



**SARAWAK CONSOLIDATED
INDUSTRIES BERHAD**

Registration No.: 197501003884 (25583-W)



ANNUAL REPORT 2023

BUILDING A
**SUSTAINABLE
FUTURE**

WHAT'S INSIDE

OVERVIEW

	01
Chairman's Statement	02
CEO's Statement	04
Corporate Background	08
Vision & Mission and Value Statement	10
SCIB Growth Story	11
Corporate Information	12
Corporate Structure	13
Board of Directors	14
Directors' Profile	16
Key Management Profile	27

ANALYSIS

	31
Management Discussion & Analysis	32

CORPORATE GOVERNANCE

	43
Corporate Governance Overview Statement	44
Statement of Directors' Responsibilities	59
Audit Committee Report	60
Statement on Risk Management and Internal Control	64
Additional Compliance Information	74

SUSTAINABILITY

	76
Sustainability Mission	77
Report Period and Cycle	77
Governance Structure	77
SCIB Sustainability Framework	79
Report Scope and Boundary	80
Forward Looking Statements	80
Guidance	80
Assurance	80
Report Distribution	80
Financial Year 2023 Sustainability Highlights	81
Key Stakeholders' Engagement	83
Materiality Assessment	84
Environmental	87
Social	95
Economic & Governance	111

FINANCIAL STATEMENTS

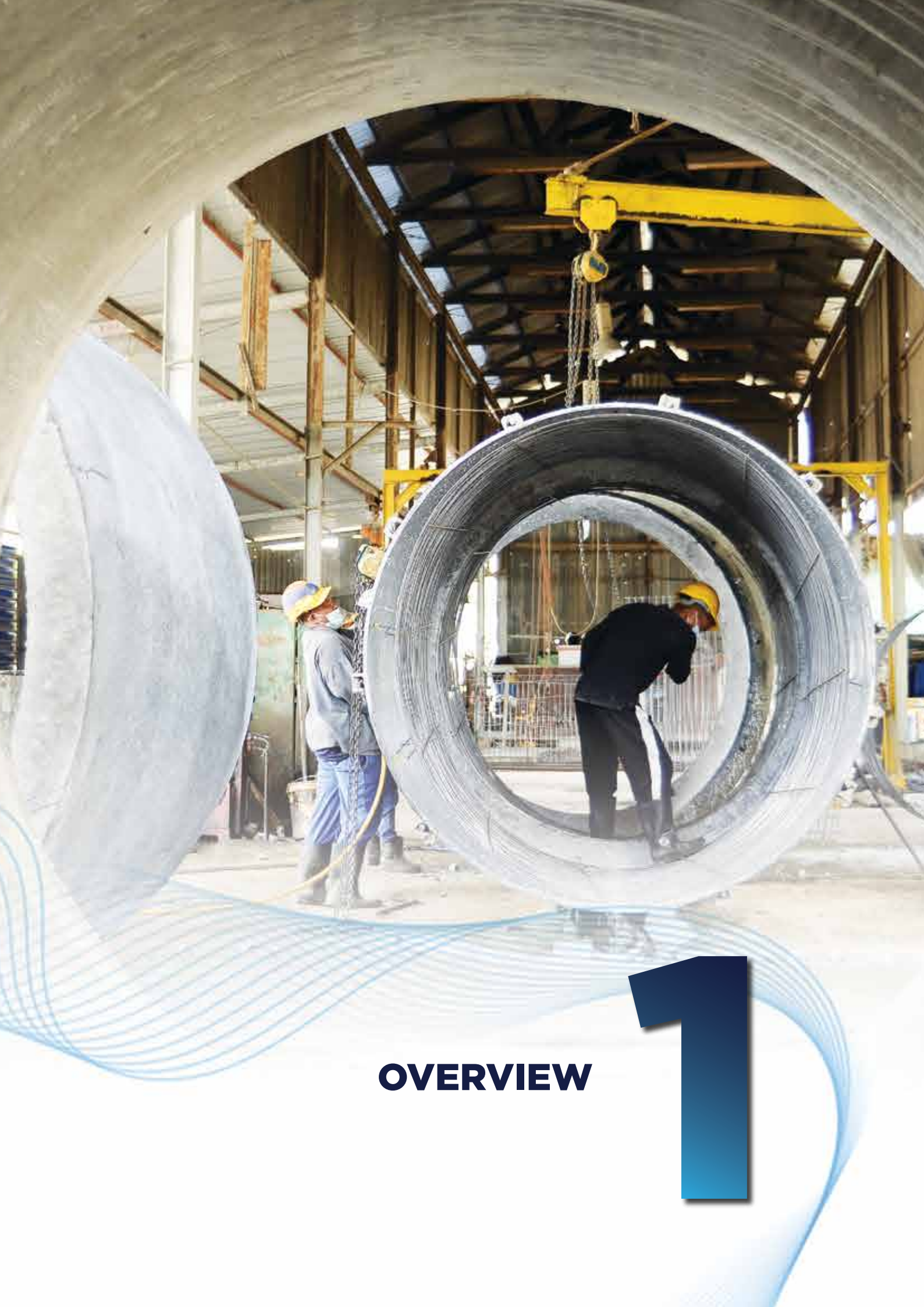
	119
Directors' Report	120
Independent Auditors' Report	126
Statements of Financial Position	131
Statements of Profit or Loss and Other Comprehensive Income	133
Statements of Changes in Equity	134
Statements of Cash Flows	136
Notes to the Financial Statements	139
Statement by Directors	224
Statutory Declaration	224

ADDITIONAL INFORMATION

	225
List of Properties	226
Analysis of Shareholdings	227
Analysis of Warrant Holdings	229
Notice of Annual General Meeting	231
Form of Proxy	enclosed

CONTACT INFORMATION

	239
--	------------



OVERVIEW

1

CHAIRMAN'S STATEMENT

In the face of a challenging global economic climate, SCIB stands strong with an unwavering dedication to innovation, resilience, and principled leadership. As I step into the role of chairman, I feel both honoured and excited to steer such a remarkable company. Journeying through fiscal 2023, our core values and commitment to sustainable growth continue to be our guiding lights. The success we have achieved is a reflection of the combined efforts of our board, shareholders, and the entire SCIB community. I firmly believe that SCIB is not only equipped to handle future challenges but is also well-positioned to unlock new opportunities, further enhancing value for all our stakeholders.

I would like to express my profound gratitude to the Board of Directors and our valued shareholders for their consistent support and unwavering faith throughout the last fiscal year. The contributions and dedication of every member in these groups have been instrumental in shaping SCIB's achievements.

In the global economic arena, it's evident that the world is on a cautious path to recovery. The International Monetary Fund (IMF) anticipates the global economy to grow at a modest rate of 2.8% for 2023, indicating a slow yet steady approach towards restoring pre-pandemic conditions. Malaysia follows this trend, with projections estimating an economic growth of 4.5% for the year, coupled with an inflation rate of 3.25%. This scenario presents a mix of challenges and opportunities for enterprises.



CHAIRMAN
Abang Abdillah Izzarim Bin
Datuk Patinggi Tan Sri Abang
Haji Abdul Rahman Zohari

CHAIRMAN'S STATEMENT

(CONT'D)

The Malaysian government's emphasis on infrastructure projects, particularly the Pan Borneo Highway, is a driving force for our domestic construction sector. This aligns seamlessly with SCIB's core strengths, especially in Engineering, Procurement, Construction and Commissioning ("EPCC") contracts and our expansive building materials portfolio. We view this government initiative as a pivotal stepping stone that could usher in a plethora of opportunities for us in the forthcoming financial year.

SCIB's response to this economic backdrop has been marked by resilience and adaptability. We proudly secured construction contracts totalling a value of RM373.4 million as of 30 September 2023. The resilience of our business model is further evident in our robust construction order book balance, which stands at RM264.9 million. These numbers are a testament to SCIB's sturdy business framework and augur well for a promising future.

Our vision for the upcoming year centres around diversification and ingenuity. Being a front-runner in precast concrete and Industrialised Building System ("IBS") manufacturing in East Malaysia, our ambition is to leverage our capabilities to explore untapped markets. Our trio of state-of-the-art manufacturing facilities, positioned strategically around Kuching, Sarawak, boast a combined annual capacity of 500,000 tonnes. This places us in a prime position to take on larger, more intricate projects.

Our latest financial milestones are sources of immense pride. SCIB posted a revenue of RM132.0 million for financial year ended 2023, marking a steady increase from RM128.4 million in the preceding year. The notable gross profit of RM6.5 million we achieved in the quarter ended June 2023 further underscores our operational prowess. We interpret these results as positive indicators of SCIB's enduring financial health amidst global uncertainties.

Acknowledgement

It is with immense pride and enthusiasm that we welcome our new board members, whose diverse skill sets and experiences perfectly complement SCIB's strategic and governance vision.

Mr. Chin Choon Wei, our recently appointed Group Executive Director, alongside Mr. Kang Wei Luen, Mr. Liaw Way Gian, Dr. Dang Nguk Ling, and Ms. Toh Beng Suan as our new Independent and Non-Executive Directors, bring an amalgam of expertise spanning various domains. Their collective wisdom promises to enrich board discussions, setting higher benchmarks for corporate governance and stakeholder communication.

Together, their combined expertise forms a robust foundation for SCIB's future endeavours in governance and strategy. As we usher in this promising new era, we warmly welcome each board member to the SCIB family, eagerly anticipating their invaluable contributions in the forthcoming years.

Sustainability

SCIB has always held the principles of Environmental, Social, and Governance ("ESG") in high regard. We've channelled resources into training programmes that pivot around sustainability and ethical practices, elevating industry benchmarks.

On the environmental front, SCIB has embarked on responsible waste management practices, ensuring materials are recycled and processed with utmost care. We are relentlessly exploring strategies to curtail waste, optimise energy usage, and diminish our carbon emissions. This proactive stance aligns with our broader sustainability objectives and aids in minimising the ecological impact of our operations.

Our commitment to societal well-being has prompted the launch of health and wellness initiatives for our employees and the larger community. Given the toll of the pandemic, we've introduced wellness sessions and health seminars, enhancing our employee benefits roster. A standout aspect of our sustainability journey is the integration of IBS into our product suite. IBS brings about operational efficiency and encapsulates our ESG commitment by facilitating off-site production, thus ensuring reduced on-site pollution and accelerated construction cycles. With IBS, our aim is to refine the construction process, amplify project efficiency, and address challenges such as labour shortages, all while ensuring top-tier quality.

In line with our commitment to community engagement, SCIB has forged partnerships with educational institutions in Sarawak, initiating apprenticeship programs. Our involvement in diverse educational initiatives, collaborations with institutions, and alignment with government programs, underlines our dedication to nurturing talent and fostering skill development in the construction realm.

CEO'S STATEMENT

Dear Esteemed Shareholders
and Stakeholders,

This year has been marked by significant achievements intertwined with challenges, each offering invaluable insights for our future path. I am deeply moved by the tenacity, resilience, and unwavering commitment shown by our team. Their dedication enabled us not only to secure new contracts but also to deliver on existing commitments with precision.



CEO'S STATEMENT

(CONT'D)

Insight into the Manufacturing and Construction Sector

The recent mid-term review of the 12th Malaysia Plan ("12MP") by Prime Minister Datuk Seri Anwar Ibrahim underscores the anticipated boon for the construction and manufacturing sectors from the 12MP. With a projected Gross Domestic Product expansion nearing the lower end of the 4% to 5% range for 2023, the plan offers promising implications for the nation's medium-term growth trajectory.

The 12MP's emphasis on striking the right balance for varied growth priorities resonates with SCIB's strategy. We aim to concentrate on short-to-mid-sized projects, with plans afoot to enhance our manufacturing capabilities in Sarawak and Peninsular Malaysia, ensuring readiness for impending demands and fresh projects.

Anticipation is high, with several development initiatives amounting to RM46.0 billion being rolled out statewide. Notable ventures include the Pan Borneo Highway Coastal Road, Second Trunk Road, Sarawak-Sabah Link Road, and the Trans Borneo Highway.

The present figures reflect a promising momentum for Malaysia's construction sector. Value of work done in the sector witnessed an 8.1% year-on-year surge in Q2 2023, reaching a pinnacle of US\$6.96 billion (RM32.4 billion). Moreover, a sustained growth with a Compound Annual Growth Rate of 5.5% is anticipated from 2023-2027.

Despite fluctuations, the steel price exhibited a descent, stabilising around RM3,200 per metric tonne in H2 2023. Data from Department of Statistics Malaysia ("DOSM") indicated a drop in the unit price index for steel and metal sections across most of Peninsular Malaysia, Sabah, and Sarawak. Nevertheless, as the frontrunner in precast concrete and IBS manufacturing, our objective remains to harness all resources for construction undertakings, offsetting the volatility in raw material prices. Our trio of factories, complemented by a wharf facility, have the capacity to supply an impressive 500,000 tonnes of building materials annually across Borneo, a strategic advantage for projects in the vicinity of Kalimantan, Indonesia.

On a celebratory note, SCIB proudly reports an upward revenue trajectory, moving from RM128.4 million in FYE 2022 to RM132.0 million in FYE 2023. Additionally, a surge in gross profit from RM16.1 million in FYE 2022 to RM22.0 million in FYE 2023 was observed. The augmentation in revenue and profitability across pivotal segments was propelled by augmented sales of foundation piles and the inauguration of two new educational projects. Our zealous endeavour in obtaining small-to-mid-sized construction contracts, coupled with the upturn in Sarawak's construction sector and China's generous RM170 billion investment pledge, augur well for SCIB. Further attesting to our sound financial stewardship, the company reinforced its fiscal standing with a private placement that yielded approximately RM12.76 million in gross proceeds.



CEO'S STATEMENT

(CONT'D)



FYE 2023 Performance

On 7 September 2023, SCIB proudly completed and handed over two educational facilities in Kanowit, near Sibu, through our subsidiary, SCIB Industrialised Building System Sdn. Bhd. (SCIB IBS). This was part of the second phase of the RM1.0 billion Daif School Redevelopment Project, specifically Package 13, valued at RM12.1 million. This achievement underscores our commitment to societal progress via enhancing educational infrastructure—a pillar of national growth.

This year also marked SCIB's expansion in Malaysia. Our subsidiary secured an Engineering, Procurement, Construction and Commissioning ("EPCC") contract for RM8.3 million to construct housing in Bachok, Kelantan Darul Naim. Furthermore, we won a RM20.7 million contract to refurbish Sekolah Daif in Tebedu, Serian. SCIB IBS also clinched a RM16.8 million subcontract from Majestika Sdn. Bhd. for the construction of SK Tambay in Kota Samarahan.

Fiscal prudence is integral to our approach. We made informed decisions this year, such as terminating several contracts, including with Kencana Healthcare Sdn. Bhd. involving a specialist hospital project in Johor Bahru; with Satria Kasturi (M) Sdn. Bhd. for the development of a solid waste transfer station in Pontian, Johor; with PT. Cipta Multi Sarana for the EPCC project involving earthworks for the Prabumulih-Muara Enim tolled road located in Sumatera, Indonesia; and with Awana JV Suria Saga Sdn. Bhd. to build housing for civil servants in Muallim, Perak. These decisions were not made arbitrarily; they were the culmination of comprehensive cost-benefit analysis. The terminations were strategically

aligned to mitigate long-term financial risks, safeguard the financial integrity of SCIB, and thereby preserve and potentially enhance shareholder value. This judicious course of action was essential to maintain the fiscal stability and future prosperity of our enterprise.

Proactive measures have been implemented by SCIB to settle overseas project obligations and address delayed or stagnant projects. We've reached conclusive agreements with respective clients to mutually terminate these contracts and confirm debt settlements.

For us, good governance isn't just rhetoric—it's ingrained in our corporate ethos. We saw an Extraordinary General Meeting ("EGM") held this year to strategically realign our board, ensuring that SCIB's leadership aligns with our growth vision. Issues in our shareholder registry are actively addressed in partnership with our legal team, reflecting our commitment to transparency and corporate probity.

Financial stability is often reflected in liquidity. SCIB bolstered its position with the successful allocation of 58,203,753 Placement Shares, raising RM12.76 million. This capital infusion strengthens our financial foundation, ensuring operational continuity and financial solvency.

Despite global economic flux, SCIB's FYE 2023 financials showcased robustness. Revenue increased to RM132.0 million from RM128.4 million in FYE 2022, and gross profits rose to RM22.0 million from RM16.1 million in the preceding year. These figures reflect our revenue growth strategy and operational prudence.

CEO'S STATEMENT

(CONT'D)

As the world pivots to globalisation and digitisation, SCIB is poised to seize emerging opportunities. We've recently partnered with IRIX Sdn. Bhd., entering the telecom infrastructure sector—a sector pivotal to the Fourth Industrial Revolution. This RM250.0 million estimated value of project partnership with IRIX is a pivotal part of our diversification strategy.

Additionally, our collaboration with PT MRT Jakarta amplifies SCIB's commitment to global sustainable urban development. Venturing into Indonesia, this partnership focuses on improving urban mobility in Jakarta, resonating with SCIB's vision of fostering sustainable, smart urban habitats.

These international collaborations are meticulously aligned with SCIB's long-term strategic imperatives, designed to fortify our competitive edge through diversified infrastructure development. The initiatives stand as gleaming exemplars of SCIB's capability to blend commercial viability with social responsibility, both domestically and internationally. In this vein, they offer a vibrant tapestry of opportunities that go beyond mere profitability to encapsulate stakeholder value, social impact, and sustainable growth.

From a market perspective, SCIB remains positively aligned with economic projections emanating both from the International Monetary Fund ("IMF") and the Malaysian government. Our strategic initiatives are buttressed by a strong construction order book balance of RM264.9 million as of 30 September 2023, indicative of our compelling market position. Moreover, the recently announced RM170.0 billion investment commitment by China into Malaysia presents an unprecedented economic catalyst that holds positive prospects for SCIB and the domestic construction industry at large.

Business Sustainability

SCIB is steadfast in its mission to elevate life quality by fostering responsible business practices and acknowledging the pivotal role we play within society. Our vision - 'a beacon of excellence' - and our cherished mission propel us to continuously innovate, striving to better the wider community's well-being.

We undertook key sustainability initiatives that will become a part of our enduring legacy. Recognising the profound implications of climate change, we're ardently weaving sustainable practices into our future tapestry. Notably, we have the Environmental Quality Monitoring Programme, mandating all our factories and construction sites to adhere to specific SOPs. Additionally, we're transitioning away from diesel-powered machinery and vehicles, and embracing energy-saving technologies like LED lighting.

Moreover, we're convinced that harnessing advanced technology is vital to optimising the productivity and longevity of Malaysian construction projects. Our Industrialised Building System ("IBS") products epitomise efficiency, ensuring swift, cost-effective, and top-tier outcomes. Last August, we celebrated a milestone when our 3D printer crafted a prototype single-story house at CIDB Sarawak. We're eager to further delve into the potential of integrating 3D construction with IBS, hand in hand with Construction Industry Development Board ("CIDB").

Acknowledgement

Reflecting on FYE 2023, it serves as a beacon year, defined by prudent financial leadership, meticulous risk oversight, strategic expansion, and the united endeavour of the SCIB collective. As we prepare to usher in a new fiscal narrative, I wish to convey my deepest gratitude to our committed team, cherished stakeholders, and esteemed shareholders - the pillars upholding SCIB's ongoing triumph.

**GROUP MANAGING DIRECTOR /
CHIEF EXECUTIVE OFFICER**
Ku Chong Hong

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.

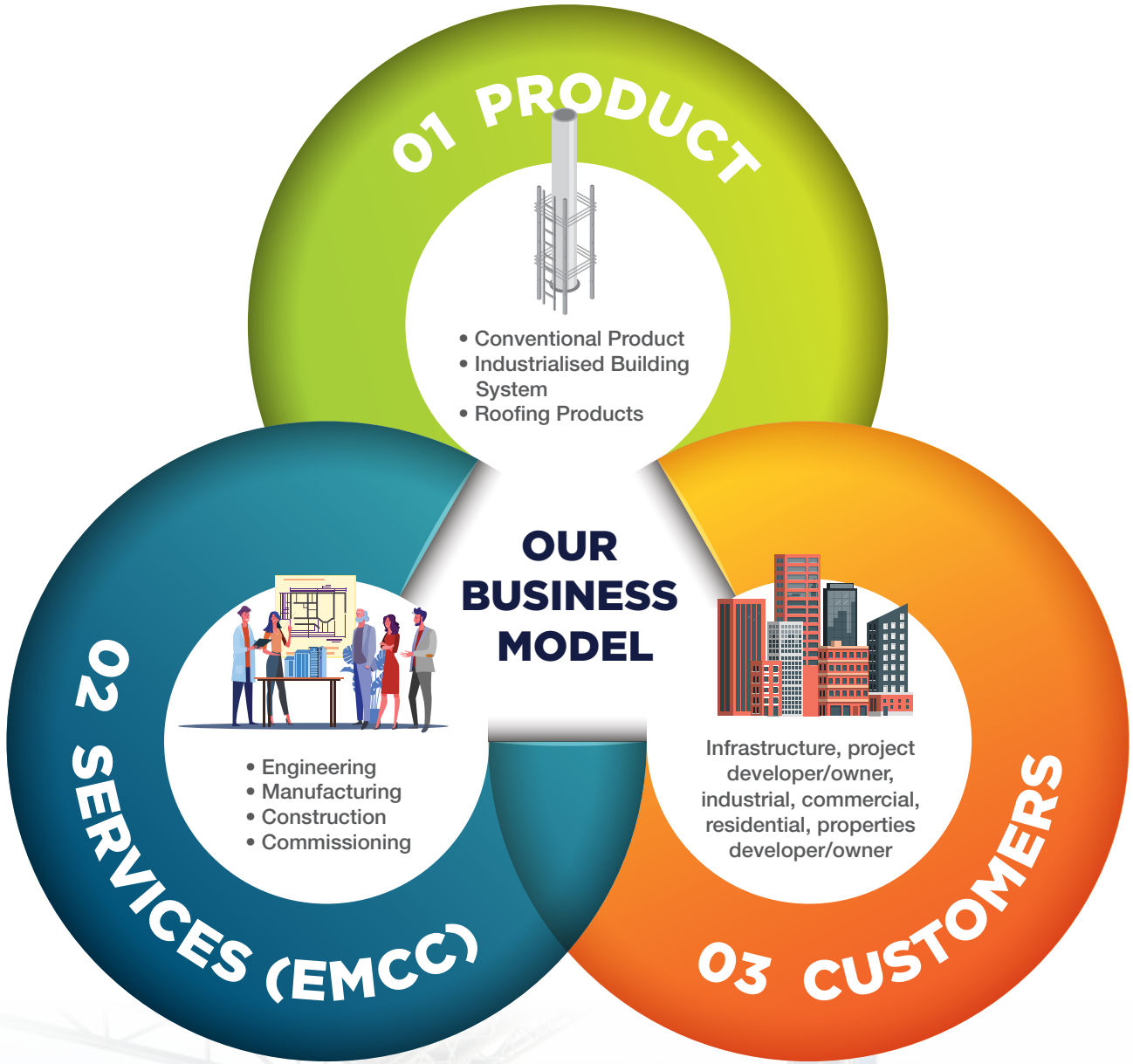
SCIB is well known for professional management and has a long history of innovative ideas and technological advances. Coupled with its wealth of experience and research acquired in more than three decades, SCIB offers its clients in-depth expertise through a combination of technology, efficiency and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



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

In between the pursuit of our vision and completing our missions, we have a set of values we live by. These values represent the company's dedication in providing the best products and services whilst steadily maintaining prolonged growth.



EFFECTIVENESS & EFFICIENCY



INNOVATION & CREATIVITY



TRANSPARENCY



RELIABILITY



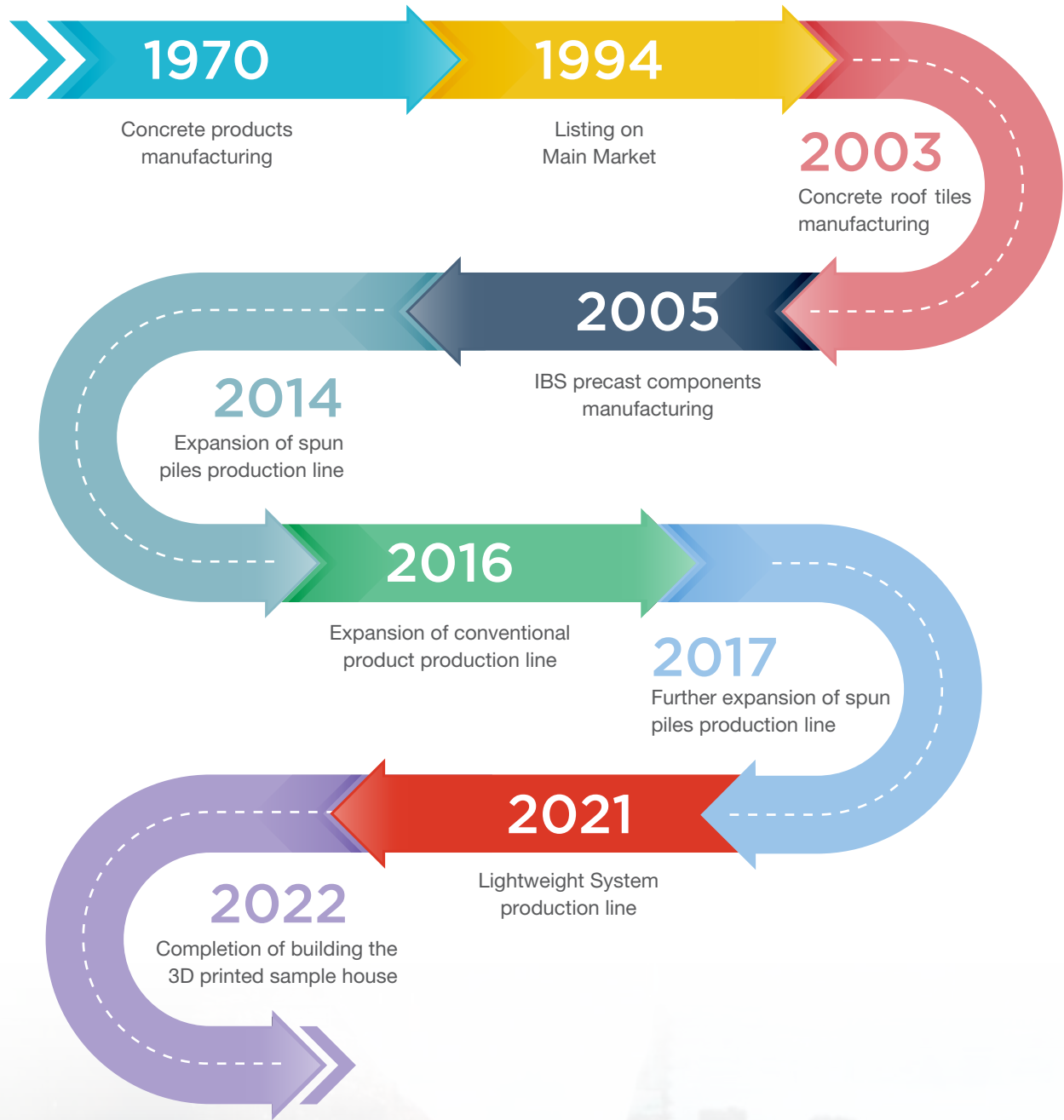
INTEGRITY



QUALITY



SCIB GROWTH STORY



CORPORATE INFORMATION

BOARD OF DIRECTORS

**Encik Abang Abdillah Izzarim Bin
Datuk Patinggi Tan Sri Abang
Haji Abdul Rahman Zohari**
(Executive Chairman)

Mr. Ku Chong Hong
(Group Managing Director / Chief Executive Officer)

Mr. Chin Choon Wei
(Group Executive Director)

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

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

Mr. Liaw Way Gian
(Independent Non-Executive Director)

Mr. Kang Wei Luen
(Independent Non-Executive Director)

Dr. Dang Nguk Ling
(Independent Non-Executive Director)

Ms. Toh Beng Suan
(Independent Non-Executive Director)

GROUP MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

Mr. Ku Chong Hong

GROUP EXECUTIVE DIRECTOR

Mr. Chin Choon Wei

COMPANY SECRETARY

Tan Tong Lang (MAICSA7045482)
(SSM Practicing Certificate No. 202208000250)

Thien Lee Mee (LS0010621)
(SSM Practicing Certificate No. 201908002254)

REGISTERED OFFICE

Lot 1258, Jalan Utama, Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-334 485
Fax : 082-334 484
Email : scib@scib.com.my

AUDITORS

Kreston John & Gan (AF 0113)
Chartered Accountants

Unit B-10-8, Megan Avenue II,
Jalan Yap Kwan Seng,
50450 Kuala Lumpur.
Tel : +60(3) 2381 2828

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

Aldpro Corporate Services Sdn. Bhd.
B-21-1, Level 21, Tower B, Northpoint Mid Valley City,
No.1, Medan Syed Putra Utara, 59200 Kuala Lumpur.
Tel : +60(3) 9770 2200
Fax : +60(3) 9770 2239
Email : registrar@aldpro.com.my

PRINCIPAL BANKERS

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

WEBSITE

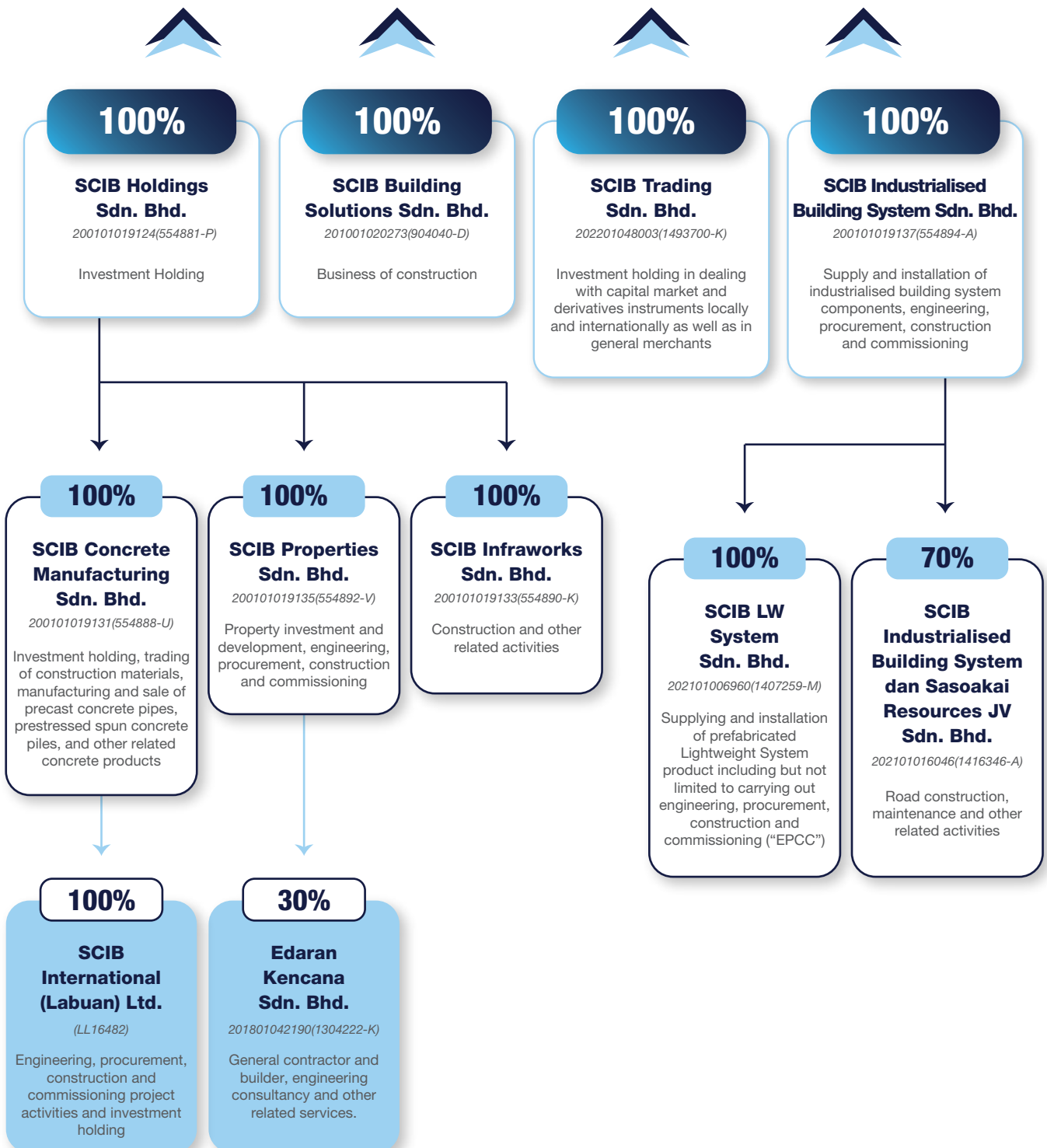
www.scib.com.my

CORPORATE STRUCTURE



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No. 197501003884 (25583-W)



BOARD OF DIRECTORS



**MR. KU
CHONG
HONG**

Group Managing Director/
Chief Executive Officer



**ENCIK ABANG ABDILLAH
IZZARIM BIN DATUK PATINGGI
TAN SRI ABANG HAJI ABDUL
RAHMAN ZOHARI**

Executive
Chairman



**MR. CHIN
CHOON
WEI**

Group Executive
Director

BOARD OF DIRECTORS

(CONT'D)



**MR. LIAW
WAY
GIAN**

Independent
Non-Executive
Director

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

Independent
Non-Executive
Director

**ENCIK
SHAMSUL
ANUAR
BIN AHAMAD
IBRAHIM**

Independent
Non-Executive
Director

**MS. TOH
BENG
SUAN**

Independent
Non-Executive
Director

**MR. KANG
WEI
LUEN**

Independent
Non-Executive
Director

**DR. DANG
NGUK
LING**

Independent
Non-Executive
Director

DIRECTORS' PROFILE

ENCIK ABANG ABDILLAH IZZARIM BIN DATUK PATINGGI TAN SRI ABANG HAJI ABDUL RAHMAN ZOHARI

Executive Chairman

Malaysian

Male

45



Date of Appointment:
28 June 2023

**Board Meeting Attendance
from July 2022 to June
2023:** N/A

**Board Committees
Membership:**

- Nil

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

- Berjaya Land Berhad

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Encik Abang Abdillah Izzarim possesses a Commercial Pilot License, which he acquired from the Aviation Institute of Australia. Furthermore, he possesses a Private Pilot License from the same institution.

WORKING EXPERIENCE AND OCCUPATION

Encik Abang Abdillah Izzarim embarked on his professional journey as a certified commercial pilot before venturing into the realm of information and communication technology ("ICT"). His initial endeavour was with Aerotrain Charter, a company specialising in aviation cargo services.

Driven by his lifelong passion for technology, digital animation, software development, and PC gaming, he established a business dedicated to animation and PC game development.

With a diverse background spanning various industries at a young age, Encik Abang Abdillah Izzarim honed his skills and leadership abilities. He has successfully managed several companies across ASEAN countries and China. Known for his hands-on approach, Encik Abang Abdillah Izzarim actively participates in day-to-day operations and oversees his team to ensure they meet the expectations of clients and business associates.

Currently, Encik Abang Abdillah Izzarim serves as the Chairman of PP Telecom and is a prominent shareholder in the Company. Additionally, he holds a directorship position at Cempaka Helicopter Corporation Sdn. Bhd..

Encik Abang Abdillah Izzarim has no shareholdings in the Company and subsidiaries of the Company.

DIRECTORS' PROFILE

(CONT'D)



MR. KU CHONG HONG

Group Managing Director / Chief Executive Officer

Malaysian

Male

35

Date of Appointment as Independent Non-Executive Director:

17 March 2022

Date of Resignation as Executive Director:

15 September 2022

Date of Resignation as Group Managing Director/ Chief Executive Officer:

28 June 2023

Board Meeting Attendance from July 2022 to June 2023:

9/9

Board Committees Membership:

- Investment Committee (Member)

Directorship in Other Public Companies and Listed Issuers:

Nil

ACADEMIC/PROFESSIONAL QUALIFICATIONS

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

WORKING EXPERIENCE AND OCCUPATION

Mr. Ku 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 nine years, he 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.

During his tenure at Bintai Group, Mr. Ku was tasked with overseeing financial and accounting functions, which encompassed activities such as budgeting, cash flow management, financial projections, and internal control policies.

Mr. Ku's interests in the Company have been outlined on page 227 of this Annual Report.

DIRECTORS' PROFILE

(CONT'D)



MR. CHIN CHOON WEI

Group Executive Director

Malaysian

Male

38

Date of Appointment:
28 June 2023

**Board Meeting Attendance
from July 2022 to June
2023:** N/A

**Board Committees
Membership:**

- Investment Committee
(Member)

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

- APB Resources Berhad

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Between the year 2013 to 2015, Mr Chin graduated with a Degree in Bachelor of Accounting (Hons) from Multimedia University (MMU).

Subsequently, Mr. Chin continued his academic pursuits at the University of Malaya (UM) and obtained his Degree of Master of Business Management (Major in Finance and Investment).

WORKING EXPERIENCE AND OCCUPATION

Commencing his professional journey in 2009, Mr. Chin embarked on a career at Citibank Malaysia in the role of Marketing Executive. His responsibilities encompassed a broad spectrum of financial products, including Credit Cards and Personal Loans.

In 2015, Mr. Chin ventured into entrepreneurship, establishing a business centered on providing financial consultancy and management services to enterprises.

Currently, Mr. Chin is an Executive Director of APB Resources Berhad.

Mr. Chin's interests in the Company have been outlined on page 227 of this Annual Report.

DIRECTORS' PROFILE

(CONT'D)

ENCIK SHAMSUL ANUAR BIN AHAMAD IBRAHIM

Independent Non-Executive Director

Malaysian

Male

61



Date of Appointment as Independent Non-Executive Director: 1 September 2015

Date of retirement as Independent Non-Executive Director: 28 February 2022

Date of Re-appointment as Independent Non-Executive Director: 17 March 2022

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

Date of Redesignation as Independent Non-Executive Director:
28 June 2023

Board Meeting Attendance from July 2022 to June 2023: 9/9

Board Committees Membership:

- Audit Committee (Member)
- Risk Management Committee (Member)

Directorship in Other Public Companies and Listed Issuers: Nil

ACADEMIC/PROFESSIONAL QUALIFICATIONS

He is a Fellow of the Association of Chartered Certified Accountants, 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.

He has no shareholdings in the Company and subsidiaries of the Company.

DIRECTORS' PROFILE

(CONT'D)



ENCIK SR. MOHD NAZRI BIN MAT NOOR

Independent Non-Executive Director

Malaysian

Male

60

Date of Appointment:
31 January 2020

**Board Meeting Attendance
from July 2022 to June
2023:** 8/9

**Board Committees
Membership:**

- Investment Committee
(Chairman)

**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 Juruukur Bahan Malaysia and a qualified Chartered Quantity Surveyor from the Royal Institute of Chartered Surveyors ("RICS"), UK.

WORKING EXPERIENCE AND OCCUPATION

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

Encik Sr. Mohd Nazri 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 include contracts and procurement, project and development management, and 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.

Encik Sr. Mohd Nazri 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.

Encik Sr. Mohd Nazri has no shareholdings in the Company and subsidiaries of the Company.

DIRECTORS' PROFILE

(CONT'D)

MR. LIAW WAY GIAN

Independent Non-Executive Director

Malaysian

Male

38



Date of Appointment:
28 June 2023

**Board Meeting Attendance
from July 2022 to June
2023:** 1/1

**Board Committees
Membership:**

- Remuneration & Nomination Committee (Chairman)

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

- APB Resources Berhad
- Artroniq Berhad

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Mr. Liaw holds a degree in Computer Science/Information Technology from INTI College.

WORKING EXPERIENCE AND OCCUPATION

In 2006, Mr. Liaw started his career as a Solution Analyst in Cuscapri Berhad, involved in research and development for the company products. Been involved in the development of a Centralised Call Centre software for clients like Pizza Hut (Philippines), Scoozii Pizza (Thailand), Babela Kitchen (China), KFC (Vietnam), and many more. In 2009, he was promoted to Solution Consultant position, whereby he was responsible for performing presales, requirement gathering, and support to clients from China, Vietnam, Thailand, Philippine and Indonesia.

From March 2011 till 2014, Mr. Liaw further advanced in the F&B solutions industry and he joined Infrasy Malaysia and Agilysys Malaysia as Solutions Consultant, where his responsibilities are to supervise and manage project implementation for clients in Malaysia. Also, to become the key person to handle clients such as Shangri-la Hotel Group, Kampachi Group of Restaurants, OldTown Kopitiam Asia Pacific, Resort World Genting Malaysia, Mandarin Oriental Hotel and, etc.

Mr. Liaw is currently a director at Raya Global Capital Management Sdn. Bhd., whereby he oversees all the company's core businesses like online e-commerce, trading, etc.

Currently, Mr. Liaw also sits on the Board of Artroniq Berhad and APB Resources Berhad.

Mr. Liaw's shareholdings in the Company is outlined on page 227 of this Annual Report.

DIRECTORS' PROFILE

(CONT'D)

MR. KANG WEI LUEN

Independent Non-Executive Director

Malaysian

Male

36



Date of Appointment:

28 June 2023

**Board Meeting Attendance
from July 2022 to June
2023:** 1/1

Board Committees Membership:

- Audit Committee (Chairman)
- Risk Management Committee (Chairman)
- Remuneration & Nomination Committee (Member)

Directorship in Other Public Companies and Listed Issuers:

- APB Resources Berhad
- Artroniq Berhad

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Mr. Kang holds a professional qualification in Islamic Finance from the International Centre for Education in Islamic Finance. He also pursued a degree in Law from Multimedia University.

WORKING EXPERIENCE AND OCCUPATION

Mr. Kang is an Advocate & Solicitor of the High Court of Malaya with more than a decade of experience. His legal acumen encompasses areas such as banking and finance, corporate and commercial law, and civil litigation. He has assisted a diverse range of clients, including government and statutory bodies, privatised entities, corporations, businesses, and private individuals, both locally and internationally.

Mr. Kang serves as an Independent Non-Executive Director of Artroniq Berhad and APB Resources Berhad.

Mr. Kang has no shareholdings in the Company and subsidiaries of the Company.

DIRECTORS' PROFILE

(CONT'D)



DR. DANG NGUK LING

Independent Non-Executive Director

Malaysian

Female

36

Date of Appointment:
28 June 2023

Board Meeting Attendance from July 2022 to June 2023: 1/1

Board Committees Membership:

- Audit Committee (Member)
- Risk Management Committee (Member)
- Remuneration & Nomination Committee (Member)

Directorship in Other Public Companies and Listed Issuers:

- APB Resources Berhad

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Dr. Dang holds a Doctorate in Algal Biotechnology from the International Medical University, Malaysia, where she was a JPA Scholar. She also obtained a Master's degree in Environmental Toxicology from the same university. Her undergraduate studies include a Diploma and Advanced Diploma in Chemistry and Biology from Tunku Abdul Rahman University College, and Bachelor of Science (Honours) in Chemistry and Biology from Liverpool John Moores University, United Kingdom, graduating with First-Class Honours.

WORKING EXPERIENCE AND OCCUPATION

In 2015, Dr. Dang joined Alpha Laboratories (NZ) Limited in New Zealand as technical and regulatory affairs officer, thereafter, there was a PhD programme and JPA Scholarship offered to her in the research area of algal biotechnology. In 2016, she was awarded the Yayasan Penyelidikan Antartika Sultan Mizan Fellowship, where she conducted her scientific collaboration at the British Antarctic Survey in Cambridge, United Kingdom.

While pursuing her Master's and PhD, Dr. Dang also worked as a lab scientist and indoor health and safety officer at SRAS Berhad, where she also cooperated with the Department of Occupational Safety and Health and assisted industrial clients in navigating regulatory compliance with the Department of Environment. Earlier in her career, she served as a graduate research assistant at the International Medical University, where she conducted laboratory analysis and assisted the lab in achieving ISO 17025 accreditation.

Dr. Dang is currently a business strategist for brand development for businesses.

Currently, Dr. Dang also sits on the Board of APB Resources Berhad.

Dr. Dang has no shareholdings in the Company and subsidiaries of the Company.

DIRECTORS' PROFILE

(CONT'D)

MS. TOH BENG SUAN

Independent Non-Executive Director

Malaysian

Female

52



Date of Appointment:
25 May 2023

**Board Meeting Attendance
from July 2022 to June
2023:** 2/2

**Board Committees
Membership:** Nil

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

ACADEMIC/PROFESSIONAL QUALIFICATIONS

Ms. Toh holds a 1st Class Honours Bachelor of Law degree from the University of Leeds, United Kingdom, which was achieved on a Malaysian Public Service Department Scholarship. Additionally, she possesses a Professional Qualification as a Barrister-at-Law from Lincoln's Inn, conferred in 1995 with the distinction of the Sultan Azlan Shah Scholarship.

WORKING EXPERIENCE AND OCCUPATION

Ms. Toh was a former Advocate and Solicitor of the High Court of Malaya from 1996 to 2015. She was a partner of Messrs. Zaid Ibrahim & Co., one of Malaysia's leading law firms, and was the Head of the Projects and Private Partnerships Practice Group with extensive experience in advising foreign and local sponsors, investors, financiers, and the Government on the legal structures and aspects of major privatisation projects and transactions, including dealing with implementation and operational issues.

During her legal career spanning 20 years, Ms. Toh advised on the development, construction, financing, operation, and maintenance of some of the largest and most complex infrastructure projects within Malaysia and in the Asian and Middle East regions. She also advised on construction law and various forms of construction and engineering contracts, as well as general corporate matters, including advice on corporate structures and joint venture arrangements. She also has experience in advising on regulatory frameworks and assisting in the drafting of certain key legislation in Malaysia.

