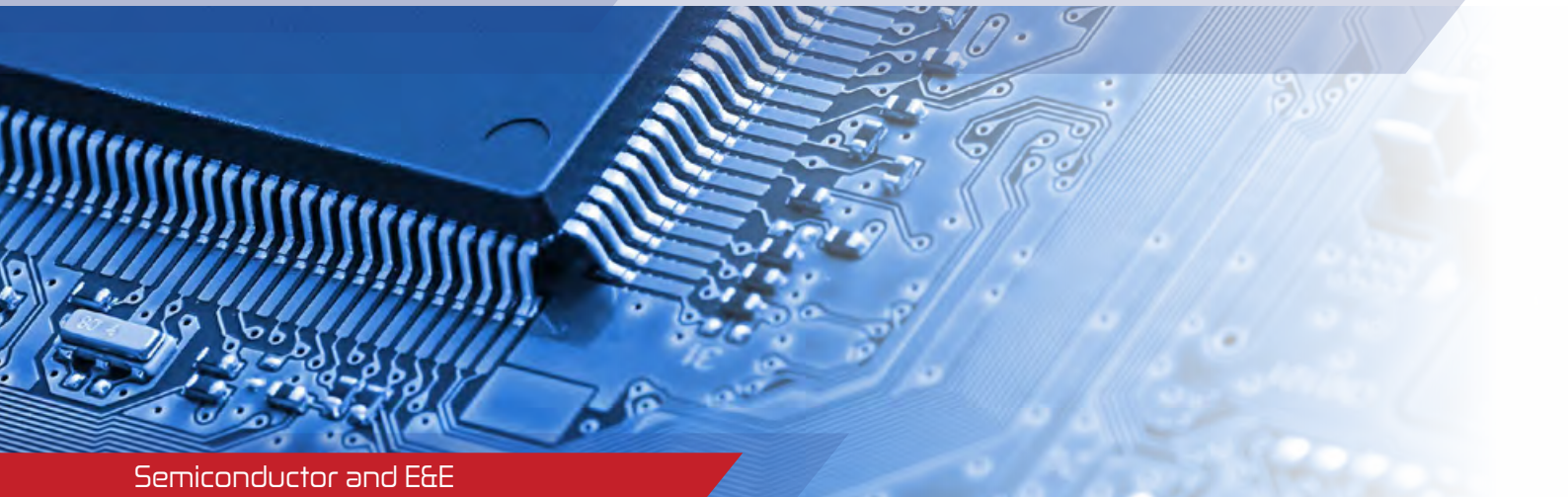


KOBAY

TECHNOLOGY BHD





Semiconductor and E&E



Aerospace



Oil & Gas

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WE ARE GUIDED BY OUR
ACTIONS
WHICH UNDERLIE THE CULTURE
OF THE KOBAY GROUP
OF COMPANIES

A gility
C an-Do Attitude
T eamwork
I nitiative and Accountability
O wnership and Pride
N ever Stop Learning
S peed of Response

OUR VISION

To be a market leader and pre-eminent supplier to customers worldwide.

OUR VALUES & BELIEFS

Our shared values and beliefs are the foundation upon which our company is built. We believe that our people, striving towards a shared vision and guided by a common set of values and beliefs are our most valuable asset and the ultimate sustainable source of our competitive advantage.

OUR MISSION

To pursue excellence in all aspects of our business to serve our customers in the global market.

To achieve sustainable, profitable growth, we combine market leading technology with a highly competent and committed workforce to achieve business excellence which is reflected in the products and services we offer.

Success is measured by our ability to create economic value, bond with our customers and suppliers, promote a sense of pride and ownership amongst our employees and produce a higher return of equity to our shareholders.

