering Works Sdn. Bhd.	7,000,000	1.20
7.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ling Su You (E-KKU/BFT)	4,020,000	0.69
8.	Seng Siaw Wei	4,000,000	0.69
9.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	3,013,000	0.52
10.	Ong Sow Hong	2,800,000	0.48
11.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teng Chi Lik (E-PDG)	2,580,000	0.44
12.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yeu Ing Dee (E-KKU/BFT)	2,526,000	0.43
13.	Lee Kek Ming	2,500,000	0.43
14.	Rinani Group Berhad	2,200,000	0.38
15.	AllianceGroup Nominees (Tempatan) Sdn. Bhd Pledged securities account for Wong Choo Kiong (7005038).	2,000,000	0.34
16.	Toh Ah Wah	2,000,000	0.34
17.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Kim Teck	1,950,000	0.34
18.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yeu Ing King (E-KKU)	1,941,000	0.33
19.	Ho Lih Meng	1,800,000	0.31
20.	Tan Soo Sum	1,770,000	0.30
21.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	1,425,200	0.24
22.	Low Chee Siong	1,400,000	0.24
23.	Azrui Nizam Bin Itam	1,400,000	0.24
24.	Koh Thian Chin	1,324,000	0.23
25.	Lim Chin Sean	1,300,000	0.22
26.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kien Wi (E-JCL/KPT)	1,300,000	0.22
27.	Lembaga Tabung Amanah Melaka	1,150,000	0.20
28.	Vasigaran A/L Vasudevan	1,132,000	0.19
29.	Abdul Manap Bin Abd Wahab	1,100,000	0.19
30.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Ngat Seng	1,100,000	0.19
	<b>Total</b>	<b>132,639,400</b>	<b>22.77</b>

# ANALYSIS OF WARRANT HOLDINGS

as at 30 September 2022

Number of Total Warrant : 245,184,997

## ANALYSIS BY SIZE OF WARRANT HOLDINGS AS AT 30 SEPTEMBER 2022

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 to 99	1,346	13.59	64,037	0.03
100 to 1,000	2,111	21.31	1,098,811	0.45
1,001 to 10,000	3,566	35.99	18,058,104	7.36
10,001 to 100,000	2,459	24.82	85,910,724	35.04
100,001 to 12,259,248 (*)	424	4.28	127,090,821	51.83
12,259,249 AND ABOVE (**)	1	0.01	12,962,500	5.29
<b>TOTAL</b>	<b>9,907</b>	<b>100.00</b>	<b>245,184,997</b>	<b>100.00</b>

Remarks : \* - Less than 5% of Issued Shares  
 \*\* - 5% and above of Issued Shares

## INFORMATION ON DIRECTORS' WARRANT HOLDINGS AS AT 30 SEPTEMBER 2022 (As Per SCIB's Register Books)

NAME	DIRECT HOLDINGS	%	INDIRECT HOLDINGS	%
Encik Shamsul Anuar Bin Ahamad Ibrahim	0	0	0	0
YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	33,333,332	<sup>(a)</sup> 13.595	0	0
YBhg. Datu Haji Abdul Hadi Bin Datuk Abdul Kadir	0	0	0	0
YBhg. Datu Haji Soedirman Bin Haji Aini	0	0	0	0
Encik Sr. Mohd Nazri Bin Mat Noor	0	0	0	0
Encik Noor Azri Bin Dato' Sri Noor Azerai	0	0	0	0
Encik Mohd Shakir Bin Shahimi	0	0	0	0
Encik Nuraiman Bin Shaiful Annuar	0	0	0	0
Encik Rosland Bin Othman	1,065,370	<sup>(a)</sup> 0.435	0	0
Mr. Ku Chong Hong	0	0	0	0

Remarks:

<sup>(a)</sup> Based on total warrants exercise of 245,184,997 shares

# ANALYSIS OF WARRANT HOLDINGS

as at 30 September 2022

(CONT'D)