Ms. Toh has no shareholdings in the Company and subsidiaries of the Company.

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

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 2022 TO JUNE 2023

Name of Directors	Conferences/Seminars/Training Programmes	Date
Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari	The Chairman has been appointed on 28 June 2023. Following this date, there is no applicable training information to report.	N/A
Mr. Ku Chong Hong	Activating the Sustainability Development Goals ("SDGs") into Business Operation.	09-Feb-23
	Understanding the challenges of compliance with Listing Requirements.	26-Jun-23
Mr. Chin Choon Wei	The director has been appointed on 28 June 2023. Following this date, there is no applicable training information to report.	N/A
Encik Shamsul Anuar Bin Ahamad Ibrahim	Corporate Liability On Corruption and guidelines on adequate procedures with Malaysian Anti-Corruption Commission ("MACC") Sarawak.	13-Aug-22
	Anti Money Laundering & Anti Terrorism Financing – A Relationship Based Risk Assessment.	15-Dec-22
	Understanding the challenges of compliance with Listing Requirements.	26-Jun-23

DIRECTORS' PROFILE

(CONT'D)

Name of Directors	Conferences/Seminars/Training Programmes	Date
Encik Sr. Mohd Nazri Bin Mat Noor	Understanding the challenges of compliance with Listing Requirements.	26-Jun-23
Mr. Liaw Way Gian	The director has been appointed on 28 June 2023. Following this date, there is no applicable training information to report.	N/A
Mr. Kang Wei Luen	The director has been appointed on 28 June 2023. Following this date, there is no applicable training information to report.	N/A
Dr. Dang Nguk Ling	The director has been appointed on 28 June 2023. Following this date, there is no applicable training information to report.	N/A
Ms. Toh Beng Suan	Mandatory Accreditation Programme for Directors of Public Listed Companies.	26-27-Jun-23

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year from July 2022 to June 2023, four (4) Board Meetings were held on 26 August 2022, 30 November 2022, 27 February 2023, 25 May 2023, and five (5) Special Board Meetings were held on 14 October 2022, 22 March 2023, 6 April 2023, 7 June 2023 and 28 June 2023. The attendance of the Directors at the Board Meetings is as follows:

No.	Name of Directors	Board Meeting	Special Board Meeting	Total
1	Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari (Appointed on 28 June 2023)	N/A	N/A	N/A
2	Mr. Ku Chong Hong	4/4	5/5	9/9
3	Mr. Chin Choon Wei (Appointed on 28 June 2023)	N/A	N/A	N/A
4	Encik Shamsul Anuar Bin Ahamad Ibrahim	4/4	5/5	9/9
5	Encik Sr. Mohd Nazri Bin Mat Noor	3/4	5/5	8/9
6	Mr. Liaw Way Gian (Appointed on 28 June 2023)	N/A	1/1	1/1
7	Mr. Kang Wei Luen (Appointed on 28 June 2023)	N/A	1/1	1/1
8	Dr. Dang Nguk Ling (Appointed on 28 June 2023)	N/A	1/1	1/1
9	Ms. Toh Beng Suan (Appointed on 25 May 2023)	N/A	2/2	2/2

KEY MANAGEMENT PROFILE

Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari

Executive Chairman

Malaysian

Male

45

Details of Encik Abang Abdillah Izzarim's profile is set out on page 16, the Directors' Profile of this Annual Report.



Mr. Ku Chong Hong

Group Managing Director/Chief Executive Officer

Malaysian

Male

35

Details of Mr. Ku's profile is set out on page 17, the Directors' Profile of this Annual Report.



Mr. Chin Choon Wei

Group Executive Director

Malaysian

Male

38

Details of Mr. Chin's profile is set out on page 18, the Directors' Profile of this Annual Report.



KEY MANAGEMENT PROFILE

(CONT'D)

MR. CHAI TZE KHANG

Chief Operating Officer

Malaysian

Male

49

Mr. Chai 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 tasked to oversee the daily operations of the manufacturing business of the Group on a day-to-day basis.

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

Mr. Chai gained more than 25 years of experience in Manufacturing Operations and Sales and Marketing throughout his career in various positions such as Quality Assurance 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.



MR. CHIEW JONG WEI

Chief Financial Officer

Malaysian

Male

48

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

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

Mr. Chiew has more than 25 years of working experience in audit firms and commercial companies as an Accountant, Financial Controller, Head of Treasury, and Head of Finance.

He is also the director of a SCIB's subsidiary company.

MS. WONG LI WEN

Head of Corporate Services

Malaysian

Female

40

Ms. Wong joined SCIB on 1 March 2008 as an Accountant and has been the Finance Manager since 2012. She was then appointed as the Company's Chief Financial Officer on 4 April 2016 and 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 is a member of the Malaysian Institute of Accountants ("MIA").

She has more than 20 years of working experience in audit firms and commercial companies as an Accountant, Company Secretary, Finance Manager, and Chief Financial Officer.



KEY MANAGEMENT PROFILE

(CONT'D)



ENCIK SAIFUL AZRIN BIN FUDZIL
Head of Project Management Team ("PMT")

Malaysian

Male

50

Encik Saiful 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 Pengerang Eco-Industrial Park ("PeIP"), Pengerang, Johor and he managed operation of facilities at Proton Center of Excellence, Proton Tanjung Malim & Proton Casting Plant.

Notes:

1. Family Relationship with the Director and/or Major Shareholder

The Group Managing Director/ Chief Executive Officer, Group 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 Group Managing Director/ Chief Executive Officer, Group Executive Director, and none of the Key Management has any conflict of interest with the Company.

3. Conviction of Offences

The Group Managing Director/ Chief Executive Officer, Group 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 Key Management's Profile of this Annual Report, none of the Key Management has other directorship in public companies.



KEY MANAGEMENT PROFILE

(CONT'D)



Other Management Team

Mr. Ang Seah Heng

Head Of Procurement

Aged 57, Male, Malaysian

Date of appointment: 2 October 2023

Mr. Ir. Ivonson Kwee

Senior Business Development Manager

Aged 51, Male, Malaysian

Date of appointment: 15 February 2006

Puan Dayang Norasmah Binti Dato Hj Abang Talhata

Human Resource & Admin Manager

Aged 45, Female, Malaysian

Date of appointment: 10 June 2019

Ms. Nancy Phang Lee Ping

Account Manager

Aged 47, Female, Malaysian

Date of appointment: 1 September 2014

Encik Abdul Razi Bin Kassim

Manager – Pending &

Spun Pile Demak Laut (“SPDL”) Operation

Aged 49, Male, Malaysian

Date of appointment: 23 May 2000

Mr. Ir. Ts. Chong Kian Chiang

Manager – Technical & Design

Aged 44, Male, Malaysian

Date of appointment: 25 May 2006

Mr. Lee Tan Fong

Manager – Industrialised Building System (“IBS”) Operation

Aged 46, Male, Malaysian

Date of appointment: 7 July 2008

Ms. Tay Pah Cho

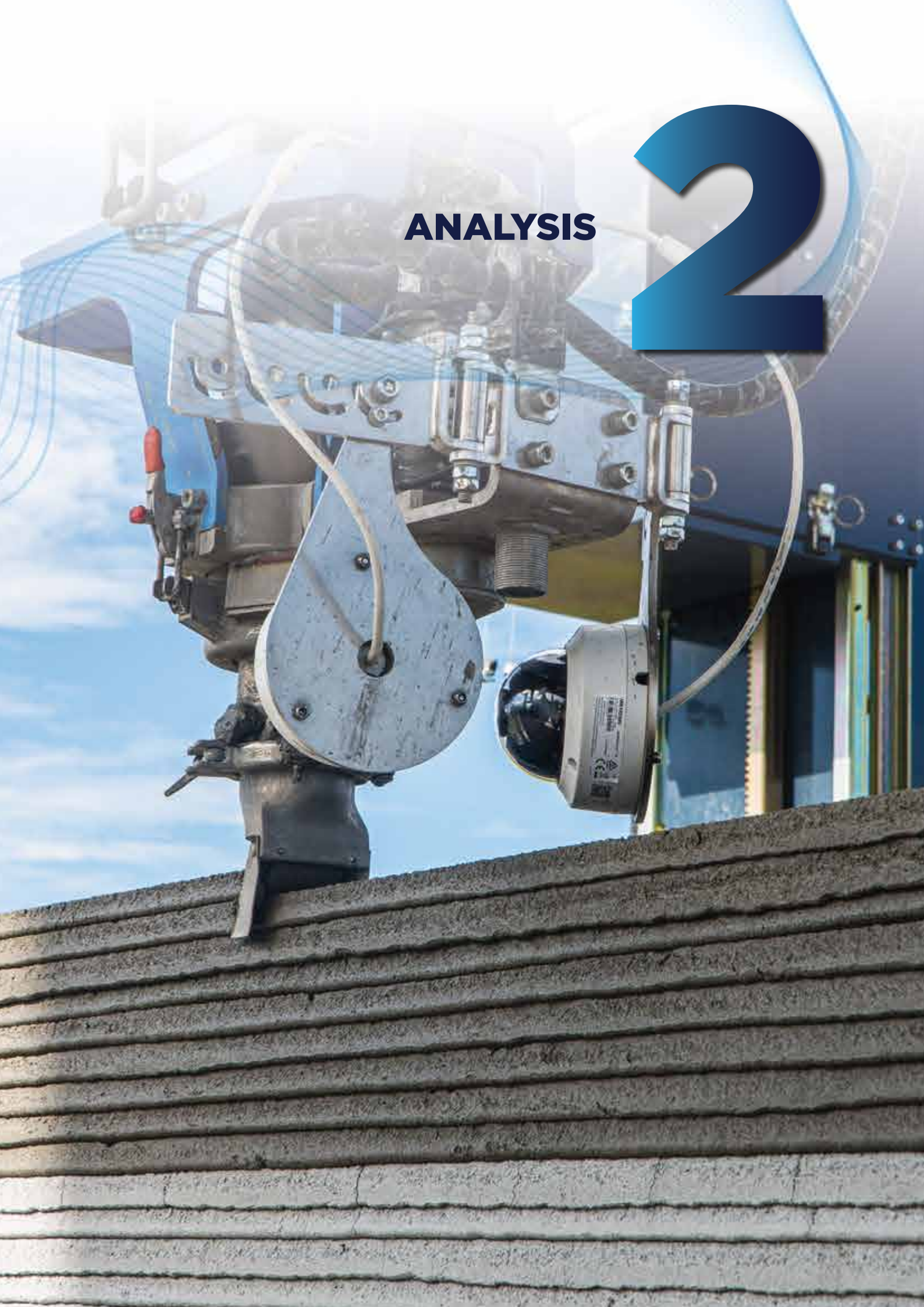
Manager – IBS Accounts & Administration

Aged 47, Female, Malaysian

Date of appointment: 5 June 1995

ANALYSIS

2



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 ISO 9001:2015 Quality Management System (“QMS”) by SIRIM QAS, ISO 45001:2018 Occupational Health & Safety Management System (“OHSMS”) certification and ISO 14001:2015 Environmental Management System (“EMS”) certification by NIOSH Certification. 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, Sarawak, one (1) factory in the Pending Industrial Estate and two (2) factories in 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 305 employees and contract workers as of 30 September 2023.

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) Our subsidiary companies were awarded ISO 9001:2015 Quality Management System ("QMS") by SIRIM QAS, ISO 45001:2018 Occupational Health & Safety Management System ("OHSMS") certification and ISO 14001:2015 Environmental Management System ("EMS") certification by NIOSH Certification.
- 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 Engineering, Procurement, Construction and Commissioning ("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 2023)



Product with ISO accreditation certification

500,000 tonnes annual capacity




3 integrated factories based in Sarawak

In House design team and value-added consultation & services




RM328 million order book balance (construction and manufacturing)



Equipped with the relevant accredited licenses such as **Contractor Grade G7** 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

Our financial highlights for the past 5 financial years/period

Financial year/period	2018 (12 months) RM'000	2019 (12 months) RM'000	2021 [#] (18 months) RM'000	2022 (12 months) RM'000	2023 (12 months) RM'000
Revenue	75,957	86,048	198,964	128,429	132,045
- Manufacturing	75,957	77,511	105,696	85,862	90,583
- Construction/EPCC/Project Management*	-	8,902	93,268	41,860	41,097
- Property Trading	-	(365)	-	707	365
Gross profit / (loss)	11,410	17,297	86,829	16,051	22,003
- Manufacturing	14,323	16,076	21,168	13,735	17,520
- Construction/EPCC/Project Management*	(2,913)	1,256	65,661	2,247	4,426
- Property Trading	-	(35)	-	69	57
Profit /(loss) before tax	(9,928)	3,193	5,722	(53,439)	(22,082)
Profit /(loss) after tax	(9,792)	3,150	(4,209)	(43,757)	(23,642)
Adjusted EBITDA	2,041	6,609	58,031	(25,883)	3,879
Total assets	101,941	116,109	761,860	193,596	188,747
Current assets	58,945	65,719	715,302	137,950	139,484
Total liabilities	53,090	64,108	663,488	98,430	105,224
Shareholders' equity	48,851	52,001	98,372	95,166	83,523
Current liabilities	36,637	44,321	646,542	71,930	82,308
Loans and borrowings	26,305	37,426	44,035	47,387	48,445
Total no. of shares	85,882,500	85,882,500	490,610,000	582,037,532	640,241,285

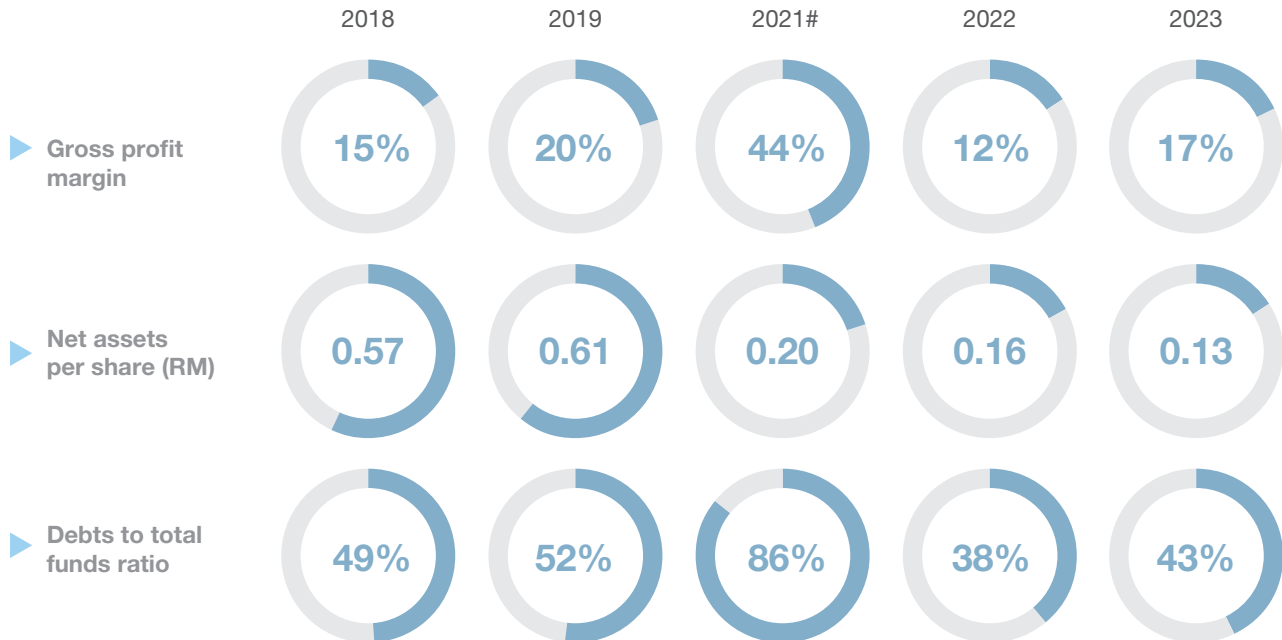
Remarks:-

* Construction/EPCC/Project Management segment – involved in the installation of IBS components, construction contracts and 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.

[#] 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)

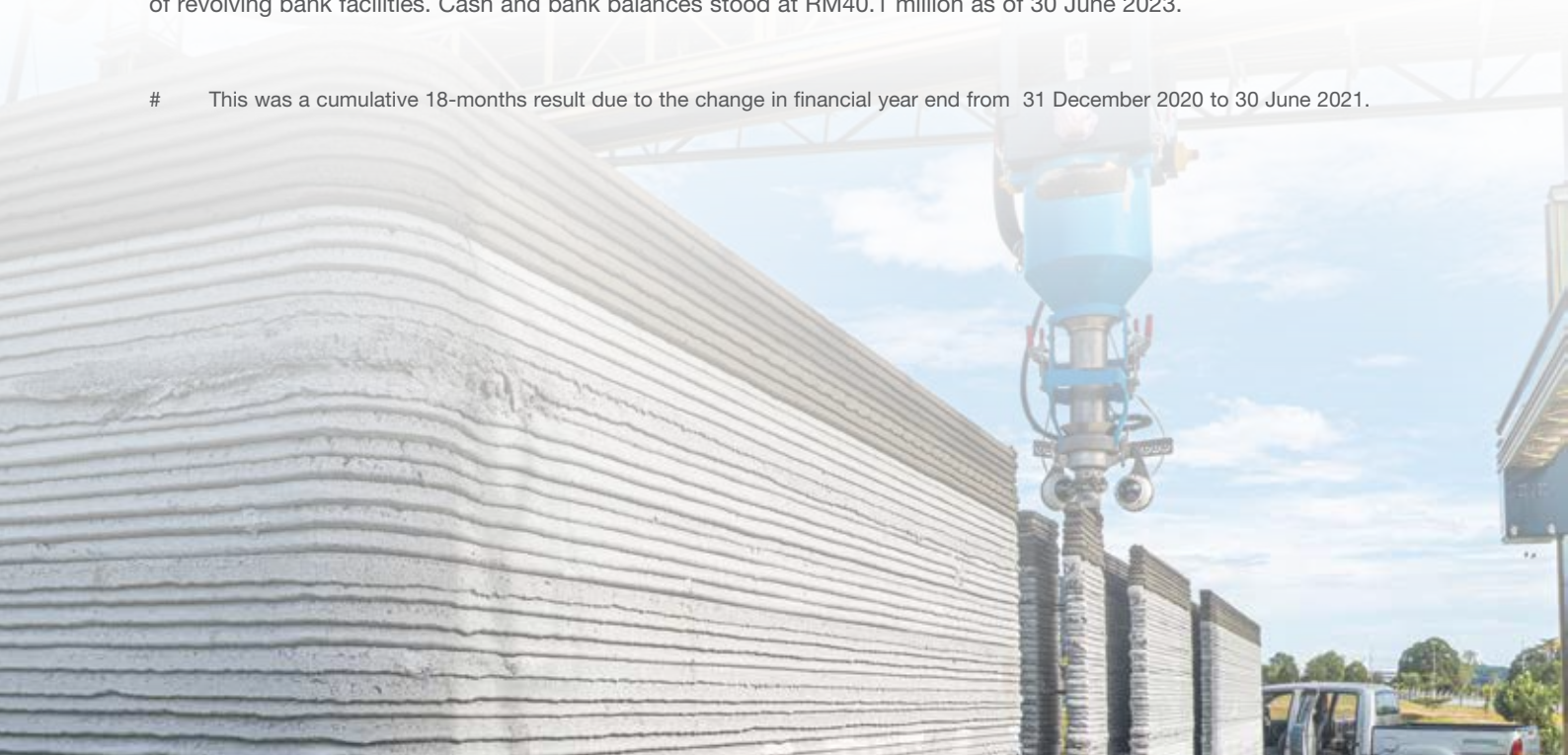


The Group's revenue showed an increase of 2.8% at RM132.0 million for FYE 2023 as compared to RM128.4 million revenue recorded for FYE 2022, with manufacturing division being the largest contributor to the Group's revenue. The Group recorded gross profit ("GP") of RM22.0 million, an increase of RM6.0 million or 37.1% compared with RM16.1 million in FYE 2022. The increase of the Group's gross profit is due to increase in Group's sales and productivity.

The Group also recorded a loss before tax ("LBT") of RM22.1 million as compared to RM53.4 million in FYE 2022, representing a decrease of RM31.3 million. The LBT is mainly attributed by the net impairment loss on trade and other receivables of RM19.1 million.

The Group's total assets decreased 2.5% to RM188.7 million as of 30 June 2023 compared with the RM193.6 million recorded in the corresponding financial year of 2022. Our current assets has increased by 1.1% to RM139.5 million as at 30 June 2023 compared with the RM138.0 million recorded in the corresponding financial year of 2022. The Group's total liabilities increased by 6.9% or RM6.8 million which is from RM98.4 million to RM105.2 million due to drawdown of revolving bank facilities. Cash and bank balances stood at RM40.1 million as of 30 June 2023.

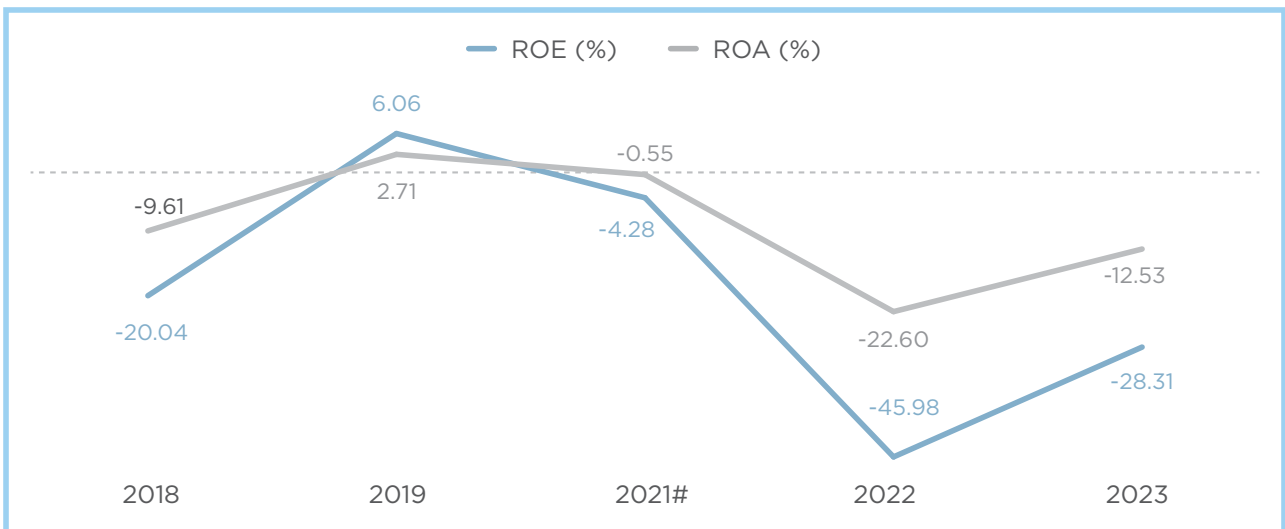
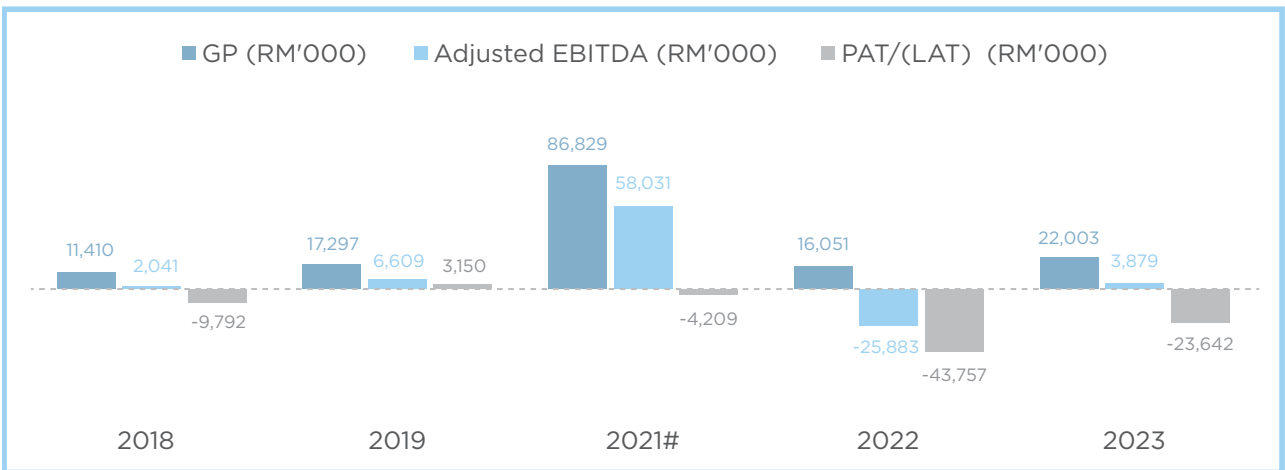
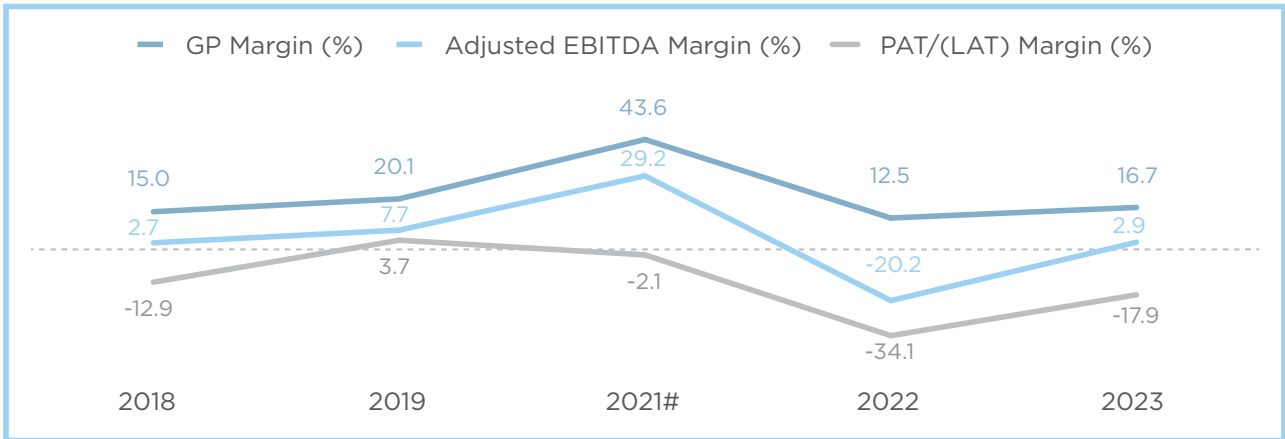
This was a cumulative 18-months result due to the change in financial year end from 31 December 2020 to 30 June 2021.



MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

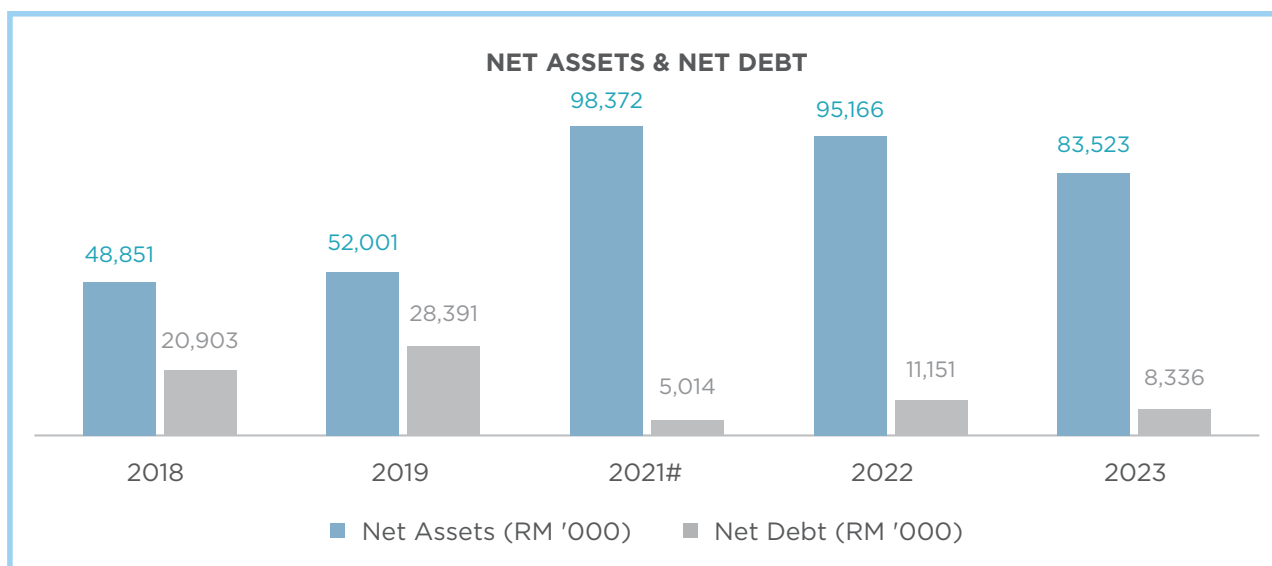
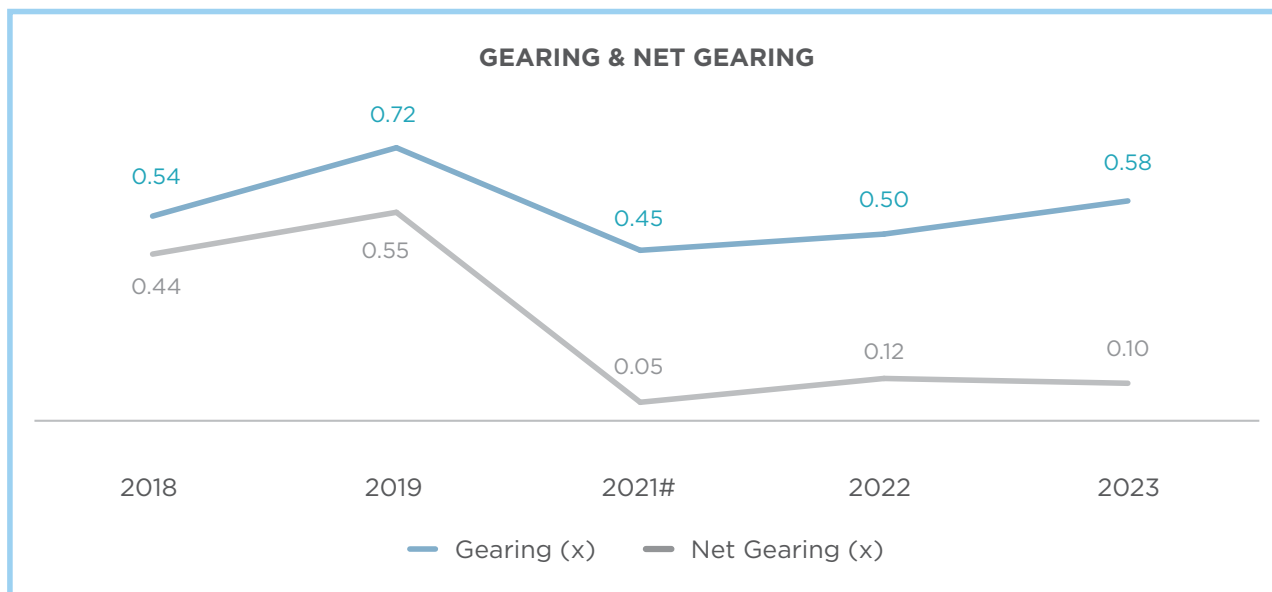
PROFITABILITY & MARGINS



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.

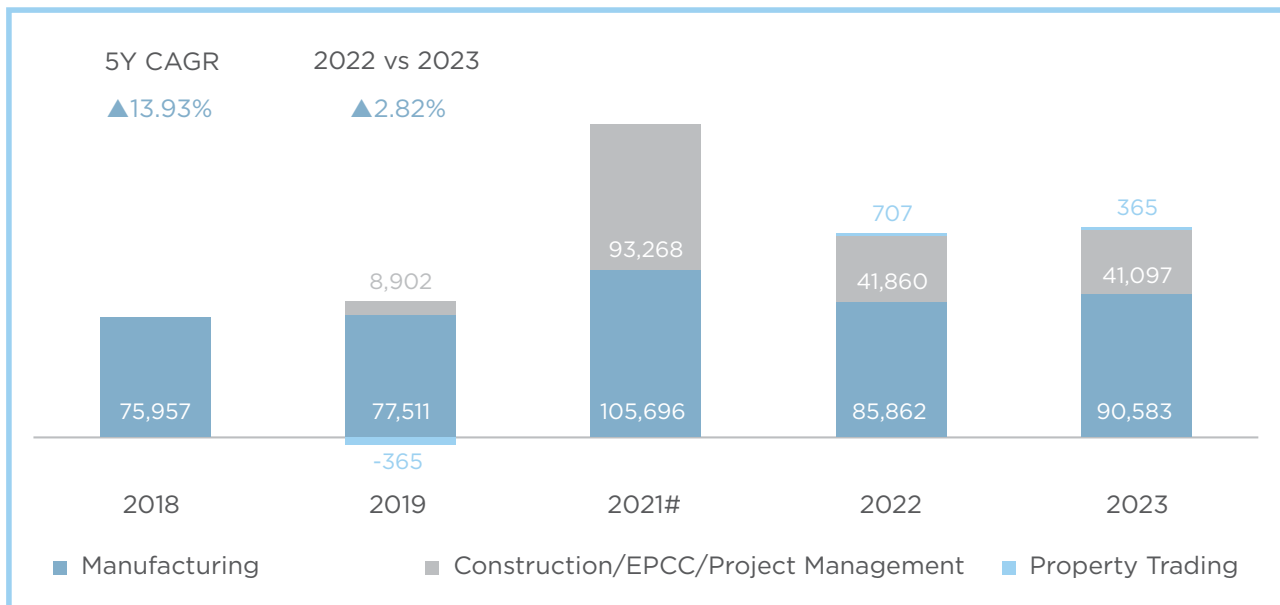
MANAGEMENT DISCUSSION & ANALYSIS

(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 2018 - FYE 2023

Manufacturing Segment

- Our manufacturing segment, being the pillar of the Group, continued to thrive and remained the largest contributor to the Group's revenue. The segment revenue increased by 5.5% to RM90.6 million for FYE 2023 as compared to RM85.9 million recorded in FYE 2022. The revenue growth was primarily driven by Sarawak state government's initiatives in infrastructures as well as school renovation and construction projects.

Construction/EPCC/Project Management Segment

- Construction/EPCC/Project Management segment reported revenue of RM41.1 million for FYE 2023, representing a decrease of 1.8% as compared to RM41.9 million recorded in FYE 2022. The decrease in revenue was mainly due to the suspension and termination of few projects under the Group.

Property Trading Segment

- The property trading segment registered revenue of RM0.4 million for FYE 2023. Revenue was contributed by the sales of apartment units at Santubong Suites.

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

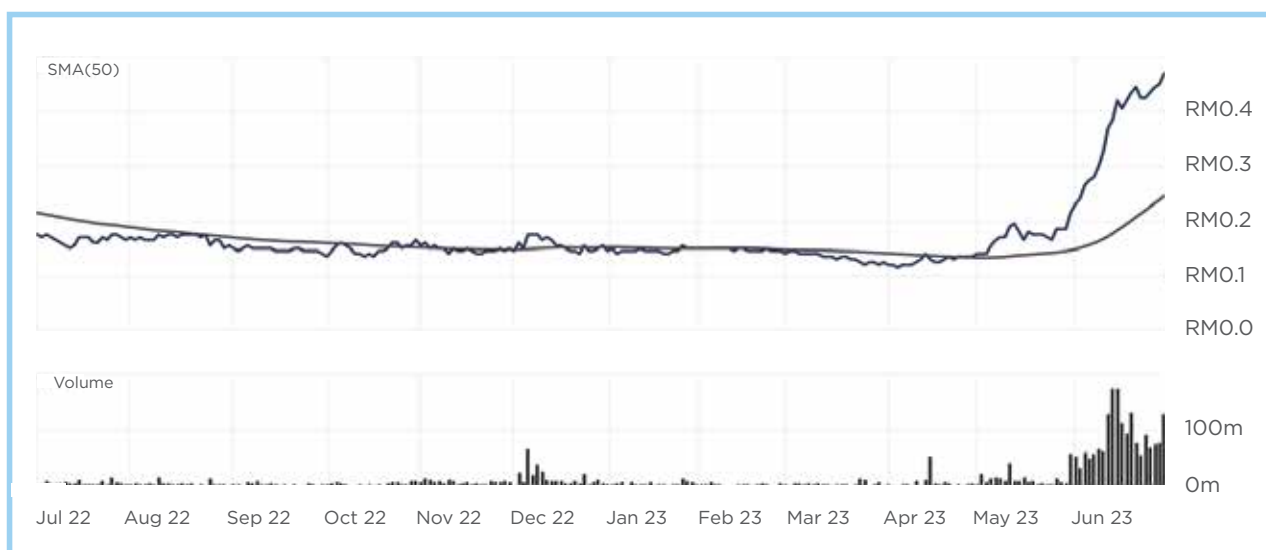
MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

SHARE PRICE PERFORMANCE

As at 30 June 2023, the Group's share price closed at RM0.47 with a total market capitalization of RM300.9 million. The year-to-date high stood at RM0.48 while the year-to-date low stood at RM0.115.

Share Price Performance & Trading Volume for the financial year ended 30 June 2023



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.

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.

MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

The Company ("SCIB") and its subsidiary, SCIB International (Labuan) Ltd. ("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 2021.

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 to RM19.1 million as a measure to mitigate the Group's exposure to credit risk.

The Group's trade debtors' turnover period improved from 115 days to 111 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. The Group continuously monitor credit standing of customers with long outstanding, identified either individually or by group, and incorporate this information into its credit risk control.

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 RM24.1 million, with RM23.3 million or 96.84% 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



The International Monetary Fund (“IMF”) remains a pivotal reference for worldwide economic forecasts. As per the IMF’s projections, Malaysia anticipates a GDP growth of 4.5% in 2023, which is a moderation from the notable 8.7% in 2022. While the nation progresses, the shadow of inflation looms, with expected rates hovering around 3.25%, primarily attributed to sustained core inflation.

On a broader scale, the global economy, as predicted by the IMF, might witness a tempered growth of 2.8% in 2023, marginally below the earlier January 2023 estimate of 2.9%. In a medium-term purview, global growth seems poised to balance around the 3.0% mark, suggesting that the international economy might not reach its pre-pandemic momentum shortly.

The Malaysian government’s growth anticipations align with the IMF, projecting a 4.5% increase for 2023. This optimism stems from buoyant domestic activities and a slew of measures targeted at nurturing sustained growth. Additionally, Bank Negara Malaysia (“BNM”) forecasts a steady expansion rate for 2023, anchored by solid domestic demand, a rejuvenating labour market, and the fruition of multi-year investments.

For SCIB, China’s recent investment pledge of RM170 billion casts a promising shadow. Such monumental foreign investment is poised to create considerable ripple effects across the national economy, especially benefiting the domestic construction arena. This augurs well for SCIB, potentially opening avenues for amplified growth.

Sarawak’s construction sector is in an ascent phase, teeming with opportunities presented by an array of infrastructure projects totalling RM46.0 billion. Significant undertakings like the Pan Borneo Highway, Coastal Road, and Second Trunk Road infuse vibrancy into the business milieu and forecast a spike in employment prospects. Moreover, an additional infusion of RM1.1 billion from the federal government, designated for 92 infrastructure endeavours, is set to fortify Sarawak’s economic backbone.

The Pan Borneo Highway exemplifies Sarawak’s rich potential. The impending roll-out of the project’s 20 packages before the year concludes underlines a firm resolve to galvanise the local economy and employment landscape. This infrastructure milestone is more than a road – it’s a connector of communities, a facilitator of commerce, and an accelerator of regional progress.

This Statement was approved by the Board on 11 October 2023.

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 in implementing its governance system and ensuring compliance with the provision in 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 this Corporate Governance Overview 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 2023 as follows:

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

This statement was approved by the Board of Directors on 11 October 2023 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 published at the Company’s website at <https://scib.com.my> and via announcement on the website of Bursa Securities.

As at 30 June 2023, the Company complied in most of the material aspects with the principles as set out in the MCCG.

The Company has applied forty-one (41) of forty-eight (48) recommended practices of MCCG, which two (2) recommended practices is not adopted and five (5) departure. In addition, the Company has applied three (3) 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 and monitoring the day-to-day management of the Group's business and the conduct of the 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 the Group's succession planning;
- Developing and implementing of an investor relations program or shareholder communications policy for Company and encourages the use of information technology for effective dissemination of information; 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.

Board Committees

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") to enhance efficiency.

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

The Board Committees comprise a majority of independent Non-Executive Directors which are able to provide diverse perspectives and insights supporting the Board to make decisions 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, employees and other stakeholders which are implemented to enable the exposure of any violations or improper conduct or wrongdoing within the Company. For this purpose, the complaint must be made in writing using the Whistleblowing Report Form and send via email or by hand/post/courier to the Company. The Chief Integrity Officer has been designated to access to the designated email address.

The Board has formalised and approved the Anti-Bribery & Anti-Corruption Policy ("ABAC") including the setting up and strengthening of relevant policies and procedures designed to prevent and detect bribery, undertake control measures which are proportionate to the nature and size of the organisation as well as the proper training and communication of such policies and procedures. The Group has taken proactive actions to strengthen the Group's internal processes and practices to ensure that adequate procedures are in place to prevent persons associated with the Group from involving in corrupt practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

1. Board Responsibilities (cont'd)

Board Committees (cont'd)

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.

The Guideline of the Adequate Procedures is T.R.U.S.T Principles as per follows:



To ensure the effectiveness of this policy, the Risk Management Committee ("RMC") provides oversight and monitoring of the ABAC Policy.

The aforesaid Whistleblowing and ABAC policies are available at the Company's website.

2. Board Composition

As of the date of this Report, the Board consists of nine (9) members, of whom six (6) are Independent Non-Executive Directors, three (3) are Executive Directors and two (2) out of nine (9) members are woman directors, as follows, 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, must be independent director and at least one (1) is woman director:

NO.	NAME	DESIGNATION
1	Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari*	Executive Chairman
2	Encik Shamsul Anuar Bin Ahamad Ibrahim	Independent Non-Executive Director
3	Encik Sr. Mohd Nazri Bin Mat Noor	Independent Non-Executive Director
4	Ms. Toh Beng Suan**	Independent Non-Executive Director
5	Mr. Liaw Way Gian***	Independent Non-Executive Director
6	Mr. Kang Wei Luen***	Independent Non-Executive Director
7	Dr. Dang Nguk Ling***	Independent Non-Executive Director
8	Mr. Chin Choon Wei****	Group Executive Director
9	Mr. Ku Chong Hong*****	Group Managing Director / Chief Executive Officer ("GMD/CEO")

* Appointed as an Executive Chairman of the Company on 28 June 2023

** Appointed as an Independent Non-Executive Director of the Company on 25 May 2023

*** Appointed as the Independent Non-Executive Directors of the Company on 28 June 2023

**** Appointed as the Group Executive Director of the Company on 28 June 2023

***** Re-designated as the Group Managing Director / Chief Executive Officer of the Company on 28 June 2023

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

2. Board Composition *(cont'd)*

Upon the assessment conducted by the RNC on the Board's size and composition, the Board was satisfied that the current 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.

The 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. They are also involved in all day-to-day management and coordinating the development as well as implementation of the Company's long and short-term business and corporate strategies.

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

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the Listing Requirements. The key element in fulfilling the criteria is the appointment of an Independent Director, who is not a member of management (a Non-Executive Director) and is free from any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company.

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. They 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 is to ensure that the Independent Non-Executive Directors remain free of conflict-of-interest situations and execute their roles and responsibilities effectively.

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

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, assessments 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.

The members of the Board possess a strong diverse mix of skills and experienced individuals with different background, specialisation and expertise in accounting, economics, engineering and business management and are persons of high caliber and integrity, which give added strength to the leadership that 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 supports 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

2. Board Composition *(cont'd)*

The RNC and the Board are well aware that the tenure of an independent director should not exceed a cumulative term of nine (9) years as recommended by the MCGG. 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. Prior to attaining the stipulated number of years, the RNC will consider the following and recommend to the Board accordingly:

- (a) whether the Independent Director is to continue to serve on the Board, subject to his/her re-designation as a Non-Independent Director; or
- (b) whether shareholders' approval through a two-tier voting process is to be sought to retain him/her as an Independent Director.

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

The Board, upon assessment conducted by the RNC on the performance of the Independent Directors, identified Encik Shamsul Anuar Bin Ahamad Ibrahim, who would reach his 9 years tenure period as an independent Director on 16 September 2024, and recommended him to continue to act as Independent Director until the conclusion of the next annual general meeting ("AGM"), subject to the approval from the shareholders of the Company. Justifications for the retention was set out in the Explanatory Notes to the 47th AGM Notice.

Board Gender Diversity

The Board supports the Board's gender diversity as promoted by MCGG 2021. Currently, there are two (2) women directors on board as the Company recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage.

The participation of women in senior management has also been practiced in the Group.

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. This code is available on the Company's website.

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 not 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. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious review or consideration by the Board.

Preceding minutes of every Board and Board Committee meetings were circulated to all Directors for their perusal and comments. The Directors may request 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.

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)*

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

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

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.

At the Board meetings, the Chairman of each Board Committee would inform the Directors at Board meetings, of any salient matters noted by the Board Committee Chairman and which require the Board's notice or direction. During the meeting, 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 and the C-Suites Committee ("CSC") 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. Any Director who has a direct and/or indirect interest in the subject matter to be deliberated on shall abstain from deliberation and voting on the same.