CORPORATE INFORMATION

Board of Directors

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil
Chairman / Independent and Non-executive Director

Dato' Seri Koay Hean Eng
Managing Director / Chief Executive Officer

Koay Cheng Lye
Executive Director / Chief Administrative Officer

Koay Wooi Seong
Non-independent and Non-executive Director

Khaw Eng Peng
Senior Independent and Non-executive Director

Audit and Risk Management Committee

Khaw Eng Peng
Chairman

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil
Member

Koay Wooi Seong
Member

Nominating Committee

Khaw Eng Peng
Chairman

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil
Member

Koay Wooi Seong
Member

Remuneration Committee

Dato' Seri Koay Hean Eng
Chairman

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil
Member

Khaw Eng Peng
Member

Secretaries

Chan Mun Shee (MAICSA 7003071)
SSM Practising No. 202008002208

Wong Mee Choon (MACS 01562)
SSM Practising No. 201908001211

Email : cosec@kobaytech.com

Website

www.kobaytech.com

Registered Office

3rd Floor, Wisma Kobay,
No. 42-B, Jalan Rangoon,
10400 George Town,
Penang.
Tel.: (04) 3711338
Fax : (04) 2261363
Email : cosec@kobaytech.com

Registrar

Agriteum Share Registration Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden,
42, Jalan Sultan Ahmad Shah,
10050 George Town, Penang.
Tel: (04) 2282321
Fax: (04) 2272391
Email : agriteumshareg@gmail.com

Auditors

Crowe Malaysia PLT
Chartered Accountants
Level 6, Wisma Penang Garden,
42, Jalan Sultan Ahmad Shah,
10050 George Town, Penang.
Tel: (04) 2277061
Fax: (04) 2278011

Bankers

Hong Leong Bank Berhad
Alliance Bank Malaysia Berhad
CIMB Islamic Bank Berhad
Ambank (M) Berhad
Public Bank Berhad
OCBC Bank (Malaysia) Berhad
OCBC Al-Amin Bank Berhad

Stock Exchange Listing

Main Market, Bursa Malaysia Securities Berhad
(Stock Code : 6971; Stock Name : KOBAY)