## LIST OF TOP THIRTY (30) WARRANT HOLDERS AS AT 30 SEPTEMBER 2022

No	Name of Shareholders	No. of Shares	%
1.	Sarawak Economic Development Corporation	12,962,500	5.29
2.	Wong Yoon Chee	6,077,400	2.48
3.	Mohd Khalid Bin Mohamed Latiff	2,280,000	0.93
4.	Yeoh Seng Pin	1,859,800	0.76
5.	Liew Yann Min	1,848,100	0.75
6.	Saifuddin Bin Awang @ Muhamad	1,627,400	0.66
7.	Mohd Yazid B Ariffin @ Mohd Aripin	1,605,500	0.65
8.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohd Rashdi Bin Ab Hamid @ Aziz (E-KLC)	1,510,100	0.62
9.	Atchuthan A/L R Narayanan Raman	1,473,200	0.60
10.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yap Moi Kean (E-SPT)	1,250,000	0.51
11.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Hock Guan	1,167,800	0.48
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Suriani Binti Yusoff	1,143,000	0.47
13.	Mincheol Song	1,097,000	0.45
14.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rosland Bin Othman	1,065,370	0.43
15.	Yap Ai Synn @ Yap Ai Chin	1,000,000	0.41
16.	Tan Gia Lung	1,000,000	0.41
17.	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Lim Chee Kuan	900,000	0.37
18.	Agnes Chan Wai Ching	900,000	0.37
19.	Ahmad Razali Bin Nordin	823,500	0.34
20.	Tan Cheng Keat	800,000	0.33
21.	Maybank Nominees (Tempatan) Sdn. Bhd. Kiew Kwee Ling	750,000	0.31
22.	Ng Koo Meng	740,800	0.30
23.	Affin Hwang Investment Bank Berhad IVT (TZU)	739,500	0.30
24.	Maybank Nominees (Tempatan) Sdn. Bhd. Tan Hui Seng	735,000	0.30
25.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sim Kim Sai (E-SPT/MIN)	700,100	0.29
26.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leong Mun Fook	700,000	0.29
27.	Quik Siew Huay	700,000	0.29
28.	Chiang Siong Chiew @ Chiong Siong Chiew	700,000	0.29
29.	Chui Yue Phan	700,000	0.29
30.	Chung Swee Wah @ Chung Bee Hua	700,000	0.29
	<b>Total</b>	<b>49,556,070</b>	<b>20.26</b>



# NOTICE OF ANNUAL GENERAL MEETING



## SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No.: 197501003884 (25583-W)  
(Incorporated in Malaysia)

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Forty Sixth (“46<sup>th</sup>”) Annual General Meeting (“AGM”) of Sarawak Consolidated Industries Berhad (“SCIB” or “the Company”) will be conducted on a fully virtual basis via the online meeting platform and Remote Participation and Voting (“RPV”) facilities provided by Propoll Solutions Sdn Bhd in Malaysia via its website at [www.propollsolutions.com.my](http://www.propollsolutions.com.my) (“Propoll Portal”) (Domain registration number D1A403203) on Thursday, 8 December 2022 at 11:00 a.m. for the following purposes:

### AGENDA

#### ORDINARY BUSINESS

- |   |                                     |
|---|-------------------------------------|
| (1) To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors’ and Auditors’ thereon.  | Please refer to Explanatory Note(i) |
| (2) To approve the following payments to Directors:   |                                     |
| i. Fees of the Directors at an amount not exceeding RM324,000 in aggregate for a period from 28 February 2022 until 7 December 2022;  | Ordinary Resolution 1               |
| ii. Fees of the Directors at an amount not exceeding RM432,000 in aggregate for a period from 8 December 2022 until the next annual general meeting;  | Ordinary Resolution 2               |
| iii. Benefits of the Non-Executive Directors at an amount not exceeding RM576,000 from a period from 28 February 2022 until 7 December 2022; and  | Ordinary Resolution 3               |
| iv. Benefits of the Non-Executive Directors at an amount not exceeding RM568,000 from a period from 8 December 2022 until the next annual general meeting.  | Ordinary Resolution 4               |
| (3) To re-elect YBhg. Dato’ Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah, the Director who retires in accordance with Article 122(1) of the Company’s Constitution and being eligible, offers himself for re-election. | Ordinary Resolution 5               |
| (4) To re-elect YBhg. Datu Haji Abdul Hadi Bin Datuk Abdul Kadir, the Director who retires in accordance with Article 122(1) of the Company’s Constitution and being eligible, offers himself for re-election.      | Ordinary Resolution 6               |
| (5) To re-elect Mr. Ku Chong Hong, the Director who retires in accordance with Article 127 of the Company’s Constitution and being eligible, offers himself for re-election.  | Ordinary Resolution 7               |
| (6) To re-elect Encik Noor Azri Bin Dato’ Sri Noor Azerai, the Director who retires in accordance with Article 127 of the Company’s Constitution and being eligible, offers himself for re-election.                | Ordinary Resolution 8               |