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 Board are updated by the Management on the follow-up of its decisions and recommendations by the Management. The Company Secretaries are also responsible to give sound advice to the Board and Chairman on all governance related matters. The Management, the Company Secretaries, external, internal auditors as well as the external risk advisor also briefed the Board periodically on the latest update/amendments on Main Market Listing Requirements ("MMLR"), MCCG 2021 and other regulatory requirements to assist the Directors to discharge their duties and responsibilities effectively. They are entitled to have access, at all reasonable times, to all relevant company information and to the Management and have at least two (2) private sessions in a year with the external auditors.

Company Secretary

The Board is supported by two (2) suitably qualified and competent Company Secretaries under Section 235(2) (a) of the Companies Act, 2016. The Company Secretaries have vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

During the financial year, Mr. Tan Tong Lang, a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and Ms Thien Lee Mee, a Licensed Secretary were appointed as the Joint Secretaries on 7 June 2023 in place of the resigned Company Secretary, Ms Ng Lai Yee, who is also the member of MAICSA.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

2. Board Composition *(cont'd)*

Company Secretary *(cont'd)*

The Company Secretaries, or together with their representatives, had during the year:

- i. acted as Secretary for all Board Committee meetings and ensure that all meetings are properly convened;
- ii. recorded and minuted the proceedings of all meetings including pertinent issues, substance of inquiries and responses, suggestions and proposals;
- iii. play supporting and advisory roles to the Board with the assistance of the Management, particularly with regard to the Company's constitution, compliance of statutory and regulatory requirements such as restriction in dealing with the securities of the Company;
- iv. regularly updated and briefed on the latest changes/developments in corporate governance, statutory and regulatory requirements, ensure adherence and compliance to the procedures and regulatory requirements from time to time; and
- v. managed proceedings pertaining to the annual general meeting held during the year.

The Company Secretaries have attended many relevant continuous professional development programmes i.e. trainings, seminars, workshops and talks conducted by the Companies Commission of Malaysia, Bursa Securities and MAICSA to keep abreast with the relevant updates on statutory and regulatory requirements.

Training & Development of Directors

All Directors have attended the Mandatory Accreditation Program ("MAP") as prescribed under the Listing Requirements except Dr. Dang Nguk Ling who will attend the MAP training scheduled on 9 and 10 October 2023 and Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari on 24 to 26 October 2023. 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 contains information including but not limited to the structure of the Company, management and 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 that 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.

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.

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

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. A Directors' Fit and Proper Policy was adopted by the Company to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

The Constitution of the Company provides 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 provides 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 for the Director concerned to continue to hold office.

Pursuant to Article 122(1) of the Company's Constitution, Encik Sr. Mohd Nazri Mat Noor is subject to retirement by rotation at the forthcoming 47th AGM of the Company and Encik Sr. Mohd Nazri Mat Noor has expressed his willingness to seek re-election.

In addition, the following Directors are standing for re-election at the forthcoming 47th AGM of the Company pursuant to the Company's Constitution as follows:-

No.	Directors	Article No.
1.	Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari	127
2.	Mr. Chin Choon Wei	127
3.	Mr. Liaw Way Gian	127
4.	Mr. Kang Wei Luen	127
5.	Dr. Dang Nguk Ling	127
6.	Ms. Toh Beng Suan	127

All the above-mentioned Directors have expressed their willingness to seek re-election at the forthcoming 47th AGM of the Company, save for Ms. Toh Beng Suan who has expressed her intention not to seek re-election. Hence, she will remain in office until the conclusion of the 47th Annual General Meeting of the Company.

The profiles of retiring directors standing for re-election are set out in the Directors' Profile in the Annual Report 2023.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

2. Board Composition (cont'd)

Board Committees (cont'd)

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 below:

NO.	DIRECTOR	AUDIT COMMITTEE	REMUNERATION & NOMINATION COMMITTEE	RISK MANAGEMENT COMMITTEE	INVESTMENT COMMITTEE
1	Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari	-	-	-	-
2	Mr. Ku Chong Hong	-	-	-	Member ⁽²⁾
3	Mr. Chin Choon Wei	-	-	-	Member ⁽²⁾
4	Encik Shamsul Anuar Bin Ahamad Ibrahim	Member ⁽²⁾	-	Member ⁽²⁾	-
5	Encik Sr. Mohd Nazri Bin Mat Noor	-	-	-	Chairman ⁽¹⁾
6	Mr. Liaw Way Gian	-	Chairman ⁽¹⁾	-	-
7	Mr. Kang Wei Luen	Chairman ⁽¹⁾	Member ⁽²⁾	Chairman ⁽¹⁾	-
8	Dr. Dang Nguk Ling	Member ⁽²⁾	Member ⁽²⁾	Member ⁽²⁾	-
9	Ms. Toh Beng Suan	-	-	-	-

(1) Appointed as the Chairman of the respective Board committee on 2 August 2023

(2) Appointed as the Member of the respective Board committee on 2 August 2023

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, and 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.

The terms of reference of the respective Board Committee are available for reference at www.scib.com.my.

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.

Remuneration and Nomination Committee ("RNC")

The RNC comprises three (3) Non-Executive Directors, all of whom are independent. Meetings of the RNC are held as and when required, and at least once a year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

2. Board Composition *(cont'd)*

Board Committees *(cont'd)*

Remuneration and Nomination Committee *(cont'd)*

Role and Responsibilities:

- (i) To Identify and 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. Any new Director will undergo a familiarisation programme, which includes a 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 Directors are properly carried out and all legal and regulatory obligations are met;
- (ii) To review the Board Members' directorships in companies other than the Company; the number of directorships held is well within the restriction of not more than five (5) directorships in public listed companies as stated in the Listing Requirements;
- (iii) To assess and review annually the independence of independent directors and their continuation as the Independent Directors;
- (iv) To review 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; and
- (v) To consider succession planning and review the leadership needs of the Group.

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

In 2023, the RNC carried out an annual review of the overall remuneration policy for Directors and Key Senior Management Officers and recommended for the Board's 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 retain persons of high calibre.

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

Risk Management Committee ("RMC")

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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

2. Board Composition *(cont'd)*

Board Committees *(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 fundraising 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 RNC is responsible to annually review the performance of the Executive Director and Key Senior Management Officers, and makes recommendations to the Board.

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. Nevertheless, the ultimate approval for the remuneration of Directors lies with the Board as a whole, with the respective interested Directors abstaining from deliberation and voting on the same.

The Directors are paid Director's fees and benefits for each Board or Board Committee meetings that they attended. However, the resolution pertaining to the proposed Directors' fees and benefits in respect of the period from 28 February 2022 until the 47th Annual General Meeting to be held on 11 December 2023 were not approved by the shareholders of the Company at the 46th AGM held last year on 8 December 2022 ("46th AGM"). The Company taken into consideration of the comments raised by the Shareholders at 45th and 46th AGM, and also the change of board composition during the financial year ended 30 June 2023, the said fee and benefits were restructured to be in line with the current market value and capability of the Company's financial credibility and were put forward for the shareholders' approval at the forthcoming 47th AGM. Further details are explained in the Explanatory Note of the Notice of 47th AGM.

For information, the provision of the proposed Directors' fee and benefits for the resigned/retired directors was provided in previous years. Following their resignation during the financial year 2022 and 2023, the overprovision of this proposed Directors' fee and benefits will be reversed accordingly in the following financial year and thus, the said Directors' fee and benefits were excluded for seeking shareholders' approval at the 47th AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

3. Remuneration (cont'd)

The disclosure of the remuneration receivable of individual Directors of the Company on named basis for the financial year ended 30 June 2023 is set out as below:

NO.	DIRECTOR	SALARIES RM	FEES RM	MEETING ALLOWANCES & OTHER EMOLUMENTS RM	TOTAL REMUNERATION RM
EXECUTIVE DIRECTOR					
1	Encik Abang Abdillah Izzarim bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari ⁽¹⁾	-	600	-	600
2	Mr. Ku Chong Hong ⁽²⁾	286,000	36,000	59,205	381,205
3	Mr. Chin Choon Wei ⁽³⁾	-	300	-	300
NON-EXECUTIVE DIRECTOR					
4	Encik Shamsul Anuar Bin Ahamad Ibrahim ⁽⁴⁾	-	59,700	21,300	81,000
5	Encik Sr. Mohd Nazri Bin Mat Noor	-	36,000	7,500	43,500
6	Ms. Toh Beng Suan ⁽⁵⁾	-	3,677	-	3,677
7	Mr. Kang Wei Luen ⁽⁶⁾	-	300	-	300
8	Mr. Liaw Way Gian ⁽⁷⁾	-	300	-	300
9	Dr. Dang Nguk Ling ⁽⁸⁾	-	300	-	300
Resigned Directors					
1	Encik Rosland Bin Othman ⁽⁹⁾	686,076	35,700	226,732	948,508
2	Encik Noor Azri Bin Dato' Sri Noor Azerai ⁽¹⁰⁾	-	35,500	14,600	50,100
3	Encik Nuraiman bin Shaiful Annuar ⁽¹¹⁾	-	29,500	4,500	34,000
4	Encik Mohd Shakir bin Shahimi ⁽¹²⁾	-	29,500	18,100	47,600
5	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah ⁽¹³⁾	-	27,000	3,600	30,600
6	YBhg. Datu Haji Abdul Hadi Bin Datuk Abdul Kadir ⁽¹⁴⁾	-	15,000	8,700	23,700
7	YBhg. Datu Haji Soedirman Bin Haji Aini ⁽¹⁵⁾	-	12,000	3,600	15,600
TOTAL		972,076	321,377	367,837	1,661,290

(1) Appointed as the Executive Chairman with effect from 28 June 2023

(2) Re-designated as the Group Managing Director/Chief Executive Officer with effect from 28 June 2023

(3) Appointed as the Group Executive Director with effect from 28 June 2023

(4) Re-designated as the Independent Non-Executive Director with effect from 28 June 2023

(5) Appointed as the Independent Non-Executive Director with effect from 25 May 2023

(6) - (8) Appointed as the Independent Non-Executive Directors with effect from 28 June 2023

(9) Resigned as the Group Managing Director/Chief Executive Officer with effect from 28 June 2023

(10) - (12) Resigned as the Company Directors with effect from 26 June 2023

(13) - (14) Retired with effect from 8 December 2022

(15) Resigned as the Company Director with effect from 9 November 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The terms of reference of the AC are 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 Company had on 20 March 2023, received a notice in writing from Messrs. Nexia SSY PLT on their resignation as auditors of the Company with effect from 15 March 2023 pursuant to Section 281 of the Companies Act, 2016. The resignation is on a voluntary basis. Subsequently on 12 April 2023, the Company appointed Messrs. Kreston John & Gan, who are registered with the Audit Oversight Board of the Securities Commission as the external auditors of the Company for the audit of the financial year ended 30 June 2023.

The AC has in place policies and procedures to review and assess the appointment or re-appointment of external auditors with respect to their suitability, objectivity and independence. There have not been any non-audit services that have compromised their independence as external auditors of the Company.

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.

Through the AC, the Company has established a formal and transparent relationship with the external auditors. The AC also meets with the external auditors without the presence of the Management to enable the AC to discuss matters privately with them.

Assurance from the external auditors has been received twice a year by the Board confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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 Listing Requirements, the Company 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 an electronic facility to enable communication with shareholders via its website which they 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 on the website.

The Group views that a constructive and effective investor relations function is essential in enhancing shareholders' value. During the financial year ended 30 June 2023, the Company organises Investors briefing on 2 September 2022, 1 December 2022, 1 March 2023, and 29 May 2023 to share our business profile, products, recent developments and future prospects of the Group's business with research analysts, fund managers and their sales team.

Investor briefings create valuable opportunities for the Company to meet with research analysts and fund managers to share our business updates that are relevant to the analyst coverage area and provide information for their research paper.

2. Conduct of General Meetings

The Annual General Meeting ("AGM") is the principal forum for two-ways interactions between the shareholders, the Board and the management team. The shareholders are encouraged and given sufficient opportunity to enquire about the Company's activities and prospects as well as to convey their expectations and concerns to the Board.

The Company conducted its last two (2) AGMs virtually in accordance with the Guidance Note issued by the Securities Commission and the Constitution of the Company which allows general meetings to be held virtually using technology or electronic means.

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 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 via electronic voting. The explanatory note on the polling processes is included in the Administrative Details circulated to shareholders and the same will be explained at the AGM prior to shareholders casting their votes. An independent scrutineer will be appointed to validate the poll results.

The 47th AGM will be conducted entirely through live streaming from the broadcast venue. Hence, all the resolutions tabled at the forthcoming 47th AGM to be held on 11 December 2023 will be voted on by way of a poll.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

2. Conduct of General Meetings *(cont'd)*

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

The minutes of the 47th AGM will be published on the Company's corporate website at www.scib.com.my as soon as practical after the conclusion of the AGM.

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 instill 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 11 October 2023.



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 2023 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 was approved by the Board on 11 October 2023.

AUDIT COMMITTEE REPORT

INTRODUCTION

The Audit Committee (“AC”) is pleased to present the AC Report for the financial year ended 30 June 2023 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

COMPOSITION

AC was formed by the Board and the Committee members were appointed by the Board from amongst the Board members.

The AC comprises three (3) Members, all of whom are Independent Non-Executive Directors and Independent Directors with vast backgrounds and experience within the financial and/or audit industry, sitting on the audit committee.

The Chairman of AC is not the Chairman of the Board of Directors.

The resigned AC Chairman, Encik Mohd Shakir Bin Shahimi is a member of the Malaysian Institute of Accountants (“MIA”) and he has resigned as the Chairman of AC effective from 26 June 2023.

As of LPD, Mr. Kang Wei Luen has been appointed as the Chairman of AC effective from 2 August 2023.

The AC complies with the requirements set out in the AC and meets the requirements of paragraph 15.09(1)(a) and (b) of the MMLR and Practice 9.4 under Principle B of the Malaysian Code on Corporate Governance (“MCCG”).

In accordance with the AC’s Terms of Reference (“TOR”), the Board has approved the adoption of the policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the AC.

The functions and authority of the AC extend to the Group and all its subsidiaries where management responsibility is vested in the Group.

TERMS OF REFERENCE (“TOR”)

The Terms of Reference of AC which defines the authorities, duties and responsibilities of the AC is continuously updated to reflect changes in laws, requirements and regulations.

The primary responsibility of the AC is to assist the Board in fulfilling its oversight responsibilities in areas such as financial reporting, internal control systems, risk management systems, internal audit and external audit functions.

The Terms of Reference of the AC are accessible by the public for reference, at the Group’s website at www.scib.com.my.

MEETINGS AND ATTENDANCE

As per the Terms of Reference, the AC shall meet at least on a quarterly basis with additional meetings convened as and when necessary.

During the financial year ended 30 June 2023, AC held eight (8) meetings on 8 July 2022, 25 August 2022, 14 October 2022, 29 November 2022, 23 February 2023, 22 March 2023, 6 April 2023, and 24 May 2023.

AUDIT COMMITTEE REPORT

(CONT'D)

MEETINGS AND ATTENDANCE *(cont'd)*

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

Members & Designation	Meeting Attendance
Mr. Kang Wei Luen Chartered Islamic Finance Professional Chairman / Independent Non-Executive Director <i>(Appointed as the Chairman on 02 August 2023)</i>	N/A
Encik Shamsul Anuar Bin Ahamad Ibrahim (FCCA, MIA) Member / Independent Non-Executive Director <i>(Appointed as the Chairman on 28 October 2015, retired on 28 February 2022, and reappointed as a member on 17 March 2022)</i>	8/8
Dr. Dang Nguk Ling Doctorate in Algal Biotechnology, Master Degree in Environmental Toxicology Member / Independent and Non-Executive Director <i>(Appointed as the member on 02 August 2023)</i>	N/A
Mr. Ku Chong Hong (Bachelor of Accounting (Hons), MIA) Chairman / Managing Director/CEO <i>(Appointed as the Chairman on 17 March 2022 and resigned as the Chairman on 15 September 2022)</i>	2/2
Encik Mohd Shakir Bin Shahimi (Bachelor of Accountancy (CA), MIA) Chairman / Independent and Non-Executive Director <i>(Appointed as the Chairman on 15 September 2022 and resigned as the Chairman on 26 June 2023)</i>	6/6
Encik Noor Azri Bin Dato' Sri Noor Azerai Bachelor of Finance Investment and Risk Member / Independent and Non-Executive Director <i>(Appointed as the member on 22 February 2023 and resigned as the member on 26 June 2023)</i>	4/4

The Group Managing Director/Chief Executive Officer ("GMD/CEO"), the Chief Financial Officer ("CFO"), Chief Operating Officer ("COO") and the Head of Corporate Service are the permanent invitees to the AC meetings, to provide input, advice and furnish appropriate relevant information, especially on audit issues and updates on the Group's operations.

In addition, relevant Management members of the respective auditees were invited to brief the AC on specific issues arising from the audit reports or on any matters of interest.

The external auditors also attend the AC meeting to present its Audit Planning Memorandum ("APM") for the financial year as well as result of the statutory audit conducted on the Group.

The Chairman of the AC would provide input on highlighting significant points of decisions and recommendations made by the AC to the Board for consideration and approval at the Board meetings.

During the financial year, the AC met the external auditors twice without the presence of the Management.

Minutes of each AC meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation.

The agenda and a set of meeting papers encompassing qualitative and quantitative information relevant to the business of the meeting are distributed to the AC members five (5) business days prior to the meeting dates.

AUDIT COMMITTEE REPORT

(CONT'D)

SUMMARY OF ACTIVITIES

The AC executed the following activities during the financial year ended 30 June 2023:

Activities	Deliberation
Financial Reporting	<p>The AC reviewed the unaudited quarterly and half-yearly financial results as well as the annual audited financial statements of the Group.</p> <p>The review covers among others, an assessment of the appropriateness of the accounting policies applied.</p> <p>The AC had sought explanations and additional information from the Senior Management including the CFO on the reasons for the variances/fluctuations in the financial performance of the Group, including the key income and operating expenses.</p> <p>In reviewing the quarterly and annual financial results, the AC focused on the following:</p> <ul style="list-style-type: none"> • Profits contribution by domestic and overseas operations; • Profits contribution by business segments; • Trends on financial ratios such as liquidity ratios, receivables and payables turnover period, gearing ratios, Earnings Before Interest Tax Depreciation & Amortisation ("EBITDA"), gross profit margin; net debt to EBITDA ratio and Inventories turnover period; and • Significant issues relating to the adoption of accounting policies and fiscal reporting.
External Audit	<ul style="list-style-type: none"> • AC reviewed and evaluated the External Auditor ("EA") audit plan for the financial year ended 30 June 2023. <p>EA's audit plan covers its engagement team, the concept of materiality, independence and objectivity, and the areas of audit emphasis.</p> <ul style="list-style-type: none"> • AC also reviewed key audit issues raised by EA from its annual audit in its management letter including Management's responses/actions taken on the resolution of such issues. • Reviews the written assurance provided by the external auditors in respect of their independence; and • Met with the external auditors twice without the presence of the GMD/CEO and Management during the year under review.
Internal Audit	<p>In its oversight over the Internal Audit Function, AC has performed the following:</p> <ul style="list-style-type: none"> • Approved the internal audit framework and the annual audit plan to ensure adequate scope and comprehensive coverage of the activities of the Group and ensured that all high-risk areas are audited at least annually. • AC reviewed and deliberated on the revisions made to the Internal Audit Charter and recommended the same to the Board for approval. • AC reviews and monitors the IA's performance, the progress of achievement of the approved annual audit plan and adequacy of audit coverage on a quarterly basis. • AC also reviewed and approved the action plans to address the competency gaps and audit methodology of the IA Function. • AC also monitored the progress of the corrective actions taken by Management to ensure appropriate remedial actions were taken on a timely basis to address all key areas of risk and control issues. <p>The Internal Audit Function reviewed the compliance with policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's system of internal control.</p> <p>Areas audited by the Internal Audit Function included audits on the various subsidiaries covering each division in the Group.</p>

AUDIT COMMITTEE REPORT

(CONT'D)

SUMMARY OF ACTIVITIES (cont'd)

Activities	Deliberation
Internal Audit (cont'd)	<p>Internal Audit reports were issued to the AC regularly and tabled in the AC meetings. The report incorporated audit recommendations and Management's responses with regard to any audit finding on the weaknesses in the systems and controls of the operations. The Internal Audit Function also follows up with the Management on the implementation of the agreed audit recommendations and, if necessary, a follow-up audit will be carried out and reported to the AC.</p> <p>For the financial year under review, the AC noted that there was no significant disagreement between the Internal Audit Function and the Management.</p> <p>The Committee is supported by the Internal Audit Function in the discharge of its duties and responsibilities.</p>
Risk Management	The AC assists Risk Management Committee ("RMC") in overseeing the Group Risk Register and also deliberates on the risk exposures and the proposed mitigation plans, and reports to the Board.
Related Party Transactions ("RPT") & Recurrent Related Party Transactions ("RRPT")	<ul style="list-style-type: none"> Reviewed and discussed reports on RPT & RRPT and possible conflict of interest transactions to ensure that all RPT and RRPT were undertaken on an arm's length basis and on normal commercial terms, consistent with the Group's usual business practices and policies, which are not more favourable than those generally available to the public and other suppliers and are not detrimental to the minority shareholders. Monitored the threshold of the RPT and RRPT to ensure compliance with the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad. Reviewed and recommended to the Board for approval, the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for the Group and its subsidiaries to enter into RRPT of the revenue or trading nature with related parties.
Annual Reporting	AC has reviewed and endorsed the Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control for the Board's approval and inclusion in the Annual Report 2023.
Solvency Assessment	The AC reviewed the solvency test undertaken by the Management which indicated that the Group is able to satisfy its debts within 15 months from the date of disbursement of dividend to ensure that the Group is solvent pursuant to Section 132(3) of the Companies Act, 2016.

INTERNAL AUDIT FUNCTION

AC is supported by the Internal Audit Function in the discharge of its duties and responsibilities. Internal Audit Function, as the third line of defence, checks for compliance with statutory/regulatory requirements, internal policies and procedures and reviews the internal control and governance procedures for adequacy and effectiveness.

In the Financial Year 2023, the Group has engaged Salihin Consulting Group Sdn. Bhd. ("SALIHIN"), as Internal Auditor to undertake a Risk Based Internal Audit Consultancy.

The general scope and responsibilities of the Internal Audit Function include but are not limited to, conducting reviews, examinations and evaluation of the adequacy and effectiveness of the Group's risk management processes, internal control assurance and corporate governance practices in carrying out assigned responsibilities to achieve the Group's stated mission and vision.

The total cost incurred by the Internal Audit Function in discharging its functions and responsibilities for the financial year 2023 amounted to RM167,207.94.

This Statement was approved by the Board on 11 October 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



The Board of Directors (“Board”) is firmly committed to maintaining a strong and sound risk management framework, as well as an efficient internal control system.

This Statement on Risk Management and Internal Control is issued in accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and aligns with the principles outlined in the following:

- Malaysian Code on Corporate Governance 2021 – Principal B: Effective Auditing & Risk Management; and
- Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

In fulfilling its duty, the Board has instituted a continuous procedure to recognize, assess, and address the noteworthy risks encountered by the Group. This process is subject to continuous review. The Statement on Risk Management and Internal Control (“SORMIC”) delineates the extent and character of its risk management and internal control systems that were active during the financial year in review and up to the time of endorsing this statement for inclusion in the annual report.

The Board recognizes the risk management and internal control systems that offer substantial assurance in preventing the failure to achieve business objectives. However, the Board does not guarantee the absolute elimination of these risks. Therefore, these systems can provide only reasonable assurance against significant errors, fraudulent activities, or losses.

Management is entrusted with the responsibility of supporting the Board in executing risk management and control policies and procedures. This involves the identification and evaluation of the diverse risks that the Group encounters and the establishment of fitting internal controls to alleviate, manage, and oversee these risks effectively.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RESPONSIBILITY OF THE BOARD, RISK MANAGEMENT AND AUDIT COMMITTEE

The details of roles and responsibility was mentioned in the Annual Report in Corporate Governance Overview Statement section, which summary of responsibility as follows:



Reviewing adequacy and integrity of SCIB's internal control systems and Management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.



The main responsibilities are to identify, assess, and monitor the Group key risks and continuously evaluate its risk management practices.

Risk Management also provide guidance to management on necessary resources and controls, review related party transactions and conflicts of interest, obtain Board approval for risk management plans, and report the status of approved risk management practices to the Risk Management Committee.



The main responsibilities are a thorough review is conducted on the Group for quarterly results and year-end financial statements. This review focuses on factors such as changes in accounting policies, significant events, the going concern assumption, and compliance with accounting standards and legal requirements. Additionally, the effectiveness of risk management, internal controls, and governance systems within SCIB and the Group are assessed, along with any instances of related party transactions or conflicts of interest that may arise.

RESPONSIBILITY OF THE MANAGEMENT

The Management is responsible for implementing all policies and procedures approved by the Board in relation to internal controls and risk.

Management's responsibilities include the following:

- Identify, evaluate and manage principal risks faced by the Group;
- Developing, implementing and monitoring systems, management of policies and procedures relevant to the business, including facilitating review by the executive on a regular basis; and
- Execution of the risk management policy;
- Update the Board via Risk Management Committee ("RMC") on the status of risks and controls on a regular basis.

RISK MANAGEMENT FRAMEWORK

An effective risk management system includes the necessity for an adequate risk assessment framework, the identification of internal controls for managing and mitigating these risks, the implementation of an efficient information and communication system, and a continuous process for monitoring the ongoing sufficiency and effectiveness of the risk management system.

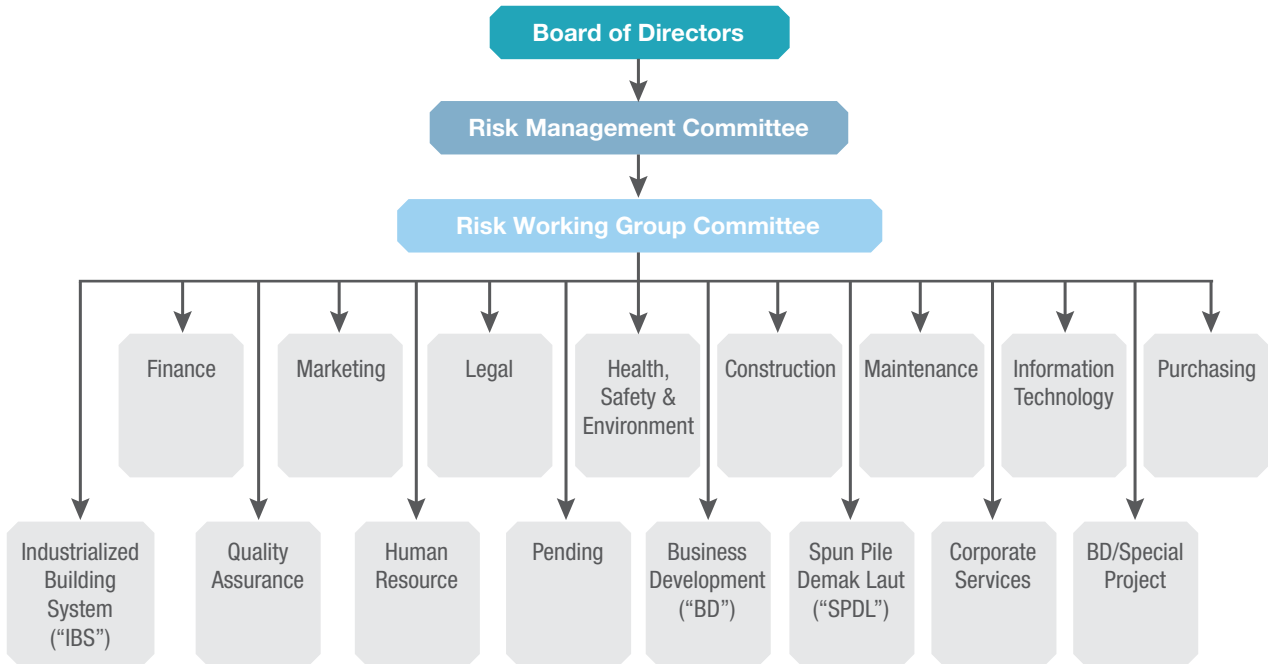
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RISK MANAGEMENT FRAMEWORK (cont'd)

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

An overview of the Group's overall risk management framework is illustrated in the following:

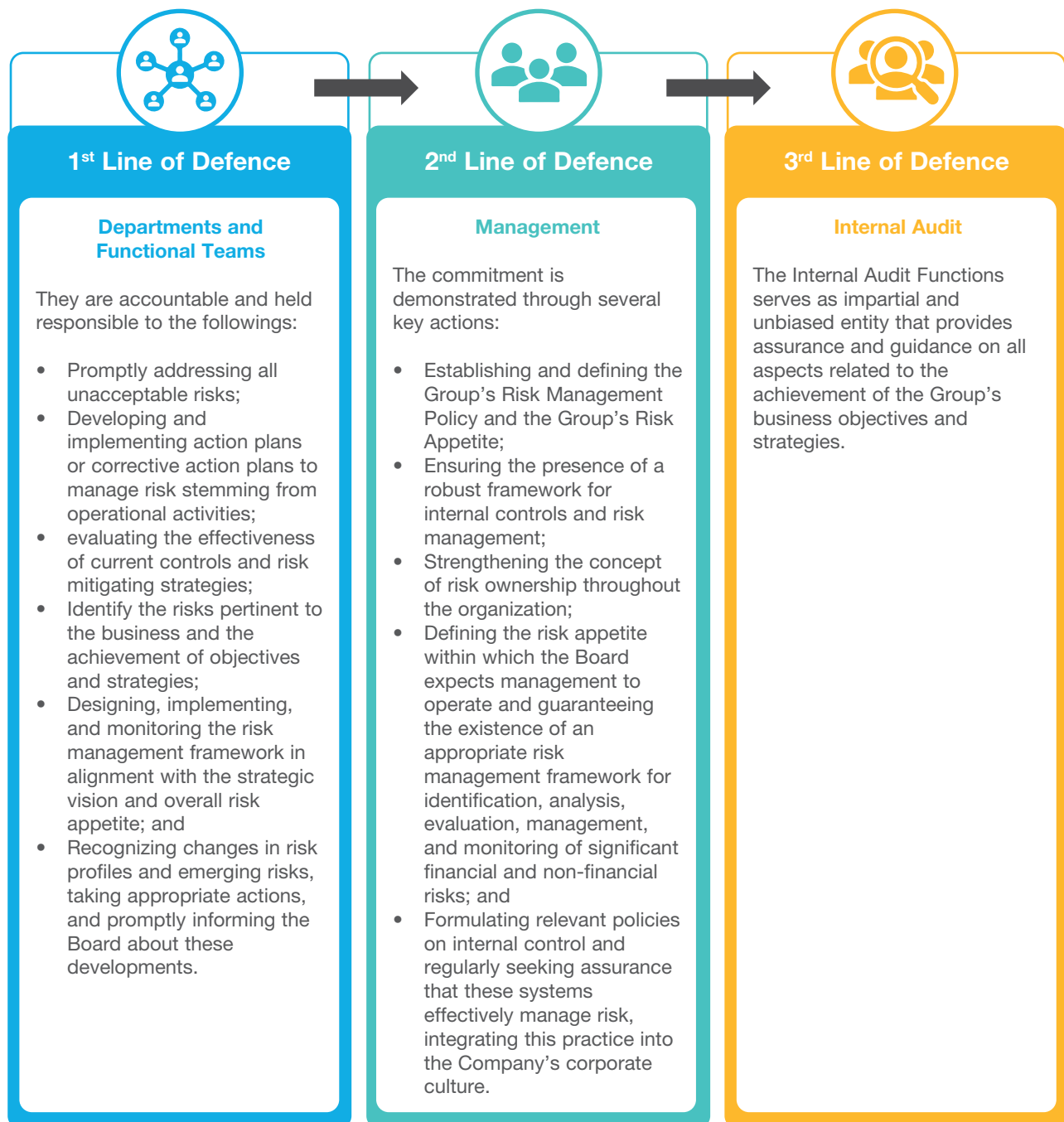


STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RISK MANAGEMENT FRAMEWORK (cont'd)

The governance structure to manage the risk profiles allows the Group to have a “3rd Lines Model” that defines the relationship between these functions and facilitate strong governance and risk management function as follows:



In addition, the Group risk management framework has adequate insurance coverage and physical safeguards have been implemented for the Group’s assets to ensure comprehensive protection against any mishap that might lead to significant losses.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RISK MANAGEMENT FRAMEWORK (cont'd)

The Group's insurance policies include the following:

- Directors and Officers;
- Burglary;
- Money; and
- Public Liability.

As per the Risk Management Framework, the 13 risk elements were incorporated in the Risk Register and profile of the Group as follows:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RISK MANAGEMENT FRAMEWORK (cont'd)

In addition, the 16 risk owners incorporated in the risk register of the Group as follows:



INTERNAL CONTROL

The Audit Committee assesses the sufficiency and reliability of the Group's risk management and internal control system on behalf of the Board. The Committee, in collaboration with the Internal Auditors, conducts structured and systematic audit reviews in accordance with the guidelines outlined in the International Professional Practice Framework ("IPPF") established by the Institute of Internal Auditors.

The overview of the Group's internal control is illustrated as follows:



The Internal Auditors conducted audits to evaluate the efficiency of the Group's risk management, internal controls, anti-corruption measures, Whistleblowing procedures, and governance processes, as well as the level of adherence to the Group's operational policies and procedures. Any identified weaknesses or shortcomings in the internal control processes resulting from these audits are reported to the Audit Committee. This role provides valuable insights for the Audit Committee to determine potential corrective measures for enhancing the deficiencies in risk management and control systems.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

INTERNAL CONTROL (cont'd)

The Internal Auditors conduct reviews of the Group's financial and operational activities in accordance with an annual plan that is presented to and sanctioned by the Audit Committee. Internal Audit operations are executed impartially, and their reports are submitted directly to the Audit Committee, ensuring independence from the Group's management and the areas they assess.

The key elements framework of the internal control system of the Group are as follows:

NO.	ELEMENT	SEGMENT	DELIBERATION
1	Authority & Responsibility	Terms of Reference	<p>The Board has assigned specific duties to various Board Committees, each with well-defined and approved Terms of Reference that are subject to periodic reviews as necessary.</p> <p>These committees include:</p> <ol style="list-style-type: none"> 1. Audit Committee ("AC"); 2. Risk Management Committee ("RMC"); 3. Remuneration and Nomination Committee ("RNC"); and 4. Investment Committee ("IC"). <p>In addition, a C-Suite Committee ("C-Suite") has been established to ensure the alignment of day-to-day business operations with the corporate objectives, strategies, business plans, and budgets as endorsed by the respective Boards including addressing issues emanating from both the external business environment and internal operational conditions.</p>
		Organisational Structure & Limit of Authority	<p>The Group has an organizational structure with clearly defined lines of authority and accountability, ensuring a distinct segregation of functions, roles, and responsibilities to ensure effective control across various levels of the Group.</p> <p>The Management is entrusted with the implementation of the Group's strategies and overseeing day-to-day operations within the established structural framework.</p> <p>The organizational structure undergoes periodic reviews to adapt to changes in the business environment and stay aligned with emerging trends in new technologies, products, and services.</p> <p>Furthermore, the Group has implemented a Limit of Authority framework, which supports good corporate governance and prudent control of risk and investment management.</p> <p>Under this framework, the Board retains authority over specific matters such as establishing new businesses, approving annual strategic plans, major capital expenditures, significant acquisitions or divestitures, borrowings, and corporate restructuring decisions.</p>
		Level of Authority	<p>The Group has instituted a Level of Authority framework which was endorsed by the Board and will undergo periodic reviews to ensure it accurately represents the authority and authorization levels of Management across all facets of the Group's major business operations and functions.</p> <p>The Level of Authority of the Group clearly outlines which individuals are authorized to initiate, submit, reconcile, view, or approve various types of transactions within the Group.</p>

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

INTERNAL CONTROL (cont'd)

NO.	ELEMENT	SEGMENT	DELIBERATION
		Compliance Environment	<p>Each division and business unit within the Group has established an adequate compliance environment by instituting specific and dedicated personnel responsible for overseeing compliance matters related to its respective business and operations.</p> <p>Furthermore, internal audit reviews are conducted at regular intervals to monitor adherence to laws, regulations, procedures, and policies.</p> <p>In addition to these measures, the Head of the Division provides legal counsel to the Board and Management on all legal matters which is supported by the advice from the legal team or external panel lawyer if deemed necessary and plays a central role in ensuring the Group's interests are legally protected and safeguarded.</p> <p>The Board is consistently kept informed through reports whenever new legislations are introduced, there are updates to business terms, or changes occur in existing laws relevant to the Group.</p>
2	Planning, Monitoring & Reporting	Budget	<p>The Group has conducted extensive budgeting and forecasting procedures that encompass all its divisions to closely monitor the overall performance of the Group.</p> <p>These budgeting and forecasting activities are thoroughly reviewed and authorized by the Board prior to their implementation.</p> <p>The Finance Division lead by the Chief Financial Officer ("CFO") coordinates and monitors the monthly performance results of the operational units by comparing actual financial performance against the budgeted figures and key business indicators, and highlights.</p> <p>These monthly performance results are presented to the Board of Directors on a quarterly basis.</p>
		Performance Review & Measurement	<p>The Group's performance, inclusive of the budget and forecast, were deliberated to the Board on a quarterly basis where, the Management thoroughly analyses and highlights any discrepancies between the budget and forecast when compared to the actual performance, for notification to the Board for their consideration and further action on potential revise on the budget and forecast based on the insights provided.</p>
		Finance Function	<p>The Finance Function has a responsibility to furnish the AC with assurance that the Group has adopted and consistently applied appropriate accounting policies, the going concern basis applied in the Annual Financial Statements and Condensed Consolidated Financial Statements is appropriate, and ensure that prudent judgments and reasonable estimates have been made in accordance with the requirements outlined in the established and adopted Financial Reporting Standards.</p> <p>The financial performance and liquidity position of the Group are closely monitored through quarterly reports.</p>
		Employees' Competency	<p>The Group's objectives and plans are regularly communicated to ensure that all employees receive clear and effective guidance.</p> <p>Additionally, training and development programs are identified and scheduled for employees to acquire the required knowledge, skills, and core competencies.</p>

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

INTERNAL CONTROL (cont'd)

NO.	ELEMENT	SEGMENT	DELIBERATION
3	Policies & Procedures	Standard Operation Policies & Procedures	<p>The Group has internally developed a comprehensive set of policies and procedures.</p> <p>These policies and procedures are designed to support the Group's internal control framework, ensuring compliance with both internal controls and relevant laws and regulations.</p> <p>They undergo periodic reviews and updates throughout the year in response to changes in operational needs, alterations in the business environment, or shifts in regulatory requirements.</p> <p>Approval for these updates is sought from the Boards, relevant board committees, or management committees.</p> <p>These policies and procedures encompass standard operating practices and guidelines, which pertain to operational planning, capital expenditure, protection of assets from unauthorized use or disposition, maintenance of financial and accounting records, reporting systems, and monitoring of the Group's businesses and performance.</p> <p>The Executive Directors play an active role in the Group's business operations, including participation in operational and management-level meetings to ensure ongoing monitoring and adherence to the Group's policies and procedures.</p>
		Employees' Code of Conduct	<p>The Employees' Code of Conduct is readily available to all employees, and they are obligated to strictly adhere to it as it is crucial for maintaining a high level of discipline and fostering a positive attitude while carrying out their responsibilities.</p> <p>All employees bear the responsibility of upholding and practicing the Code of Conduct as an integral part of their commitment to achieving the Group's overall objectives.</p> <p>The Code of Conduct serves as a guiding document for employees, promoting discipline and a positive mindset as they perform their duties.</p>
		Whistleblowing Policy, Code of Conduct, Anti-Corruption and Bribery Policy	<p>The Group is unwavering in its commitment to conducting its business and operations with the highest ethical, moral, and legal standards. To reinforce this commitment, the Group has established several key policies, including the Whistleblowing Policy, Code of Conduct, and Anti-Corruption and Anti-Bribery Policy.</p> <p>These policies have received approval from the Board and serve as channels through which employees or external parties can safely and confidentially report any breaches or suspected breaches of laws, regulations, business principles, or the Group's internal policies and guidelines.</p> <p>These policies are readily accessible on the Group's website, ensuring transparency and ease of reference for all stakeholders.</p>

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

INTERNAL CONTROL (cont'd)

NO.	ELEMENT	SEGMENT	DELIBERATION
4	Audit	Internal Audit	<p>The internal audit function holds the responsibility of identifying any instances of non-compliance with policies, procedures, regulations, and standards.</p> <p>In the event of any irregularities or significant findings, the internal audit function promptly reports them to the AC, along with recommendations for corrective actions.</p> <p>It is the responsibility of the Management to oversee and ensure that these recommended corrective actions are implemented within the specified time frame.</p>
		External Audit	The External Auditors present their comprehensive plan to AC for deliberation and approval, which includes planned audit services, recurring non-audit services, and non-recurring non-audit services.
		Certification Audit	The audit was conducted on a scheduled basis by Certification Bodies to secure ongoing certification from both local and international accrediting organizations.
		Audit Committee	The Audit Committee reviews the audit findings reported by both the Internal Auditors and External Auditors to assess the adequacy and effectiveness of the risk management and internal control systems.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In compliance with Paragraph 15.23 of Bursa Securities Listing Requirements, the External Auditors have undertaken a limited assurance engagement on this Statement of Risk Management and Internal Controls.

The External Auditors conducted a review of this Statement on Risk Management and Internal Control within the scope specified 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"). AAPG 3 is issued by the Malaysian Institute of Accountants (MIA) for inclusion in the Group's annual report for the year ended June 30, 2023.

The External Auditors reported to the Board that nothing has come to their attention that would lead them to believe that the statement intended to be included in the Annual report of the Group, 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 the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon.

RISK MANAGEMENT ASSURANCE AND REVIEW

The Group Managing Director/ Chief Executive Director ("GMD/ CEO"), Group Executive Director, the Chief Operating Officer ("COO") and the Chief Financial Officer ("CFO") have affirmed to the Board and Audit Committee that the Group's risk management and internal control systems are functioning suitably and effectively in all significant aspects, ensuring the attainment of its business goals. After reviewing the sufficiency and efficiency of the Group's risk management and internal control framework, and considering the assurance provided by the Management Team, the Board is of the view that the system in place is satisfactory and capable of safeguarding shareholders' investments and the Group's assets.

Thus, the Group will continue recognizing, assessing, and overseeing significant risks while implementing measures to enhance the internal control and risk management framework.

This Statement received approval from the Board of Directors on 11 October 2023.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT FEES AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the External Auditors by the Group and the Company for the financial year ended 30 June 2023 are as follows:

SERVICES	COMPANY (RM)	GROUP (RM)
Audit Fees	85,000	378,858
Non-Audit Fees	13,000	13,000

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

On 11 January 2023, the Company proposed to undertake a private placement of issuance of up to 10% of the total number of issued shares of the Company or equivalent to 82,722,252 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 12 April 2023, 25,000,000 new ordinary shares were issued at an issue price of RM0.1078 per share. On 19 June 2023, 33,203,753 new ordinary shares were issued under this corporate proposal at an issue price of RM0.3031 per share.

On 6 September 2023, the Company announced that the private placement is deemed completed and the Company has decided not to place out the remaining shares under the private placement.

The total gross proceeds raised from Private Placement 3.0 is RM12.76 million. The status of the utilization of the said gross proceeds as at the latest practical date ("LPD") (11.10.2023) is set out as below: -

Description	Estimated timeframe for utilization of proceeds from the date of listing of the placement shares*	Proposed Utilisation			Balance RM'000
		Maximum Scenario# RM'000	Based on Actual Proceeds RM'000	Actual Utilisation RM'000	
Working capital ⁽ⁱ⁾	Within 12 months	3,500	3,753	3,753	-
Repayment of bank borrowings ⁽ⁱⁱ⁾	Within 12 months	7,077	8,859	8,859	-
Estimated expenses for the Proposed Private Placement ⁽ⁱⁱⁱ⁾	Within 3 months	400	147	147	-
Total proceeds		10,977	12,759	12,759	-

Notes:

* From the date of listing of the Placement Shares.

Assuming all of the 245,184,997 outstanding Warrants as at 30 December 2022 are exercised prior to the implementation of the Private Placement.

(i) The Company intends to utilise part of the proceeds to be raised from the Proposed Private Placement for payroll (staff salary) to supplement the existing working capital of the Group and to help improve the cash flow of the Group.

(ii) The Company proposes to utilise up to approximately RM7.077 million of the proceeds to reduce the bank borrowings (banker's acceptance) of SCIB Group. The excess in the actual proceeds as compared to the maximum scenario was due to differences in the issue price, the proceeds will be allocated to repayment of bank borrowings.

(iii) This includes payment of fees to Bursa Securities, adviser and placement agent. Any deviation in the actual amount of expenses for the Proposed Private Placement will be adjusted accordingly to/from the working capital of SCIB Group.

ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

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 year.