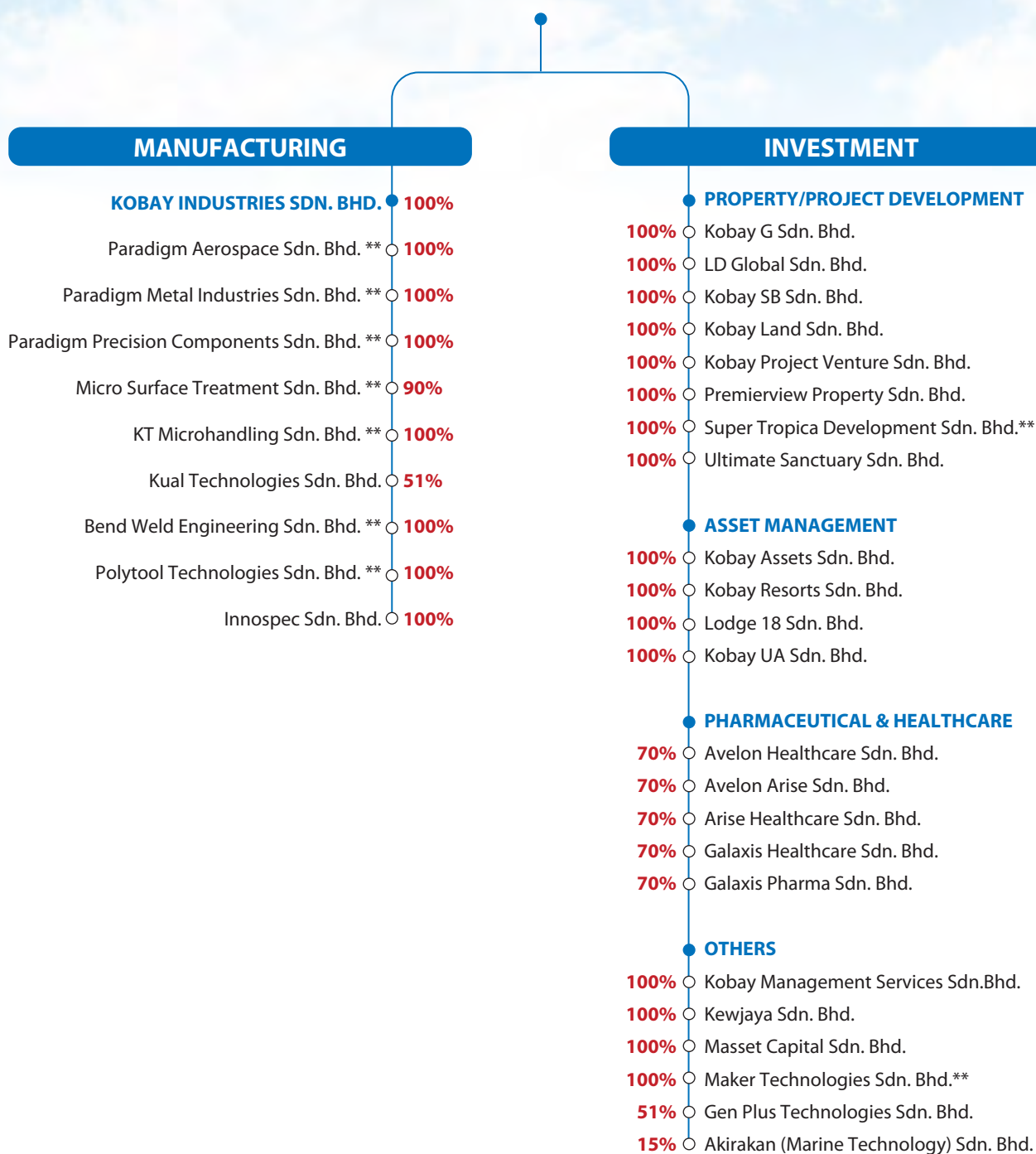
Investor Relation

Chan Mun Shee
Email : mschan@kobaytech.com

CORPORATE STRUCTURE

AS AT 30 SEPTEMBER 2022

KOBAY TECHNOLOGY BHD



Notes :-

** Subsidiary of Kobay Industries Sdn. Bhd.

BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT

BOARD OF DIRECTORS

Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil

Malaysian, aged 59, Female

Chairman/Independent and Non-executive Director/Member of Audit and Risk Management Committee/Member of Remuneration Committee/Member of Nominating Committee

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil has 23-years' experience in the real-estate industry. She has held leadership roles in a few companies of which she recruited and managed the sales team. During this time she has built a reputation for operational excellence, recruiting high achieving sales teams, with the highest level of integrity, a deep and passionate commitment to the companies, their staffs and their local and international clients.

In 2008 she began her career with Reapfield Properties as a rookie and became the Head of Sales in 2012, bringing in reputable developers into the company. In 2015, she was appointed Vice President of the Property & Investment Division in JB Jurunilai Bersekutu Sdn Bhd. Her mission was to develop a business and a brand its real estate division of this well-known property valuation company. She led all of the company's real estate business operations, had full profit and loss ownership, ensured risk management, compliance and business controls across their property divisions. She then moved to City Two Property in 2017 delivering significant revenue to the company by doing the same.

Puan Sharifah Faridah was appointed to the Board of Kobay on 11 January 2021 and also being appointed as member of Audit and Risk Management Committee, Nominating Committee and Remuneration Committee.

She has also been actively involved in many non-profit organisations, the main one being with Mercy Malaysia since its inception in 1999 as Chief Editor as well as President of Asiaworks Foundation as it's President from 2006 to 2008. Having an interest in art and culture, she co-organised an art exhibition with Soka Gakkai, a Japanese organization, bringing to the fore several Malaysian emerging and established artists, raising funds from the proceeds to assist in teaching those in need a trade which could assist them in their livelihood. Puan Sharifah Faridah also got the NGO approved as a tax deductible organisation under sub-section 44(6) of the Income Tax Act 1967, and brought Asiaworks Foundation into the lime light with their works and achievements into the various media via television, radio and the newspapers. She is now also serving as a Secretary to a stratified management committee.

She was a student in Convent Bukit Nanas, Wartburg College and Kent State University and holds a LIAM and PIAM Certification in Insurance.

She is subject to retirement by rotation under Article 101 of the Company's Constitution at the forthcoming Annual General Meeting and being eligible, has offered herself for re-election.