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

- |  |                           |
|--|---------------------------|
| (7) To re-elect Encik Shamsul Anuar Bin Ahamad Ibrahim, the Director who retires in accordance with Article 127 of the Company's Constitution and being eligible, offers himself for re-election | Ordinary<br>Resolution 9  |
| (8) To re-elect Encik Mohd Shakir Bin Shahimi, the Director who retires in accordance with Article 127 of the Company's Constitution and being eligible, offers himself for re-election.         | Ordinary<br>Resolution 10 |
| (9) To re-elect Encik Nuraiman Bin Shaiful Annuar, the Director who retires in accordance with Article 127 of the Company's Constitution and being eligible, offers himself for re-election.     | Ordinary<br>Resolution 11 |
| (10) To re-appoint NEXIA SSY PLT as the Auditors and to authorize the Directors to fix their remuneration.   | Ordinary<br>Resolution 12 |

## SPECIAL BUSINESS

- |   |                           |
|---|---------------------------|
| (11) To consider and, if thought fit, pass the following ordinary resolution:   | Ordinary<br>Resolution 13 |
| <ul style="list-style-type: none"> <li>• <b>Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of preemptive rights</b></li> </ul> <p>“<b>THAT</b> pursuant to Sections 75 and 76 of the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and subject always to the approval of the relevant regulatory authorities (if any), the Directors be and are hereby empowered to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution, when aggregated with the total number of such shares issued during the preceding 12 months, does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being <b>AND THAT</b> the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad <b>AND FURTHER THAT</b> such authority shall continue in force until the conclusion of the next annual general meeting of the Company.</p> <p>AND THAT pursuant to Section 85 of the Companies Act, 2016 to be read together with Article 8 of the Constitution of SCIB, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of SCIB to be offered new SCIB shares ranking equally to the existing issued SCIB shares arising from any issuance of new SCIB shares pursuant to Sections 75 and 76 of the Companies Act, 2016.</p> |                           |
| (12) To consider and, if thought fit, pass the following special resolution:  | Special<br>Resolution 1   |
| <ul style="list-style-type: none"> <li>• <b>Proposed Amendments of Constitution of the Company (“Proposed Amendments”)</b></li> </ul> <p>THAT the proposed amendments of the Company's Constitution as set out in Annexure I be hereby approved AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications and/or amendments as may be required by the relevant authorities and to do all acts and things and take such steps as may be considered necessary to give full effect to the Proposed Amendments.”</p>  |                           |

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

- (13) To transact any other business which may properly be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Companies Act 2016 and the Constitution of the Company.

## BY ORDER OF THE BOARD OF DIRECTORS

### NG LAI YEE

SSM PC No.: 202008000977

(MAICSA 7031768)

*Company Secretary*

Dated : 31 October 2022

Kuching, Sarawak

### Explanatory Notes:

- i) This agenda item is meant for discussion only and hence it will not be put forward for voting.
- ii) **Ordinary Resolutions 1, 2, 3 and 4 – Proposed Directors' Fees and Benefits**

For information, the Fees and Benefits for Directors in respect of the period from 28 February 2022 until the Annual General Meeting (“AGM”) to be held on 8 December 2022 (“**2022 AGM**”), were not approved at the Company's AGM held on 28 February 2022.

As a matter of fact, the respective Directors have executed their fiduciary and statutory duties to the Company and as well have attended series of scheduled-meetings and have significantly contributed in solving issues surrounding the Company during the aforesaid period and for a period from 1 March 2022 until current, despite the shareholders have not approved their proposed fees and benefits in the previous AGM held on 28 February 2022.

With the said-continuous contribution by the respective Directors, the Company has taken the following necessary measures to achieve improvement within the Financial Year Ended 30 June 2022 which signified that the Directors shall be compensated accordingly.