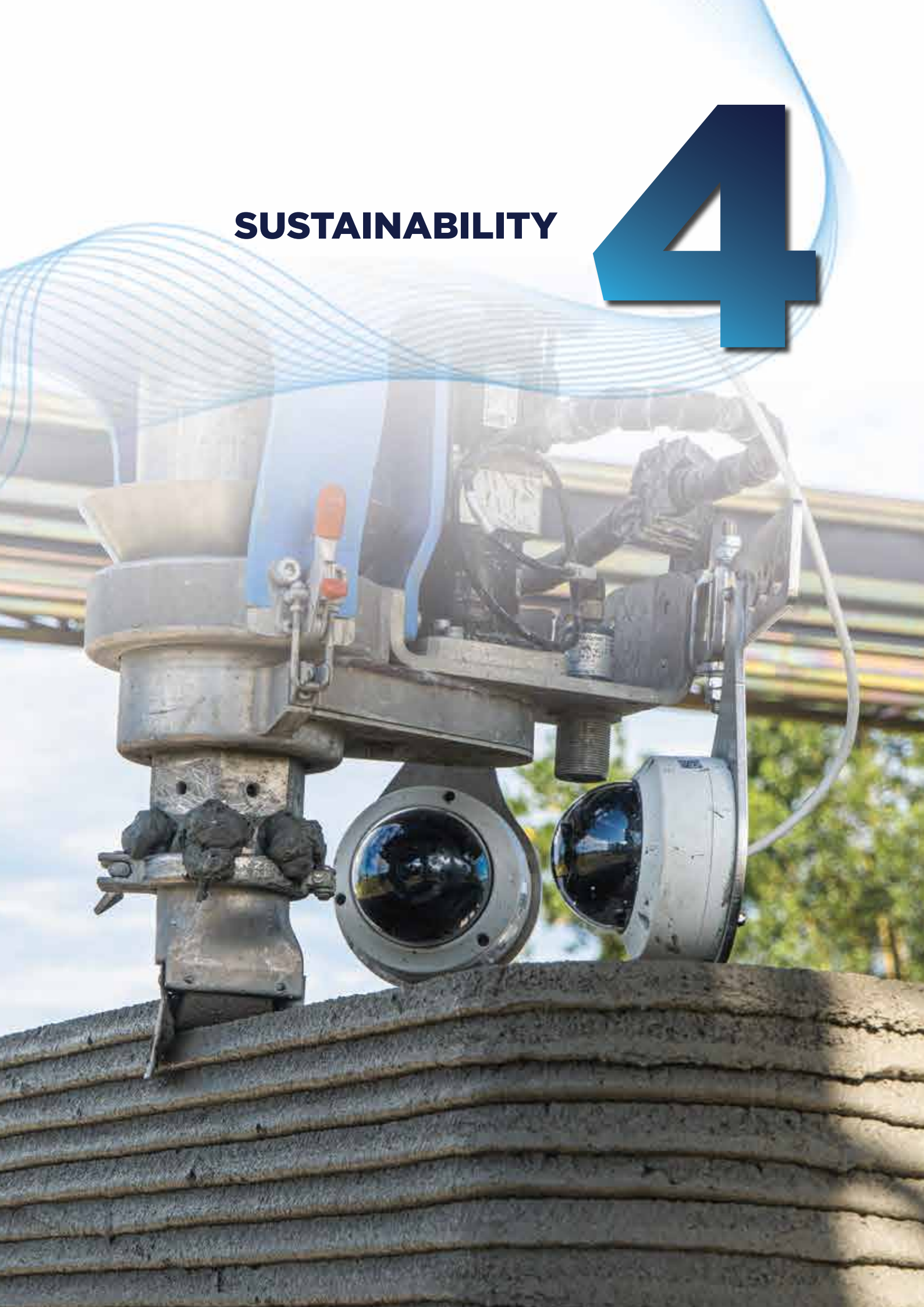
4. RECURRENT RELATED PARTY TRANSACTIONS

At the 46th Annual General Meeting of the Company held on 8 December 2022, the Company did not propose renewal or new shareholders mandate for recurrent related party transactions.



SUSTAINABILITY

4



SUSTAINABILITY STATEMENT

SUSTAINABILITY MISSION

To improve the quality of life of the broader community by operating responsibly and recognizing the central role business plays in society. This is in line with the Company's vision, "to be a Company founded on excellence," and our Special Mission is 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.

REPORT PERIOD AND CYCLE

SCIB's reporting period starts from 1 July 2022 to 30 June 2023, known as the financial year ended 30 June 2023. The Sustainability Statement discloses some historical data deemed relevant to show the trends for the readers to comprehend the sustainability achievement of the Group better.

However, as announced on 24 May 2021, the Group has changed its financial year end from 31 December to 30 June. The current and preceding financial year ended 30 June 2023 and 30 June 2022, respectively, covers 12 months of financial results and, therefore, cannot be entirely compared with the results reported in the 18 months financial period ended 30 June 2021.

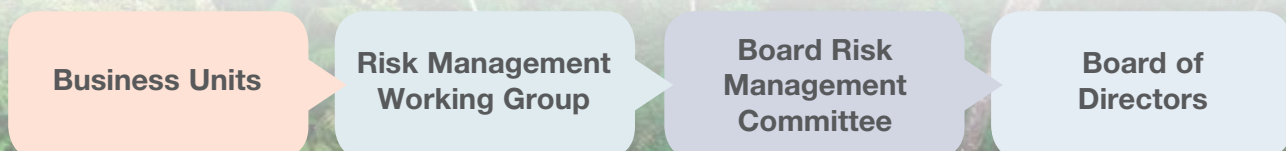
GOVERNANCE STRUCTURE

The Board of Directors is committed to our sustainability journey and is primarily responsible for the implementation and execution of the Group's sustainability practices and performance, providing oversight for the Group's sustainability practices. The Board is kept informed on the progress of sustainability-related matters, delegating to the Board Risk Management Committee ("RMC") and Risk Management Working Group ("RMWG") to set direction and focus on facilitating the 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. At the same time, the RMWG has the task of monitoring and assessment of sustainability plans and targets.

Recognizing that risk management is correlated to overall sustainability performance, our sustainability agenda is driven within our governance structure by the Board RMC and 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 reports to the RMC at the Board level.

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

SCIB's sustainability governance structure is shown below:



SUSTAINABILITY STATEMENT

(CONT'D)

	Roles and Responsibilities	
	Members	Function
Board of Directors	Directors of SCIB	<ul style="list-style-type: none"> • Oversight of the Sustainability goals set and implementation and execution of the sustainability efforts and practices; • Approve Sustainability-related policies; and • Approve Sustainability framework and structure.
Board Risk Management Committee	Risk Management Committee Members	<ul style="list-style-type: none"> • Assist the Board in overseeing the development of SCIB's sustainability strategy, implementation and performance; • Review the effectiveness of the risk management and internal control policies for sustainability; • Set direction and focus on facilitating the formulation of strategies for meeting sustainability missions; • Report to the Board on the status of sustainability-related matters; • Oversee the management of principal business risks and significant/material Economic, Environmental and Social ("EES") risks; • Ensure resources and processes are in place to enable the company to achieve its sustainability commitments or targets; and • Approve the disclosure statements relating to the management of sustainability matters of the company.
Board Audit Committee	<ul style="list-style-type: none"> • Audit Committee Members 	<ul style="list-style-type: none"> • Identify links between material sustainability matters and financial performance to facilitate Audit Committee oversight of financial reporting; and • Evaluate Environmental, Social and Governance ("ESG") performance in alignment with the company's business performance and strategy.
Risk Management Working Group	<ul style="list-style-type: none"> • Group Managing Director/ Chief Executive Officer • Group Executive Director • Chief Operating Officer • Chief Financial Officer • Head of Corporate Services • Head of Project Management Team • Human Resource & Administrative Manager • Quality, Health, Safety & Environment officer 	<ul style="list-style-type: none"> • Establish sustainability plans and targets; • Assess and monitor sustainability efforts progress against targets set; and • Review and recommend the Sustainability Report to the Board Risk Management Committee and the Board for approval.
Business units	<p>All the heads of departments for the following segments;</p> <ul style="list-style-type: none"> • Manufacturing Segment • EPCC Segment 	<ul style="list-style-type: none"> • Identify possible Sustainability initiatives, opportunities and risks and propose improvement plans to support sustainability goals; • Manage day-to-day operations to ensure align with the Sustainability goals set; and • Prepare, collect and submit sustainability-related data for Sustainability Working Group on a quarterly basis and/or when requested.

SUSTAINABILITY STATEMENT

(CONT'D)

SCIB SUSTAINABILITY FRAMEWORK

We are committed to nurturing sustainability values within our Group from the aspects of the Environmental, Social, and Governance (“ESG”) 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)

REPORT SCOPE AND BOUNDARY

Unless otherwise stated, this report covers the operations, activities and sustainability performance of Sarawak Consolidated Industries Berhad and its active subsidiaries in Malaysia. Our reporting scope includes the Manufacturing segment and the construction / EPCC segment in Malaysia which are the key drivers and main contributors to the Group's revenue. Unless otherwise mentioned, this report shall exclude all outsourced activities and operations. This report highlights some of our challenges and the corresponding action plans to address the sustainability-related issues and opportunities. We have identified our initial sustainability approach and will continue to explore and pursue ways to improve our sustainability practices and performances across our business operations.

SCIB is conscious about the ESG impacts from its value chain and is committed toward promoting its Sustainability agenda and practices to its stakeholders including its external business partners, vendors, and subcontractors. This would include future plans to assess the ESG performance of our vendors and subcontractors. However, SCIB acknowledge the challenges it would face in data collection and would need to enhance its data tracking and collection system moving forward.

For more information about the outlook and future ESG prospects of the Group, readers may read the Sustainability report together with the Group Management Discussion and Analysis report of this Annual Report 2023.

FORWARD LOOKING STATEMENTS

SCIB Sustainability report contains forward-looking statements on the group future plans, goals, forecasts and targets which are based on reasonable assumptions made surrounding the current operational situations. The forward-looking information is subject to the risks and uncertainties that may cause the actual results to differ materially and thus we advise readers to not solely rely on the statement.

GUIDANCE

The Sustainability Report was approved by the Board of Directors ("Board") on 11 October 2023. The information reported for the financial year 2023 was prepared under the Bursa Malaysia Sustainability Reporting Guidelines and Toolkits, Sustainable Development Goals ("SDGs"), United Nations Global Compact ("UNGC") and Global Reporting Initiatives ("GRI") standards 2021 as reference.

ASSURANCE

Salihin Consulting Group Sdn. Bhd. have reviewed this Sustainability Statement under the scope set out in the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB") in respect to the Enhanced Sustainability Disclosures for inclusion in the annual report of the Company for the financial year ended 30 June 2023, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Company, in all material aspects, has not been prepared in accordance with the disclosures required under the updated Sustainability Reporting Guide issued by BMSB or is factually inaccurate.

REPORT DISTRIBUTION


Our Sustainability Report is accessible and downloadable from our corporate website at <http://www.scib.com.my/>

SUSTAINABILITY STATEMENT

(CONT'D)

FINANCIAL YEAR 2023 SUSTAINABILITY HIGHLIGHTS AS OF 30 JUNE 2023


ECONOMIC



RM132,044,551
Revenue



RM23,641,684
of Loss After Tax




RM24,015,918
Cash and Cash Equivalents



All our products are SIRIM QAS ISO9001:2015 certified/credited.

Our subsidiary companies were awarded ISO 45001:2018 Occupational Health & Safety Management System (“OHSMS”) certification and ISO 14001:2015 Environmental Management System (“EMS”) certification by NIOSH Certification.

ENVIRONMENTAL



5.45%
Carbon Dioxide CO₂ tonnes of
Total Scope 1 and 2 GHG emissions



Zero
Environmental contamination

SOCIAL



303
Total employees



2016
of hours of employee training



Zero (0)
workplace fatalities



One (1)
Lost Time Injury

All Injury Frequency Rate (**AIFR**)
1.33%

Dust Load
FY2021/2022 **VS** **FY2022/2023**
0.049 g/Nm³ **0.038** g/Nm³

SUSTAINABILITY STATEMENT

(CONT'D)

SCIB's Board Approved Sustainability Framework

At SCIB, we appreciate global and national efforts in recognizing and championing sustainable development. We align our business strategy and sustainability efforts towards achieving our sustainable development goals, which mirrors our dedication to 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 environmental, social and governance aspects.

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

We are committed to uphold good sustainability practices through reference made to the following Frameworks:

Environmental	Application	Page reference
Sustainable Development Goals ("SDG")	SDG 9: Industry, Innovation and Infrastructure	Page 90
	SDG 12: Responsible Consumption and production	Page 87, 90 to 91
	SDG 13: Climate Action	Page 87, 90 to 94
	SDG 6: Clean Water and Sanitation	Page 92
UN Global Compact ("UNGC")	Principle 7: Businesses should support a precautionary approach to environmental challenges	Page 87, 90 to 94
	Principle 8: Undertake initiatives to promote greater environmental responsibility	Page 87, 90 to 94
	Principle 9: encourage the development and diffusion of environmentally friendly technologies	Page 90 to 94
Global Reporting Initiative ("GRI")	GRI 302: Energy 2016	Page 90, 92 to 93
	GRI 305: Emissions 2016	Page 93
	GRI 306: Effluents and Waste 2016; Waste 2020	Page 91 to 92

Social	Application	Page reference
SDG	SDG 8: Decent Work and economic Growth	Page 100 to 104
	SDG 11: Sustainable Cities & Communities	Page 87, 90, 113
	SDG 5: Gender equality	Page 95, 107
	SDG 10: Reduced Inequalities	Page 95, 107
UNGC	Principle 1: Human Rights- Businesses should support and respect the protection of internationally proclaimed human rights	Page 95, 107
	Principle 2: Human Rights: Make sure that they are not complicit in human rights abuse	Page 95, 107
	Principle 6: the elimination of discrimination in respect of employment and occupation	Page 95, 107
GRI	GRI 401: Employment 2016	Page 95, 105 to 107
	GRI402: Labour/ Management Relations 2016	Page 95, 105 to 107
	GRI403: Occupational Health & Safety 2018	Page 100 to 104
	GRI 404: Training and Education 2016	Page 103 to 104, 106 to 107
	GRI 405: Diversity and Equal Opportunity	Page 107, 115
	GRI 406: Non-Discrimination	Page 107, 115
	GRI 410: Security Practices	Page 100 to 104, 113
	GRI 413: Local Communities 2016	Page 106, 108 to 110

SUSTAINABILITY STATEMENT








(CONT'D)

Economic & Governance	Application	Page reference
SDG	SDG 16: Peace, Justice and Strong Institution	Page 115
UNGC	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Page 115
GRI	GRI 201: Anti-Corruption	Page 115
	GRI 204: Procurement Practices	Page 118
	GRI 416: Customer Health & Safety	Page 113
	GRI 418: Customer Privacy	Page 118

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

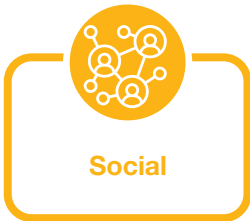
SUSTAINABILITY STATEMENT

(CONT'D)

MATERIALITY ASSESSMENT

We conduct materiality assessment to help us determine and prioritise areas to which efforts are intensified from both the Company and stakeholder perspectives. Through our process of identifying and prioritisation of sustainability matters, we have broadly categorised the following key sustainability matters at this juncture on the matrix along these two axes: Importance to stakeholders and importance to SCIB Group as set out on page 86 of this report.

Key Material Sustainability Matters	Anticipated Impacts on the Group's Business
<p>Investment in technology and Research and Development</p> <hr/> <p>Waste, energy and Water Management</p> <hr/> <p>Climate Change and Carbon Emissions</p>	<p>Investment in off-site precast manufacturing and prefabricated industrialised building systems (“IBS”) reduces debris, waste and air pollution at site.</p> <p>Investment in research and development helps us to continuously source for environmentally friendly manufacturing solutions.</p> <hr/> <p>Efficient waste management, recycling and energy saving programmes helps to protect the environment from further harm.</p> <hr/> <p>Effective management of carbon emissions helps reduce the impact of greenhouse gas emissions into the atmosphere to avoid the long-term effect of global warming and disastrous climate change, improving human health and preventing economic losses from higher carbon emissions energy costs.</p>
<p>Employee health, safety and welfare</p> <hr/> <p>Human resource development</p> <hr/> <p>Labour practices and standards – human rights and diversity</p> <hr/> <p>Community support</p>	<p>Safe work places and practices reduces risk of accidents and injuries, claim cost and business interruptions. It helps improve corporate reputation and increases employee motivation. Healthy lifestyle and staff welfare is conducive to enhancing work commitments, increasing productivity and reducing costs.</p> <hr/> <p>Continuous staff training and development are crucial to help improve staff competency, work efficiency, retain talents and attract new talents that will improve productivity and enhance overall financial performance.</p> <hr/> <p>People are crucial for business sustainability and the most valuable assets of the Group. Respecting and protecting human and labour rights helps to promote a harmonious working environment and enhances corporate image for corporate success and economic growth.</p> <hr/> <p>As responsible corporate citizens, social contributions to the community are crucial for a better future to the generations that come after and builds bridges that enhances ties between the business and the community.</p>



SUSTAINABILITY STATEMENT

(CONT'D)

Key Material Sustainability Matters

Product and service quality	●
Corporate governance and risk management	●
Anti-Bribery and Anti-Corruption	●
Stakeholder Engagement	●
Business ethics	●
Supply chain and procurement	●
Data Privacy and Security	●



Anticipated Impacts on the Group's Business

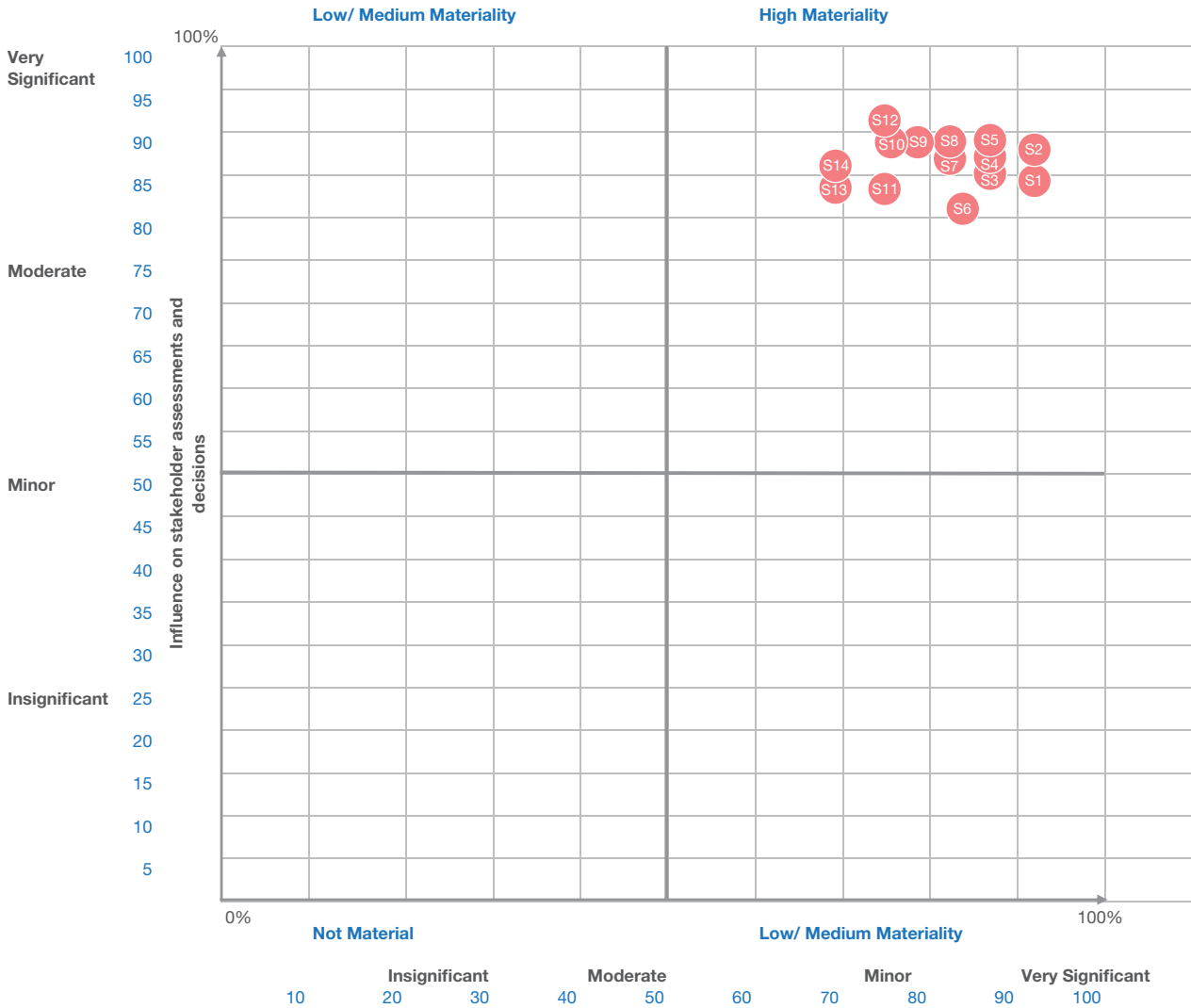
●	Stringent quality control of our finished products and value-added services are essential to maintain customer satisfaction and for maintaining brand image to attract new sales.
●	Strong corporate governance and effective risk management system helps to improve the Group's financial stability and minimize risk of loss that will gain shareholders' confidence.
●	Bribery and corruption harm businesses by undermining good governance, damaging reputation and resulting in financial loss. Adequate prevention procedures will promote and drive long-term sustainable growth whilst considering the interests of the investors and all other stakeholders.
●	Strong Stakeholders relationships help a company build a good reputation, trust and brand recognition. A good reputation improves recognition and represents people's perception of the Group's customer service and reputation, which creates stakeholder trust, supports advertising, inspires employees, generates new customers and thus increases financial value. Effective shareholder engagement is also essential for investor relations, understanding investors' expectations, building trust, loyalty, and financial viability.
●	Applying ethical values in business enables the Group's leadership to make strategic decisions that are socially acceptable. Business ethics increases employee retention, attracts investors, promotes customer loyalty, reduces business risks and leads to long term gains.
●	Fair and unbiased business policies and ethical procurement procedures and practices are crucial to promote trust and transparency within the supply chain. Good relationships with key stakeholders across the supply chain will ensure lower cost, more competitive pricing and better margin.
●	Preventing data and security breaches is crucial and must not be compromised, as the ramifications can be severe. The primary purpose of data privacy and security is to protect organisational data, which contains trade and customer information, from unauthorised access, destruction, corruption, modification, theft and disclosure.

SUSTAINABILITY STATEMENT

(CONT'D)

Materiality Matrix

Sustainability Materiality Matrix for SCIB



Significance of SCIB's sustainability impacts

Legend	Category
	High Materiality
	Medium
	Low
	Not material

Score
76%-100%
51%-75%
26%-50%
0-25%

S1	Corporate governance and risk management	S8	Data Privacy and Security
S2	Anti-Bribery and Anti-Corruption	S9	Human Resource Development
S3	Stakeholder Engagement	S10	Employee Health, Safety, and Welfare
S4	Business Ethics	S11	Climate Change and Carbon Emissions
S5	Product and service quality	S12	Labour practices and standards – human rights and diversity
S6	Investment in technology and Research and Development	S13	Waste, energy and Water Management
S7	Supply chain management	S14	Community Support

SUSTAINABILITY STATEMENT

(CONT'D)



ENVIRONMENTAL

SCIB remain vigilant in monitoring and tracking the operations emissions and energy and resource consumption as we acknowledge that everyone plays a role to mitigate the potential and actual impacts of climate change. We recognise that climate change poses fundamental threats to livelihoods and it is important as a responsible corporate citizen to work with industry peers and government to reduce the impact of climate change on its operations, value chain and stakeholders.

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.

We implemented the Environmental Quality Monitoring Program which sets out the standard operating procedures ("SOP") for our factories and construction sites. All project sites must comply with regulations as stipulated by the Department of Environment ("DOE"), local municipal, councils and other authorities for air, water, noise as well as sewage.

We have also adopted measures to manage our emissions in compliance with the ISO 14001:2015 standard such as reducing the use of diesel-powered vehicles/ machineries, introducing the use of energy-efficient light bulbs such as the LED which requires less power to produce a desirable level of brightness.

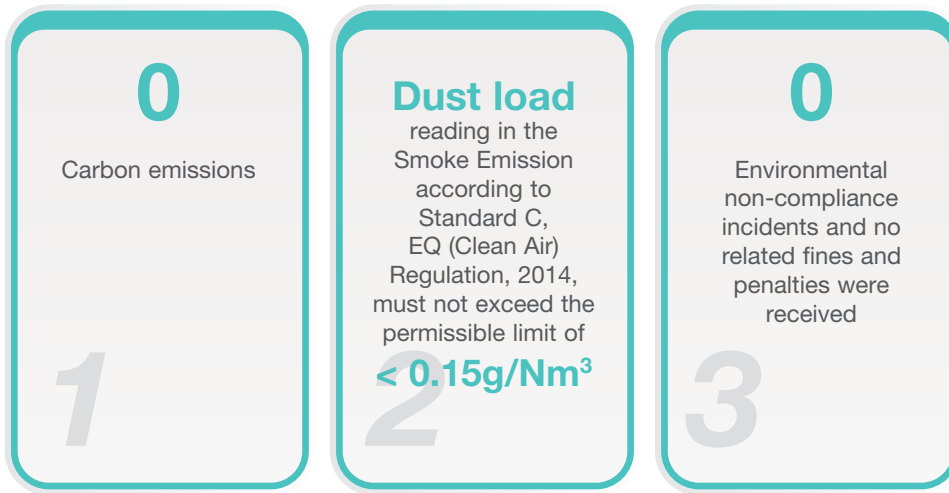
SCIB ensure compliance with relevant environmental laws, rules and regulations and appropriate standards by the regulatory authorities such as the Department of Environment ("DOE") in Malaysia. At SCIB, we actively address current or potential environmental issues/ negative impacts on the environment which includes monitoring, devising and implementing mitigation action plans. In this regard, we ensure our employees undergo training to equip them with the necessary skills and knowledge to understand the environmental aspects of protecting the environment from harm.

SUSTAINABILITY STATEMENT

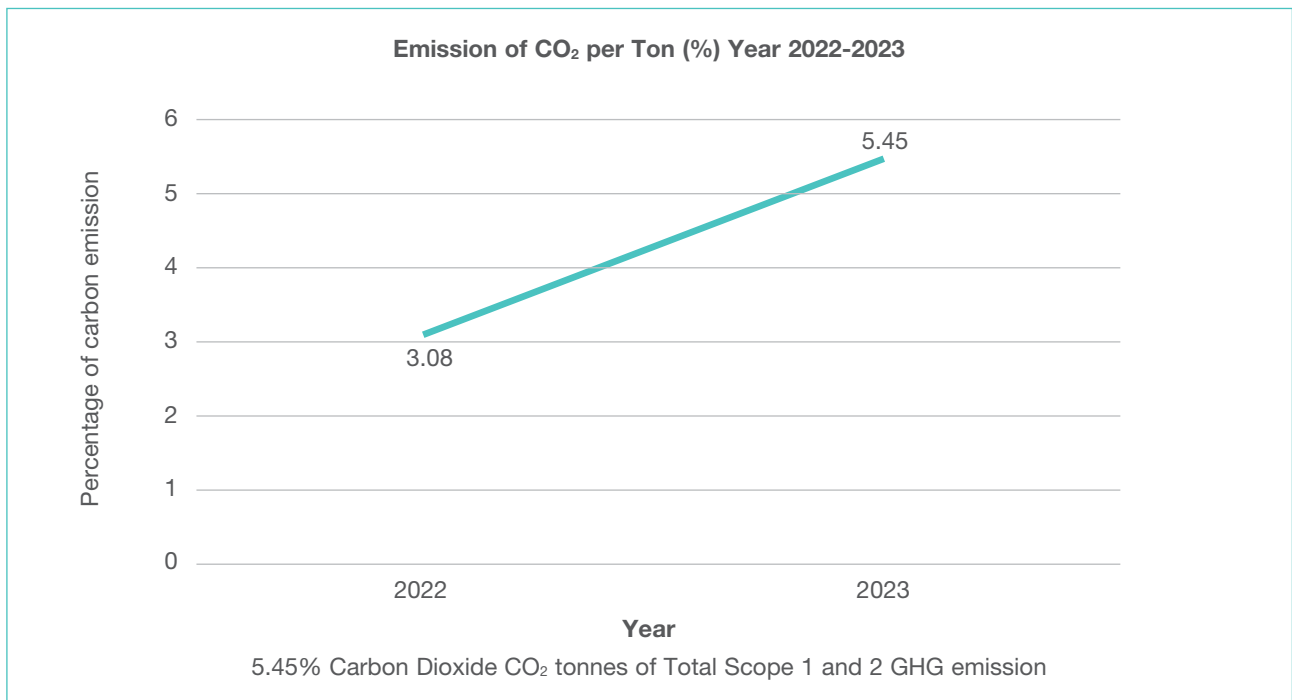
(CONT'D)

Our Key Targets and achievements

Our Key Targets

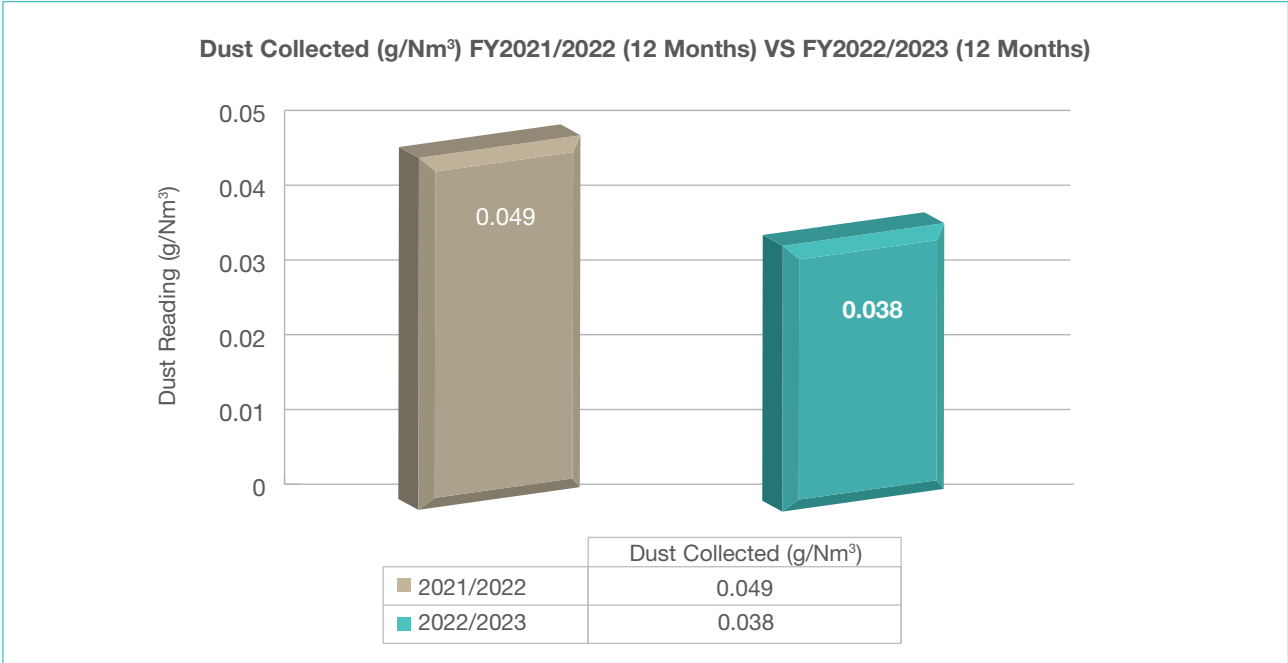


Our Progress and Achievements



SUSTAINABILITY STATEMENT

(CONT'D)



Our Initiatives



Our Challenges

Inadequate knowledge regarding the environmental protection laws, practices and environmentally friendly materials to find appropriate solutions to environmental problems

Lack of tracking system to assist in data collection and analysis of key factual information about the environment which make it impossible or difficult assess the environmental impact

Assessment of environmental impact requires inputs from the experts due to the complexity and enormous diversity of the environmental data

SUSTAINABILITY STATEMENT

(CONT'D)

Investment in technology and Research and Development



Factory-made products under stringent ISO accredited quality management system

Our precast concrete and industrialised building system (“IBS”) products are manufactured in a factory-controlled environment, employing quality plants and machinery such as batching plant technology and reusable pre-stressed concrete moulds. Precast concrete structures are made under stringent ISO-accredited quality systems and procedures, are therefore quality assured, strong and durable to last for years, creating less wastage than the conventional cast-in situ method. Precast concrete products are not only reinforced with steel bars but will go through a curing process to ensure the concrete will be set correctly under controlled conditions for optimized strength. Conceivably, concrete doesn’t burn or emit toxic fumes when exposed to heat and is less susceptible to damage caused by wear and tear over time.

Off-site manufacturing also brings the advantage of safer and faster delivery, reduces cluttering, construction wastes and debris at the site, and less noise, less dust / air pollution and disruption to the neighbourhood of the construction sites. Besides, our prefabricated Industrialised Building System (“IBS”) components contribute to neat and safe layout and stockpiles at the construction sites when managed adequately. IBS has been shown to enable shorter project completion timelines and enhanced quality of work, resulting in a more cost-efficient construction sector.

IBS adoption not only improved construction quality and cost and reduced reliance on foreign labour but also accelerated construction timelines, simplifying on-site management and safety and reducing the construction industry’s environmental impact.



3D printing technology

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 printing brings the benefits of reducing wastage by eliminating the usage of timber foam work.

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 proud to have the technical support from COBOD, a world leader in 3D construction printing solutions and coupled with our capable inhouse technical team, we are confident to deliver quality 3D printed structures.

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.



Light weight system

In addition to this, we have incorporated a lightweight system plant to improve our IBS offerings. Generally, lightweight materials such as light steel frame systems and lightweight block systems have a lower embodied energy rating than heavyweight materials, resulting in lower overall life cycle energy consumption. As well as consuming less energy, lightweight construction materials require fewer resources than concrete, producing energy-efficient structures with minimal carbon footprint over time.

SUSTAINABILITY STATEMENT

(CONT'D)



Research & development

We also conduct research and development to find alternative materials in manufacturing of precast concrete to reduce cement consumption such as the use of admixtures as hardening accelerators and use of recyclable materials in our production.

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

Waste, Energy and Water 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. In respect to this, we will draw / collect water sample from different discharge points and send them to local lab for test.

Our investment in off-site precast manufacturing and prefabricated IBS contributes 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.



Recycle of wastes

We also encourage efficient resource use to prevent and reduce production wastage and would 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.

Our project sites are also equipped with adequate bins for temporary collection and disposal to be disposed of by authorised contractors registered with the local authorities. We also prepare recycle bins to collect recyclable materials at the construction sites, where recycled items are gathered for resale at the buy-back centre, which will reprocess the materials to make new things.

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.

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 are also actively looking into designing and construction of more effective slurry pits in our factories as additional engineering control against transmission of harmful pollutants to the environment and will conduct scheduled checks to ensure that water discharged are close to PH neutral and less harmful to the environment.

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.



Water ponding Control at Factory Premises and Construction Sites

Controlled earthworks and water ponding 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 2023.

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.



Water and electricity saving initiatives

We practice turn off computers, lights, air conditioners and all office electrical appliances when not in use to conserve energy, save on electricity, expenses and money. This practice may help to extend the useful lives of the electrical appliances. Our digitalisation efforts are ongoing, and we embark on converting hardcopies into an electronic version, such as our successful implementation of our digital boardroom for meeting papers and electronic submission of staff claims and leave applications. We believe every little bit counts.

Further, we would strive towards reducing water consumption at our office premises, factories and construction sites and may consider introducing the rainwater harvesting system or reclaimed water for non-potable use at the project sites subject to further studies.



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 CO₂ Mineralization, Scheduled Waste Management, Safety, Handling and Storing scheduled waste were carried out in the financial year 2023.

SUSTAINABILITY STATEMENT

(CONT'D)

Climate Change and Carbon Emissions



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 (“CO₂”).

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 the latest technologies that emit less carbon to the environment, such as reducing the use of diesel-powered vehicles / machinery, as diesel engines contribute to environmental pollution caused by exhaust emissions and are hazardous to health as well. Future planning of adoption green transportation practices, using clean energy as a fuel such as electric or hybrid vehicles or hydrogen subject to further studies.

For a start, we 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 machineries and reducing the carbon footprint of their operation, such the rental of forklift, transportation vehicles and mixer trucks.

We also prefer using energy-efficient light bulbs in our factory premises, such as the LED, which requires less power to produce a desired brightness level. LED are efficient, low maintenance, and long-lasting, with lower replacement and disposal rate, making them ideal for sustainable lighting. Besides greenhouse gas emissions associated with LED lights are considerably lower than conventional incandescent or compact fluorescent lamps for the same luminosity. We are encouraging our employees to practice energy-saving behaviour by turning off lights, PC and optimizing the cooling systems from the air conditioner.

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. We would consider incorporating the “green building index” concept into our design of IBS products use in projects.

SUSTAINABILITY STATEMENT

(CONT'D)



Environmental Quality Monitoring Program

We established an Environmental Quality Monitoring Programme ("EQMP") 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 average dust load parameters at the factories.



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. Offsite manufacturing precast concrete products and adoption of IBS system and 3D printing system brings the advantage of less cluttering, construction wastes, less dust and debris at the construction site.



SUSTAINABILITY STATEMENT

(CONT'D)

SOCIAL

We recognise that our workforce is the fundamental factor driving sustainable success for the Company. In SCIB, we strive to create a positive work environment where there is trust, respect and teamwork. We recognize that respect is the foundation for a productive workforce that leads to company's success. We emphasize on building a positive work culture that is one that prioritizes the well-being of the employees, encourages open communication, sets clear expectations and goals and recognizes and rewards the good works.

New employees will undergo orientation program to help them familiarise with the Company's background, current undertakings, and future plans and to gain understanding of the relevant policies, safety procedures, work culture and see how their role fits within the Company.

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.

In SCIB, we support gender equality and respect human rights and will not tolerate any forms of discrimination, bullying, harassment and forced labour. We encourage equal employment opportunities and participation of women, men, people of diverse gender, race, culture and background. We also implement adequate welfare facilities, programs and staff benefits to motivate employees to overcome work-related stress and increase staff morale and job satisfaction for staff retention.

We believe in the crucial need to cultivate the spirit of giving back to the community where we bring people together and work towards achieving the common and ultimate goals for a better society. Besides, involving in community work enhance the Company's reputation and promote a harmonious atmosphere and employee camaraderie. Further, a community-oriented environment inspires employees to find purpose and value in their work.

SUSTAINABILITY STATEMENT

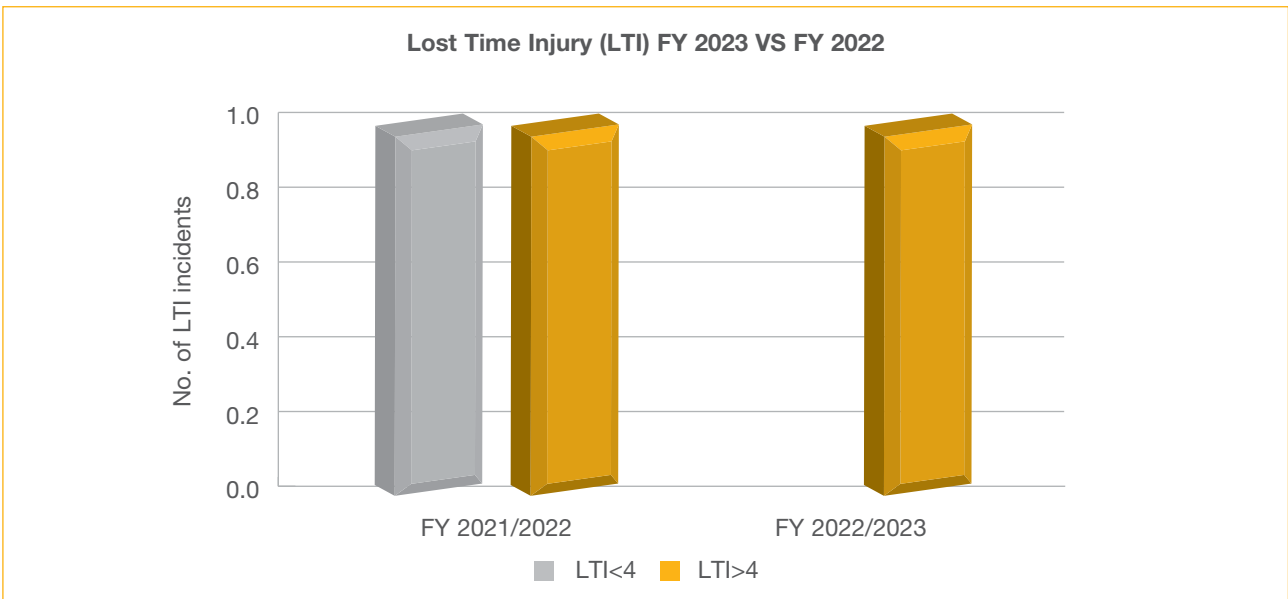
(CONT'D)

Our Key Targets and achievements

Our Key Targets



Our Progress and Achievements

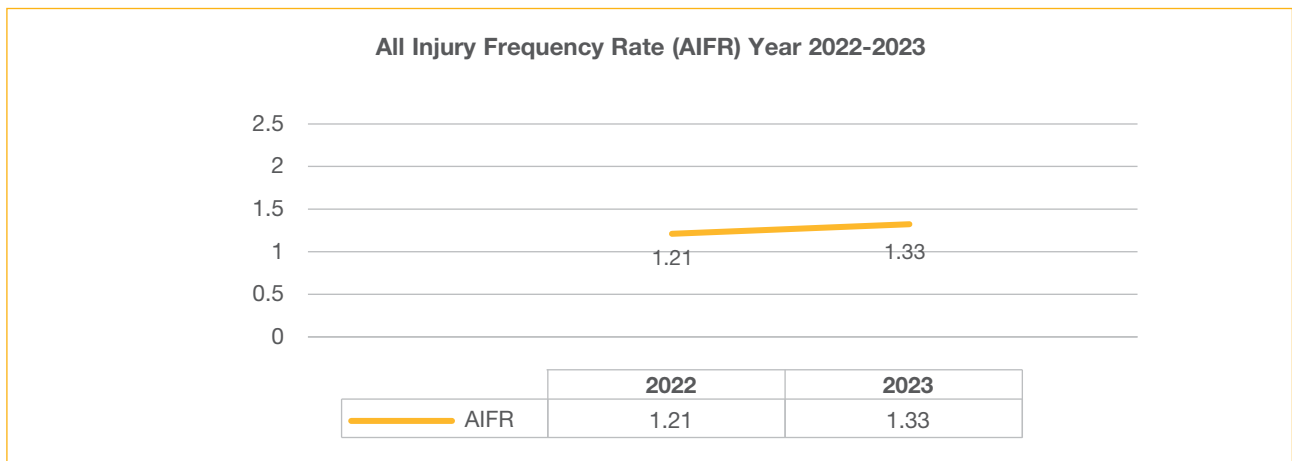
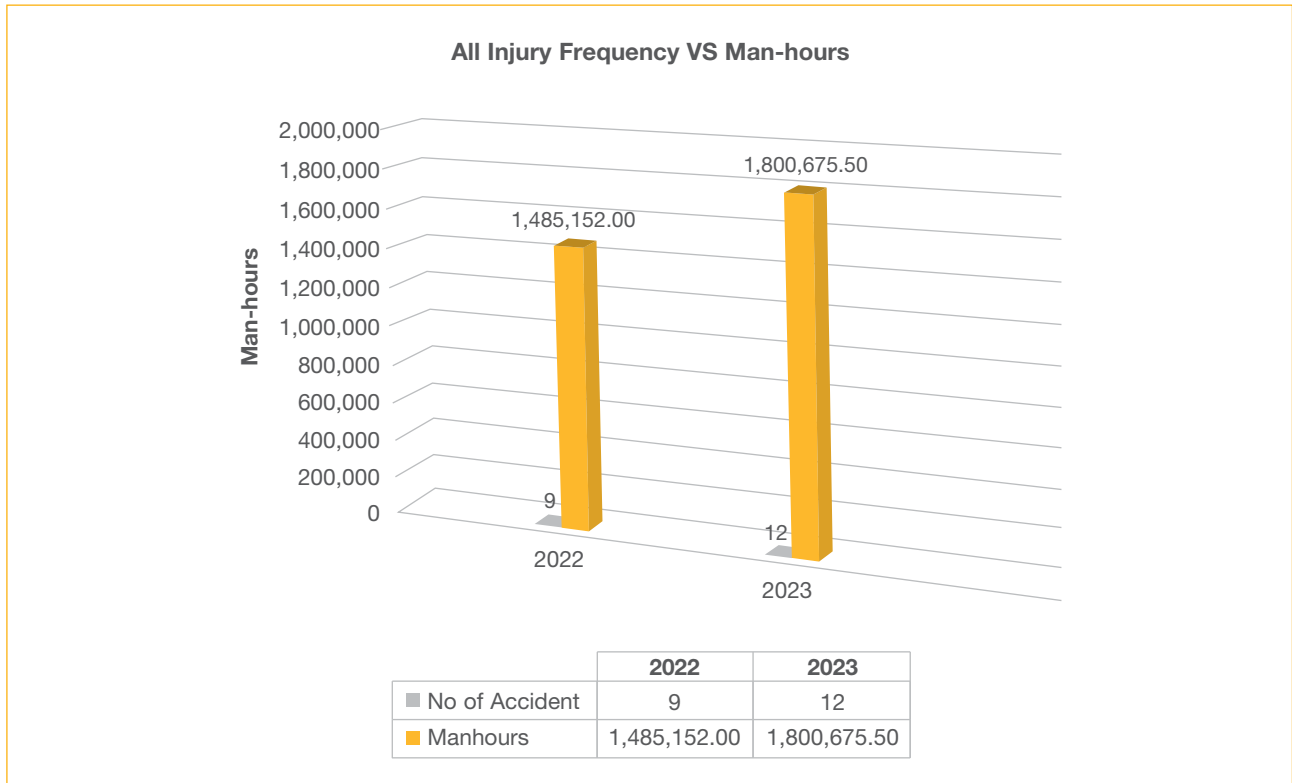


Note: Data comparison of LTI for two consecutive years includes all operations.