She does not hold any directorship in other public companies and listed issuer.

Puan Sharifah Faridah has no direct/indirect shareholding in Kobay as of 30 September 2022.

Dato' Seri Koay Hean Eng

Malaysian, aged 64, Male

Managing Director/Chief Executive Officer/Member of Executive Committee/Chairman of Remuneration Committee

As a co-founder to Kobay Group, Dato' Seri Koay Hean Eng holds a certificate of vocational education. He has involved himself in high precision engineering industry for more than 40 years with experience ranging from precision tooling, die and mold making to semi-automated machines. His passion in high precision engineering industry has contributed significantly to the growth of Kobay Group.

Dato' Seri Koay Hean Eng completed numerous property projects ranging from residential apartment, landed and commercial properties in various parts of Penang. With his vast experience in property development projects, he contributes extensively in the Group's diversification into property development since year 2013.

Dato' Seri Koay Hean Eng was appointed to Kobay's Board on 17 September 1994. As the Group CEO, he is the driver of the Group's strategic direction as well as its business and corporate development.

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

As of 30 September 2022, Dato' Seri Koay Hean Eng has indirect shareholding of 109,048,940 ordinary shares in Kobay via Kobay Holdings Sdn. Bhd., a major shareholder of the Company, by virtue of his substantial direct interest in Kobay Holdings Sdn. Bhd..

BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Koay Cheng Lye

Malaysian, aged 74, Male

Executive Director/Chief Administrative Officer/Member of Executive Committee

As a co-founder of Kobay Group, Mr. Koay Cheng Lye graduated with a degree in Mathematics from National Taiwan University. He possessed more than 30 years of experience in high precision engineering industry. He was appointed to the Board on 17 September 1994 and also sits on the Board of all the subsidiaries within the Group and other private limited companies. He has an in depth knowledge of the overall Kobay Group's operations.

Aside from his experience in high precision engineering industry, Mr. Koay Cheng Lye has also possessed more than 25 years of experience in property development industries related knowledges and experience.

As of 30 September 2022, Mr. Koay Cheng Lye has indirect shareholdings of 109,048,940 ordinary shares in Kobay, via Kobay Holdings Sdn. Bhd., a major shareholder of the Company by virtue of his direct shareholding in Kobay Holdings Sdn. Bhd. and indirect shareholding of 6,400,000 ordinary shares in Kobay via Inna Capital Sdn. Bhd., a shareholder of Kobay by virtue of his direct shareholding in Inna Capital Sdn. Bhd..

Khaw Eng Peng

Malaysian, aged 55, Male

Senior Independent and Non-executive Director/Chairman of Audit and Risk Management Committee/Chairman of Nominating Committee and Member of Remuneration Committee

Mr. Khaw Eng Peng is a fellow member of the Association of Chartered Certified Accountants and a member of Malaysian Institute of Accountants. He joined Messrs. Coopers and Lybrand (now merged under the firm PricewaterhouseCoopers) in 1993, attaching to audit and compliance services division and left in 1996 as Assistant Audit Manager. He then joined Oriental Interest Berhad ("OIB") Group as Senior Manager in Finance and Administration Department. In 2001, he was promoted to Assistant General Manager overseeing all financial reporting, corporate compliance and administrative aspects of OIB Group. Mr. Khaw was appointed as Executive Director of OIB on 5 November 2007 and was re-designated as Chief Financial Officer on 13 December 2013, upon resigning from OIB Board. In January 2017, Mr. Khaw left OIB and started providing freelance consultancy services in corporate, financial reporting and taxation.

Mr. Khaw Eng Peng was appointed to the Board of Kobay on 30 July 2010. On 13 October 2014, he was re-designated as Senior Independent Non-executive Director, and also appointed as Chairman of Audit and Risk Management Committee, Chairman of Nominating Committee and member of Remuneration Committee.

After due consideration, both the Nominating Committee and the Board of Directors proposed to retain Mr. Khaw Eng Peng as Senior Independent Non-executive Director of the Company, Mr. Khaw had abstained from deliberation and voting in both meetings. Pursuant to the Malaysian Code on Corporate Governance, the retainment of Mr. Khaw Eng Peng as Independent Director of the Company is subject to members' approval in the forthcoming Annual General Meeting.