- (i) The Company and its wholly-owned subsidiary company, SCIB International (Labuan) Ltd. had, on 10 November 2021 entered into Settlement Agreements and subsequently concluded the Novation Agreements on 20 September 2022 with the clients and respective subcontractors to discharge all of the Group's liabilities/obligations towards the Settlement Agreements in which the clients agreed to take on the debts of the group owing to the subcontractors;
- (ii) The Company had registered a healthy order book in the financial year under review of RM1.52 billion as of 30 September 2022 with earnings visibility up to the year 2026, with projects ranging from road maintenance work in Terengganu, project engineering services for smart lamp poles to road construction and redevelopment of Daif schools; and
- (iii) The Auditors had expressed that the financial statements for the year ended 30 June 2022 give a true and fair view except for the opening balances from matters arising from the previous financial period ended 30 June 2021. The board of directors and the management will address the issues of the opening balances and resolve them to garner an unqualified audit report in the next financial year.

With due consideration given on the current financial standing of the Company, the Company recognizes that the rights of the Directors to receive fees and benefits for their efforts, contributions and responsibilities of being Directors should not be deprived.

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

We hereby appeal for the shareholders to approve these 4 resolutions in consideration of their continuous support and commitment in carrying out their duties and responsibilities during the aforesaid period as well as for future period.

Hence, for this upcoming AGM scheduled on 8 December 2022, the Company shall be tabling Directors' fee and Benefits for both period commencing 28 February 2022 until 7 December 2022 and from 8 December 2022 until the next AGM to be held in year 2023.

## iii) Ordinary Resolutions 5, 6, 7, 8, 9, 10 and 11 – Re-election of Directors

The Remuneration and Nomination Committee and the Board of Directors have assessed YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah, YBhg. Datu Haji Abdul Hadi Bin Datuk Abdul Kadir, Encik Noor Azri Bin Dato' Sri Noor Azerai, Mr. Ku Chong Hong, Encik Shamsul Anuar Bin Ahamad Ibrahim, Encik Mohd Shakir Bin Shahimi and Encik Nuraiman Bin Shaiful Anuar, and recommended them to be re-elected as Directors of the Company at the forthcoming annual general meeting.

## iv) Ordinary Resolution 13 – Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of preemptive rights

The proposed resolution 13 will empower the Directors to issue and allot shares up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company for the time being, for such purposes as the Board of Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company ("**General Mandate**").

The purpose of the General Mandate is to provide flexibility to the Company to issue new shares and/or to carry out fund raising exercises including but not limited to further placement of shares in financing current and/or future investment projects, working capital and/or acquisitions, without the need to convene separate general meeting(s) which will incur additional time and cost to obtain its shareholders' approval.

This General Mandate is a renewal of the mandate that was approved by the shareholders at the Company's 45<sup>th</sup> Annual General Meeting held on 28 February 2022.

As at the date of this notice, the Company had issued and allotted 91,427,532 new ordinary shares with total proceeds raised of RM41,763,207 pursuant to the previous General Mandate. Details and status of the utilisation of proceeds are as follows:

<b>Purposes</b>	<b>Proposed Utilisation (RM'000)</b>	<b>Actual Utilisation (RM'000)</b>	<b>Balance unutilised (RM'000)</b>
<i>Capital expenditure requirements for current operations</i>	4,173	4,173	-
<i>Partial settlement of a new business</i>	3,431	3,431	-
<i>Working capital for on-going projects</i>	25,809	25,809	-
<i>Estimated expenses for upcoming projects</i>	5,150	5,150	-
<i>Estimated expenses</i>	3,200	3,200	-
<b>Total</b>	<b>41,763</b>	<b>41,763</b>	<b>-</b>

## v) Special Resolution 1 – Proposed Amendments to the Constitution of the Company

The Proposed Amendments on the change of object clause is to reflect the current business activities of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## Notes:

- (1) The 46<sup>th</sup> Annual General Meeting (“AGM”) will be conducted on a fully virtual basis via the online meeting platform through the Remote Participation and Voting (“RPV”) facilities provided by Propoll Solutions Sdn Bhd in Malaysia via its website at [www.propollsolutions.com.my](http://www.propollsolutions.com.my) (“Propoll Portal”)(Domain registration number D1A403203).
- (2) Members are to attend, posing questions to the Board via real time submission of typed texts and vote (collectively, “participate”) remotely at the 46<sup>th</sup> AGM via the RPV facilities provided by Propoll Solutions Sdn Bhd via its website at [www.propollsolutions.com.my](http://www.propollsolutions.com.my) (“Propoll Portal”). Please read the Administrative Details for the 46<sup>th</sup> AGM of the Company for details on the registration process and procedures for RPV to participate remotely at the 46<sup>th</sup> AGM of the Company.
- (3) **Appointment of Proxy**
  - (a) A member of the Company is entitled to attend, participate, posing questions to the Board via real time submission of typed texts and vote and is entitled to appoint not more than two (2) proxies to attend, participate, posing questions to the Board via real time submission of typed texts and vote instead of him. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
  - (b) A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 (“**SICDA**”) may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
  - (c) Where a member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“**Omnibus Account**”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
  - (d) Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
  - (e) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote shall have the same rights as the member to participate at the meeting.
  - (f) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
  - (g) The appointment of a proxy may be made in a physical copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof at which the person named in the appointment proposes to vote:
    - (i) In physical copy form  
 In the case of an appointment made in physical copy form, the proxy form must be deposited at the Company Secretary’s office at G-3AF-3, Level 3AF, Block G, Garden Office @ Encorp Strand, No. 12, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor.
    - (ii) By electronic form  
 The proxy form can be electronically lodged via Propoll Portal at [www.propollsolutions.com.my](http://www.propollsolutions.com.my)
  - (h) For the purpose of determining a member who shall be entitled to attend and vote at the meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 30 November 2022 and only a member whose name appears on the Record of Depositors on that date shall be entitled to attend the meeting via RPV or appoint proxies to attend and vote in his stead.



# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## STATEMENT ACCOMPANYING NOTICE OF THE 46TH AGM

**(i) Details of persons who are standing for election as Directors (excluding Directors standing for reelection)**

Pursuant to Para 8.27(2) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), no individual is standing for election as Director of the Company at the 46th AGM of the Company.

**(ii) General mandate for issue of securities**

The proposed general mandate for issuing new securities under Ordinary Resolution 13 is a renewal of previous mandate obtained at the preceding 45<sup>th</sup> AGM of the Company held on 28 February 2022.

Details of the issuance and status of utilization of proceeds pursuant to the previous General Mandate are disclosed on page 219 of the Annual Report under item (iv) of the explanatory notes.

# ANNEXURE I

## Proposed Amendments to Object Clause in The Constitution

The existing Clause 3(a) to 3(c) are to be replaced as follows:

<i>Existing Provision</i>	<i>Amended Provision</i>
<p>3(a) To purchase or otherwise acquire for investment or resale, and to traffic in lands, houses, buildings, plantations and immovable property of any tenure of any interest therein, and any movable property of any description or any interest therein, and to create sell and deal in freehold and leasehold land, ground rents, generally to acquire, deal in, traffic by way of sale, lease, exchange or otherwise with property of every description, whether immovable or movable, real or personal and whether for valuable consideration or not.</p>	<p>3(a) To engage in the business of engineering, civil electrical, contracting and constructions including the design, manufacture, construction, erection, alteration, repair and installation of plants, towers, optical fiber, structure, ways, works, systems and mechanical, electrical and electronic machinery, equipment, apparatus and devices which shall also include the business of contracting in all types of construction, erection, fabrication and/or manufacturing works and turnkey projects, to hold construct, erect, fabricate and/or manufacture in whole or in part, all types of buildings, houses, offices, factories, mills, shops, industrial and commercial plants including and not limited to engaging contractors and/or subcontractors.</p>
<p>3(b) To carry on the business of a holding and investment company and to acquire by purchase, exchange, subscription or otherwise and to hold the whole or any part of the securities and interests of and in any industry, trade or business and to promote the beneficial cooperation of any such companies as well as with one another as with the Company and to exercise in respect of such investments and holdings all the rights, powers and privileges of ownership including the right to vote thereon; and</p>	<p>3(b) To acquire and hold for investment, land, houses, dwelling places and buildings of any kind and description, shares, stocks, debentures, debentures stock, bonds, obligations and securities issued and guaranteed by any company, private undertaking, syndicate or persons constituted to be carrying on business in Malaysia or elsewhere, or any government, sovereign ruler, commissioners, public body or authority supreme, municipal, local or otherwise and to acquire any such shares, stocks, debenture, debenture stocks, bond obligations or securities by original subscription, tender purchase, transfer, charge or otherwise and to exercise and generally to enforce all rights and powers conferred or incidental to the ownership thereof, and to sell, transfer, exchange or otherwise dispose of the same.</p>