SUSTAINABILITY STATEMENT

(CONT'D)

For the full year FY2022/2023, an AIFR of 1.33 was recorded, an average achievement that is below the industry average of 2.6 cited for construction sector and 2.8 for the manufacturing sector (source: <https://sitemate.com>)



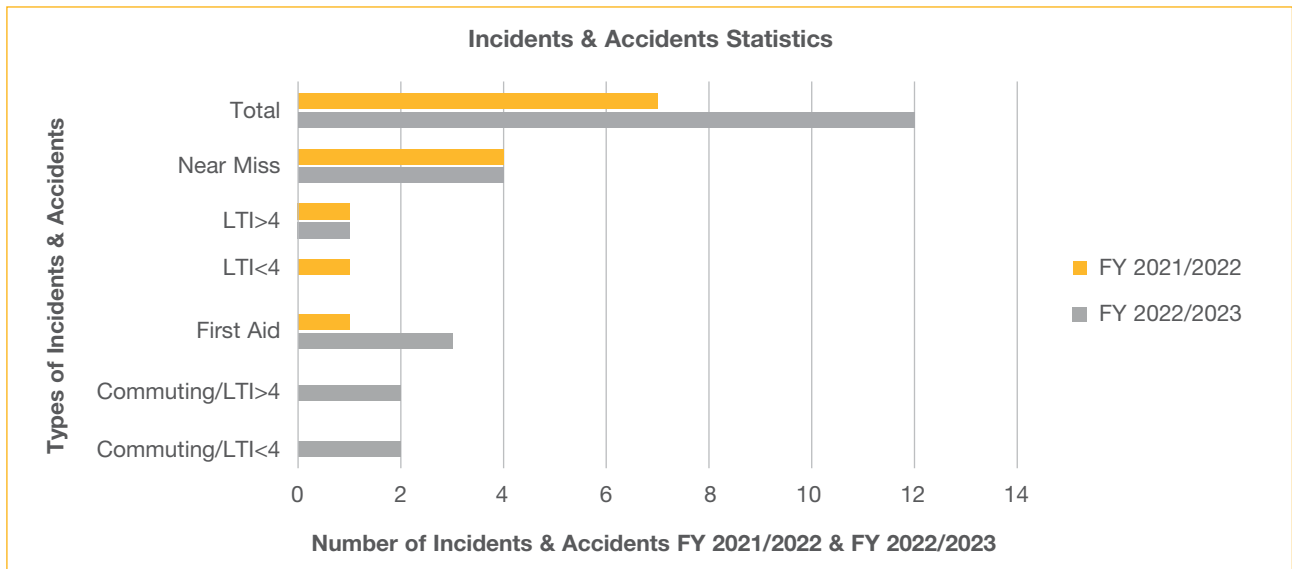
Notes:

1. Data includes all operations.
2. All Injury Frequency Rate provides an indication of the frequency of injury recorded compared with man-hours worked during the year and is calculated as follows: number of accidents divided by total hours worked, multiplied by 200,000 for standardization.
3. It is described as the number of accidents per 100 employees working 40 hours per week for 50 weeks per year.

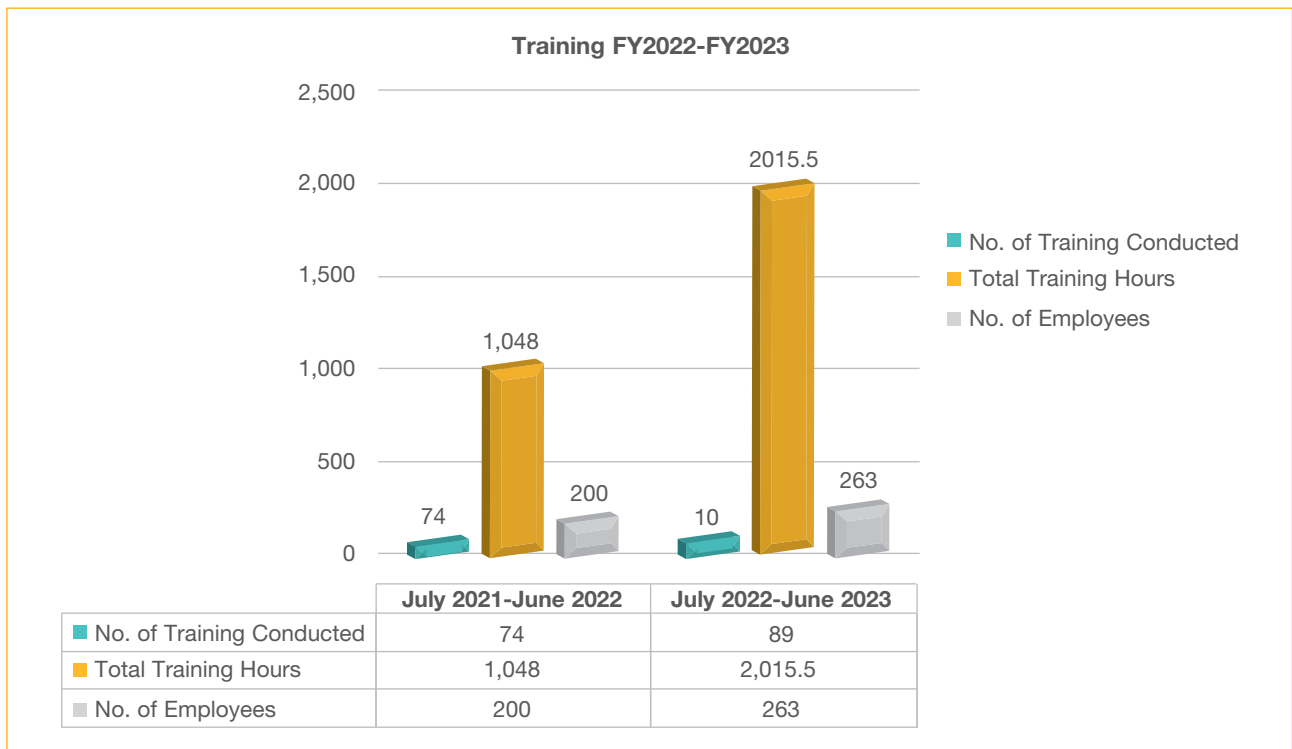
SUSTAINABILITY STATEMENT

(CONT'D)

For 2023, we reported four (4) near-misses and twelve (12) accidents in total compared to a total of seven (7) incidents and accidents previously reported for the preceding twelve (12) months in 2021/2022. The statistics of all types of incidents recorded for FY2022/2023 as compared to 2021/2022 is shown in the following chart:



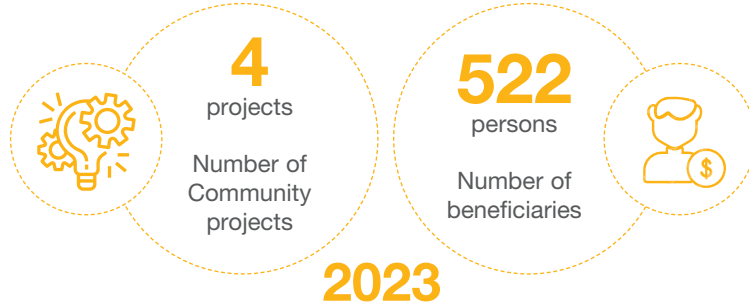
Note: Data comparison of number of incidents and accidents for two consecutive years.



Note: Data comparison of number of training hours for two consecutive years.

SUSTAINABILITY STATEMENT

(CONT'D)



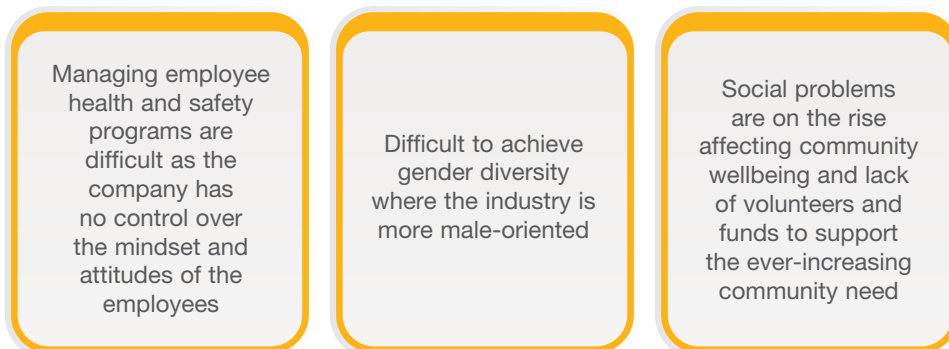
We have also installed Safety Performance Board at the main entrance of our factories to monitor the Man-hour Accident-Free target and the results of the Four Zeros are summarized as follows: -



Our Initiatives



Our Challenges



SUSTAINABILITY STATEMENT

(CONT'D)

Employee health, safety and welfare



Health & Safety policies and procedures

Risks to health and safety come mainly from people who are exposed to safety and health hazards such as the factory workers and construction or site workers, which may cause serious injuries or even fatality. Factors contributing to safety hazards include faulty design, adverse weather conditions, incorrect handling and installation practices, which can be avoided by ensuring all works comply with the relevant regulations and guidelines specified by the ISO 45001: 2018.

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 Risk Assessment (“NRA”), 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).

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 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. In order to prioritize the well-being and safety of our employees, our company took proactive step to address potential risks associated with working in high noise exposure areas. As a result, we sent 19 employees to undergo annual Audiometric Test at the KPJ Kuching Specialist Hospital Sdn Bhd. To ensure the smooth process of these examinations and factory production process, the test was conducted in two sessions. The first session took place on 20 February 2023, followed by the second session on the 23 February 2023. The purpose of the test was to evaluate the employees’ hearing capabilities and identify any potential occupational noise-related hearing disorders. Following the completion of the tests, we received a comprehensive report from the Occupational Health Doctor (“OHD”). The report provided valuable insights into the employees’ hearing conditions and enable us to understand the potential risks they might face due to their work environment.

We continuously improve our factory premises and work sites via the established Occupational Health & Safety Management System (“OHSMS”) and Environmental Management System (“EMS”) 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 appropriate Personal Protective Equipment (“PPE”) such as hand gloves, safety boots, hard hats, face masks and ear plug to our workers and conduct regular inspection to ensure the compliance of PPE usage during work.

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.

SUSTAINABILITY STATEMENT

(CONT'D)



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.

The Occupational Safety & Health Act, 2022 defined Lost time as lost day (consecutive or not), counted from the day of the accident, includes injury, diagnosis of occupational poisoning and occupational disease measured in calendar days, the employee was away from work. In SCIB, we categorise the LTI into two (2) categories which are LTI not more than four (4) days (LTI<4) and LTI more than four (4) days (LTI>4) that require us to submit JKKP 6 or JKKP 7 to DOSH. Unfortunately, in 2023 we recorded one lost time injury more than four (4) days involving one of our production line employees who was struck by moving object. Despite that, we recorded zero lost time injury not more than four (4) days compared to one case recorded in year 2022.

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 since year 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.

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.

In 2023, we have seen an increase in commuting accident cases involving the employee going on the route between their residence to the workplace, reporting to four (4) cases compared to zero (0) cases in 2022. Besides, first aid cases also show an increasing trend in 2023, with three (3) cases compared to one (1) in 2022. Our number of incidents and accidents increased from seven (7) to twelve (12) due to the increase in work activities after the government declared Covid-19 as an endemic, and the commuting accidents are most likely due to the lack of road safety and traffic awareness. The SCIB Safety and Health & Safety team is concerned and takes this matter seriously and provides talks to raise awareness on crucial road safety and develop the right driving attitude.

In this regard, we focus on re-identifying and re-assessing potential hazards that could lead to accidents through inspections, risk assessments and employee feedback. Critical hazards mainly consist of high-risk work activities related to lifting and loading heavy products, simultaneous operation, working at height and mobile plant operation, machinery malfunction, and improper behavior at the operational level. Action taken to mitigate the risk continuously includes providing training and toolbox meetings, promoting and fostering a safety culture by encouraging open communication, active participation and reporting of potential hazards or near misses and providing adequate resources and equipment to employees such as complete PPE and ensuring machinery are well maintained.

SUSTAINABILITY STATEMENT

(CONT'D)



Safety and Health Committee

The Safety & Health Committee (“SHC”) plays a vital role in promoting and maintaining a safe and healthy working environment for employees. Its primary function is to act as a forum for collaboration between management and employees to identify, evaluate and control safety and health 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 ISO 45001:2018 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 FY2023/2022, the Health & Safety Committee met on 27 July 2022, 17 Dec 2022 and 25 May 2023.



Mitigating the Threat of Pandemic, Epidemic & Occupational Diseases

It is with great pride and satisfaction that we communicate our company’s unwavering commitment to rigorously adhering to the guidelines set forth by the Ministry of Health (“MOH”) Malaysia, particularly the MKN five-step Standard Operating Procedure (“SOP”) called T.R.I.I.S., as we navigate through the challenging endemic phase of Covid-19. The T.R.I.I.S.S SOP, which stands for Testing, Reporting, Inform, Isolation, Seek and Sanitize, encompass a holistic approach towards controlling the transmission of Covid-19. Firstly, we acknowledge the invaluable importance of T.R.I.I.S.S SOP in effectively mitigating the risks associated with Covid-19 transmission in our workplace. We aim to protect the health and well-being of our employees and clients, while simultaneously contributing to the larger goal of curbing the spread of the virus within our community.

Our personnel shall use RTK Antigen test kit at home to conduct own test when experiencing symptoms such as high fever, flu, sore throat, or when knowingly become a close contact. Next, anyone who tested positive shall immediately update their MySejahtera profile in order to alert the authorities and to obtain Quarantine Order (“QO”). We enforce a robust reporting system where employees are required to promptly notify the relevant personnel (HR and HSE) about any symptoms, exposure incidents or positive diagnoses. In the event of a confirmed Covid-19 case, we diligently follow the mandated isolation protocols, which isolate at home and not to return to office until the quarantine period is over. If condition worsens, it is advisable for the infected individuals to seek for further treatment from nearest health facilities or to obtain hospitalisation order. Our commitment to comprehensive medical care aims to minimize the severity of the illness and enable a swift return to a healthy work environment. Lastly, sanitization is essential to eliminate the virus and the practice shall be conduct in regular basis to ensure factory premises and offices are safe all the time.

Other measures include assembly on precautionary measures and email reminders and updates.



Safety signage

SUSTAINABILITY STATEMENT

(CONT'D)



Healthy lifestyle

In order to encourage our employees to adopt a healthier lifestyle, health talks were conducted such as the “Breast Cancer Awareness” on 19 August 2022, “Workplace Stress and Burnout” on 28 October 2022 & “Chronic Illness: Diabetic, Hypertension & Obesity” on 19 April 2023. 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, 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 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 the marathon is to promote staff engagement and encourage a healthy lifestyle. 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. On 18 June 2023, fifty of our employees in Kuching once again participated in the “Run To Save Lives 3.0 2023” event organised by Malaysian Red Crescent, Kuching Branch with Kuching Love Book Association as Co-organizer.



Run To Save Lives 3.0 2023



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.

Safety Induction Briefing for new hires are conducted on a quarterly basis while courses conducted for the financial year ended June 2023 included the Fire Drill for all three factories, Emergency Response Preparedness, Fire Safety Guidelines, Safety in Scheduled Waste Handling and Storage, Chemical Safety Management & Emergency Spill Control, Working at Height Safety, Toolbox PPE & COVID-19 Awareness, and Five (5)S system.



Emergency Response Preparedness Training on 13-14 February 2023

SUSTAINABILITY STATEMENT

(CONT'D)



Forklift Training on 29-30 November 2022



Pending Factory Fire Drill on 28 February 2023



Training on ABAC & Scheduled Waste on 27 July 2022



Post Fire Drill Training on 28 February 2023



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.

The cafeteria has been converted to an event room, where we have organized several events which includes luncheon for the Directors, Open Day for the Club SCIB members, Meet Up session with the group, internal team meeting, farewell event and Ramah Tamah Hari Raya & Hari Gawai.

SUSTAINABILITY STATEMENT

(CONT'D)



Staff appraisals and staff feedback

Annual staff appraisals present a valuable opportunity to measure employee performance, address any performance issues, and reward them accordingly. Appraisals are helpful in identifying skill gaps and training needs and help align their performance with the Company’s culture. An effective appraisal helps the company to spot talent to nurture and develop. During appraisals meeting, employees are allowed to speak up and provide feedback, giving them a sense of value in the workplace. This, in turn, improves the quality of work at the workplace and helps employees stay productive.



Appreciation of employees

We delivered delightful packed food to commemorate Raya Gawai 2022 on 30 June 2022, as a way of showing our appreciation for their support and contributions to SCIB. We extended our gratitude to our staff with annual increments and ex gratia. This year we have organised the presentation of the long service awards cum Chinese New Year celebration at Penview Hotel, Kuching, on 31 January 2023. Implementing Long Service Award is an integral element under our employee recognition and reward programs as it strengthens the organisation’s culture, showing that SCIB values loyalty. A total of 58 employees received the long service awards. This, in turn, will also motivate other employees to strive to hit the same milestones.



Chinese New Year 2023 Gathering on 31 January 2023

Ceremony of Long Service Award on 2023



Majlis Jamuan Raya SCIB 2023 on 27 April 2023

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 period ended 30 June 2023 under review, one hundred and ninety-two (192) children received Year-End Gifts of school stationery, six (6) children received Education Award, twenty-seven (27) members and children benefited from the special token given as retirement gift, for new baby born, non-academic award of our employee's children who won the World Championship 2022 ITF Taekwon-Do and other academic achievements of our employees' children.



Kelab SCIB – Prize Giving

As part of our dedication to nurturing young sporting talents, SCIB was honoured to sponsor Ms. Nur Zulaikha Binti Mohd Rasidi, the daughter of one of our employees, as she proudly represented Malaysia at the 22nd ITF Taekwon-Do World Championships, which were held from 19 August 2023 to 27 August 2023, in Astana, Kazakhstan. We proudly endorse her journey as she represents our country on this international stage.



Sponsorship for Taekwondo competition

Human resource development



ABAC and Scheduled Waste Training on 20 June 2023

SUSTAINABILITY STATEMENT

(CONT'D)

We ensure that there are continuous 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 263 employees benefited from eighty-nine (89) training courses, both internal and external, conducted over the year, which is equivalent to around 2015.5 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 2023, eighteen (18) employees were promoted, and five (5) 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 is 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 2023, one (1) employee 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 West Malaysia office and East Malaysia 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 Employee Act 1955 Amendments, Anti-Bribery Awareness, Making it look easy & Creating your vision, to name a few.

Labour Practices and Standards: Human Rights and diversity



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 2023.

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.



Anti-Harassment policy

We established a zero-tolerance policy for harassment and discrimination of any kind, which include sexual harassment, on 30 August 2022. This was implemented to uphold our commitment to foster and preserve a culture of dignity and respect and sustain a healthy working environment. We put up anti-sexual harassment posters in the main entrance of our office and conducted a meet-up session with the employees on the topic of "Workplace Sexual Harassment". The Sexual Harassment policy act as a deterrent to inappropriate behaviour/ misconduct, undesired intimidation and harassment at the workplace that leads to poor staff morale, stress at work and legal consequences. Training program on Sexual Harassment was conducted to create awareness and encourage employees to come forward if they feel that the policy has been violated. Hence, it sends a clear message from the top to provide employees a working atmosphere that makes them feel safe, empowered and at ease at work.

SUSTAINABILITY STATEMENT

(CONT'D)

Community support



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

Community support - SCIB Volunteers

In conjunction with Malaysia Day, SCIB once again collaborated with the Sarawak General Hospital Blood Bank (“SGH Blood Bank”) and the Malaysian Red Crescent to organize the “SCIB Blood Donation Day” on 16 September 2022, aiming to create awareness of blood donation and address the blood shortage at the Sarawak General Hospital. 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 120 successful donors who received a microfibre shirt and goodie bags sponsored by SCIB. Once again in 22 July 2023, in celebration of Sarawak Day, SCIB hosted a successful Blood Donation Drive, with 132 successful donors.



SCIB Blood Donation Day on 16 September 2022 and Blood Donation Drive on 22 July 2023

SUSTAINABILITY STATEMENT

(CONT'D)

In order to commemorate the month of Muharram, SCIB subsidiary, SCIB Industrialised Building System System Dan Sasoakai Resources JV Sdn. Bhd. had jointly organized the “Asyura porridge cooking program” with the Kelab Sukan dan Kebajikan JKR Kemaman. The event was successfully held on 11 August 2022. Asyura porridge is made from several ingredients, usually consisting of various kinds of vegetables, beans, and meat. The program aims to create team cooperation in promoting the maal hijrah celebration. This traditional activity also lets us understand the spirit of cooperation and tolerance in an activity.

On 7 and 8 June 2023, our CSR team has successfully reached out to SK Nanga Pedai and SK Nanga Jagoi, Kanowit, Sibuloh, Sarawak Daif schools to contribute cash donations, a few refurbished computers and printers as part of our initiatives to support betterment of our local communities. Our efforts in donating refurbished used computers to some schools not only reduce landfill waste but can also support schools in the community as we expedite the process of bringing educational technology into the classroom.



Sponsorship for SK Nanga Jagoi



Sponsorship for SK Nanga Pedai

SUSTAINABILITY STATEMENT

(CONT'D)

Training for tomorrow

During the financial year ended 30 June 2023, SCIB provided industrial training to 22 undergraduates from local institutions of higher learning in the areas of Production, Quality Safety Health Environment, Repair & Maintenance, Account, Human Resource, Purchasing and Marketing 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.

In October 2019, SCIB inked an MoU with Akademi Binaan Malaysia and CIDB Malaysia to collaborate for five (5) years in providing training to CIDB-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 CIDB Malaysia and has spoken as a panelist in an interactive forum of upcoming Industrial Revolution 4.0 programme on 29 October 2022, as the speaker at the Surveyors' Congress 2023 on the topic Sustainability in Built Environment on 21st to 22nd March 2023 and has conducted IBS courses with ABM Sarawak as the facilitator to all local registered contractors in Sarawak from 16th to 20th January 2023.

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 under Terengganu Project and 8 protégés under Tebedu project to join the program.



Team Building Program in West Malaysia Office

SUSTAINABILITY STATEMENT

(CONT'D)

ECONOMIC & GOVERNANCE



SCIB embarked on the sustainability journey by strengthening the corporate governance framework to govern the policies, processes, and procedures centred around upholding the company's integrity in our undertaking and engagement with our stakeholders. Within our Corporate Governance framework, the core is our Board oversight, and the respective Board committees assist the Board with delegated functions, roles and responsibilities.

The Company has established an effective Corporate Governance structure and relevant Corporate Governance policies such as Anti-Bribery Anti-Corruption policies, Whistleblowing policies, Risk Management Framework and terms of reference for each Board committee. The Company also designated a risk management process that works out risks associated with the company's strategic direction and day-to-day operations and puts in place appropriate Internal controls to address/ mitigate and manage risks identified.

On top of that, the Board is supported by experienced, qualified and competent Company secretaries and corporate governance consultant, namely Salihin Consulting Group Sdn. Bhd. to provide sound advice and the latest updates on the listing requirements and the Malaysian Code on Corporate Governance ("MCCG") best practices.

The Company also set up a proper forum for dialogue with shareholders to give sufficient opportunity for them to enquire about the Company's activities and prospects as well as communicate their expectations and concerns. We organised regular investors briefing with research analyst and fund managers to share the Company's business updates and convene virtual Annual general meetings with shareholders to facilitate engagement with shareholders without restrictions of place / venue.

Besides, the management would ensure latest news, announcements, quarterly results are published on the Company's website to allow shareholders to access the information about the Company's business activities, financial performance, and prospects.

SUSTAINABILITY STATEMENT

(CONT'D)

Our Key Targets and Achievements

Our Key Targets



Our Achievements

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 to our operations.

SCIB has put in place a set of governance policies to maintain robust governance in social, economic, governance and environmental matters, which include as follows:

- | | |
|---|--|
| <ul style="list-style-type: none"> • Whistleblowing policy • Anti-Bribery & Anti-Corruption policy • Internal control framework • Risk Management framework • Fit & Proper policy • Terms of reference for Audit Committee • Terms of reference for Investment Committee • Terms of reference for Risk Management Committee | <ul style="list-style-type: none"> • Terms of reference for Credit Control Committee • Terms of reference for Remuneration & Nomination Committee • Terms of Reference for C-Suites Committee • Human Resource policy • Health, Safety and Environment Policy • Waste Management and Recycling Policy and Procedure • Employees’ Handbook |
|---|--|

In 2023, the Company received Zero whistleblowing report, Zero reported case of corruption, Zero non-compliance with laws and regulations in the social and economic area and Zero complaints concerning breaches of customer privacy and losses of customer data.

Our initiatives



SUSTAINABILITY STATEMENT

(CONT'D)

Our Challenges

Global economic slowdown and political instability

Low market acceptance and cost effectiveness of the new technology to support the construction industry

Customers' unwillingness to participate in the customer satisfaction survey, and the results gathered do not fairly represent the customer population

Supplier evaluations that are not conducive to supporting a fair analysis

Lack of transparency in reporting corporate governance matters and lack of accountability can lead to corruption, fraud and negligence

Limitations on the ability to process information required to monitor the Corporate Governance state of a company

Extensive rules and regulations that may constrain the business activities and increase cost of compliance

Product and service quality



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.

Customer safety is our top priority. We can assure our customers that our incoming raw materials used in production will undergo a stringent quality inspection process by our Quality, Health & Safety department, validating the quality of purchased raw materials, engineering parts or components based on prescribed criteria. Besides, we equip our factories with regularly maintained automated machinery and batching plant facility. Coupled with an efficient plant layout, we ensure a smooth production process to achieve a consistent precast concrete product standard that meets the relevant specification requirements. We provide a suitable and controlled working environment / conditions and put proper procedures for finishing, curing, stacking, storing, handling, and transporting concrete products in place. Our quality inspectors are well-trained to conduct final inspections of the finished goods before shipment or delivery to customers to ensure they meet the desired specification and concrete strength. They would also identify and isolate non-conforming goods for repair or rejection to avoid sending defective products to customers and prevent safety hazards.

SUSTAINABILITY STATEMENT

(CONT'D)

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 from CIDB and possesses the Perbendaharaan Malaysia Sarawak (“MOF”) License.

Three of our wholly-owned subsidiaries, SCIB Industrialised Building System Sdn. Bhd. (“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’s wholly owned subsidiary, SCIB LW System Sdn. Bhd., is 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 have a wholly owned subsidiary company, SCIB Building Solutions Sdn. Bhd. for the purpose of exploring the business opportunities in Peninsular Malaysia.

SCIB had also, on 6 February 2023, signed a Memorandum of Understanding (“MoU”) with Bintai Kinden Corporation Berhad (“Bintai Kinden”) to establish a strategic alliance for exploring business opportunities, securing new projects and sharing of profits. The MoU serve as a preliminary step for the parties to explore a working relationship and cooperation to combine skills, expertise, capabilities, and experience, collectively bid for projects in Malaysia, and set out the principal terms of the arrangement between the parties. We believe this Joint Venture will bring together two teams with core expertise and knowledge in construction and engineering that will give an edge to projects undertaken jointly.

On 11 July 2023, SCIB entered into a MOU with IRIX SDN. BHD. (“IRIX”) to participate on the SEA-H2X Cable System (SEA – Hainan – Hong Kong Express)(referred to as “the Project”) wherein, SCIB shall subscribe up to 30% of the issued capital in IRIX SEA H2X SDN. BHD. (“IRIX SEA H2X”). IRIX SEA H2X is part of an international subsea cable consortium which is involved in the SEA-H2X Cable System (SEA – Hainan – Hong Kong Express) project. The Project is a subsea cable connecting Hong Kong SAR China, Hainan China, Philippines, Thailand, Malaysia (Borneo Island) and Singapore. SCIB acknowledges and recognizes potential benefits and synergies that can be derived from collaboration with IRIX wherein, SCIB anticipates creation of value, opportunities for growth and development of mutually beneficial business prospects.



3D printing Technology

We are confident that our newly acquired 3D printing technology will produce products that complement our existing product range to serve our customers better. Conceivably, 3D printing products offer the benefits of flexible and complex design, rapid prototyping, promoting printing on demand, strong, lightweight, fast delivery and minimal wastage. Currently, our team is exploring with Akademi Binaan Malaysia (Sarawak) Sdn. Bhd. (“ABM”) to devise the specification and relevant certification to commercialise the products in due time.



SUSTAINABILITY STATEMENT

(CONT'D)

Corporate governance and risk management



The board of directors is the fundamental of corporate governance, serving the voice of various stakeholders in providing oversight of executive leadership and administration. The Board comprises members with a broad range of experiences, backgrounds, qualification, skills, expertise, and demographic factors to provide effective stewardship of the Company. The majority of the Board is independent directors who will provide their unbiased advice, views, and perspectives based on their objective judgment and manage conflict of interests properly to ensure adequate checks and balances in the proceedings of the Board in compliance with corporate governance best practices and guidelines.

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.

We applied 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.

Currently, we have two (2) women on the Board. We have Ms. Toh Beng Suan and Dr. Dang Nguk Ling who joined SCIB as the independent non-executive directors of the company with effect from 25 May 2023 and 28 June 2023 respectively. Their appointment as the directors brings gender diversity to the boardroom. For instance, the presence of woman on boards could enhance corporate governance practices and cultivate gender perspectives in the decision-making process to drive better market and company performance. The Company's Board gender diversity makes apparent that the Company values women's rights and equality.



Anti-Bribery and Anti-Corruption

With the introduction of Corporate Liability in the 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 Anti-Bribery and Anti-Corruption ("ABAC") tagline, "Arrest Corruption and Enhance Productivity", as a statement on banner, poster and the corporate website. We have our continuous ABAC training and awareness programme and on-going ABAC-briefing conducted during the monthly assembly and included ABAC as part of the orientation sessions for newly joined employees.

SUSTAINABILITY STATEMENT

(CONT'D)

Stakeholder Engagement



Media releases

We use media releases to provide valuable information to our customers, suppliers, employees, investors, and other important stakeholders regarding recent developments, achievements, and advancements within our Group. These media releases serve as essential marketing tools that enhance our sales potential and attract potential investors. During the financial period ended 30 June 2023, our Company issued several media releases pertaining to the acceptance of letters of award (“LOA”) and EPCC contracts. Notable examples include the award of an EPCC contract for the reconstruction of Sekolah Daif in Tebedu, Serian, valued at RM20.65 million, and subcontract valued at RM16.8 million for the construction of Sekolah Kebangsaan Tambay in Kota Samarahan, Sarawak, in March 2023. Also, an award for the housing development project in Kelantan Darul Naim involving 35 single-story and 12 double-story terrace houses valued at RM8 million in July 2023.

Additionally, we have published media releases highlighting significant achievement during the financial year, such as introducing the sample IBS House built using 3D technology and partnership with IRIX Sdn. Bhd. through a Memorandum of Understanding (“MOU”) for Project SEA-H2X. We also issued releases on the announcement of quarterly financial results and our corporate social responsibility (“CSR”) activities, for example, the release on the collaboration with the Sarawak Blood Bank to host a remarkable Blood Donation Drive in July 2023.



Market briefings

Market briefings serve as a crucial platform for the Group to engage with research analysts and fund managers, enabling us to share our business updates relevant to the analyst coverage area and provide information for their research reports. These briefings, organized on a quarterly basis or as needed, offer an opportunity for us to showcase our business profile, products, recent advancements, and prospects to research analysts, fund managers, and their sales teams.

During the financial year ended 30 June 2023, we have conducted a series of investor briefings, fostering meaningful dialogue and knowledge sharing. These briefings occurred on 2 September 2022, 1 December 2022, 1 March 2023, and 29 May 2023. Each session provided a comprehensive overview of our business and served as an opportunity to update the investment community on our progress, achievements, and future outlook.



Corporate website and corporate video

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 took off 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

Recognizing the transformative power of technological advances in communication, our Group acknowledges the ever-increasing importance of social media interactions in our daily lives and business engagements. We are dedicated to actively engaging and updating our social media platforms, focusing on LinkedIn, to enhance visibility and foster meaningful connections within our valuable network. As a testament to our commitment to transparency, we consistently release timely media announcements regarding the receipt of Letters of Acceptance (“LOAs”) and our Corporate Social Responsibility (“CSR”) initiatives to raise public awareness. Furthermore, we embrace the vibrant multiculturalism of Malaysia by sharing warm and heartfelt season greetings on LinkedIn during every festive occasion.



General meeting

The Company shall call for Annual General Meeting once a year as a forum for communication with shareholders, where the Company will allocate time for question and answer to address their expectations and concerns. Members of the Board, the external auditors, senior management and / or advisers of the Company will be present to address queries relevant to the proposed resolutions at the general meetings.

In the Company’s general meetings, shareholders will resolve essential business affairs under the company’s law, rules and regulations by either approving or rejecting the proposed resolutions. The Company shall convene extraordinary meetings to address urgent matters not settled at the Annual General Meeting. Each item of special business included in the Notice of General Meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate the evaluation of the proposed resolution.

During the year ended 30 June 2023, the Company had one Annual General Meeting (“AGM”) held virtually on 8 December 2022 to receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the directors’ and auditors’ thereon and to approve the payments of directors’ fees and benefits as well as for re-election of directors in accordance with Article 122(1) and Article 127 of the Company’s Constitution. The AGM also sought for the shareholders’ approval for the re-appointment of NEXIA SSY PLT as the auditors and to authorise the Directors to fix their remuneration. However, NEXIA SSY PLT had subsequently resigned on 15 March 2023 due to their difficulties in allocating sufficient resources requested by the Company based on the competitive fees charged. On 13 April 2023, the Company announced that having receiving the consent to act pursuant to Section 264(5) and (6) of the Companies Act, 2016 from Messrs. Kreston John & Gan (“KJG”), KJG was appointed as the new external auditors of the Company with effect from 12 April 2023.

Subsequently, on 30 May 2023, the Company received the Notice of Intention to Move Resolutions Requiring Special Notice pursuant to Section 206(3) and 322 of the Companies Act, 2016 (“Act”) (“Notice”) relating to the intention from the shareholders of the Company to call for an Extraordinary General Meeting (“EGM”) to be held pursuant to Section 310(b) of the Act for the members of the Company to consider the resolutions for removal of certain Directors from office and to propose Persons for Election as Directors. The EGM was convened by a group of shareholders who collectively holding at least 10% of the issued share capital of the Company in aggregate, on 28 June 2023, which was physically held pursuant to Section 310(b) of the Companies Act, 2016 at Matahari 1, Level 5, Cititel Mid valley, Lingkaran Syed Putra, Mid Valley City, 59200 Kuala Lumpur.

SUSTAINABILITY STATEMENT

(CONT'D)

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 ISO 9001:2015 requirements for Management Review. The review for FY2022/2023 was conducted in December 2022 and indicated that the supply chain was adequate and demonstrated effectiveness in supporting the Group's operations.

Data Privacy and Security

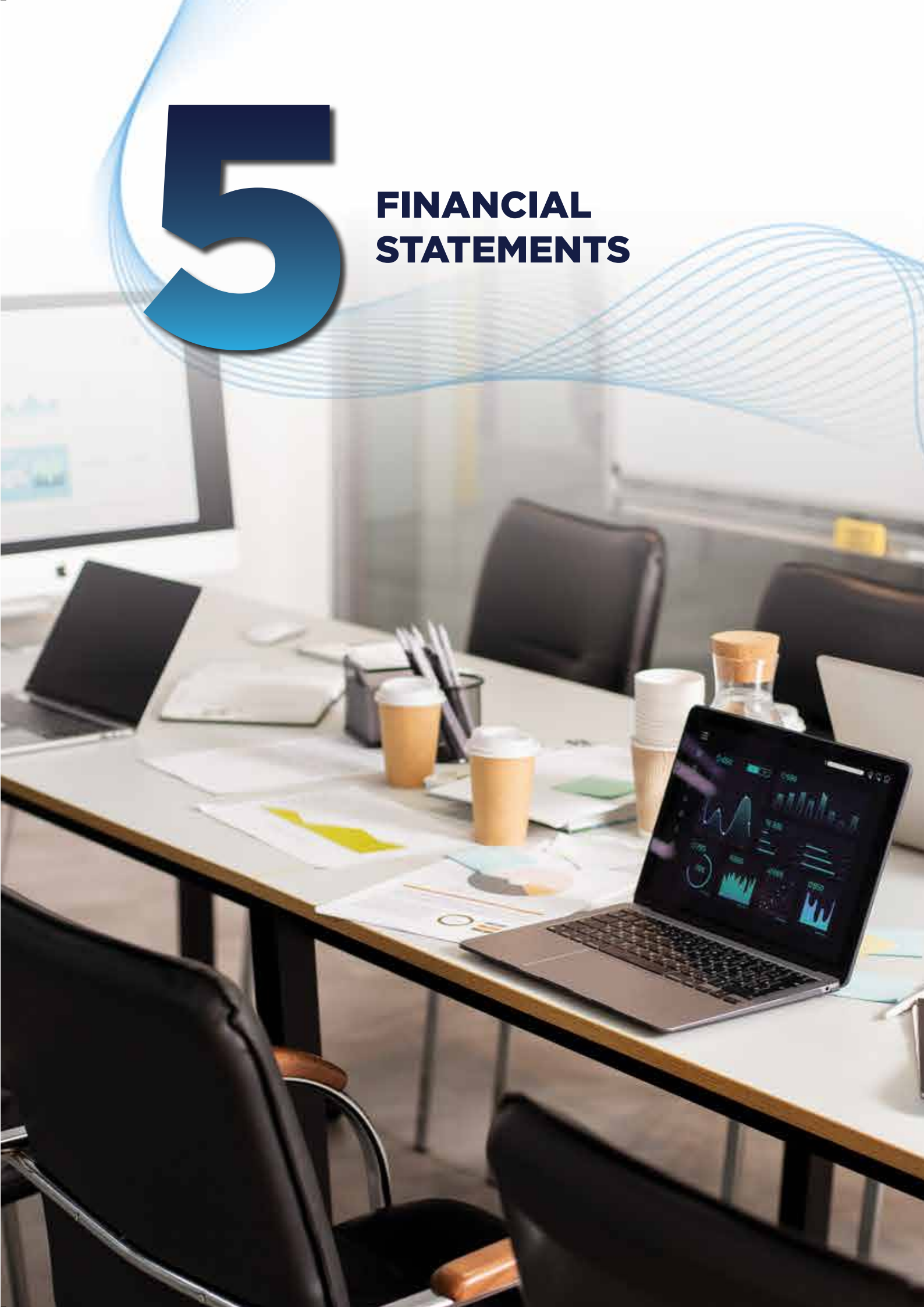


At SCIB, we put in place our Information Technology ("IT") to restrict access and protect our trade and customers' confidential and sensitive data. The policy encompasses policy for software and internet usage, anti-virus protection, physical access to IT facilities / hardware and data recovery process. The policy states that only authorised users have the privilege to access and use SCIB IT resources, and the use is limited to purposes consistent with the Company's interest. All users are expected to respect the privacy and personal rights of others and to be professional when using IT Resources to communicate with others. Users are prohibited from using IT resources for personal economic gain or in a manner that could jeopardize the Company's reputation.

Any IT system storing or processing highly sensitive data, such as the main servers, is housed in secure locations, protected with appropriate security structures and entry controls to prevent unauthorised access, damage and interference. Besides, physical access to essential computer hardware and networks is controlled based on job role and legitimate business needs.

5

FINANCIAL STATEMENTS



DIRECTORS' REPORT

For the financial year ended 30 June 2023

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, provision of management services, engineering, procurement, construction and commissioning ("EPCC"). The principal activities of the subsidiary companies and an associate company are set out in Notes 7 and 8 to the financial statements respectively. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year attributable to:-		
- Owners of the Company	(24,330,339)	(16,105,871)
- Non-controlling interests	688,655	-
	(23,641,684)	(16,105,871)

DIVIDEND

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

The Directors do not recommend any dividend for the financial year ended 30 June 2023.

RESERVES AND PROVISIONS

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

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 doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

DIRECTORS' REPORT

For the financial year ended 30 June 2023
(CONT'D)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing 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:-

- i) 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
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the 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 Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that 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 for 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.

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 current financial year.

DIRECTORS' REPORT

For the financial year ended 30 June 2023
(CONT'D)

SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM153,623,689 to RM166,258,892 by way of:-

Private placement exercise of up to 10% of the enlarged number of issued shares of the Company representing approximately 82,722,252 ordinary shares. The total number of ordinary shares issued were 58,203,753 units for an aggregate amount of RM12,759,057 with shares issue expenses of RM123,854, are as follows:-

- (a) On 12 April 2023, the Company issued a total of 25,000,000 ordinary shares at an issue price of RM0.1078 per placement share; and
- (b) On 19 June 2023, the Company issued a total of 33,203,753 ordinary shares at an issue price of RM0.3031 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 issuance of debentures by the Company, during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

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) Warrants holders must exercise the Warrants B in accordance with the procedures set out in the Deed Poll and shares allocated 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 Warrant B was exercised into new ordinary shares of the Company. As at 30 June 2023, the total number of Warrant B which remained unexercised are 245,184,997 (2022 : 245,184,997).

DIRECTORS' REPORT

For the financial year ended 30 June 2023
(CONT'D)

DIRECTORS OF THE COMPANY

The directors of the Company in office at any time during the financial year until the date of this report are:-

Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari	(Appointed on 28 June 2023)
Ku Chong Hong	
Chin Choon Wei	(Appointed on 28 June 2023)
Dr. Dang Nguk Ling	(Appointed on 28 June 2023)
Kang Wei Luen	(Appointed on 28 June 2023)
Liaw Way Gian	(Appointed on 28 June 2023)
Shamsul Anuar Bin Ahamad Ibrahim	
Sr. Mohd Nazri Bin Mat Noor	
Toh Beng Suan	(Appointed on 25 May 2023)
Mohd Shakir Bin Shahimi	(Appointed on 15 September 2022 and resigned on 26 June 2023)
Noor Azri Bin Dato' Sri Noor Azerai	(Resigned on 26 June 2023)
Nuraiman Bin Shaiful Annuar	(Appointed on 15 September 2022 and resigned on 26 June 2023)
Rosland Bin Othman	(Resigned on 28 June 2023)
YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	(Retired on 8 December 2022)
YBhg. Datu Haji Abdul Hadi Bin Datuk Haji Abdul Kadir	(Retired on 8 December 2022)
YBhg. Datu Haji Soedirman Bin Haji Aini	(Resigned on 9 November 2022)

DIRECTORS OF THE SUBSIDIARY COMPANIES

The directors of the subsidiary companies (excluding directors who are also directors of the Company) in office at any time during the financial year until the date of this report are:-

Ahmad Ghazali Bin Abas	
Chai Tze Khang	
Chiew Jong Wei	(Appointed on 3 October 2023)
Iverson Kwee	
Mohd Rasid Bin Othman	
Mohd Ariff Bin Abd Samat	(Resigned on 7 July 2023)
Rashidi Bin Jamani	(Resigned on 13 February 2023)
Seah Boon Kee	(Resigned on 7 July 2022)
Seah Boon Tiat	(Resigned on 7 July 2022)

DIRECTORS' INTERESTS

According to the register of directors' shareholding under Section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows:-

	As at 1.7.2022	No. of ordinary shares		As at 30.6.2023
		Bought	Sold	
<u>Share capital of the Company</u>				
Shareholdings in which director has direct interest in the Company:-				
Chin Choon Wei	*3,707,500	-	-	3,707,500
Ku Chong Hong	-	1,156,000	-	1,156,000
Liaw Way Gian	*3,910,100	-	-	3,910,100

* Date appointed as a Director

DIRECTORS' REPORT

For the financial year ended 30 June 2023
(CONT'D)

DIRECTORS' INTERESTS *(cont'd)*

The 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' REMUNERATION

The amounts of the remuneration of the directors or past directors of the Company comprising remunerations received or receivable from the Company or any of its subsidiary companies during the financial year are disclosed in Note 39 to the financial statements.

No payment has been paid to or payable to any third party in respect of the services provided to the Company or any of its subsidiary companies by the directors or past directors of the Company during the financial year.

INDEMNIFYING DIRECTORS AND OFFICERS OR AUDITORS

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 RM21,210.

There was no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by director as shown below, or the fixed salary of a full-time employee of the Company) 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.

The details of the remuneration paid to or receivable by the directors of the Group and of the Company in respect of the financial year ended 30 June 2023 are as follows:-

	Group RM	Company RM
Directors' fee	321,377	321,377
Salaries, bonuses and other benefits	1,667,120	1,207,709
Employees provident fund	185,596	132,204
Social security cost	3,534	1,871
Employment insurance system	403	213
	2,178,030	1,663,374

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

DIRECTORS' REPORT

For the financial year ended 30 June 2023
(CONT'D)

SIGNIFICANT EVENTS

The details of significant events are disclosed in Note 41 to the financial statements.

SUBSEQUENT EVENTS

The details of subsequent events are disclosed in Note 42 to the financial statements.

AUDITORS

- a) The auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 are as follows:-

	Group RM	Company RM
Auditors' remuneration:-		
- Kreston John & Gan		
- statutory audit	315,000	85,000
- other services	13,000	13,000
- other auditors	63,858	-
	391,858	98,000

- b) The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 11 October 2023.

Ku Chong Hong

Chin Choon Wei

Kuala Lumpur,
Date : 11 October 2023

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

Opinion

We have audited the financial statements of Sarawak Consolidated Industries Berhad, which comprise the statements of financial position as at 30 June 2023 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 for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 131 to 223.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Revenue Recognition

(Refer to summary of significant accounting policies in Note 3(n) and the disclosure of revenue in Note 22 to the financial statements)

Revenue is one of the significant accounts in the financial statements and also an important driver of the Group's operating results. We identified revenue recognition to be an area of audit focus as it is to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognised. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

Construction Contracts

The Group recognises construction contracts revenue in the statement of profit or loss and other comprehensive income by using the input method. The input method is measured by reference to the proportion of actual costs incurred for work performed to date to the estimated total costs for the project.