**ANNEXURE I****Proposed Amendments to Object Clause in The Constitution**

(CONT'D)

The existing Clause 3(a) to 3(c) are to be replaced as follows: *(cont'd)*

<b>Existing Provision</b>	<b>Amended Provision</b>
<p>3(c) To employ the funds of the Company in the development and expansion of the business of the Company and all or any of its subsidiary or related companies and in any other company whether now existing or hereafter to be formed and engaged in any like business of the Company or any of its subsidiary or related companies or of any other industry ancillary thereto or which can conveniently be carried on in connection therewith and to provide management, secretarial, accounting, advisory and all types carry on business of contracting in all types of consultancy services (including but not limited to technical, administrative, human resources matters, preparing budget, costing, accounting business systems, planation related consultancy and/or engineering in relation to mills and factories, buildings and works to all or any of its subsidiary or related companies and in any other company whether now existing or hereafter to be formed.</p>	<p>3(c) To undertake the business as general traders and merchants, and buy, sell, export, import, deal in commodities, goods, things, contracts of all types, to deal in any commodity market, commodity exchange, spot exchange, for itself or for others, transaction in the nature of hedging, spot trading, forward commodity contracts, rate swaps, commodity future/swaps, commodity options, futures and options and in derivatives of all the commodities, whether for the purpose of trading, investment, hedging, arbitrage, or any other purpose, whether in Malaysia or abroad and to undertake the activity of warehousing and processing as may be required for the aforesaid purpose(s).</p>
<p>AND THAT for the above purposes, the Company shall have full capacity, rights, power and privileges to achieve and in support of the above objects.</p>	<p>Without derogating from the generality of this Clause, the Company shall have the full capacity to carry on or undertake any business or activity that is in the best interest of the Company with full rights, powers and privileges for such purpose in accordance with Section 21 of the Act, subject always to the requirements of any applicable laws and regulations.</p>

***BUILDING  
BETTER & STRONGER***

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**SARAWAK CONSOLIDATED INDUSTRIES BERHAD**  
Registration No.: 197501003884 (25583-W)  
(Incorporated in Malaysia)

**FORM OF PROXY**

I/We \_\_\_\_\_ [Full Name in Block Letters]

NRIC No. \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ [Full Address]

being a member(s) of **SARAWAK CONSOLIDATED INDUSTRIES BERHAD**, hereby appoint

Proxy 1		Proportion of shareholdings to be presented %
Full Name in Block Letters		
NRIC No.		
Full Address		
Tel No.		
Email Address		

and/ or failing him/ her

Proxy 2		Proportion of shareholdings to be presented %
Full Name in Block Letters		
NRIC No.		
Full Address		
Tel No.		
Email Address		
		Total 100%

or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the **46<sup>th</sup> Annual General Meeting** of the Company to be conducted on a fully virtual basis via the online meeting platform and Remote Participant and voting ("RPV") facilities provided by Propoll Solutions Sdn. Bhd. in Malaysia via its website at [www.propollsolutions.com.my](http://www.propollsolutions.com.my) ("Propoll Portal")(Domain registration number D1A403203) on **Thursday, 8 December 2022 at 11.00 a.m.** and at any adjournment thereof.

My/our proxy is to vote as indicated below:

No.	Ordinary/Special Resolutions	FOR	AGAINST
1.	To approve the fees of the Directors at an amount not exceeding RM324,000 in aggregate for a period from 28 February 2022 until 7 December 2022		
2.	To approve the fees of the Directors at an amount not exceeding RM432,000 in aggregate for a period from 8 December 2022 until the next annual general meeting		
3.	To approve the benefits of the Non-Executive Directors at an amount not exceeding RM576,000 from a period from 28 February 2022 until 7 December 2022		
4.	To approve the benefits of the Non-Executive Directors at an amount not exceeding RM568,000 from a period from 8 December 2022 until the next annual general meeting		
5.	To re-elect YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah as a Director		
6.	To re-elect YBhg. Datu Haji Abdul Hadi Bin Datuk Abdul Kadir as a Director		
7.	To re-elect Mr. Ku Chong Hong as a Director		
8.	To re-elect Encik Noor Azri Bin Dato' Sri Noor Azerai as a Director		
9.	To re-elect Encik Shamsul Anuar Bin Ahamad Ibrahim as a Director		
10.	To re-elect Encik Mohd Shakir Bin Shahimi as a Director		
11.	To re-elect Encik Nuraiman Bin Shaiful Anuar as a Director		
12.	To re-appoint NEXIA SSY PLT as the Auditors and to authorize the Directors to fix their remuneration		
13.	To authorise the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of preemptive rights		
14.	To approve the Proposed Amendments of Constitution of the Company ("Proposed Amendments")		

Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Dated this ..... day of .....2022

No. of shares held	CDS Account No.

.....  
Signature of Shareholder



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Notes:

- (1) As part of the initiative to curb the spread of Coronavirus Disease 2019 ("COVID-19"), the 46<sup>th</sup> Annual General Meeting ("AGM") will be conducted on a fully virtual basis via the online meeting platform and Remote Participant and voting ("RPV") facilities provided by Propoll Solutions Sdn. Bhd. in Malaysia via its website at [www.propollsolutions.com.my](http://www.propollsolutions.com.my) ("Propoll Portal")(Domain registration number D1A403203).

According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021, an online meeting platform located in Malaysia is recognized as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.

- (2) Members are to attend, posing questions to the Board via real time submission of typed texts and vote (collectively, "participate") remotely at the 46<sup>th</sup> AGM via the RPV facilities provided by Propoll Solutions Sdn Bhd via its website at [www.propollsolutions.com.my](http://www.propollsolutions.com.my) ("Propoll Portal"). Please read the Administrative Details for the 46<sup>th</sup> AGM of the Company for details on the registration process and procedures for RPV to participate remotely at the 46<sup>th</sup> AGM of the Company.

(3) **Appointment of Proxy**

- (a) A member of the Company is entitled to attend, participate, posing questions to the Board via real time submission of typed texts and vote and is entitled to appoint not more than two (2) proxies to attend, participate, posing questions to the Board via real time submission of typed texts and vote instead of him. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
- (b) A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (c) Where a member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- (d) Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

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- (e) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote shall have the same rights as the member to participate at the meeting.
- (f) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
- (g) The appointment of a proxy may be made in a physical copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof at which the person named in the appointment proposes to vote:
- (i) In physical copy form  
In the case of an appointment made in physical copy form, the proxy form must be deposited at Company Secretary's office at G-3AF-3, Level 3AF, Block G, Garden Office @ Encorp Strand, No. 12, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.
- (ii) By electronic form  
The proxy form can be electronically lodged via Propoll Portal at [www.propollsolutions.com.my](http://www.propollsolutions.com.my)
- (h) For the purpose of determining a member who shall be entitled to attend and vote at the meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 30 November 2022 and only a member whose name appears on the Record of Depositors on that date shall be entitled to attend the meeting via RPV or appoint proxies to attend and vote in his stead.

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**Rinani Management Sdn Bhd**  
G-3AF-3, Level 3AF, Block G,  
Garden Office @ Encorp Strand,  
No. 12, Jalan PJU 5/1, Kota Damansara,  
47810 Petaling Jaya, Selangor Darul Ehsan



SARAWAK  
CONSOLIDATED  
INDUSTRIES  
BERHAD  
(25583-W)

**CONTACT  
INFORMATION**




# CONTACT INFORMATION



**CORPORATE OFFICE:**

1-07-01, Block 1, Star Central Corporate Park, Lingkaran Cyber Point Timur,  
Cyber 12, 63000 Cyberjaya, Selangor Darul Ehsan, Malaysia.

TEL: +60 3 8322 1566



**HEADQUARTERS:**

Lot 1258, Jalan Utama, Pending Industrial Estate,  
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