Construction contracts accounting is inherently complex and we focused on this area because there are significant estimates and judgement involved in the following areas:-

- Determination of stage of completion;
- Extent of construction costs incurred to date;
- Estimation of total budgeted costs; and
- Estimation of provision due to liquidated ascertained damages as a reduction of revenue.

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 (cont'd)

Revenue Recognition (cont'd)

Trading of manufactured goods

The Group is also involved in voluminous transactions, whereby there is a risk that revenue may be over or understated.

Our procedures to address this area of audit focus include, amongst others, the following:-

- Reviewed the operating effectiveness of the Group's internal controls over timing and amount of revenue recognised;
- Reviewed the reasonableness of the stage of completion and estimated total construction costs for the Group's projects;
- Reviewed the accuracy of the construction costs to date for the Group's projects and the revenue and costs recognised in the statement of profit or loss and other comprehensive income;
- Reviewed the documents which evidenced the delivery of goods and services to customers;
- Reviewed the sales transactions as well as credit notes issued, near to the financial year end to assess whether the revenue was recognised in the correct financial period; and
- Physically visited the project site for significant project.

Expected Credit Loss on Trade Receivables and Contract Assets

(Refer to summary of significant accounting policies in Note 3(i)(i) and the disclosure of expected credit loss in Note 35(c)(i) to the financial statements)

As at 30 June 2023, the Group recorded trade receivables and contract assets totaling RM44,757,364 and RM6,193,541 respectively.

The recoverability of trade receivables and contract assets and the level of allowance for impairment losses of doubtful receivables are considered to be key audit matter due to the pervasive nature of these balances to the financial statements.

The level of allowance of impairment losses is based upon the debtor's credit risk evaluation, historical payment trends, subsequent to financial year end collections and the existence of financial guarantees. The evaluation is however inherently judgemental and requires material estimates, including the loss rate used in the calculation of Expected Credit Loss ("ECL").

Our procedures to address this area of audit focus include, amongst others, the following:-

- Obtained an understanding of the Group's control over the receivable collection process and how the Group identifies and assesses the impairment of receivables;
- Reviewed the ageing analysis of receivables and test the reliability thereof;
- Reviewed subsequent cash collections, customer correspondences, proposed or existing settlement plans, repayment schedule and considering explanation on recoverability with significantly overdue amounts; and
- Reviewed the reasonableness and adequacy of the allowance for expected credit losses made against doubtful receivables.

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 (cont'd)

Property, plant and equipment ("PPE")

(Refer to summary of significant accounting policies in Note 3(d) and the disclosure of PPE in Note 4 to the financial statements)

The carrying amount of the Group's PPE amounted to RM30,453,183, representing 16% of the Group's total assets as at 30 June 2023.

Our procedures to address this area of audit focus include, amongst others, the following:-

- Reviewed and checked the ownership and physical existence of selected PPE;
- Verified the addition of PPE to the supporting document and evaluated whether the capitalisation of PPE is consistent with the requirements of MFRS 116, *Property, Plant and Equipment*; and
- Assessed and reviewed whether there is any indication that the assets may be impaired and the adequacy of impairment loss on the PPE in accordance to the requirements of MFRS 136 *Impairment of Assets*.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group'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.

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

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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 going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

INDEPENDENT AUDITORS' REPORT

To the members of Sarawak Consolidated Industries Berhad
Registration No. 197501003884 (25583-W)
(Incorporated in Malaysia)
(CONT'D)

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Kreston John & Gan
(AF 0113)
Chartered Accountants

Yong Chung Sin
Approval No: 02892/04/2024 J
Chartered Accountant

Kuala Lumpur,
Date : 11 October 2023

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	4	30,453,183	36,335,987	768,053	1,277,648
Investment properties	5	2,380,417	-	-	-
Right-of-use assets	6	16,429,094	19,309,927	4,976,863	6,373,946
Investment in subsidiary companies	7	-	-	41,556,047	41,456,047
Investment in an associate company	8	-	-	-	-
Total Non-current Assets		49,262,694	55,645,914	47,300,963	49,107,641
Current Assets					
Inventories	9	22,735,544	22,169,032	-	-
Trade receivables	10	44,757,364	41,282,534	-	-
Other receivables, deposits and prepayments	11	25,240,394	32,029,826	376,829	8,405,041
Contract assets	12	6,193,541	5,649,744	-	-
Amount due from subsidiary companies	13	-	-	73,455,789	59,523,712
Current tax assets		448,516	583,132	224,448	307,359
Fixed deposits with licensed banks	14	10,420,927	15,888,607	5,214,458	15,717,441
Cash and bank balances		29,688,089	20,347,004	1,690,456	320,513
Total Current Assets		139,484,375	137,949,879	80,961,980	84,274,066
Total Assets		188,747,069	193,595,793	128,262,943	133,381,707
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	166,258,892	153,623,689	166,258,892	153,623,689
Foreign currency translation reserves	16	(1,620,774)	(848,945)	-	-
Accumulated losses		(81,980,231)	(57,519,417)	(39,903,157)	(23,797,286)
		82,657,887	95,255,327	126,355,735	129,826,403
Non-controlling interests		864,955	(89,175)	-	-
Total Equity		83,522,842	95,166,152	126,355,735	129,826,403

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023
(CONT'D)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Non-current Liabilities					
Other payables	17	141,976	152,129	8,737	7,418
Borrowings	18	20,454,827	23,139,453	-	-
Lease liabilities	19	1,725,969	2,610,760	221,843	711,092
Deferred tax liabilities	20	593,206	597,254	-	-
Total Non-current Liabilities		22,915,978	26,499,596	230,580	718,510
Current Liabilities					
Trade payables	21	48,716,100	43,322,474	-	-
Other payables and accruals	17	5,107,291	4,432,575	1,461,128	638,219
Contract liabilities	12	816,449	508,980	-	-
Amount due to a subsidiary company	13	-	-	97,000	1,253,837
Borrowings	18	26,168,390	21,784,398	-	-
Lease liabilities	19	554,359	1,481,501	118,500	944,738
Current tax liabilities		945,660	400,117	-	-
Total Current Liabilities		82,308,249	71,930,045	1,676,628	2,836,794
Total Liabilities		105,224,227	98,429,641	1,907,208	3,555,304
Total Equity and Liabilities		188,747,069	193,595,793	128,262,943	133,381,707

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	22	132,044,551	128,429,337	6,042,222	5,206,815
Cost of sales		(110,041,146)	(112,378,092)	-	-
Gross profit		22,003,405	16,051,245	6,042,222	5,206,815
Other operating income	23	1,447,224	10,650,996	2,425,733	4,211,158
Administrative expenses		(17,397,360)	(46,602,968)	(9,413,066)	(25,509,466)
Selling and distribution expenses		(6,986,284)	(6,858,738)	-	-
Net impairment losses on financial assets and contract assets	24	(19,074,864)	(24,834,631)	(14,863,474)	(12,993,948)
Share of loss of equity-accounted associate, net of tax		-	(2,548)	-	-
Loss from operations		(20,007,879)	(51,596,644)	(15,808,585)	(29,085,441)
Finance costs	25	(2,074,064)	(1,842,647)	(46,307)	(53,243)
Loss before taxation	26	(22,081,943)	(53,439,291)	(15,854,892)	(29,138,684)
Income tax (expense)/credit	29	(1,559,741)	9,682,023	(250,979)	3,448,144
Loss for the financial year		(23,641,684)	(43,757,268)	(16,105,871)	(25,690,540)
Other comprehensive loss, net of tax					
<u>Items that will be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences		(771,829)	(803,757)	-	-
Total comprehensive loss for the financial year		(24,413,513)	(44,561,025)	(16,105,871)	(25,690,540)
Loss after taxation attributable to:-					
Owners of the Company		(24,330,339)	(43,599,366)	(16,105,871)	(25,690,540)
Non-controlling interests		688,655	(157,902)	-	-
		(23,641,684)	(43,757,268)	(16,105,871)	(25,690,540)
Total comprehensive loss attributable to:-					
Owners of the Company		(25,102,168)	(44,403,123)	(16,105,871)	(25,690,540)
Non-controlling interests		688,655	(157,902)	-	-
		(24,413,513)	(44,561,025)	(16,105,871)	(25,690,540)
Loss per share (sen):-					
Basic	30	(4.14)	(7.80)		
Diluted	30	(4.14)	(7.80)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2023

	Note	← Non-distributable →		Distributable	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
		Share capital	Foreign exchange translation reserves	Accumulated losses			
		RM	RM	RM	RM	RM	RM
Group							
At 1 July 2021		152,268,754	(45,188)	(53,920,051)	98,303,515	68,727	98,372,242
Loss for the financial year		-	-	(43,599,366)	(43,599,366)	(157,902)	(43,757,268)
Other comprehensive loss for the financial year:-							
- foreign currency translation differences		-	(803,757)	-	(803,757)	-	(803,757)
Contributions by and distributions to owners of the Company:-							
- Issuance of shares	15	41,763,207	-	-	41,763,207	-	41,763,207
- Share issue expenses	15	(408,272)	-	-	(408,272)	-	(408,272)
- Capital reduction	15	(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
At 30 June 2022		153,623,689	(848,945)	(57,519,417)	95,255,327	(89,175)	95,166,152
At 1 July 2022		153,623,689	(848,945)	(57,519,417)	95,255,327	(89,175)	95,166,152
Loss for the financial year		-	-	(24,330,339)	(24,330,339)	688,655	(23,641,684)
Other comprehensive loss for the financial year:-							
- foreign currency translation differences		-	(771,829)	-	(771,829)	-	(771,829)
Contributions by and distributions to owners of the Company:-							
- Issuance of shares	15	12,759,057	-	-	12,759,057	-	12,759,057
- Share issue expenses	15	(123,854)	-	-	(123,854)	-	(123,854)
Total transactions with owners of the Company		12,635,203	-	-	12,635,203	-	12,635,203
Changes in ownerships interest:-							
- Acquisition of a subsidiary company with non-controlling interest		-	-	-	-	225,000	225,000
- Disposal of non-controlling interest		-	-	(130,475)	(130,475)	40,475	(90,000)
		-	-	(130,475)	(130,475)	265,475	135,000
At 30 June 2023		166,258,892	(1,620,774)	(81,980,231)	82,657,887	864,955	83,522,842

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2023
(CONT'D)

	Note	Non-distributable Share capital RM	Distributable Accumulated losses RM	Total equity RM
Company				
At 1 July 2021		152,268,754	(38,106,746)	114,162,008
Total comprehensive loss for the financial year		-	(25,690,540)	(25,690,540)
Contributions by and distributions to owners of the Company:-				
- Issuance of shares	15	41,763,207	-	41,763,207
- Share issue expenses	15	(408,272)	-	(408,272)
- Capital reduction	15	(40,000,000)	40,000,000	-
		1,354,935	40,000,000	41,354,935
At 30 June 2022		153,623,689	(23,797,286)	129,826,403
At 1 July 2022		153,623,689	(23,797,286)	129,826,403
Total comprehensive loss for the financial year		-	(16,105,871)	(16,105,871)
Contributions by and distributions to owners of the Company:-				
- Issuance of shares	15	12,759,057	-	12,759,057
- Share issue expenses	15	(123,854)	-	(123,854)
		12,635,203	-	12,635,203
At 30 June 2023		166,258,892	(39,903,157)	126,355,735

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities					
Loss before taxation		(22,081,943)	(53,439,291)	(15,854,892)	(29,138,684)
Adjustments for:-					
Depreciation of property, plant and equipment		3,663,285	3,366,153	191,745	144,890
Depreciation of investment properties		12,083	-	-	-
Depreciation of right-of-use assets		2,011,379	1,566,503	839,772	369,168
Impairment losses on:-					
- property, plant and equipment		267,716	-	-	-
- investment in an associate company		-	300,000	-	-
- trade receivables		146,247	16,407,873	-	731,086
- other receivables		19,778,428	8,914,425	14,450,000	32,684
- contract assets		36,168	1,862,205	-	-
- amount due from subsidiary companies		-	-	413,474	12,230,178
Interest expense		2,074,064	1,842,647	46,307	53,243
Inventories written down		11,592	137,646	-	-
Property, plant and equipment written off		392,311	938	388,298	-
Bargain purchase arising from acquisition of a subsidiary company		-	(2,383,883)	-	-
Gain on disposal of property, plant and equipment		(92)	-	-	-
Gain on lease modification		(17,340)	-	(17,340)	-
Interest income		(363,973)	(460,404)	(2,408,170)	(2,156,804)
Overprovision of agent fees relating to EPCC Projects		-	(5,723,834)	-	(1,243,883)
Reversal of impairment losses on:-					
- trade receivables		(876,277)	(2,349,872)	-	-
- other receivables		(9,702)	-	-	-
Balance brought forward		5,043,946	(29,958,894)	(1,950,806)	(18,978,122)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2023
(CONT'D)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities (cont'd)					
Balance carried forward		5,043,946	(29,958,894)	(1,950,806)	(18,978,122)
Adjustments for:- (cont'd)					
Reversal of inventories written off		(21,803)	-	-	-
Reversal of inventories written down		(25,260)	(134,601)	-	-
Share of loss of equity-accounted associate		-	2,548	-	-
Unrealised foreign exchange (gain)/loss		(761,161)	(1,513,412)	283	(763,770)
Operating profit/(loss) before working capital changes		4,235,722	(31,604,359)	(1,950,523)	(19,741,892)
Changes in working capital:-					
Inventories		(531,041)	2,931,400	-	-
Trade and other receivables		(15,724,377)	559,790,968	(6,422,071)	68,056,830
Contract assets		(579,965)	(7,510,880)	-	-
Trade and other payables		6,840,063	(557,584,346)	824,228	(72,295,331)
Contract liabilities		307,469	(1,020,845)	-	-
Amount due from subsidiary companies		-	-	(14,345,551)	(19,155,056)
Amount due to a subsidiary company		-	-	(1,156,837)	796,284
Cash used in operations		(5,452,129)	(34,998,062)	(23,050,754)	(42,339,165)
Interest paid		(2,074,064)	(1,842,647)	(46,307)	(53,243)
Interest received		363,973	460,404	2,408,170	2,156,804
Income tax paid		(1,407,618)	(695,464)	(373,098)	(446,386)
Income tax refunded		509,739	37,753	205,030	36,217
Net cash used in operating activities		(8,060,099)	(37,038,016)	(20,856,959)	(40,645,773)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2023
(CONT'D)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from investing activities					
Acquisition of subsidiary companies		-	(4,979,864)	(100,000)	(4,980,000)
Proceeds from disposal of property, plant and equipment		185	-	-	-
Purchase of property, plant and equipment		(410,000)	(2,473,090)	(70,444)	(250,233)
Addition of right-of-use assets	31	-	(284,420)	-	-
Acquisition of non-controlling interests		(90,000)	-	-	-
(Increase)/Decrease in fixed deposits pledged to licensed banks		(4,733,825)	(5,102,838)	301,478	(5,099,729)
Net cash (used in)/from investing activities		(5,233,640)	(12,840,212)	131,034	(10,329,962)
Cash flows from financing activities					
Drawdown of term loans		-	14,927,786	-	-
Drawdown of bankers' acceptance		33,083,980	34,230,076	-	-
Net proceeds from issuance of ordinary shares		12,860,203	41,354,935	12,635,203	41,354,935
Repayment of lease liabilities		(1,348,240)	(946,466)	(740,840)	(258,912)
Repayment of term loans		(2,561,258)	(5,556,124)	-	-
Repayment of revolving credits		-	(11,195,989)	-	-
Repayment of bankers' acceptance		(34,495,527)	(30,083,508)	-	-
Net cash from financing activities		7,539,158	42,730,710	11,894,363	41,096,023
Net decrease in cash and cash equivalents		(5,754,581)	(7,147,518)	(8,831,562)	(9,879,712)
Effect of foreign exchange translation		(778,010)	(740,925)	-	-
Cash and cash equivalents at beginning of the financial year		30,548,509	38,436,952	10,522,018	20,401,730
Cash and cash equivalents at end of the financial year	33	24,015,918	30,548,509	1,690,456	10,522,018

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

1. GENERAL INFORMATION

Sarawak Consolidated Industries Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The addresses of the registered office and principal place of business of the Company are as follows:-

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

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2023 comprise the Company and its subsidiary companies (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 June 2023 do not include other entities.

The Company is principally engaged in investment holding, provision of management services, engineering, procurement, construction and commissioning ("EPC"). The principal activities of the subsidiary companies and an associate company are set out in Note 7 and Note 8 to the financial statements respectively.

These financial statements were authorised for issue by the Board of Directors on 11 October 2023.

2. BASIS OF PREPARATION

a) Statement of compliance

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

The Group and the Company have applied the following accounting standards, interpretations and amendments to the MFRSs for the financial year beginning on 1 January 2022:-

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

- Amendments to MFRS 1, First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 3, Business Combination – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment – Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to Illustrative Example accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018 – 2020)

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

2. BASIS OF PREPARATION *(cont'd)*

a) Statement of compliance *(cont'd)*

The following are accounting standards, interpretations and amendments of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:-

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

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts and Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Error – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112, Income Taxes – International Tax Reform – Pillar Two Model Rules

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 7, Financial Instruments : Disclosures – Supplier Finance Arrangements
- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants
- Amendments to MFRS 107, Statement of Cash Flows – Supplier Finance Arrangements

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

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

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

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

b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

c) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

2. BASIS OF PREPARATION (cont'd)

d) Use of estimates and judgements

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

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

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

i) Impairment of investment in subsidiary companies and an associate company

The Group reviews the investments in subsidiary companies and an associate company for impairment when there is an indication of impairment and assess the impairment of receivables on the amounts due from subsidiary companies when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiary companies and an associate company are assessed by reference to the value in use of the respective subsidiary companies.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiary companies discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set assumption of reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiary companies.

The carrying amounts of investment in subsidiary companies and an associate company of the Group as at 30 June 2023 are as disclosed in Note 7 and Note 8 to the financial statements respectively.

ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated in a straight-line basis over their estimated useful life. Management estimated that useful life of these assets as disclosed in Note 3(d)(iii). Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment is disclosed in Note 4 to the financial statements.

iii) Impairment of property, plant and equipment and investment properties

The Group determines whether an item of its property, plant and equipment and investment properties 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 rates. The carrying amounts of property, plant and equipment and investment properties as at the reporting date are disclosed in Note 4 and Note 5 to the financial statements respectively.

iv) Allowance for slow moving inventories and write down of inventories to net realisable value

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews are required judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories is disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

2. BASIS OF PREPARATION *(cont'd)*

d) Use of estimates and judgements *(cont'd)*

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following items:- *(cont'd)*

v) Measurement of Expected Credit Loss ("ECL") allowance for trade receivables and contract assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of reporting period. Details of ECL are disclosed in Note 35(c)(i) to the financial statements.

vi) Revenue from construction contracts

Revenue from construction contracts is recognised over time on an input method, determined based on the proportion of contract costs incurred for work performed to-date over the estimated total contract costs. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation, the extent of the contract costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction costs. In making these judgements, the Group evaluate based on past experience and by relying on the work of specialists. The carrying amounts of contract assets and contract liabilities of the Group arising from construction contracts are disclosed in Note 12 to the financial statements.

vii) Income tax expense

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense is disclosed in Note 29 to the financial statements.

viii) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, unabsorbed capital allowances and other temporary differences to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses, unabsorbed capital allowances and other temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised deferred tax assets arising from unabsorbed tax losses, capital allowances and other temporary differences is disclosed in Note 29 to the financial statements.

ix) 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 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

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of consolidation

i) Subsidiary companies

Subsidiary companies are entities, including special purpose entity, controlled by the Company. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

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

ii) Business combinations

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

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

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

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

iii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholders that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparative are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a) Basis of consolidation (cont'd)

iv) Loss of control

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

v) Associate company

Associate company is an entity, including unincorporated entity, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associate company 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 investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income 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 company, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discounted 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 influence over an associate company, any retained interest in the former associate company at the date when significant influence is lost is managed 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 company decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associate company 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 investment includes transaction costs.

vi) Acquisition of non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a) Basis of consolidation (cont'd)

vii) Non-controlling interests

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

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

viii) Transactions eliminated on consolidation

Intra-group balances and transactions, including income, expenses and dividends are eliminated in full in preparing the consolidated financial statements.

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

b) Foreign currency transactions

i) Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss.

ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Foreign currency transactions (cont'd)

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

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

c) Financial instruments

i) Recognition and initial measurement

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

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

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

ii) Financial instrument categories and subsequent measurement

Financial assets

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

a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(i)(i)) where the effective interest rate is applied to the amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Financial instruments (cont'd)

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

Financial assets (cont'd)

b) Fair value through other comprehensive income

i) Debt investments

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(i)(i)) where the effective interest rate is applied to the amortised cost.

ii) Equity investments

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

c) Fair value through profit or loss

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

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

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 3(i)(i)).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Financial instruments (cont'd)

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

Financial liabilities

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

a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:-

- i) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- ii) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- iii) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognised the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

b) Amortised cost

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

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

iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Financial instruments (cont'd)

iii) Financial guarantee contracts (cont'd)

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

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

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

iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is a purchase or sale of a financial asset under a contract whose terms require delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned.

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

Trade date accounting refers to:-

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

Settlement date accounting refers to:-

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

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

v) Derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Financial instruments (cont'd)

vi) Offsetting

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

d) Property, plant and equipment

i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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

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

ii) Subsequent costs

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

iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

iii) Depreciation (cont'd)

The principal annual rates of depreciation for property, plant and equipment are as follows:-

	Rate (%)
Buildings	5
Concrete jetty	5
Furniture, fittings and equipment	10 – 33.33
Motor vehicles	25
Plant and machineries	4 – 20
Renovation	5

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

iv) Derecognition

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 is recognised in profit or loss.

e) Investment properties

i) Investment properties carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 3(d). Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the investment properties. The principal annual rate of depreciation is as follows:-

	Rate (%)
Buildings	5

ii) Reclassification from/to investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, the carrying amount of the item immediately prior to transfer is recognised as the deemed cost of the investment property for subsequent accounting.

When the use of a property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its deemed cost for subsequent accounting.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Leases

i) Definition of a lease

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

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

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

ii) Recognition and initial measurement

a) As a lessee

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Leases (cont'd)

ii) Recognition and initial measurement (cont'd)

a) As a lessee (cont'd)

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

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

b) As a lessor

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

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

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15, *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group and the Company are an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then it classifies the sublease as an operating lease.

iii) Subsequent measurement

a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Leases (cont'd)

iii) Subsequent measurement (cont'd)

b) As a lessor

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

g) 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.

h) Cash and cash equivalents

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

i) Impairment of assets

i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured as 12-month expected credit loss. Loss allowances for trade receivables and contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) Impairment of assets (cont'd)

i) Financial assets (cont'd)

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

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

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

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

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

ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal group) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) Impairment of assets (cont'd)

ii) Other assets (cont'd)

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

j) Contract assets and contract liabilities

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* (see Note 3(i)(i)).

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.

k) Equity instruments

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

i) Issue expenses

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

ii) Ordinary shares

Ordinary shares are classified as equity.

l) Employee benefits

i) Short-term employee benefits

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

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

ii) State plans

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

m) Provisions

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

n) Revenue and other income

i) Revenue from contract with customers

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

The Group and the Company transfer 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 and the Company perform;
- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

If control of the assets is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards the satisfaction of each of those performance obligations. Otherwise, revenue is recognised at a point in time when the customer obtain control over the goods or service.

Sale of goods

Revenue from the sale of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of sales and services taxes and discounts.

Construction contracts

Revenue from construction contracts is recognised over time. The Group and the Company use an input method in measuring progress of the construction contracts. The Group and the Company recognise revenue on the basis of the contract costs incurred for work performed to-date relative to the total estimated costs.

When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n) Revenue and other income (cont'd)

i) Revenue from contract with customers (cont'd)

Project management services

Revenue from providing management and/or agency services is recognised over time in the period in which the services are rendered.

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.

ii) Rendering of services

Revenue from providing management services is recognised over time in the period in which the services are rendered.

iii) Rental income

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

iv) Interest income

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

o) Borrowing costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o) Borrowing costs (cont'd)

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

p) Income tax

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

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

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

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

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

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

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

q) Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

r) Earnings per ordinary shares

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

s) Contingent liabilities

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

t) 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.

u) Fair value measurements

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

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

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

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

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

Level 3 : unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land	Buildings	Concrete jetty	Furniture, fittings and equipment	Motor vehicles	Plant and machineries	Renovation	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation									
At 1 July 2021	-	16,006,256	390,208	3,226,117	652,992	48,056,716	6,565	-	68,338,854
Charge for the financial year	-	1,209,774	-	448,539	1,849	1,692,345	13,646	-	3,366,153
Transfer from right-of-use assets	-	-	-	-	173,026	888,559	-	-	1,061,585
Written off	-	-	-	(8,807)	-	-	-	-	(8,807)
At 30 June 2022	-	17,216,030	390,208	3,665,849	827,867	50,637,620	20,211	-	72,757,785
Charge for the financial year	-	1,198,146	-	396,843	5,365	2,035,884	27,047	-	3,663,285
Disposals	-	-	-	(3,207)	-	-	-	-	(3,207)
Transfer from right-of-use assets	-	-	-	-	186,723	466,202	-	-	652,925
Transfer to investment properties (Note 5)	-	(507,500)	-	-	-	-	-	-	(507,500)
Written off	-	-	-	(108,446)	-	-	(27,436)	-	(135,882)
At 30 June 2023	-	17,906,676	390,208	3,951,039	1,019,955	53,139,706	19,822	-	76,427,406
Accumulated impairment loss									
At 1 July 2021/	-	-	-	-	-	-	-	-	-
30 June 2022	-	-	-	-	-	-	-	-	-
Addition	-	-	-	-	-	267,716	-	-	267,716
At 30 June 2023	-	-	-	-	-	267,716	-	-	267,716
Carrying amounts									
At 30 June 2023	6,700,000	8,698,786	14,258	917,544	18,335	12,456,410	191,257	1,456,593	30,453,183
At 30 June 2022	6,700,000	12,289,432	14,258	1,090,871	552	14,230,913	314,215	1,695,746	36,335,987

Freehold land and buildings of the Group with carrying amount of RM Nil (2022 – RM6,700,000) and RM7,141,114 (2022 – RM8,856,176) respectively have been pledged to financial institutions as securities for credit facilities granted to the Group as disclosed in Note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Capital work-in- progress RM	Total RM
Costs					
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
Additions	39,059	-	31,385	-	70,444
Reclassification	165,665	-	236,543	(402,208)	-
Transfer from right-of-use assets	-	186,727	-	-	186,727
Written off	(32,468)	-	(391,275)	-	(423,743)
At 30 June 2023	968,196	197,167	194,079	-	1,359,442
Accumulated depreciation					
At 1 July 2021	89,145	8,043	6,288	-	103,476
Charge for the financial year	130,246	1,848	12,796	-	144,890
At 30 June 2022	219,391	9,891	19,084	-	248,366
Charge for the financial year	165,004	544	26,197	-	191,745
Transfer from right-of-use assets	-	186,723	-	-	186,723
Written off	(8,009)	-	(27,436)	-	(35,445)
At 30 June 2023	376,386	197,158	17,845	-	591,389
Carrying amounts					
At 30 June 2023	591,810	9	176,234	-	768,053
At 30 June 2022	576,549	549	298,342	402,208	1,277,648

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

5. INVESTMENT PROPERTIES

Group	Buildings RM
Costs	
At 1 July 2022	-
Transfer from property, plant and equipment (Note 4)	2,900,000
At 30 June 2023	2,900,000
Accumulated depreciation	
At 1 July 2022	-
Charge for the financial year	12,083
Transfer from property, plant and equipment (Note 4)	507,500
At 30 June 2023	519,583
Carrying amount	
At 30 June 2023	2,380,417

During the financial year, certain buildings of the Group with carrying amount at RM2,392,500 have been transferred from property, plant and equipment to investment properties as disclosed in Note 4 to the financial statements.

Rental income in respect of the investment properties of the Group for the financial year ended 30 June 2023 are recognised in profit or loss as follows:-

Group	Group RM
Rental income from third parties	4,250

6. RIGHT-OF-USE ASSETS

Group	Leasehold lands RM	Office premises RM	Use of land RM	Motor vehicles RM	Plant and machineries RM	Total RM
Costs						
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
Transfer to property, plant and equipment **	-	-	-	(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
Addition	-	-	480,028	-	-	480,028
Derecognition due to lease modification *	-	(1,852,761)	-	-	-	(1,852,761)
Transfer to property, plant and equipment **	-	-	-	(186,727)	(889,299)	(1,076,026)
At 30 June 2023	21,567,867	-	480,028	3,054,635	-	25,102,530

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

6. RIGHT-OF-USE ASSETS (cont'd)

Group	Leasehold lands RM	Office premises RM	Use of land RM	Motor vehicles RM	Plant and machineries RM	Total RM
Accumulated depreciation						
At 1 July 2021	6,222,525	-	-	473,137	1,040,782	7,736,444
Charge for the financial year	547,304	231,595	-	551,278	236,326	1,566,503
Transfer to property, plant and equipment **	-	-	-	(173,026)	(888,559)	(1,061,585)
At 30 June 2022	6,769,829	231,595	-	851,389	388,549	8,241,362
Additions	547,303	694,785	24,001	667,637	77,653	2,011,379
Derecognition due to lease modification *	-	(926,380)	-	-	-	(926,380)
Transfer to property, plant and equipment **	-	-	-	(186,723)	(466,202)	(652,925)
At 30 June 2023	7,317,132	-	24,001	1,332,303	-	8,673,436
Carrying amounts						
At 30 June 2023	14,250,735	-	456,027	1,722,332	-	16,429,094
At 30 June 2022	14,798,038	1,621,166	-	2,389,973	500,750	19,309,927
Company						
			Leasehold land RM	Office premise RM	Motor vehicles RM	Total RM
Costs						
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
Addition			-	369,074	-	369,074
Derecognition due to lease modification *			-	(1,852,761)	-	(1,852,761)
Transfer to property, plant and equipment **			-	-	(186,727)	(186,727)
At 30 June 2023			6,490,851	369,074	-	6,859,925

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

6. RIGHT-OF-USE ASSETS (cont'd)

Company	Leasehold land RM	Office premise RM	Motor vehicles RM	Total RM
Accumulated depreciation				
At 1 July 2021	1,635,513	-	151,712	1,787,225
Charge 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
Additions	108,396	725,541	5,835	839,772
Derecognition due to lease modification *	-	(926,380)	-	(926,380)
Transfer to property, plant and equipment **	-	-	(186,723)	(186,723)
At 30 June 2023	1,852,306	30,756	-	1,883,062
Carrying amounts				
At 30 June 2023	4,638,545	338,318	-	4,976,863
At 30 June 2022	4,746,941	1,621,166	5,839	6,373,946

* Derecognition of the right-of-use assets during the financial year was a result of early termination of lease arrangement.

** Reclassification of right-of-use assets to property, plant and equipment was a result of full settlement of lease payment during the financial year.

Leasehold lands of the Group and of the Company have a lease period of 60 years expiring between years of 2053 and 2070. The Group entered into the operating lease agreements for the use of land for 5 years (2022 - Nil), whereas the Company leased office premises used in their operations for 3 years (2022 - 2 years), with an option to renew the leases upon expiry.

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.

Included in the right-of-use assets of the Group and of the Company at the end of the financial year were leasehold lands with aggregate carrying amount of RM13,155,945 (2022 – RM13,679,953) and RM3,543,755 (2022 – RM3,628,855) respectively, which have been pledged to licensed banks as securities for banking facilities granted to the Group and to the Company, as disclosed in Note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2023	2022
	RM	RM
Carrying amount		
At the beginning of the financial year	41,456,047	36,476,047
Additions	100,000	4,980,000
At the end of the financial year	41,556,047	41,456,047
Unquoted shares, at cost	44,056,049	43,956,049
Less: Accumulated impairment losses	(2,500,002)	(2,500,002)
	41,556,047	41,456,047

The reconciliation of the allowance for impairment losses is as follows:-

	Company	
	2023	2022
	RM	RM
At the beginning/end of the financial year	2,500,002	2,500,002

The details of the subsidiary companies are as follows:-

Name of subsidiary companies	Principal place of business	Principal activities	Effective ownership interest	
			2023	2022
			%	%
<i>Subsidiary companies of the Company</i>				
SCIB Holdings Sdn. Bhd.*	Malaysia	Investment holdings	100	100
SCIB Industrialised Building System Sdn. Bhd. *	Malaysia	Supply and installation of industrialised building system components, engineering, procurement, construction and commissioning	100	100
SCIB Building Solutions Sdn. Bhd. (formerly known as Kencana Precast Concrete Sdn. Bhd.)	Malaysia	Construction. Not in operation since the date of acquisition by the holding company	100	100
SCIB Trading Sdn. Bhd.	Malaysia	Investment holding in dealing with capital market and derivatives instruments locally and internationally as well as in general merchants	100	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The details of the subsidiary companies are as follows:- (cont'd)

Name of subsidiary companies	Principal place of business	Principal activities	Effective ownership interest	
			2023	2022
			%	%
<i>Subsidiary companies of SCIB Holdings Sdn. Bhd.</i>				
SCIB Concrete Manufacturing Sdn. Bhd.	Malaysia	Investment holding, trading of construction materials, manufacturing and sale of precast concrete pipes, prestressed spun concrete piles and other related concrete products	100	100
SCIB Properties Sdn. Bhd. *	Malaysia	Property investment and development, engineering, procurement, construction and commissioning	100	100
SCIB Infracore Sdn. Bhd. *	Malaysia	Construction and other related activities	100	100
<i>Subsidiary company of SCIB Concrete Manufacturing Sdn. Bhd.</i>				
SCIB International (Labuan) Ltd. * # ^	Labuan, Malaysia	Engineering, procurement, construction and commissioning project activities and investment holding	100	100
<i>Subsidiary companies of SCIB Industrialised Building System Sdn. Bhd.</i>				
SCIB LW System Sdn. Bhd. *	Malaysia	Supplying and installations of prefabricated Lightweight Systems products including but not limited to carrying out engineering, procurement, construction and commissioning ("EPCC")	100	70
SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd.	Malaysia	Road construction, maintenance and other related activities	70	70

Audited by a firm other than Kreston John & Gan.

* The auditors' report of the subsidiary companies contains emphasis of material uncertainty related to going concern.

^ The auditors' report of the subsidiary company contains qualified opinion related to opening balances for the financial year ended 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(a) Incorporation of a subsidiary company

On 30 December 2022, the Company incorporated a 100% owned subsidiary company, namely, SCIB Trading Sdn. Bhd. under the Companies Act, 2016 as private company limited by shares with 100,000 ordinary shares for total cash consideration of RM100,000.

(b) Acquisition of a subsidiary company with non-controlling interest

During the financial year, SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd. ("SSJV") has increased its issued and paid-up share capital from 100 ordinary shares to 750,100 ordinary shares. SCIB Industrialised Building System Sdn. Bhd. ("SIBS"), a wholly-owned subsidiary company of the Company, has subscribed 525,000 ordinary shares in SSJV for a total consideration of RM525,000 by way of cash.

As a result, SSJV remains as 70% owned subsidiary company of the SIBS.

(c) Acquisition of remaining equity shareholdings in a subsidiary company

On 21 June 2022, the Company's wholly-owned subsidiary company, SIBS acquired the remaining 30% equity shareholdings in an existing subsidiary company, SCIB LW System Sdn. Bhd. ("SCIBLWS") for a cash consideration of RM90,000.

The registration of shares transfer was completed on 6 July 2022. Upon the completion of the proposed acquisition, SCIBLWS became a wholly-owned subsidiary company of the Company.

(d) Acquisition of a subsidiary company

On 10 December 2021, the Company 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 company of the Company.

The financial due diligence review arising from the acquisition had 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 company contributed a loss of RM195,194. SCIBBS did not generate any revenue during this period as the subsidiary company had yet to commence its operation since the date it was acquired by the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(d) Acquisition of a subsidiary company (cont'd)

The fair value of the identifiable assets and liabilities of SCIBBS as at the date of acquisition was included in the presentation below:-

Identifiable assets acquired and liabilities assumed

	As audited RM	Adjustments RM	As restated RM
Property, plant and equipment (Note 4)	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 20)	(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 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 had signed a letter of undertaking to settle all liabilities, inclusive of the abovementioned bank borrowings, and had 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 had been included in the "exposure to credit risk" and "liquidity risk maturity analysis", as disclosed in Note 35 to the financial statements respectively.

Following the letter of undertaking, the Group had 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.

During the financial year ended 30 June 2023, the liabilities have been fully settled by the former management of SCIBBS, inclusive of the abovementioned bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(e) Non-controlling interest in subsidiary companies

The Group's subsidiary companies that have non-controlling interest ("NCI") are as follows:-

	SCIBLWS	SSJV	Total
2023			
NCI percentage of ownership and voting interest (%)	-	30	NA
Carrying amount of NCI (RM)	-	864,955	864,955
Profit allocated to NCI (RM)	-	688,655	688,655
2022			
NCI percentage of ownership and voting interest (%)	30	30	NA
Carrying amount of NCI (RM)	(40,475)	(48,700)	(89,175)
Loss allocated to NCI (RM)	(110,778)	(47,124)	(157,902)

NA = Not Applicable

Summarised financial information for each subsidiary company that has non-controlling interests before inter-group elimination:-

	2023 RM	2022 RM
SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd.		
Non-current assets	1,527,765	1,935,169
Current assets	10,171,763	8,393,366
Non-current liabilities	(4,391,337)	(5,848,131)
Current liabilities	(4,425,007)	(4,642,736)
Net assets/(liabilities)	2,883,184	(162,332)
Revenue	26,614,424	25,663,093
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) for the financial year	2,295,516	(157,078)
Profit/(Loss) attributable to owners of the Company	1,606,861	(109,954)
Non-controlling interest	688,655	(47,124)
	2,295,516	(157,078)
Cash flows generated from/(used in) operating activities	652,625	(4,800,778)
Cash flows (used in)/generated from financing activities	(576,296)	5,137,378
Net increase in cash and cash equivalents	76,329	336,600
Dividend paid to NCI	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(e) Non-controlling interest in subsidiary companies (cont'd)

Summarised financial information for each subsidiary company that has non-controlling interests before inter-group elimination:- (cont'd)

	2022
	RM
SCIB LW System Sdn. Bhd.	
Non-current assets	531,246
Current assets	160,595
Current liabilities	(826,758)
Net liabilities	(134,917)
Revenue	219,328
Loss for the financial year representing total comprehensive loss for the financial year	(369,262)
Loss attributable to owners of the Company	(258,484)
Non-controlling interest	(110,778)
	(369,262)
Cash flows used in operating activities	(208,949)
Cash flows used in investing activities	(89,177)
Net decrease in cash and cash equivalents	(298,126)
Dividend paid to NCI	-

8. INVESTMENT IN AN ASSOCIATE COMPANY

	Group	
	2023	2022
	RM	RM
At the beginning of the financial year	300,000	302,548
Share of post-acquisition loss	-	(2,548)
At the end of the financial year	300,000	300,000
Unquoted shares, at cost	300,000	300,000
Less: Accumulated impairment losses	(300,000)	(300,000)
	-	-

The reconciliation of the allowance for impairment losses on investment in an associate company is as follows:-

	Group	
	2023	2022
	RM	RM
At the beginning/end of the financial year	300,000	300,000

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

8. INVESTMENT IN AN ASSOCIATE COMPANY (cont'd)

The details of the associate company are as follows:-

Name of associate company	Principal place of business	Principal activities	Effective ownership interest	
			2023	2022
			%	%
<i>Associate company of SCIB Properties Sdn. Bhd.</i>				
Edaran Kencana Sdn. Bhd. #	Malaysia	General contractor and builder, engineering consultancy and other related services	30	30

Audited by a firm other than Kreston John & Gan

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 company for the financial year ended 31 December 2022 (2022 – 31 December 2021) have been used and appropriate adjustments have been made for the effects of significant transactions between 1 January 2023 and 30 June 2023 (2022 – 1 January 2022 to 30 June 2022).

The summarised financial information of the associate company is as follows:-

	2023 RM	2022 RM
Non-current assets	12,246	2,650
Current assets	1,384,463	3,937,011
Current liabilities	(15,158,110)	(15,602,173)
Net liabilities	(13,761,401)	(11,662,512)
12-month year ended 30 June		
Revenue	37,195	3,134,587
Loss for the financial year representing total comprehensive loss for the financial year	(2,119,617)	(12,876,668)
Group's share of loss for the financial year	-	(2,548)

The Group has not recognised its share of losses amounting to RM635,885 (2022 – RM3,860,452) because the Group's cumulative share of losses has exceeded its interest in that associate company and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised amounted to RM4,496,337 (2022 – RM3,860,452).

The auditors' report on the financial statements of the associate company includes a "Material Uncertainty Related to Going Concern" regarding the ability of the associate company to continue as a going concern in view of its capital deficiency position as at end of current reporting year. Due to its capital deficiency position, the cost of investment of the associate company has been fully impaired during previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

9. INVENTORIES

	Group	
	2023	2022
	RM	RM
Properties held for sale	698,061	1,005,679
Raw materials	7,527,585	9,415,104
Finished goods	12,425,595	10,064,935
Stores and spares	2,111,230	1,849,291
	22,762,471	22,335,009
Less : Allowance for inventories obsolescence	(26,927)	(165,977)
	22,735,544	22,169,032

The movement of allowance for inventories obsolescence during the financial year are as follows:-

	Group	
	2023	2022
	RM	RM
At the beginning of the financial year	165,977	241,446
Additions	11,592	137,646
Inventories written off	(125,382)	(78,514)
Reversal of inventories written down	(25,260)	(134,601)
At the end of the financial year	26,927	165,977

	Group	
	2023	2022
	RM	RM
Recognised in profit or loss:-		
Inventories recognised as cost of sales	74,104,109	73,797,508
Inventories written back	(21,803)	-
Inventories written down	11,592	137,646
Reversal of inventories written down	(25,260)	(134,601)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

10. TRADE RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Third parties:-				
- Project management	5,877,900	64,254,880	-	12,588,441
- Project owners	27,647,397	34,336,575	-	-
- Others	33,678,228	24,244,250	-	-
	67,203,525	122,835,705	-	12,588,441
Less : Accumulated impairment losses	(22,446,161)	(81,553,171)	-	(12,588,441)
	44,757,364	41,282,534	-	-

The movement of accumulated impairment losses of trade receivables of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At beginning of the financial year	81,553,171	63,650,931	12,588,441	11,857,355
Additions:-				
- Project management	-	733,937	-	731,086
- Project owners	-	15,036,434	-	-
- Others	146,247	637,502	-	-
	146,247	16,407,873	-	731,086
Effect of foreign exchange differences	1,678,528	3,893,865	-	-
Reversals	(876,277)	(2,349,872)	-	-
Written off	(60,055,508)	(49,626)	(12,588,441)	-
At end of the financial year	22,446,161	81,553,171	-	12,588,441

- (a) The Group's and the Company's normal trade credit term range between 7 to 90 days (2022 – 7 to 90 days). Late interest is charged at 1.50% (2022 – 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 amounted to RM7,105,988 (2022 – RM2,942,481).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables:-				
- Third parties	25,904,210	13,962,180	15,013,329	654,499
- Related parties	70,718	7,725,437	70,718	7,725,437
Banker guarantee	199,000	-	199,000	-
Non-trade deposits	243,447	1,594,840	51,041	479,041
Trade deposits	16,329,647	16,147,203	-	-
Prepayments	8,322,668	5,414,500	55,957	109,280
	51,069,690	44,844,160	15,390,045	8,968,257
Less : Accumulated impairment losses	(25,829,296)	(12,814,334)	(15,013,216)	(563,216)
	25,240,394	32,029,826	376,829	8,405,041

The movement of accumulated impairment losses of other receivables of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning of the financial year	12,814,334	10,671,015	563,216	4,723,695
Additions	19,778,428	8,914,425	14,450,000	32,684
Effect of foreign exchange differences	196,236	250,449	-	-
Reversals	(9,702)	-	-	-
Written off	(6,950,000)	(7,021,555)	-	(4,193,163)
At end of the financial year	25,829,296	12,814,334	15,013,216	563,216

12. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023 RM	2022 RM
Contract assets		
Contract assets relating to construction services	6,193,541	5,649,744
Contract liabilities		
Contract liabilities relating to:-		
- Construction services	(60)	(60)
- Manufacturing activities	(816,389)	(508,920)
	(816,449)	(508,980)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

12. CONTRACT ASSETS/(LIABILITIES) (cont'd)

- (a) The contract assets primarily relate to the Group'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 days (2022 – 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 (2022 – 1 to 3) months.
- (c) The movement of contract assets and contract liabilities balances during the financial year are as follows:-

	Group	
	2023 RM	2022 RM
At beginning of the financial year	5,140,764	(1,528,756)
Revenue recognised in profit or loss during the financial year:-		
- Construction contracts	41,292,388	41,293,346
- Sale of goods	370,589	641,822
Reclassification	9,702	-
Billing to customers during the financial year	(39,537,978)	(33,403,443)
	7,275,465	7,002,969
Less : Accumulated impairment losses	(1,898,373)	(1,862,205)
At end of the financial year	5,377,092	5,140,764
Represented by:-		
Contract assets	6,193,541	5,649,744
Contract liabilities	(816,449)	(508,980)
	5,377,092	5,140,764

The movement of accumulated impairment losses of contract assets of the Group during the financial year are as follows:-

	Group	
	2023 RM	2022 RM
At the beginning of the financial year	1,862,205	-
Additions	36,168	1,862,205
At the end of the financial year	1,898,373	1,862,205

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

12. CONTRACT ASSETS/(LIABILITIES) (cont'd)

- (d) As at the end of the financial year, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of long-term contracts of the Group is RM274,632,884 (2022 – RM650,277,043). These remaining performance obligations are expected to be recognised as below:-

	Group	
	2023	2022
	RM	RM
Within 1 year	206,464,397	273,900,653
Between 1 to 5 years	68,168,487	376,376,390
	274,632,884	650,277,043

Included in the above are aggregate amounts of RM7,700,000 for projects which are on-hold for the current financial year.

Included in the remaining performance obligation for the financial year ended 30 June 2022 are aggregate amounts of RM240,485,427 and RM137,000,000 for projects which have been terminated during current financial year and subsequent year respectively.

13. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company	
	2023	2022
	RM	RM
Amount due from subsidiary companies:-		
Non-trade	89,479,053	75,133,502
Less : Accumulated impairment losses	(16,023,264)	(15,609,790)
	73,455,789	59,523,712

The movement of accumulated impairment losses of amount due from subsidiary companies during the financial year are as follows:-

	Company	
	2023	2022
	RM	RM
At the beginning of the financial year	15,609,790	3,379,612
Addition	413,474	12,230,178
At the end of the financial year	16,023,264	15,609,790

	Company	
	2023	2022
	RM	RM
Amount due to a subsidiary company:-		
Non-trade	(97,000)	(1,253,837)

The amount due from/(to) subsidiary companies are unsecured, bear interest rate at 3.50% (2022 – 3.50%) per annum and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company amounted to RM10,420,927 (2022 – RM5,687,102) and RM5,214,458 (2022 – RM5,515,936) respectively, have been pledged to licensed banks as security for credit facilities granted to a subsidiary company as disclosed in Note 18 to the financial statements.

The fixed deposits with licensed banks of the Group and of the Company have maturity periods of 3 to 12 months (2022 – 1 to 36 months) and 3 months (2022 – 1 to 36 months) respectively. The effective interest rates of deposits with licensed banks of the Group and of the Company at the end of the financial year are in the range from 2.55% to 2.75% (2022 – 1.50% to 1.95%) per annum and 2.75% (2022 – 1.50% to 1.95%) per annum respectively.

15. SHARE CAPITAL

	Group and Company			
	2023	2022	2023	2022
	Unit	Unit	RM	RM
At the beginning of the financial year	582,037,532	490,610,000	153,623,689	152,268,754
Issuance of ordinary shares pursuant to private placement	58,203,753	91,427,532	12,759,057	41,763,207
Less:-				
- share issue expenses	-	-	(123,854)	(408,272)
- capital reduction	-	-	-	(40,000,000)
	-	-	(123,854)	(40,408,272)
At the end of the financial year	640,241,285	582,037,532	166,258,892	153,623,689

During the financial year, the Company increased its issued and paid-up share capital from RM153,623,689 to RM166,258,892 by way of:-

- a) Private placement exercise of up to 10% of the enlarged number of issued shares of the Company representing approximately 82,722,252 new shares. The total new shares issued were 58,203,753 for an aggregate amount of RM12,759,057 with share issues expenses of RM123,854, are as follows:-
 - i) On 12 April 2023, the Company issued a total of 25,000,000 shares at an issue price of RM0.1078 per placement share; and
 - ii) On 19 June 2023, the Company issued a total of RM33,203,753 shares at an issue price of RM0.3031 per placement share.

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 of meetings of the Company. The ordinary shares have no par value.

- b) During the previous financial year, 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 was 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

16. FOREIGN CURRENCY TRANSLATION RESERVES

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign subsidiary company whose functional currency is different from that of the Group's presentation currency.

17. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Non-current</u>				
Other payables	141,976	152,129	8,737	7,418
<u>Current</u>				
Other payables – third parties	900,062	484,079	483,772	122,183
Accruals	2,560,799	2,165,406	934,156	472,836
Advance received	5,250	-	-	-
Deposit received	1,641,180	1,783,090	-	-
Deposit received from a subsidiary company	-	-	43,200	43,200
	5,107,291	4,432,575	1,461,128	638,219
	5,249,267	4,584,704	1,469,865	645,637

18. BORROWINGS

	Group	
	2023 RM	2022 RM
Non-Current Liabilities		
<u>Secured</u>		
Term loans	20,454,827	23,139,453
Current Liabilities		
<u>Secured</u>		
Bankers' acceptances	17,661,021	19,072,568
Bank overdrafts	5,672,171	-
Term loans	2,835,198	2,711,830
	26,168,390	21,784,398
Total borrowings		
<u>Secured</u>		
Bankers' acceptances (Note 18(a))	17,661,021	19,072,568
Bank overdrafts (Note 18(b))	5,672,171	-
Term loans (Note 18(c))	23,290,025	25,851,283
	46,623,217	44,923,851

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

18. BORROWINGS (cont'd)

	2023	2022
	%	%
Interest rate:-		
- Bankers' acceptances	3.55 – 5.09	4.50 – 4.70
- Bank overdrafts	7.70 – 7.95	-
- Term loans	4.50 – 5.70	4.00 – 7.42

a) Bankers' acceptances

Bankers' acceptance 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 6 to the financial statements, together with the buildings thereon of the Group as disclosed in Note 4 to the financial statements; and corporate guarantee by the Company. Interest is charged at 1.25% (2022 – 1.25%) per annum above the licensed bank's cost of fund.

Bankers' acceptance II were drawn down under Islamic loan facility and is secured by a first party legal charge over a leasehold land of a subsidiary company as disclosed in Note 6 to the financial statements, together with the buildings thereon of the Group as disclosed in Note 4 to the financial statements, and corporate guarantee by the Company. Interest is charged at 1.25% (2022 – 1.25%) per annum above the licensed bank's prevailing Islamic Money Market Rate.

b) Bank overdrafts

Bank overdraft I is secured by a first legal charge over a leasehold land of the Group and of the Company as disclosed in Note 6 to the financial statements, together with the building thereon as disclosed in Note 4 to the financial statements and corporate guarantee by the Company. Interest is charged at 1.25% (2022 – 1.25%) per annum above the bank's Base Lending Rate daily rest.

Bank overdraft II is secured by fixed deposit pledged by a subsidiary company as disclosed in Note 14 to the financial statements. Interest is charged at 1.00% (2022 – Nil) per annum above the licensed bank's prevailing Base Financing Rate.

c) Term loans

	Group	
	2023	2022
	RM	RM
<u>Secured</u>		
Term loan 1	5,671,801	6,050,998
Term loan 2	5,942,084	6,325,862
Term loan 3	11,676,140	13,474,423
	23,290,025	25,851,283

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

18. BORROWINGS (cont'd)

c) Term loans (cont'd)

	Group	
	2023	2022
	RM	RM
Repayable as follows:-		
Non-Current Liabilities		
Later than one year and not later than two years		
- Term loan 1	468,082	443,885
- Term loan 2	461,660	448,048
- Term loan 3	2,036,263	1,941,665
	2,966,005	2,833,598
Later than two years and not later than five years		
- Term loan 1	1,534,472	1,457,740
- Term loan 2	1,476,645	1,435,099
- Term loan 3	6,714,331	6,406,862
	9,725,448	9,299,701
Later than five years		
- Term loan 1	3,222,139	3,724,448
- Term loan 2	3,557,354	4,009,784
- Term loan 3	983,881	3,271,922
	7,763,374	11,006,154
Current Liabilities		
Not later than one year		
- Term loan 1	447,108	424,925
- Term loan 2	446,425	432,931
- Term loan 3	1,941,665	1,853,974
	2,835,198	2,711,830
Total	23,290,025	25,851,283

The details of term loans are as follows:-

Term loan 1 is secured by a first legal charge over a leasehold land of the Company as disclosed in Note 6 to the financial statements, together with the building thereon as disclosed in Note 4 to the financial statements and corporate guarantee by the Company. Interest is charged at 1.00% (2022 – 1.00%) per annum below the licensed bank's Base Lending Rate.

Term loan 2 is secured by a first party first legal charge over a leasehold land of a subsidiary company together with the building thereon and a first or third party letter of set-off over fixed deposit pledged as disclosed in Notes 4, 6 and 14 to the financial statements respectively, and corporate guarantee by the Company. Interest is charged at 2.20% (2022 – 2.20%) per annum below the licensed bank's Base Lending Rate.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

18. BORROWINGS (cont'd)

c) Term loans (cont'd)

The details of term loans are as follows:- (cont'd)

Term loan 3 arose from the settlement of revolving credits and term loans during the previous financial year. Term loan 3 was drawn down under Tawarruq Term Financing-I and is secured by a first party legal charge over a leasehold land of a subsidiary company as disclosed in Note 6 to the financial statements, together with the building thereon of the Group as disclosed in Note 4 to the financial statements, and corporate guarantee by the Company. Interest is charged at 1.25% (2022 – 1.25%) per annum above effective profit rate of Islamic Cost of Fund (iCOF) with a minimum rate of 4.00% (2022 – 4.00%) per annum or such other minimum rate as may be prescribed by the bank not exceeding ceiling profit rate of 12.00% (2022 – 12.00%) per annum.

19. LEASE LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At the beginning of the financial year	4,092,261	1,433,366	1,655,830	61,981
Additions	480,028	3,605,361	369,074	1,852,761
Derecognition	(943,721)	-	(943,721)	-
Interest expense recognised in profit or loss	149,013	119,963	39,815	18,013
Repayment of principal and interest	(1,497,253)	(1,066,429)	(780,655)	(276,925)
At the end of the financial year	2,280,328	4,092,261	340,343	1,655,830
Minimum lease payments:-				
Not later than one year	653,352	1,635,163	132,000	987,655
Later than one year but not later than two years	653,352	1,312,965	132,000	720,000
Later than two years but not later than five years	1,175,245	1,344,368	99,000	-
Later than five years	32,650	146,957	-	-
	2,514,599	4,439,453	363,000	1,707,655
Less : Future finance charges	(234,271)	(347,192)	(22,657)	(51,825)
Present value of lease liabilities	2,280,328	4,092,261	340,343	1,655,830
Represented by:-				
Non-current	1,725,969	2,610,760	221,843	711,092
Current	554,359	1,481,501	118,500	944,738
	2,280,328	4,092,261	340,343	1,655,830
	%	%	%	%
Interest rate of lease liabilities	2.12 – 6.51	2.12 – 6.55	4.90	3.75 – 4.76

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

20. DEFERRED TAX LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At the beginning of the financial year	(597,254)	-	-	-
Acquisition of a subsidiary company	-	(597,254)	-	-
Recognised in profit or loss	4,048	-	-	-
At the end of the financial year	(593,206)	(597,254)	-	-
Presented after appropriate offsetting as follows:-				
Deferred tax assets	2,111,827	2,111,827	60,882	60,882
Deferred tax liabilities	(2,705,033)	(2,709,081)	(60,882)	(60,882)
	(593,206)	(597,254)	-	-

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:-

Group	Freehold land and building RM	Capital allowance in excess of depreciation RM	Total RM
Deferred tax liabilities			
At 1 July 2021	-	(2,734,752)	(2,734,752)
Recognised in profit or loss	-	622,925	622,925
Acquisition of a subsidiary company	(597,254)	-	(597,254)
At 30 June 2022	(597,254)	(2,111,827)	(2,709,081)
Recognised in profit or loss	4,048	-	4,048
At 30 June 2023	(593,206)	(2,111,827)	(2,705,033)
Group	Unutilised capital allowance RM	Other deductible temporary differences RM	Total RM
Deferred tax assets			
At 1 July 2021	879,672	1,855,080	2,734,752
Recognised in profit or loss	(316,000)	(306,925)	(622,925)
At 30 June 2022/30 June 2023	563,672	1,548,155	2,111,827

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

20. 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 RM	Total RM
Deferred tax liabilities		
At 1 July 2021	(7,068)	(7,068)
Recognised in profit or loss	(53,814)	(53,814)
At 30 June 2022/ 30 June 2023	(60,882)	(60,882)

Company	Other deductible temporary differences RM	Total RM
Deferred tax assets		
At 1 July 2021	7,068	7,068
Recognised in profit or loss	53,814	53,814
At 30 June 2022/ 30 June 2023	60,882	60,882

21. TRADE PAYABLES

- (a) The normal trade credit term granted to the Group ranged from 30 to 90 days (2022 – 30 to 90 days).
- (b) Included in the trade payables of the Group are retention sum amounted to RM6,254,466 (2022 – RM5,468,198).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

22. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Revenue from Contracts with Customers</u>				
Sale of goods	90,583,008	85,862,161	-	-
Construction contracts	40,937,089	41,293,346	-	-
Sale of properties	365,000	707,000	-	-
Project management fee	159,454	566,830	-	-
	132,044,551	128,429,337	-	-
<u>Revenue from Other Sources</u>				
Management fees from subsidiary companies	-	-	5,778,222	4,942,815
Rental income	-	-	264,000	264,000
	-	-	6,042,222	5,206,815
	132,044,551	128,429,337	6,042,222	5,206,815

23. OTHER OPERATING INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Bargain purchase from acquisition of a subsidiary company	-	2,383,883	-	-
Foreign exchange gain:-				
- Realised	5,077	6,349	-	6,349
- Unrealised	761,444	1,513,412	-	763,770
Gain on disposal of property, plant and equipment	92	-	-	-
Gain on lease modification	17,340	-	17,340	-
Interest income	363,973	460,404	147,263	404,823
Interest income from subsidiary companies	-	-	2,260,907	1,751,981
Overprovision of agent fees	-	5,723,834	-	1,243,883
Project income	3,281	-	-	-
Rental income	4,250	-	-	-
Reversal of inventories written off	8,581	56,889	-	-
Reversal of inventories written down	25,260	134,601	-	-
Sundry income	257,926	371,624	223	40,352
	1,447,224	10,650,996	2,425,733	4,211,158

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

24. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Impairment losses on:-				
- trade receivables	146,247	16,407,873	-	731,086
- other receivables	19,778,428	8,914,425	14,450,000	32,684
- contract assets	36,168	1,862,205	-	-
- amount due from subsidiary companies	-	-	413,474	12,230,178
Reversal of impairment losses on:-				
- trade receivables	(876,277)	(2,349,872)	-	-
- other receivables	(9,702)	-	-	-
	19,074,864	24,834,631	14,863,474	12,993,948

25. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense on financial liabilities that are not at fair value through profit or loss:-				
- Amount due to subsidiary companies	-	-	6,492	35,230
- Bank overdrafts	3,306	1,114	-	-
- Bankers' acceptances	706,770	532,554	-	-
- Lease liabilities	149,013	119,963	39,815	18,013
- Revolving credits	-	63,173	-	-
- Term loans	1,214,975	1,125,843	-	-
	2,074,064	1,842,647	46,307	53,243

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

26. LOSS BEFORE TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
This is arrived at after charging:-				
Auditors' remuneration:-				
(a) Statutory audit				
- Kreston John & Gan	315,000	-	85,000	-
- Other auditors				
- current year	15,881	312,000	-	102,000
- prior year	47,977	50,000	-	20,000
(b) Non-audit services	13,000	-	13,000	-
Consultancy fee for software and hardware integration *	-	1,039,000	-	1,039,000
Depreciation of property, plant and equipment	3,663,285	3,366,153	191,745	144,890
Depreciation of investment properties	12,083	-	-	-
Depreciation of right-of-use assets	2,011,379	1,566,503	839,772	369,168
Directors' remuneration (Note 28)	2,178,030	1,996,607	1,663,374	1,436,006
Feasibility studies and consultation expense on Hydropower Projects *	-	23,744,800	-	12,744,800
Impairment losses on:-				
- property, plant and equipment	267,716	-	-	-
- investment in an associate	-	300,000	-	-
Inventories written down	11,592	137,646	-	-
Property, plant and equipment written off	392,311	938	388,298	-
Realised loss on foreign exchange	12,127	9,251	-	-
Rental expense on:-				
(a) short-term lease				
- land and buildings	-	966,835	-	720,000
- plant and machineries	319,407	263,525	-	-
(b) low value assets				
- office equipment	70,265	116,416	29,779	24,573
Employee benefits expense (Note 27)	15,753,072	13,896,695	3,766,599	3,363,584
Share of loss of equity-accounted associate	-	2,548	-	-
Tender and consultation expense*	-	660,400	-	-
Unrealised loss on foreign exchange	283	-	283	-
Visibility study expense for 3D printer*	-	1,000,000	-	-

* Included in the above was an aggregate amount of RM26,444,200 and RM13,783,800 of the Group and of the Company which have been expensed off to profit or loss in the financial year ended 30 June 2022, which included expenses related to secure tendered projects or investments, feasibility studies and consultant fees for project related advisory services.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

26. LOSS BEFORE TAXATION (cont'd)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
And crediting:-				
Bargain purchase arising from acquisition of a subsidiary company	-	(2,383,883)	-	-
Gain on disposal of property, plant and equipment	(92)	-	-	-
Gain on lease modification	(17,340)	-	(17,340)	-
Interest income on financial assets measured at amortised cost:-				
- amount due from subsidiary companies	-	-	(2,260,907)	(1,751,981)
- bank balances	(60,183)	(52,423)	(45)	-
- fixed deposits with licensed bank	(183,499)	(407,981)	(147,218)	(404,823)
- trade receivables	(120,291)	-	-	-
Overprovision of agent fees relating to EPCC projects	-	(5,723,834)	-	(1,243,883)
Realised gain on foreign exchange	(5,077)	(6,349)	-	(6,349)
Rental income	(4,250)	-	(264,000)	(264,000)
Reversal of inventories written down	(25,260)	(134,601)	-	-
Reversal of inventories written off	(21,803)	-	-	-
Unrealised gain on foreign exchange	(761,444)	(1,513,412)	-	(763,770)

27. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Salaries, wages, bonuses and allowances	13,530,787	11,956,148	3,192,080	2,844,770
Employment Insurance System	20,624	18,594	3,872	3,625
Employees Provident Fund	1,474,638	1,317,559	354,386	318,367
Social security cost	182,063	163,420	34,626	31,706
Other benefits	544,960	440,974	181,635	165,116
	15,753,072	13,896,695	3,766,599	3,363,584

Included in employee benefits expense of the Group and of the Company are compensation of key management personnels excluding benefits-in-kind, amounting to RM1,385,108 and RM1,104,141 (2022 – RM1,355,130 and RM1,073,170) respectively, as disclosed in Note 39 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

28. DIRECTORS' REMUNERATION

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Fees	321,377	310,800	321,377	310,800
Salaries, allowances and bonus	1,667,120	1,521,117	1,207,709	1,020,689
Employment Insurance System	403	285	213	95
Employees Provident Fund	185,596	161,918	132,204	103,593
Social security cost	3,534	2,487	1,871	829
	2,178,030	1,996,607	1,663,374	1,436,006

29. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Income tax:-				
- Current year	1,753,178	326,622	289,476	-
- Prior year	(189,389)	(10,008,645)	(38,497)	(3,448,144)
	1,563,789	(9,682,023)	250,979	(3,448,144)
Deferred tax	(4,048)	-	-	-
Income tax expense/(credit)	1,559,741	(9,682,023)	250,979	(3,448,144)

Income tax is calculated at the Malaysian statutory tax rates of 24% (2022 – 24%) of the estimated assessable income for the financial year.

The numerical reconciliation between the effective tax rate and the applicable tax rate is as follows:-

	Group		Company	
	2023	2022	2023	2022
	%	%	%	%
Applicable tax rate	(24)	(24)	(24)	(24)
Non-allowable expenses	31	20	26	18
Non-taxable income	(1)	(4)	*	(2)
Deferred tax asset not recognised	7	11	-	8
Utilisation deferred tax asset not recognised in previous year	(5)	(2)	-	-
Over provision of taxation in previous financial year	(1)	(19)	*	(12)
Effective tax rate	7	(18)	2	(12)

* Less than 1 %

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

29. INCOME TAX EXPENSE/(CREDIT) (cont'd)

As at 30 June 2023, the Group and the Company have the following temporary differences which are not recognised as deferred tax assets in the financial statements as it is not probable that future taxable income will be available to allow the assets to be utilised:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unabsorbed capital allowances	16,595,237	15,404,006	852,249	676,196
Unutilised tax losses:-				
- expires YA2028	4,653,145	4,653,145	-	-
- expires YA2029	960,466	3,867,576	-	-
- expires YA2030	560,052	932,427	-	-
- expires YA2031	3,972,014	4,234,471	870,476	870,476
- expires YA2032	4,828,193	5,007,591	8,768	8,768
- expires YA2033	5,711,616	-	-	-
Other temporary differences	24,476,875	88,656,706	182,250	12,781,025
	61,757,598	122,755,922	1,913,743	14,336,465

Based on the current legislation, the unutilised tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unutilised tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment; whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

30. LOSS PER SHARE

	Group	
	2023	2022
Loss attributable to owners of the Company (RM)	(24,330,339)	(43,599,366)
Weighted average number of ordinary shares at the end of the financial year	588,358,183	559,247,892
Basic loss per share (Sen)	(4.14)	(7.80)
Diluted loss per share (Sen)	(4.14)	(7.80)

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

30 June 2023
(CONT'D)

31. ADDITION OF RIGHT-OF-USE ASSETS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Addition on right-of-use assets (Note 6)	480,028	3,889,781	369,074	1,852,761
Financed by way of lease arrangement (Note 32)	(480,028)	(3,605,361)	(369,074)	(1,852,761)
Cash payment on addition of right-of-use assets	-	284,420	-	-

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

- a. The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes as follows:-

	At 1 July RM	Net change from financing cash flows RM	Acquisition of new lease RM	Derecognition due to lease modification RM	At 30 June RM
Group					
2023					
Term loans	25,851,283	(2,561,258)	-	-	23,290,025
Bankers' acceptances	19,072,568	(1,411,547)	-	-	17,661,021
Lease liabilities	4,092,261	(1,348,240)	480,028	(943,721)	2,280,328
	49,016,112	(5,321,045)	480,028	(943,721)	43,231,374
2022					
Term loans	16,479,621	9,371,662	-	-	25,851,283
Bankers' acceptances	14,926,000	4,146,568	-	-	19,072,568
Revolving credit	11,195,989	(11,195,989)	-	-	-
Lease liabilities	1,433,366	(946,466)	3,605,361	-	4,092,261
	44,034,976	1,375,775	3,605,361	-	49,016,112
Company					
2023					
Lease liabilities	1,655,830	(740,840)	369,074	(943,721)	340,343
2022					
Lease liabilities	61,981	(258,912)	1,852,761	-	1,655,830

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (cont'd)

b. Cash outflows for leases as a lessee:-

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Included in net cash from operating activities:-				
Payment relating to short-term leases	319,407	1,230,360	-	720,000
Payment relating to low-value assets	70,265	116,416	29,779	24,573
Interest paid in relation to lease liabilities	149,013	119,963	39,815	18,013
Included in net cash from financing activities:-				
Payment of lease liabilities	1,348,240	946,466	740,840	258,912
	1,886,925	2,413,205	810,434	1,021,498

33. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	29,688,089	20,347,004	1,690,456	320,513
Fixed deposits with licensed banks	10,420,927	15,888,607	5,214,458	15,717,441
Bank overdrafts	(5,672,171)	-	-	-
	34,436,845	36,235,611	6,904,914	16,037,954
Less: Fixed deposits pledged to licensed banks (Note 14)	(10,420,927)	(5,687,102)	(5,214,458)	(5,515,936)
	24,015,918	30,548,509	1,690,456	10,522,018

34. 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 access 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

34. OPERATING SEGMENTS (cont'd)

The Group is organised into 4 main reportable segments as follows:- (cont'd)

- 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-segments transactions are eliminated on consolidation.

34.1 Business Segments

	Corporate RM	Manufacturing RM	Property trading RM	Construction/ EPCC/ project management RM	Consolidation adjustments and elimination RM	Group RM
2023						
Revenue						
External revenue	-	90,583,008	365,000	41,096,543	-	132,044,551
Inter-segment revenue	6,042,222	1,529,883	-	2,452,713	(10,024,818)	-
	6,042,222	92,112,891	365,000	43,549,256	(10,024,818)	132,044,551
Represented by:-						
<u>Revenue recognised at a point of time</u>						
- Sale of goods	-	92,112,891	-	-	(1,529,883)	90,583,008
- Sale of properties	-	-	365,000	-	-	365,000
<u>Revenue recognised over time</u>						
- Construction services	-	-	-	40,937,089	-	40,937,089
- Project management fee	-	-	-	159,454	-	159,454
<u>Revenue from other sources</u>						
- Management fees from subsidiaries	5,778,222	-	-	2,452,713	(8,230,935)	-
- Rental income	264,000	-	-	-	(264,000)	-
	6,042,222	92,112,891	365,000	43,549,256	(10,024,818)	132,044,551

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

34. OPERATING SEGMENTS (cont'd)

34.1 Business Segments (cont'd)

	Corporate RM	Manufacturing RM	Property trading RM	Construction/ EPCC/ project management RM	Consolidation adjustments and elimination RM	Group RM
2023						
Results						
Segment loss	(214,381)	6,035,345	(65,654)	(7,124,187)	(2,969,969)	(4,338,846)
Finance costs	(74,220)	(1,995,324)	-	(3,630,692)	3,626,172	(2,074,064)
	(288,601)	4,040,021	(65,654)	(10,754,879)	656,203	(6,412,910)
Corporate expenses						(15,669,033)
Consolidated loss before taxation						(22,081,943)
Segment loss includes the followings:-						
Depreciation of property, plant and equipment	191,745	2,980,229	-	586,735	(95,424)	3,663,285
Depreciation of investment properties	-	12,083	-	-	-	12,083
Depreciation of right-of-use assets	839,772	687,924	-	573,368	(89,685)	2,011,379
Gain on disposal of plant and equipment	-	-	-	(92)	-	(92)
Gain on lease modification	(17,340)	-	-	-	-	(17,340)
Impairment losses on : -						
- property, plant and equipment	-	-	-	267,716	-	267,716
- investment in a subsidiary company	-	-	-	90,000	(90,000)	-
- trade receivables	-	80,665	-	65,582	-	146,247
- other receivables	-	-	-	19,778,428	-	19,778,428
- contract assets	-	-	-	36,168	-	36,168
- amount due from subsidiary companies	413,474	65,141	-	908,078	(1,386,693)	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

34. OPERATING SEGMENTS (cont'd)

34.1 Business Segments (cont'd)

	Corporate RM	Manufacturing RM	Property trading RM	Construction/ EPCC/ project management RM	Consolidation adjustments and elimination RM	Group RM
2023						
Results (cont'd)						
Segment loss includes the followings:- (cont'd)						
Interest expense	34,405	1,947,175	-	3,417,346	(3,473,875)	1,925,051
Interest expense on lease liabilities	39,815	48,149	-	213,346	(152,297)	149,013
Interest income	(2,408,170)	(281,572)	-	(1,266,254)	3,592,023	(363,973)
Inventories written down	-	11,592	-	-	-	11,592
Inventories written back	-	(21,803)	-	-	-	(21,803)
Property, plant and equipment written off	388,298	4,013	-	-	-	392,311
Reversal of impairment losses on:-						
- trade receivables	-	(876,277)	-	-	-	(876,277)
- other receivables	-	-	-	(9,702)	-	(9,702)
Reversal of inventories written down	-	(25,260)	-	-	-	(25,260)
Unrealised loss/(gain) on foreign exchange	283	-	-	(761,444)	-	(761,161)
Assets						
Segment assets	166,219,287	111,076,156	700,461	77,638,178	(166,887,013)	188,747,069
Additions to non-current assets other than financial instruments are:-						
Property, plant and equipment	70,444	335,386	-	25,950	(21,780)	410,000
Right-of-use assets	369,074	1,218,176	-	-	(1,107,222)	480,028
Liabilities						
Segment liabilities	2,824,190	71,803,482	-	134,158,041	(103,561,486)	105,224,227

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

34. OPERATING SEGMENTS (cont'd)

34.1 Business Segments (cont'd)

	Corporate RM	Manufacturing RM	Property trading RM	Construction/ EPCC/ project management RM	Consolidation adjustments and elimination RM	Group RM
2022						
Revenue						
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)	-
	5,206,815	85,948,564	707,000	44,358,826	(7,791,868)	128,429,337
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)	-
	5,206,815	85,948,564	707,000	44,358,826	(7,791,868)	128,429,337

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

34. OPERATING SEGMENTS (cont'd)

34.1 Business Segments (cont'd)

	Corporate RM	Manufacturing RM	Property trading RM	Construction/ EPCC/ project management RM	Consolidation adjustments and elimination RM	Group RM
2022						
Results						
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 company	-	-	-	-	(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	-	-	-	8,914,425	-	8,914,425
- contract assets	-	-	-	1,862,205	-	1,862,205
- amount due from subsidiary companies	12,230,178	-	-	567,157	(12,797,335)	-
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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

34. OPERATING SEGMENTS (cont'd)

34.1 Business Segments (cont'd)

	Corporate RM	Manufacturing RM	Property trading RM	Construction/ EPCC/ project management RM	Consolidation adjustments and elimination RM	Group RM
2022						
Results (cont'd)						
Segment (loss)/ profit includes the followings:- (cont'd)						
Property, plant and equipment written-off	-	938	-	-	-	938
Reversal of inventories written down	-	-	(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)
Assets						
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
Liabilities						
Segment liabilities	4,377,495	71,557,667	456,674	141,332,314	(119,294,509)	98,429,641

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

34. OPERATING SEGMENTS (cont'd)

34.2 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 amount of non-current assets do not include financial instruments.

	Revenue		Non-current assets	
	2023 RM	2022 RM	2023 RM	2022 RM
Malaysia	132,044,551	128,426,486	49,262,694	55,645,914
Indonesia	-	2,851	-	-
	132,044,551	128,429,337	49,262,694	55,645,914

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At a point in time		Over time		Group	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Malaysia	90,948,008	86,569,161	41,096,543	41,857,325	132,044,551	128,426,486
Indonesia	-	-	-	2,851	-	2,851
	90,948,008	86,569,161	41,096,543	41,860,176	132,044,551	128,429,337

34.3 Major Customers

The following are the major customers with revenue equal to or more than 10% of the Group's total revenue:-

	Revenue		Segment
	2023 RM	2022 RM	
Customer #1	26,614,424	25,663,093	Construction services

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

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

- (i) Financial assets measured at amortised cost ("FAAC"); and,
- (ii) Financial liabilities measured at amortised cost ("FLAC").

	Carrying amount RM	FAAC RM	FLAC RM
Group			
2023			
Financial assets			
Trade receivables	44,757,364	44,757,364	-
Other receivables and deposits	16,917,726	16,917,726	-
Fixed deposits with licensed banks	10,420,927	10,420,927	-
Cash and bank balances	29,688,089	29,688,089	-
	101,784,106	101,784,106	-
Financial liabilities			
Trade payables	(48,716,100)	-	(48,716,100)
Other payables and accruals	(5,249,267)	-	(5,249,267)
Borrowings	(46,623,217)	-	(46,623,217)
Lease liabilities	(2,280,328)	-	(2,280,328)
	(102,868,912)	-	(102,868,912)
2022			
Financial assets			
Trade receivables	41,282,534	41,282,534	-
Other receivables and deposits	26,615,326	26,615,326	-
Fixed deposits with licensed banks	15,888,607	15,888,607	-
Cash and bank balances	20,347,004	20,347,004	-
	104,133,471	104,133,471	-
Financial liabilities			
Trade payables	(43,322,474)	-	(43,322,474)
Other payables and accruals	(4,584,704)	-	(4,584,704)
Borrowings	(44,923,851)	-	(44,923,851)
Lease liabilities	(4,092,261)	-	(4,092,261)
	(96,923,290)	-	(96,923,290)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

a) Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows:- (cont'd)

	Carrying amount RM	FAAC RM	FLAC RM
Company			
2023			
Financial assets			
Other receivables and deposits	320,872	320,872	-
Amount due from subsidiary companies	73,455,789	73,455,789	-
Fixed deposits with licensed banks	5,214,458	5,214,458	-
Cash and bank balances	1,690,456	1,690,456	-
	80,681,575	80,681,575	-
Financial liabilities			
Other payables and accruals	(1,469,865)	-	(1,469,865)
Amount due to subsidiary company	(97,000)	-	(97,000)
Lease liabilities	(340,343)	-	(340,343)
	(1,907,208)	-	(1,907,208)
2022			
Financial assets			
Other receivables and deposits	8,295,761	8,295,761	-
Amount due from subsidiary companies	59,523,712	59,523,712	-
Fixed deposits with licensed banks	15,717,441	15,717,441	-
Cash and bank balances	320,513	320,513	-
	83,857,427	83,857,427	-
Financial liabilities			
Other payables and accruals	(645,637)	-	(645,637)
Amount due to subsidiary company	(1,253,837)	-	(1,253,837)
Lease liabilities	(1,655,830)	-	(1,655,830)
	(3,555,304)	-	(3,555,304)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

b) Gains and losses arising from financial instruments

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Net losses on:-				
Financial assets measured at amortised cost	(17,364,403)	(17,071,688)	(12,455,587)	(10,073,374)
Financial liabilities measured at amortised cost	(2,667,025)	115,324	(46,307)	(46,894)
	(20,031,428)	(16,956,364)	(12,501,894)	(10,120,268)

c) Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity and cash flow risk
- Market risk
- Operational risk

i) Credit risk

Credit risk is the risk of a financial loss to the Group or to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and advances to subsidiary companies.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high credit worthiness. The Group also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

At each reporting date, the Group assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

c) Financial risk management (cont'd)

i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group.

The trade receivables are not secured by any collateral or supported by any other credit enhancements.

Concentration of credit risk

As at 30 June 2023, the Group has significant concentration of credit risk in the form of outstanding balance of approximately RM24,907,765 due from five trade receivables which represents 56% of the total trade receivable of the Group. However, the directors are of the opinion that these amounts outstanding is fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

Recognition and measurement of impairment losses

The Group uses an allowance matrix to measure the expected credit losses ("ECL") of trade receivables from individual customers, which comprise a very large number of insignificant balances outstanding.

To measure the ECLs, trade receivables have been grouped based on credit risk and day past due.

Where a trade receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

c) Financial risk management (cont'd)

i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2023 and 30 June 2022 respectively which are grouped together as they are expected to have similar risk nature:-

	Gross RM	Loss allowance RM	Net RM
Group			
2023			
Trade receivables:-			
Not past due	26,050,404	-	26,050,404
1-30 days past due	2,934,170	-	2,934,170
31-60 days past due	1,121,193	-	1,121,193
61-90 days past due	752,927	-	752,927
Past due over 90 days	36,344,831	(210,523)	36,134,308
	67,203,525	(210,523)	66,993,002
Individual impairment	-	(22,235,638)	(22,235,638)
	67,203,525	(22,446,161)	44,757,364
Contract assets			
	8,091,914	-	8,091,914
Individual impairment	-	(1,898,373)	(1,898,373)
	8,091,914	(1,898,373)	6,193,541
2022			
Trade receivables:-			
Not past due	23,207,965	(65,019)	23,142,946
1-30 days past due	12,604,071	(31,355)	12,572,716
31-60 days past due	2,391,695	(38,769)	2,352,926
61-90 days past due	934,887	(23,853)	911,034
Past due over 90 days	83,697,087	(51,527)	83,645,560
	122,835,705	(210,523)	122,625,182
Individual impairment	-	(81,342,648)	(81,342,648)
	122,835,705	(81,553,171)	41,282,534
Contract assets			
	7,511,949	-	7,511,949
Individual impairment	-	(1,862,205)	(1,862,205)
	7,511,949	(1,862,205)	5,649,744

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

c) Financial risk management (cont'd)

i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

The movements in the allowance for impairment in respect of trade receivables during the financial year are shown below:-

	Lifetime ECL RM	Credit impaired RM	Total RM
Group			
2023			
Trade receivables			
At 1 July	210,523	81,342,648	81,553,171
Addition	-	146,247	146,247
Effects of foreign exchange differences	-	1,678,528	1,678,528
Reversal of impairment loss no longer required	-	(876,277)	(876,277)
Written off	-	(60,055,508)	(60,055,508)
At 30 June	210,523	22,235,638	22,446,161
Contract assets			
At 1 July	-	1,862,205	1,862,205
Addition	-	36,168	36,168
At 30 June	-	1,898,373	1,898,373
2022			
Trade receivables			
At 1 July	1,182,125	62,468,806	63,650,931
Addition	-	16,407,873	16,407,873
Effects of foreign exchange differences	-	3,893,865	3,893,865
Reversal of impairment loss no longer required	(971,602)	(1,378,270)	(2,349,872)
Written off	-	(49,626)	(49,626)
At 30 June	210,523	81,342,648	81,553,171
Contract assets			
At 1 July	-	-	-
Addition	-	1,862,205	1,862,205
At 30 June	-	1,862,205	1,862,205

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

c) Financial risk management (cont'd)

i) Credit risk (cont'd)

Other receivables

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amount in the statement of financial position.

The identified allowance for impairment losses of other receivables of the Group and the Company are disclosed in Note 11 to the financial statements.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment losses

Generally, the Company considers loans and advances to subsidiary companies have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary companies' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiary companies are not able to pay when demanded. The Company considers a subsidiary company's loan or advance to be credit impaired when:-

- (a) The subsidiary company is unlikely to repay its loan or advance to the Company in full;
- (b) The subsidiary company's loan or advance is overdue for more than 365 days; or
- (c) The subsidiary company is continuously loss making and is having a deficit shareholders' funds.

The Company determines the probability of default for these loans and advances individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

c) Financial risk management (cont'd)

i) Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment losses (cont'd)

The movements in the allowance for impairment in respect of amount due from subsidiary companies during the financial year are shown below:-

	Lifetime ECL RM	Credit impaired RM	Total RM
Company			
2023			
At 1 July	-	15,609,790	15,609,790
Addition	-	413,474	413,474
At 30 June	-	16,023,264	16,023,264
2022			
At 1 July	-	3,379,612	3,379,612
Addition	-	12,230,178	12,230,178
At 30 June	-	15,609,790	15,609,790

Financial guarantee

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of subsidiary companies and repayments made by the subsidiaries companies.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM42,265,950 (2022 – RM47,665,525) representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

c) Financial risk management (cont'd)

ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:-

	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1-2 years	2-5 years	More than 5 years
	RM	%	RM	RM	RM	RM	RM
Group							
2023							
<i>Non-derivative financial liabilities</i>							
Trade payables	48,716,100	-	48,716,100	48,716,100	-	-	-
Other payables and accruals	5,249,267	-	5,249,267	5,107,291	12,866	57,990	71,120
Bank overdrafts	5,672,171	7.70 – 7.95	6,110,761	6,110,761	-	-	-
Term loans	23,290,025	4.50 – 5.70	27,334,370	3,771,842	3,771,842	11,315,525	8,475,161
Bankers' acceptances	17,661,021	5.00 – 5.20	18,553,204	18,553,204	-	-	-
Lease liabilities	2,280,328	2.12 – 6.51	2,514,599	653,352	653,352	1,175,245	32,650
	102,868,912		108,478,301	82,912,550	4,438,060	12,548,760	8,578,931
2022							
<i>Non-derivative financial liabilities</i>							
Trade payables	43,322,474	-	43,322,474	43,322,474	-	-	-
Other payables and accruals	4,584,704	-	4,584,704	4,432,575	15,432	69,369	67,328
Term loans	25,851,283	4.00 – 5.20	31,047,324	3,766,646	3,766,646	11,299,937	12,214,095
Bankers' acceptances	19,072,568	4.50 – 4.70	19,939,327	19,939,327	-	-	-
Lease liabilities	4,092,261	2.12 – 6.55	4,439,453	1,635,163	1,312,965	1,344,368	146,957
	96,923,290		103,333,282	73,096,185	5,095,043	12,713,674	12,428,380

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

c) Financial risk management (cont'd)

ii) Liquidity and cash flow risk (cont'd)

Maturity analysis (cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:- (cont'd)

	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1-2 years	2-5 years	More than 5 years
	RM	%	RM	RM	RM	RM	RM
Company							
2023							
<i>Non-derivative financial liabilities</i>							
Other payables and accruals	1,469,865	-	1,469,865	1,461,128	-	-	8,737
Amount due to a subsidiary company	97,000	3.50	100,395	100,395	-	-	-
Lease liabilities	340,343	4.90	363,000	132,000	132,000	99,000	-
Corporate guarantee given to licensed banks for credit facilities granted to subsidiary companies	-	-	42,265,950	42,265,950	-	-	-
	1,907,208		44,199,210	43,959,473	132,000	99,000	8,737
2022							
<i>Non-derivative financial liabilities</i>							
Other payables and accruals	645,637	-	645,637	638,219	-	-	7,418
Amount due to a subsidiary company	1,253,837	3.50	1,297,526	1,297,526	-	-	-
Lease liabilities	1,655,830	3.75 – 4.76	1,707,655	987,655	720,000	-	-
Corporate guarantee given to licensed banks for credit facilities granted to subsidiary companies	-	-	47,665,525	47,665,525	-	-	-
	3,555,304		51,316,343	50,588,925	720,000	-	7,418

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

Currency risk

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in a currency other than the functional currency of the Group and of the Company. The currencies giving rise to this risk are primarily U.S. Dollar ("USD") and Euro.

The management monitors the foreign currency exposure on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

c) Financial risk management (cont'd)

iii) Market risk (cont'd)

Currency risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group) risk, based on carrying amounts as at the end of the reporting period was:-

Balance recognised in the statement of financial position:	Denominated in		
	USD RM	Euro RM	MYR RM
Group			
2023			
Trade receivables	-	-	44,757,364
Other receivables and deposits	-	-	16,917,726
Fixed deposits with licensed banks	-	-	10,420,927
Cash and bank balances	49,267	5,168	29,633,654
Trade payables	-	-	(48,716,100)
Other payables and accruals	(16,329)	-	(5,232,938)
Borrowings	-	-	(46,623,217)
Lease liabilities	-	-	(2,280,328)
	32,938	5,168	(1,122,912)
2022			
Trade receivables	-	-	41,282,534
Other receivables	-	-	26,615,326
Fixed deposits with licensed banks	-	-	15,888,607
Cash and bank balances	48,388	4,702	20,293,914
Trade payables	-	-	(43,322,474)
Other payables and accruals	(61,563)	-	(4,523,141)
Borrowings	-	-	(44,923,851)
Lease liabilities	-	-	(4,092,261)
	(13,175)	4,702	7,218,654

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

c) Financial risk management (cont'd)

iii) Market risk (cont'd)

Currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

The Company's exposure to foreign currency (a currency which is other than the functional currency of the Company) risk, based on carrying amounts as at the end of the reporting period was:-

Balance recognised in the statement of financial position:-	Denominated in		
	USD RM	Euro RM	MYR RM
Company			
2023			
Other receivables and deposits	-	-	320,872
Amount due from subsidiary companies	-	-	73,455,789
Fixed deposits with licensed banks	-	-	5,214,458
Cash and bank balances	-	-	1,690,456
Other payables and accruals	-	-	(1,469,865)
Amount due to a subsidiary company	-	-	(97,000)
Lease liabilities	-	-	(340,343)
	-	-	78,774,367
2022			
Other receivables and deposits	-	-	8,295,761
Amount due from subsidiary companies	-	-	59,523,712
Fixed deposits with licensed banks	-	-	15,717,441
Cash and bank balances	-	-	320,513
Other payables and accruals	-	-	(645,637)
Amount due to a subsidiary company	-	-	(1,253,837)
Lease liabilities	-	-	(1,655,830)
	-	-	80,302,123

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

c) Financial risk management (cont'd)

iii) Market risk (cont'd)

Currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

A 10% (2022 – 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant.

	2023		2022	
	Equity	(Loss)/ Profit for the financial year	Equity	(Loss)/ Profit for the financial year
	RM	RM	RM	RM
Group				
<u>USD</u>				
Increase/(Decrease)	2,503	2,503	1,001	1,001
<u>Euro</u>				
Increase/(Decrease)	393	393	357	357

A 10% (2022 – 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term investments such as deposits with licensed banks are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

c) Financial risk management (cont'd)

iii) Market risk (cont'd)

Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Fixed rate instruments</u>				
Lease liabilities	2,280,328	4,092,261	340,343	1,655,830
<u>Floating rate instruments</u>				
Bankers' acceptance	17,661,021	19,072,568	-	-
Bank overdrafts	5,672,171	-	-	-
Term loans	23,290,025	25,851,283	-	-

Interest rate risk sensitivity analysis:-

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 100 basis points lower /higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM354,337 (2022 – RM341,422) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

iv) Operational risk

The operational risk arises from the daily activities of the Group and of the Company which includes legal, credit reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approval limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the directors recognise that effective risk management is an integral part of good business practice.

The directors will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies with its appointed and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

d) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short-term borrowings reasonably approximate their fair value due to the relatively short-term nature of these financial instruments. As the financial assets and liabilities of the Group and of the Company are not carried at fair value by any valuation method, the fair value hierarchy is not presented.

36. CAPITAL MANAGEMENT

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may take 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.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

	Group		Company	
	2023	2022	2023	2022
Total borrowings (RM)	46,623,217	44,923,851	-	-
Lease liabilities (RM)	1,821,617	2,463,580	-	27,149
	48,444,834	47,387,431	-	27,149
Less : Cash and bank balances (RM)	(29,688,089)	(20,347,004)	(1,690,456)	(320,513)
Less : Fixed deposits with licensed banks (RM)	(10,420,927)	(15,888,607)	(5,214,458)	(15,717,441)
	8,335,818	11,151,820	(6,904,914)	(16,010,805)
Total equity (RM)	83,522,842	95,166,152	126,355,735	129,826,403
Debt-to-equity ratio (times)	0.10	0.12	NA	NA

NA = Not applicable

There was no change in the Group's and the Company's approach to capital management during the financial year.

37. CAPITAL COMMITMENT

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Approved and contracted for:-				
- purchase of property, plant and equipment	2,270,836	491,436	45,935	36,697

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

38. CONTINGENT LIABILITIES

	Company	
	2023	2022
	RM	RM
<u>Secured</u>		
Corporate guarantee granted for:-		
- subsidiary companies *	42,265,950	47,665,525

* Based on the maximum amount that can be called for under the corporate guarantee given to licensed banks for credit facilities granted to the subsidiary companies.

39. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

Significant related party transactions

Related party transactions entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are show below. The related party balances are shown in Note 13 to the financial statements.

a) Related party transactions:-

	Company	
	2023	2022
	RM	RM
Transaction with subsidiary companies:-		
SCIB Concrete Manufacturing Sdn. Bhd.		
- Management fees	3,428,088	2,960,071
- Rental income	264,000	264,000
- Interest expense	(6,492)	(33,899)
SCIB Properties Sdn. Bhd.		
- Management fee	1,318,277	1,159,105
- Interest income	916,468	407,775
- Interest expense	-	(1,331)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

39. RELATED PARTIES (cont'd)

Significant related party transactions (cont'd)

a) Related party transactions:- (cont'd)

	Company	
	2023	2022
	RM	RM
SCIB Holdings Sdn. Bhd.		
- Management fees	53,624	46,418
- Interest income	27,913	21,201
SCIB Industrialised Building System Sdn. Bhd.		
- Management fees	722,079	684,385
- Interest income	410,534	281,055
SCIB Infracore Sdn. Bhd.		
- Management fees	53,624	46,418
- Interest income	56,891	11,980
SCIB LW System Sdn. Bhd.		
- Management fees	74,453	-
- Interest income	176	5
SCIB Building Solutions Sdn. Bhd.		
- Management fees	74,453	-
- Interest income	653	-
- Lease rental	(33,000)	-
SCIB International (Labuan) Ltd.		
- Management fees	53,624	46,418
- Interest income	848,272	1,029,965

	Group	
	2023	2022
	RM	RM
Transaction with an associate company:-		
Edaran Kencana Sdn. Bhd.		
- Consultation fees	-	(200,000)
- Purchase of safety personal protective equipment	(4,115)	(18,138)
- Purchase of signage	(10,600)	-
- Sub-contractor charges	(57,128)	-
- Transport charges	(900)	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

39. RELATED PARTIES (cont'd)

Significant related party transactions (cont'd)

a) Related party transactions:- (cont'd)

	Group	
	2023	2022
	RM	RM
Transaction with a related party:-		
Transnational Insurance Brokers (M) Sdn. Bhd.		
- Insurance premium	(605,547)	(562,342)

	Company	
	2023	2022
	RM	RM
Transnational Insurance Brokers (M) Sdn. Bhd.		
- Insurance premium	(84,858)	(101,984)

b) Key management personnel compensation

The key management personnel of the Group and 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 are as follows:-

i) Directors

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	321,377	310,800	321,377	310,800
- salaries, bonuses and other benefits	1,207,709	1,020,689	1,207,709	1,020,689
- Employees Provident Fund	132,204	103,593	132,204	103,593
- Employment Insurance System	213	95	213	95
- Social security cost	1,871	829	1,871	829
	1,663,374	1,436,006	1,663,374	1,436,006

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

39. RELATED PARTIES (cont'd)

Significant related party transactions (cont'd)

b) Key management personnel compensation (cont'd)

i) Directors (cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Directors of the subsidiary companies</u>				
Short-term employee benefits:				
- salaries, bonuses, and other benefits	459,411	500,428	-	-
- Employees Provident Fund	53,392	58,325	-	-
- Employment Insurance System	190	190	-	-
- Social security cost	1,663	1,658	-	-
	514,656	560,601	-	-
Total directors' remuneration (Note 28)	2,178,030	1,996,607	1,663,374	1,436,006
Estimated monetary value of benefits-in-kind	8,800	8,800	-	-

Save from the above, no other director has received or become entitled to receive any benefit from the Group to receive any benefit from the Group.

ii) Key management personnel

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term employee benefits				
- salaries, bonuses and other benefits	1,236,368	1,209,032	985,968	957,732
- Employees Provident Fund	144,195	142,404	114,747	112,668
- Employment Insurance System	459	380	344	285
- Social security cost	4,086	3,314	3,082	2,485
Total compensation for key management personnel	1,385,108	1,355,130	1,104,141	1,073,170
Estimated monetary value value of benefits-in-kind	17,600	17,600	17,600	17,600

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

40. MATERIAL LITIGATION

(a) Kabaz Sdn. Bhd vs Sarawak Consolidated Industries Berhad – Sepang Sessions Court (Suit No. BK-B52-5-05/2023)

On 26 May 2023, Kabaz Sdn. Bhd. filed in Sepang Sessions Court Suit No. BK-B52-5-05/2023 against the Company for the outstanding rental sum of RM320,000.

On 14 July 2023, the Company counterclaimed against Kabaz Sdn. Bhd. in the same suit for the return of the Earnest Deposit Sum of RM450,000.

Kabaz filed Reply to Defence & Defence to Counterclaim on 3 August 2023. The Company filed Reply to Defence to Counterclaim on 25 August 2023.

The pleading was closed on 25 August 2023. The Court has directed the parties to go for mediation. The mediation session is scheduled on 6 November 2023 at Shah Alam Mediation Centre.

(b) Kencana Healthcare Sdn. Bhd. (“Kencana Healthcare”) vs Sarawak Consolidated Industries Berhad – Shah Alam High Court (Suit No. BA-22NCvC-221-06/2023)

On 9 June 2023, the Company filed in Shah Alam High Court Suit No. BA-22NCvC-221-06/2023 against Kencana Healthcare for the return of the commitment fee of RM1,650,000 which was paid by SCIB Properties Sdn. Bhd., a wholly owned subsidiary company of the Company, to Kencana Healthcare pursuant to a Letter of Award dated 13 August 2021.

On 25 July 2023, Kencana Healthcare counterclaimed against the Company in the same suit for, amongst other, the alleged outstanding commitment fee of RM3,350,000. Kencana Healthcare alleged that SCIB has to pay the balance commitment fee in the sum of RM3,350,000 to them.

The Company had pleaded in their Defence to Counterclaim that there is no obligation on part of the Company to pay the balance commitment fee of RM3,350,000 and neither is Kencana Healthcare entitled to retain the said RM1,650,000 paid to them by the Company since the parties had agreed that the RM1,650,000 is to be returned to the Company following the mutual withdrawal of the Letter of Award.

On 29 August 2023, the Company filed Reply to Defence and Defence to Counterclaim. Kencana Healthcare is to obtain the Court’s direction on the filing of Reply to Defence to Counterclaim in the coming case management scheduled on 18 October 2023.

The pleading is still not closed, and trial date has not been fixed.

(c) NCX Capital Berhad (“NCX”) vs Sarawak Consolidated Industries Berhad – Sessions Court of Shah Alam Case No. BA-B52NCVC-103-06/2023)

On 28 June 2023, the Company filed Writ of Summons and Statement of Claim against NCX Capital Berhad (“NCX”).

The Company had appointed NCX as a tender services consultant for projects namely *Kerja-kerja Naiktaraf Jalan Rancangan Suan Lembah Peringkat 2 Kinabatangan Sabah* and *Projek Menaik Taraf Jalan Pantu/ Kerangas/Jalan Engkeranji Pantu Bahagian Sri Aman Sarawak*. According to terms of the appointment, the Company was to pay an engagement fee amounting to RM200,000 for each project respectively to NCX.

Nevertheless, after a series of payments made, NCX had failed to enter tender for both projects. The Company also believes that NCX had fraudulently misrepresented their ability to obtain both projects.

Hence, the Company is claiming for a declaration of the appointment to be void and the total sum of RM400,000 being the total payment of engagement fee for both projects is to be returned to the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

40. MATERIAL LITIGATION (cont'd)

(c) NCX Capital Berhad (“NCX”) vs Sarawak Consolidated Industries Berhad – Sessions Court of Shah Alam Case No. BA-B52NCVC-103-06/2023 (cont'd)

Writ of Summons and Statement of Claim dated 28 June 2023 were served to NCX on 4 July 2023. However, until todate NCX has yet to enter an appearance.

The case management had been fixed on 1 September 2023. The case management was postponed to 13 September 2023 wherein the Company had been given approval from the Court to file the Certificate of Non-Appearance and Draft Judgment in Default (JID) since the Defendant had failed to enter any appearance and the Court had given a short date for the next case management on 27 September 2023 to record the JID.

The sealed copy of JID is yet to be released by the Court.

(d) Bismark Capital Sdn. Bhd. (“Bismark Capital”) vs Sarawak Consolidated Industries Berhad – Sessions Court of Kuala Lumpur Case No. WA-B52NCVC-276-06/2023

On 28 June 2023, the Company filed Writ of Summons and Statement of Claim against Bismark Capital.

By way of a Letter of Award (“LOA”) dated 1 March 2022, the Company was awarded a project namely “Project of Engineering Services for Maxis Installations and Fixed Monopole New Site Project Penisular Malaysia 300 units of Monopoles for Phase 1 – 50 poles” from Bismark Capital. According to the terms of LOA, SCIB Properties Sdn. Bhd., a wholly owned subsidiary company of the Company, was required to pay a Security Deposit of RM350,000 to Bismark Capital and the payment was duly made on 29 April 2022.

However, by way of Cancellation Letter dated 22 June 2022, Bismark Capital informed that the project was discontinued due to an internal problem by Maxis and the security deposit will be returned to the Company within 30 days from the date of the Cancellation letter.

Until the filing of this action, the Company has yet to receive the security deposit from Bismark Capital. Therefore, the Company initiates this action to claim for the security deposit of RM350,000.

Writ of Summons and Statement of Claim dated 28 June 2023 were served to Bismark Capital on 4 July 2023 to Bismark Capital. However, NCX has failed to enter an appearance.

Thereafter, the Company filed the Certificate of Non-Appearance and a draft Judgement in Default of Appearance. The Court granted Judgement In Default (“JID”) of appearance against Bismark Capital via case management on 23 August 2023. Currently, the case is pending filing of fair JID.

The JID against Bismark Capital was recorded on 21 August 2023 and we received the Sealed JID from Court on 23 August 2023.

The Sealed JID was served to the Defendant on the 30 August 2023 and it was duly received as per the Acknowledgement Receipt for the service letter dated 29.08.2023.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

40. MATERIAL LITIGATION (cont'd)

(e) **Dynamic Prestige Consultancy Sdn. Bhd. ("Dynamic Prestige") vs Sarawak Consolidated Industries Berhad – Shah Alam High Court Civil Suit No. BA-22NCC-83-07/2023**

On 6 July 2023, the Company ("the Plaintiff") filed in Shah Alam High Court (Civil Suit No. BA-22NCC-83-07/2023) against Dynamic Prestige ("Defendant") for:-

- i) Writ and Statement of Claim to, among others, claim for the payment or refund of the sum of RM14,000,000 pursuant to the Defendant's undertaking that it would return the sum of RM14,000,000 paid by the Company to the Dynamic Prestige in the event the Company decides not to proceed with the Redeemable Convertible Preference Shares scheme offered by Dynamic Prestige ("Main Suit").
- ii) Ex-parte Notice of Application for an injunction to prevent the Defendant from dissipating its assets pending the hearing and disposal of the Main Suit. ("Injunction Application")

On 1 August 2023, the High Court granted an ad-interim injunction to the Company and directed the parties file their respective cause papers and pleadings.

An application for recusal ("Recusal Application") was filed on 7 September 2023 against the solicitors for the Defendant.

The High Court has fixed 1 November 2023 for the case management of the Main Suit and the hearing for the Injunction Application.

The High Court has fixed the hearing for the Recusal Application on 6 November 2023.

41. SIGNIFICANT EVENTS

(a) **Acquisition of remaining equity shareholdings in a subsidiary company**

On 21 June 2022, the Company's wholly-owned subsidiary company, SCIB Industrialised Building System Sdn. Bhd. ("SIBS") acquired the remaining 30% equity shareholdings in an existing subsidiary company, SCIB LW System Sdn. Bhd. ("SCIBLWS") for a cash consideration of RM90,000.

The registration of shares transfer was completed on 6 July 2022. Upon the completion of the proposed acquisition, SCIBLWS became a wholly-owned subsidiary company of the Company.

(b) **Acquisition of a subsidiary company with non-controlling interest**

On 28 July 2022, SCIB Industrialised Building System dan Sasoakai Resources JV Sdn. Bhd. ("SSJV") has increased its issued and paid-up share capital from 100 ordinary shares to 750,100 ordinary shares. SIBS, a wholly-owned subsidiary company of the Company, has subscribed 525,000 ordinary shares in SSJV for a total consideration of RM525,000 by way of cash.

Consequential thereof, SSJV remains as 70% owned subsidiary company of SIBS.

(c) **Incorporation of a subsidiary company**

On 30 December 2022, the Company incorporated a 100% owned subsidiary company, namely SCIB Trading Sdn. Bhd. under the Companies Act, 2016 as private company limited by shares with 100,000 ordinary shares for total consideration of RM100,000.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023
(CONT'D)

42. SUBSEQUENT EVENTS

(a) Settlement Agreement and Termination of Contract in relation to Muallim Project

On 6 July 2023, the Company and its wholly owned subsidiary company, SCIB Properties Sdn. Bhd. ("SCIBP") entered into a settlement agreement with their client who is also the project owner of the abovementioned project that has been awarded to the Group on 7 May 2021, to mutually terminate the Contract and confirm the obligation on the full and final settlement of debts and establish the term and payment schedule for the amount due between the parties after taking into consideration of protecting the Group's interests in mitigating the risks arising from the non-movement of project progress.

The key salient terms of the said agreements included that the said parties acknowledged and confirmed their obligations on the settlement of the debt of RM18,715,250 only ("Debt") and it shall assume the sole obligation and responsibility to reimburse the Debt to SCIBP in accordance with Schedule A in the said agreement.

The first payment which amounted to RM75,000 has been received by SCIBP on 21 August 2023.

43. COMPARATIVE FIGURES

The comparative figures were audited by another firm of auditors who expressed qualified opinion on those statements on 14 October 2022.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, Ku Chong Hong and Chin Choon Wei, being two of the directors of Sarawak Consolidated Industries Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 131 to 223 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 state of affairs of the Group and of the Company at 30 June 2023 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 11 October 2023.

Ku Chong Hong

Chin Choon Wei

Kuala Lumpur,
Date : 11 October 2023

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Chiew Jong Wei, MIA No. 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 131 to 223, to the best of my knowledge and belief, are correct.

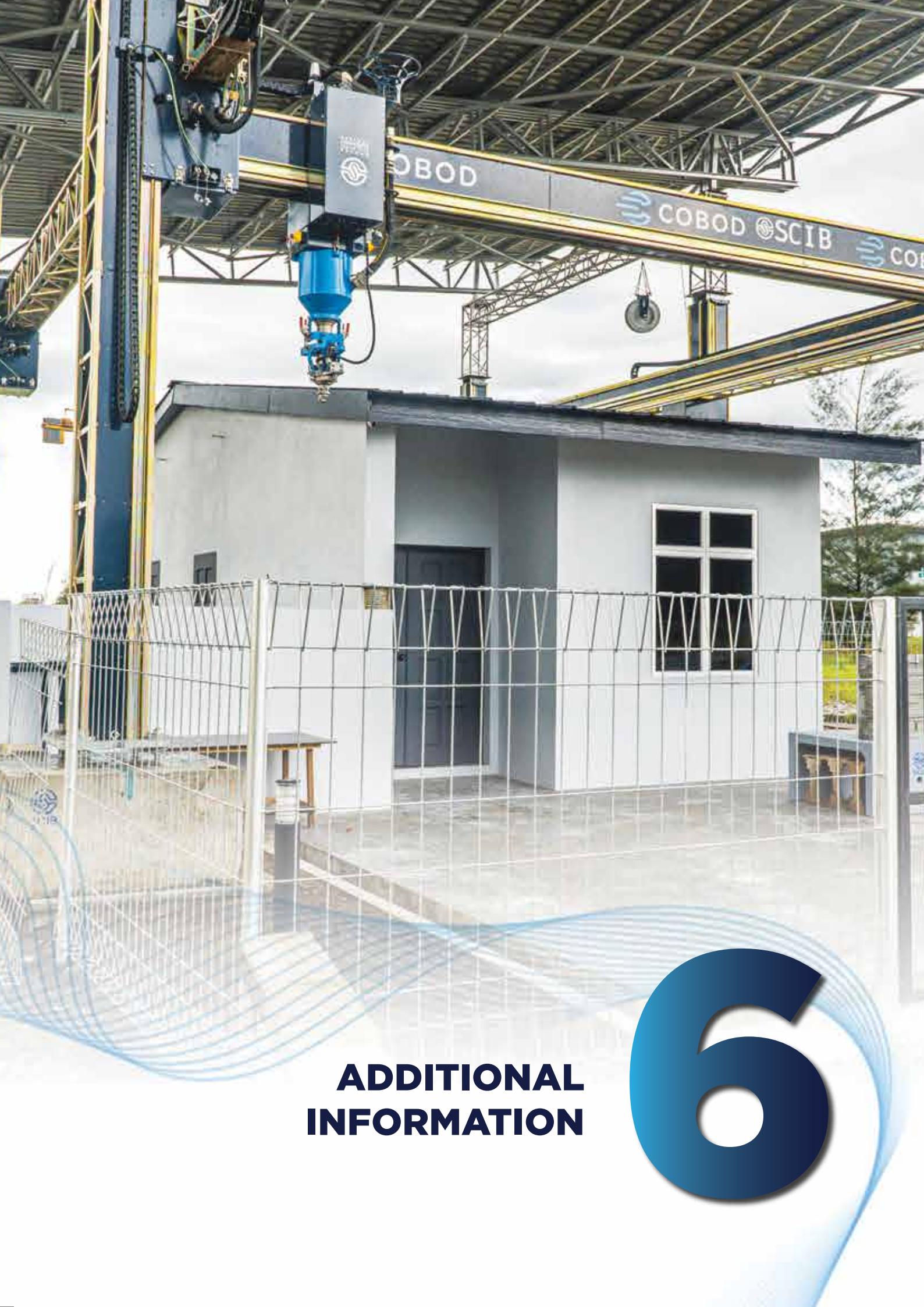
And, I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovementioned
at Kuching in the State of Sarawak
on this 11 October 2023

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



**ADDITIONAL
INFORMATION**

6

LIST OF PROPERTIES

Properties held by the Group as at 30 June 2023

Properties acquired by the Group						
Tenure	Description/ Location	Approximate Area	Age of Building (Years)	Existing Use	Net Book Value @ 30.06.2023 (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 (6.9 acres)	16	Factory Building & Office Premises	8,281	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)	4	Office premises	7,414	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)	17	Factory Building & Office Premises	6,253	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)	43	Factory Building & Office Premises	5,764	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)	10	Factory Building & Inventory Storage	1,939	26 July 2010
Yet to be determined *	Shophouse at Sublot 13, Lot 4871, Block 18, Salak Land District	564 sq m (0.139 acres)	7	Commercial Building	1,313	29 April 2014
Yet to be determined *	Shophouse at Sublot 24, Lot 4871, Block 18, Salak Land District	459 sq m (0.113 acres)	7	Commercial Building	1,067	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 3 October 2023

SHARE CAPITAL

Number of Ordinary Shares	:	640,241,285
Share Capital	:	RM166,791,018
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 3 OCTOBER 2023

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 to 99	131	0.82	3,626	0.00
100 to 1,000	2,898	18.20	1,754,476	0.28
1,001 to 10,000	7,943	49.89	40,228,715	6.28
10,001 to 100,000	4,252	26.71	134,721,615	21.04
100,001 to 32,012,064 (*)	698	4.38	463,532,853	72.40
32,012,064 AND ABOVE (**)	0	0.00	0	0.00
TOTAL	15,922	100.00	640,241,285	100.00

Remarks : * - Less than 5% of Issued Holdings

** - 5% and above of Issued Holdings

INFORMATION OF SUBSTANTIAL SHAREHOLDERS AS AT 3 OCTOBER 2023 (As Per SCIB's Register Books)

NAME	DIRECT HOLDINGS	%	INDIRECT HOLDINGS	%
Nil	Nil	Nil	Nil	Nil

INFORMATION ON DIRECTORS' SHAREHOLDINGS AS AT 3 OCTOBER 2023 (As Per SCIB's Register Books)

NAME	DIRECT HOLDINGS	%	INDIRECT HOLDINGS	%
Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari	0	0	0	0
Encik Shamsul Anuar Bin Ahamad Ibrahim	0	0	0	0
Encik Sr. Mohd Nazri Bin Mat Noor	0	0	0	0
Mr. Ku Chong Hong	1,156,000	0.18	0	0
Mr. Chin Choon Wei	3,707,500	0.58	0	0
Ms. Toh Beng Suan	0	0	0	0
Mr. Liaw Way Gian	3,910,100	0.61	0	0
Mr. Kang Wei Luen	0	0	0	0
Dr. Dang Nguk Ling	0	0	0	0

ANALYSIS OF SHAREHOLDINGS

As at 3 October 2023

(CONT'D)

LIST OF TOP 30 SHAREHOLDERS AS AT 3 OCTOBER 2023

No	Name	Holdings	%
1.	Huang Tiong Sii	27,013,500	4.22
2.	Kejaya Kaya Sdn. Bhd. <i>Pledged Securities Account for Chan Yok Peng</i>	20,000,000	3.12
3.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Chee Hoon</i>	17,511,200	2.74
4.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chor Sek Choon</i>	10,000,000	1.56
5.	Waiko Engineering Works Sdn. Bhd.	10,000,000	1.56
6.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Hau Yang</i>	9,721,500	1.52
7.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Keh Chuan Seng</i>	8,750,000	1.37
8.	Phillip Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Gan Sheng Yih</i>	7,500,000	1.17
9.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teo En Chie</i>	6,552,800	1.02
10.	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teh Bak Sim</i>	5,500,000	0.86
11.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chiau Beng Teik</i>	5,100,000	0.80
12.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Jason Koh Jian Hui</i>	5,000,000	0.78
13.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chiau Haw Choon</i>	5,000,000	0.78
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Chee Hoon</i>	4,818,800	0.75
15.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Jason Koh Jian Hui</i>	4,400,000	0.69
16.	Sivanandam A/L Narayanasamy	4,100,000	0.64
17.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ungguh Holdings Sdn. Bhd.</i>	4,050,000	0.63
18.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Liaw Way Gian</i>	3,910,100	0.61
19.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chin Choon Wei</i>	3,707,500	0.58
20.	Dato' Sri Gan Chow Tee	3,700,000	0.58
21.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ang Sok Kiang</i>	3,450,000	0.54
22.	Wong Siik Wei	3,400,000	0.53
23.	Gan Sheng Yih	3,000,000	0.47
24.	Key Jaya Sdn. Bhd.	3,000,000	0.47
25.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ungguh Holdings Sdn. Bhd.</i>	3,000,000	0.47
26.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Roy Soon</i>	2,900,000	0.45
27.	Ong Sow Hong	2,800,000	0.44
28.	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Cheong Kai Meng</i>	2,500,000	0.39
29.	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Keh Chuan Choon</i>	2,500,000	0.39
30.	Tok Joo Hong	2,500,000	0.39
	Total	195,385,400	30.52

ANALYSIS OF WARRANT HOLDINGS

As at 3 October 2023

Number of Total Warrant	:	245,184,997
Issue date	:	16 February 2021
Maturity date	:	8 February 2024

ANALYSIS BY SIZE OF WARRANT HOLDINGS AS AT 3 OCTOBER 2023

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 to 99	1,371	15.22	65,216	0.03
100 to 1,000	2,010	22.31	1,030,044	0.42
1,001 to 10,000	3,102	34.44	15,473,313	6.31
10,001 to 100,000	2,079	23.08	72,257,774	29.47
100,001 to 12,259,248 (*)	446	4.95	156,358,650	63.77
12,259,249 AND ABOVE (**)	0	0	0	0
TOTAL	9,008	100.00	245,184,997	100.00

Remarks : * - Less than 5% of Issued Shares

** - 5% and above of Issued Shares

INFORMATION OF SUBSTANTIAL WARRANT HOLDERS AS AT 3 OCTOBER 2023 (As Per SCIB's Register Books)

NAME	DIRECT HOLDINGS	%	INDIRECT HOLDINGS	%
Nil	Nil	Nil	Nil	Nil

INFORMATION ON DIRECTORS' WARRANT HOLDINGS AS AT 3 OCTOBER 2023 (As Per SCIB's Register Books)

NAME	DIRECT HOLDINGS	%	INDIRECT HOLDINGS	%
Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari	0	0	0	0
Mr. Ku Chong Hong	0	0	0	0
Mr. Chin Choon Wei	0	0	0	0
Mr. Liaw Way Gian	0	0	0	0
Encik Sr. Mohd Nazri Bin Mat Noor	0	0	0	0
Encik Shamsul Anuar Bin Ahamad Ibrahim	0	0	0	0
Ms. Toh Beng Suan	0	0	0	0
Mr. Kang Wei Luen	0	0	0	0
Dr. Dang Nguk Ling	0	0	0	0

Remarks:

(a) Based on total warrants exercise of 245,184,997 shares

ANALYSIS OF WARRANT HOLDINGS

As at 3 October 2023

(CONT'D)

LIST OF TOP THIRTY (30) WARRANT HOLDERS AS AT 3 OCTOBER 2023

No	Name	No. of Shares	%
1.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Boon Huat</i>	6,925,200	2.82
2.	Khoo Kah Choon	4,299,900	1.75
3.	Wong Yoon Chee	4,077,400	1.66
4.	Mohd Yazid B Ariffin @ Mohd Aripin	3,300,000	1.35
5.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Boon Tiong</i>	2,500,000	1.02
6.	Mohd Khalid Bin Mohamed Latiff	2,280,000	0.93
7.	Md Fisal Bin Ahmad	2,200,000	0.90
8.	Gwee Ang Keong	2,000,000	0.82
9.	Kong Oon Chee	2,000,000	0.82
10.	Saifuddin Bin Awang @ Muhamad	1,900,000	0.77
11.	Yeoh Seng Pin	1,859,800	0.76
12.	Khoo Kah Choon	1,800,700	0.73
13.	Au Yang Keat	1,500,000	0.61
14.	Lim Peng Seng	1,500,000	0.61
15.	Muhamad Amirul Hakimi Bin Saiful Hazmi	1,500,000	0.61
16.	Azhar Bin Basirun	1,262,700	0.51
17.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Hock Guan</i>	1,167,800	0.48
18.	Tan Yew Din	1,101,000	0.45
19.	Mincheol Song	1,097,000	0.45
20.	Mohamad Amin Bin Ahmad Zahidi	1,040,000	0.42
21.	Ng Koo Meng	1,030,000	0.42
22.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Rakuten Trade Sdn. Bhd. for Suriani Binti Yusoff</i>	1,000,000	0.41
23.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Sii Toh Ping</i>	1,000,000	0.41
24.	Tan Gia Lung	1,000,000	0.41
25.	SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for P. Prem Anand Pillai</i>	950,000	0.39
26.	Chung Swee Wah @ Chung Bee Hua	900,000	0.37
27.	Mohd Afizul Bin Che Abdullah	900,000	0.37
28.	HLIB Nominees (Tempatan) Sdn. Bhd. <i>Hong Leong Bank Bhd for Low Teck Wong</i>	881,700	0.36
29.	Khong Tzeh Ming	860,000	0.35
30.	Ahmad Razali Bin Nordin	823,500	0.34
	Total	54,656,700	22.30

NOTICE OF ANNUAL GENERAL MEETING



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No.: 197501003884 (25583-W)
(Incorporated in Malaysia)

NOTICE OF FORTY-SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Seventh (“47th”) Annual General Meeting (“AGM”) of Sarawak Consolidated Industries Berhad (“SCIB” or “the Company”) will be conducted on a virtual basis at the Broadcast Venue at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan through live streaming and online remote voting via Remote Participation and Voting (“RPV”) facilities at <https://scib-agm.digerati.com.my> (Domain registration number D1A119533) provided by Digerati Technologies Sdn. Bhd. in Malaysia on Monday, 11 December 2023 at 2:00 p.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

- | | |
|--|---|
| (1) To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors’ and Auditors’ thereon. | Please refer to Explanatory Note (i) |
| (2) To approve the payment of the Directors’ Fees of an amount up to RM713,177.00 from 28 February 2022 until the next AGM of the Company to be held in the year 2024; | Ordinary Resolution 1 |
| (3) To approve the payment of the Directors’ Benefits of an amount up to RM232,223.00 from 28 February 2022 until the next AGM of the Company to be held in the year 2024; | Ordinary Resolution 2 |
| (4) To re-elect Encik Sr. Mohd Nazri Bin Mat Noor, the Director who retires by rotation in accordance with Article 122(1) of the Company’s Constitution and being eligible, has offered himself for re-election. | Ordinary Resolution 3 |
| (5) To re-elect the following Directors retiring in accordance with Article 127 of the Company’s Constitution and being eligible, have offered themselves for re-election: | |
| (i) Encik Abang Abdillah Izzarim Bin Datuk Patinggi Tan Sri Abang Haji Abdul Rahman Zohari | Ordinary Resolution 4 |
| (ii) Mr. Kang Wei Luen | Ordinary Resolution 5 |
| (iii) Mr. Liaw Way Gian | Ordinary Resolution 6 |
| (iv) Dr. Dang Nguk Ling | Ordinary Resolution 7 |
| (v) Mr. Chin Choon Wei | Ordinary Resolution 8 |
| (6) To re-appoint Messrs. Kreston John & Gan as the Auditors of the Company to hold office until the conclusion of the next AGM and to authorize the Directors to fix their remuneration. | Ordinary Resolution 9 |

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

SPECIAL BUSINESSES

To consider and, if thought fit, pass the following resolutions:

(7) **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS**

“**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016, the Constitution of the Company, the Main Market Listing Requirements (“MMLR”) 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 **AND THAT** 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 **AND FURTHER THAT** such authority shall continue in force until the conclusion of the next annual general meeting of the Company.

Ordinary Resolution 10

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 for the Company to waive the statutory pre-emptive rights of the shareholders of SCIB and empowered the Directors of the Company to issue and allot new ordinary shares pursuant to Sections 75 and 76 of the Companies Act, 2016 without offering to the existing shareholders to maintain their relative voting and distribution right and such new ordinary shares shall rank pari passu in all respects with the existing ordinary shares.”

(8) **RETENTION OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR**

“**THAT** approval be and is hereby given to Encik Shamsul Anuar Bin Ahamad Ibrahim, who has served as an Independent Non-Executive Director of the Company for a cumulative of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.”

Ordinary Resolution 11

(9) To transact any other business for which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act, 2016.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482) (SSM PC No. 202208000250)

THIEN LEE MEE (LS0010621) (SSM PC No. 201908002254)

Company Secretaries

Dated: 31 October 2023

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

Explanatory Notes:

i) **Item 1 of the Agenda – Audited Financial Statements**

The Audited Financial Statements is meant for discussion only as provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

ii) **Ordinary Resolutions 1 and 2 – Payment of Directors' Fees and Benefits**

Pursuant to Section 230(1) of the Companies Act, 2016, fees and benefits payable to the Directors of public company or a listed company and its subsidiaries shall be approved by shareholders at a general meeting. The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

Payment of the Directors fees and benefits payable will be made by the Company on a monthly basis and / or as and when incurred if the proposed Resolutions 1 and 2 are passed at the AGM of the Company. The Board is of the view that the payments thereof are just and equitable, as the Directors standing as of the date of this notice have diligently discharged their responsibilities and rendered their services to the Company throughout the relevant period.

Hence, the Proposed Ordinary Resolutions 1 and 2 are to facilitate the payment of Directors' Fees and Benefits to the Directors from 28 February 2022 until the next AGM of the Company to be held in the year 2024 in accordance with Section 230(1) of the Companies Act, 2016.

iii) **Ordinary Resolutions 3 to 8 – Re-election of Directors**

The Remuneration and Nomination Committee had assessed the performance and contribution of each of the retiring Directors seeking for re-election and was satisfied therewith. The Board had endorsed the Remuneration and Nomination Committee's recommendation to seek shareholders' approval for the re-election of the retiring Directors at the forthcoming 47th AGM of the Company. The retiring Directors had abstained from deliberations and decisions on their respective re-election at the Remuneration and Nomination Committee and Board meetings. The details and profiles of the Directors who are standing for re-election at the forthcoming 47th AGM are provided in the Company's Annual Report 2023.

iv) **Retirement of Director**

Ms. Toh Beng Suan who is retiring pursuant to Article 127 of the Company's Constitution at the forthcoming 47th AGM of the Company, has expressed her intention not to seek re-election at the forthcoming 47th AGM of the Company. Hence, she will retain office until the conclusion of the 47th AGM and will retire as the Director of the Company until the conclusion of the 47th AGM.

v) **Ordinary Resolution 9 – Re-appointment of Auditors**

The Audit Committee and the Board had considered the re-appointment of Messrs. Kreston John & Gan as Auditors of the Company. The Audit Committee and the Board collectively agreed and are satisfied that Messrs. Kreston John & Gan meets the relevant criteria prescribed in Paragraph 15.21 of the MMLR of Bursa Securities.

vi) **Ordinary Resolution 10 – Authority To Issue And Allot Shares Pursuant To Sections 75 And 76 Of The Companies Act, 2016 And Waiver of Pre-Emptive Rights**

The proposed Ordinary Resolution 10, if passed, 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**").

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

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 46th Annual General Meeting held on 8 December 2022.

As at the date of this notice, the Company had issued and allotted 58,203,753 new ordinary shares with total proceeds raised of RM12,759,058 pursuant to the previous General Mandate. Details and status of the utilisation of proceeds are as follows:

<i>Purposes</i>	<i>Proposed Utilisation Based on Actual Proceeds (RM'000)</i>	<i>Actual Utilisation (RM'000)</i>	<i>Balance unutilised (RM'000)</i>
<i>Working capital</i>	3,753	3,753	-
<i>Repayment of bank borrowings</i>	8,859	8,859	-
<i>Estimated expenses for the Proposed Private Placement</i>	147	147	-
Total proceeds	12,759	12,759	-

vii) Ordinary Resolution 11 – Retention of Independent Non-Executive Director

The proposed Ordinary Resolution 11, if passed, will allow Encik Shamsul Anuar Bin Ahamad Ibrahim (“Encik Shamsul”) to continue in office as an Independent Non-Executive Director of the Company. Encik Shamsul was appointed as an Independent Non-Executive Director on 1 September 2015 and retired on 28 February 2022. Subsequently, he rejoined back the Company as the Independent Non-Executive Director on 17 March 2022. He would reach his nine (9) years term as Independent Non-Executive Director of the Company on 17 September 2024. In line with the spirit of the Malaysian Code on Corporate Governance that shareholders' approval be sought through two-tier voting process if the Board intends to retain an independent director beyond nine (9) years, the Company is proposing the resolution for his retention.

The Remuneration and Nomination Committee conducted an annual performance evaluation and assessment of Encik Shamsul, who has served the Company for a cumulative term of more than nine (9) years of the Company and recommended Encik Shamsul to be retained as the Independent Non-Executive Director based on the following justifications:

- he has met the independence guidelines set out in the MMLR,
- he continues to be independent as he has no circumstances and relationships that create threats to his independence,
- he has actively participated in board meetings and possesses the appropriate competencies to enable him to apply professional judgment, and
- he has contributed sufficient time and effort and exercised due care in all undertakings of the Company and has acted and carried out his fiduciary duties in the interest of the Company during his tenure as an Independent Director. Pursuant to the Malaysian Code on Corporate Governance 2017, the Company would use a two-tier voting process in seeking annual shareholders' approval to retain Encik Shamsul, who served the Company as an Independent Director for a cumulative term of more than nine (9) years.

Notes:

- (1) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which stipulates that the Chairman of the meeting shall be present at the main venue of the AGM and in accordance with Article 82 of the Company's Constitution which allows a meeting of members to be held at more than one venue, using any technology or method that enables the members of the Company to participate and exercise their right to speak and vote at the general meeting. Members, proxies and/or corporate representatives will not be allowed to be physically present nor admitted at the Broadcast Venue on the day of the 47th AGM.*

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

- (2) Members are to attend, posing questions to the Board via real time submission of typed texts and vote (collectively, “participate”) remotely at the 47th AGM via the RPV facilities provided by Digerati Technologies Sdn. Bhd. via its website at <https://scib-agm.digerati.com.my> (“Digerati Portal”). Please read the Administrative Details for the 47th AGM of the Company for details on the registration process and procedures for RPV to participate remotely at the 47th 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.
- (b) A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 (“**SICDA**”) may appoint not more than two (2) proxies 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 speak 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 to Aldpro Corporate Services Sdn. Bhd.’s office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan.
- (ii) By electronic form
The proxy form can be electronically lodged via the Digerati Portal at <https://scib-agm.digerati.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 4 December 2023 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 ANNUAL GENERAL MEETING

(i) **Details of persons who are standing for election as Directors (excluding Directors standing for re-election)**

Pursuant to Para 8.27(2) of the MMLR of Bursa Malaysia Securities Berhad, no individual is standing for election as Director of the Company at the 47th AGM of the Company.

(ii) **General mandate for issue of securities**

The proposed general mandate for issuing new securities under Ordinary Resolution 10 is a renewal of previous mandate obtained at the preceding 46th AGM of the Company held on 8 December 2022. Details of the issuance and status of utilisation of proceeds pursuant to the previous General Mandate are disclosed on page 234 of the Annual Report under item (vi) of the explanatory notes.



SARAWAK CONSOLIDATED INDUSTRIES BERHAD

Registration No.: 197501003884 (25583-W)
(Incorporated in Malaysia)

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		
Full Name in Block Letters		Proportion of shareholdings to be presented %
NRIC No.		
Full Address		
Tel No.		
Email Address		

and/ or failing him/ her

Proxy 2		
Full Name in Block Letters		Proportion of shareholdings to be presented %
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 **47th Annual General Meeting** of the Company to be conducted on a virtual basis at the Broadcast Venue at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities at <https://scib-agm.digerati.com.my> (Domain registration number D1A119533) provided by Digerati Technologies Sdn. Bhd. in Malaysia on **Monday, 11 December 2023** at **2.00 p.m.** and at any adjournment thereof.

My/our proxy is to vote as indicated below:

No.	Resolutions		FOR	AGAINST
1.	To approve the payment of the Directors' Fees of an amount up to RM713,177.00 from 28 February 2022 until the next AGM of the Company to be held in the year 2024;	Ordinary Resolution 1		
2.	To approve the payment of the Directors' Benefits of an amount up to RM232,223.00 from 28 February 2022 until the next AGM of the Company to be held in the year 2024;	Ordinary Resolution 2		
3.	To re-elect Encik Sr. Mohd Nazri Bin Mat Noor as a Director	Ordinary Resolution 3		
4.	To re-elect Encik Abang Abdillah Izzarim Bin Tan Sri Datuk Patinggi Abang Haji Abdul Rahman Zohari as a Director	Ordinary Resolution 4		
5.	To re-elect Mr. Kang Wei Luen as a Director	Ordinary Resolution 5		
6.	To re-elect Mr. Liaw Way Gian as a Director	Ordinary Resolution 6		
7.	To re-elect Dr. Dang Nguk Ling as a Director	Ordinary Resolution 7		
8.	To re-elect Mr. Chin Choon Wei as a Director	Ordinary Resolution 8		
9.	To re-appoint Messrs. Kreston John & Gan as the Auditors of the Company to hold office until the conclusion of the next AGM and to authorize the Directors to fix their remuneration.	Ordinary Resolution 9		
10.	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016 and waiver of pre-emptive rights	Ordinary Resolution 10		
11.	Retention of an Independent Non-Executive Director, Encik Shamsul Anuar Bin Ahamad Ibrahim	Ordinary Resolution 11		

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 of2023

No. of shares held	CDS Account No.

.....
Signature of Shareholder

Fold This Flap For Sealing

Notes:

- (1) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act, which stipulates that the Chairman of the meeting shall be present at the main venue of the AGM and in accordance with Article 82 of the Company's Constitution which allows a meeting of members to be held at more than one venue, using any technology or method that enables the members of the Company to participate and exercise their right to speak and vote at the general meeting. Members, proxies and/or corporate representatives will not be allowed to be physically present nor admitted at the Broadcast Venue on the day of the 47th AGM.
- (2) Members are to attend, posing questions to the Board via real time submission of typed texts and vote (collectively, "participate") remotely at the 47th AGM via the RPV facilities provided by Digerati Technologies Sdn. Bhd. via its website at <https://scib-agm.digerati.com.my> ("Digerati Portal"). Please read the Administrative Details for the 47th AGM of the Company for details on the registration process and procedures for RPV to participate remotely at the 47th 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.
 - (b) A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**") may appoint not more than two (2) proxies 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 speak at the meeting.

1st Fold Here

- (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 to Aldpro Corporate Services Sdn. Bhd.'s office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan.
 - (ii) By electronic form
The proxy form can be electronically lodged via the Digerati Portal at <https://scib-agm.digerati.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 4 December 2023 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.

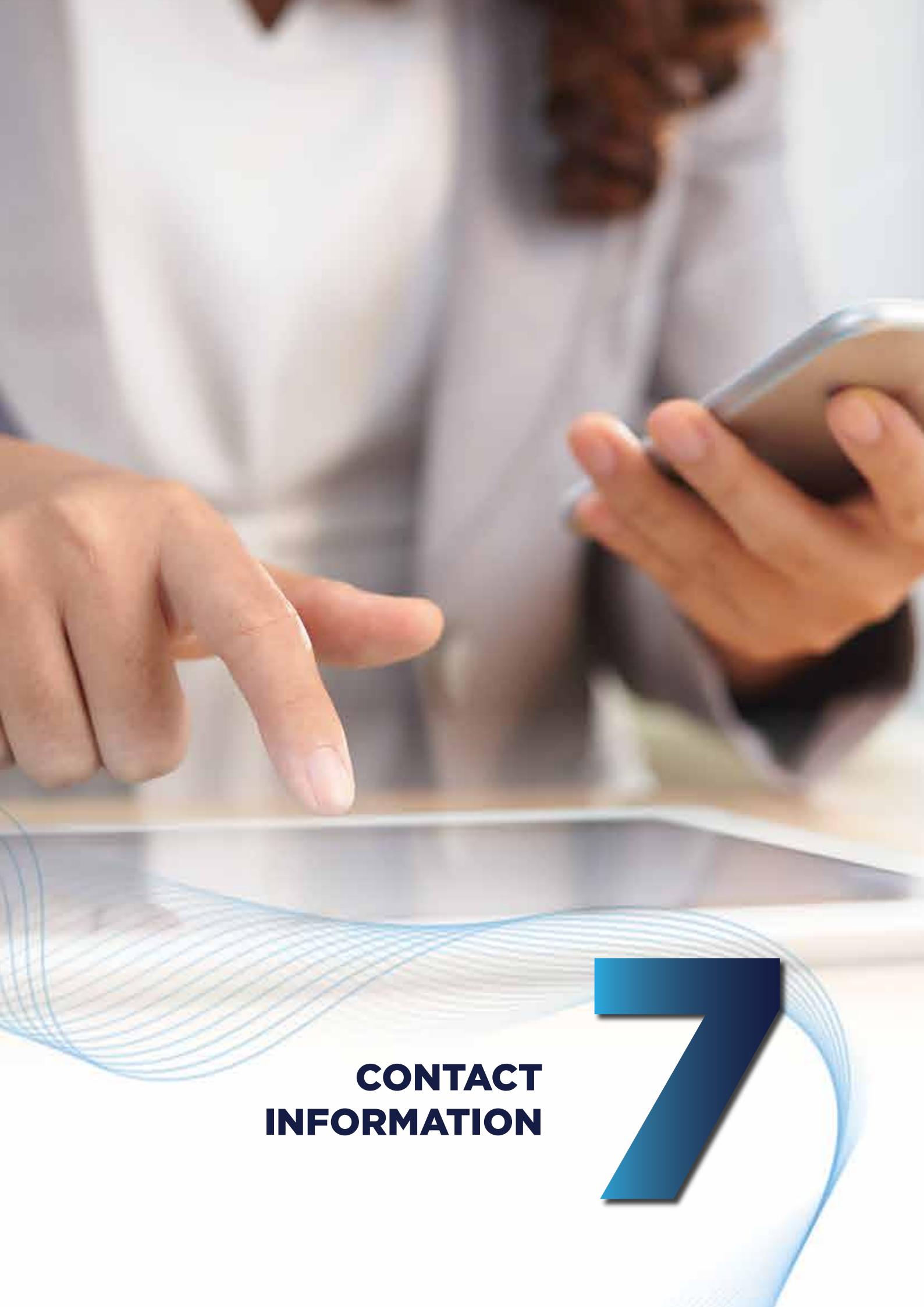
Then Fold Here

AFFIX
STAMP

The Share Registrar of Sarawak Consolidated Industries Berhad

Aldpro Corporate Services Sdn. Bhd.

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan



**CONTACT
INFORMATION**



CONTACT INFORMATION

CORPORATE OFFICE:

Lot 16024, Jalan Nilam 4
Kawasan Perindustrian Nilai Utama
78000 Nilai, Negeri Sembilan

Tel: +6 06 7943 755



CONTACT INFORMATION

(CONT'D)

HEADQUARTERS:

Lot 1258, Jalan Utama
Pending Industrial Estate
93450 Kuching, Sarawak

Tel: +60 82 334 485



www.scib.com.my



**SARAWAK
CONSOLIDATED
INDUSTRIES BERHAD**

Registration No.: 197501003884 (25583-W)

Corporate Office

Lot 16024, Jalan Nilam 4
Kawasan Perindustrian Nilam Utama
78000 Nilai, Negeri Sembilan
Tel : +6 06 7943 755

Headquarters

Lot 1258, Jalan Utama
Pending Industrial Estate
93450 Kuching, Sarawak, Malaysia
Tel : +60 82 334 485
Fax : +60 82 334 484
Email : scib@scib.com.my