Mr. Khaw Eng Peng has no direct/indirect shareholding in Kobay as of 30 September 2022.

Koay Wooi Seong

Malaysian, aged 49, Male

Non-Independent and Non-executive Director/Member of Audit and Risk Management Committee/Member of Nominating Committee

Mr. Koay Wooi Seong started his career with Polytool Technology Sdn. Bhd. as Sales Executive in year 1992 after graduated from high school and obtained his Sijil Pelajaran Malaysia. Polytool Technology Sdn. Bhd. was a wholly owned subsidiary of Kobay Technology Bhd. and is now a wholly owned subsidiary of Kobay Industries Sdn. Bhd. who in turn is a wholly owned subsidiary of Kobay Technology Bhd.

In year 1997, he changed his career path from manufacturing industry to property development industry. In year 1998, he was appointed to the Board of Kobay Properties Sdn. Bhd., Kobay Realty Sdn. Bhd. and Kobay Development Sdn. Bhd.. As an Executive Director of Kobay Development Sdn. Bhd., an established Property Development & Property Investment holding company, he has led several projects undertaken by the Company in Penang state ranging from residential to commercial products. During the same period in 2002, he was also appointed as Managing Director of Pembinaan Sendanas Sdn Bhd., a well-established company possessed license from Construction Industry Development Board (CIDB), expert in the construction of building and civil work.

He has more than 25 years extensive experiences in the property development & construction management industry. Throughout those years, he has shed his sweat and blood in numerous development & construction projects where his experience in this field is highly regarded and recognized amongst the peers.

Mr. Koay Wooi Seong is subject to retirement by rotation under Article 100 of the Company's Constitution at the forthcoming Annual General Meeting and being eligible, has offered himself for re-election.

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

He has no direct/indirect shareholding in Kobay as of 30 September 2022.

BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

KEY SENIOR MANAGEMENT

Koay Wooi Tatt

Malaysian, aged 45, Male

Chief Operating Officer – Manufacturing Division/Member of Executive Committee

Mr. Koay Wooi Tatt was appointed as Chief Operating Officer of Kobay on 10 October 2016 overseeing the entire operations for the Manufacturing Division.

He graduated with Diploma in Mechanical Engineering from German-Malaysian Institute in 1999. He worked for Hup Fatt Brothers Sdn. Bhd. as Design Engineer prior to his appointment as Functional Manager in Paradigm Metal Industries Sdn. Bhd. ("PMI"), a subsidiary of Kobay on 2 May 2003. In year 2004, he was promoted to General Manager of PMI. He has in-depth experience in the entire Manufacturing Division of Kobay Group with his job rotation among the business units. His working experience within Kobay Group has provided him an in-depth knowledge of the Group's operation systems and procedures.

Saved for his directorship in the subsidiary companies of Manufacturing Division, he has no directorship in any public company and Kobay.

Mr. Koay Wooi Tatt is brother of Koay Wooi Seong and nephew of Dato' Seri Koay Hean Eng and Mr. Koay Cheng Lye.

Mr. Koay Wooi Tatt has no direct/indirect shareholding in Kobay as of 30 September 2022.

Koay Zee Ee

Malaysian, aged 35, Male

Chief Operating Officer – Property Development Division/Member of Executive Committee

Mr. Koay Zee Ee was appointed as Chief Operating Officer of Kobay on 18 August 2017 overseeing the entire operations for the Property Development Division.

He started his career as management trainee in Kobay Group in February 2006. In the same year, he was promoted to General Manager in Bend Weld Engineering Sdn. Bhd. ("BWE"), a wholly owned subsidiary of Kobay, responsible for managing the business unit that specializing in manufacturing of equipment and structures for the subsea oil and gas industry. He has managed to build the foundation of business and manufacturing excellence of BWE and relocated the operations to Johor Bahru as well as expanded its customer base.

In year 2016, he was transferred back to Kobay as Personal Assistant to Chief Executive Officer ("CEO") after the Company diversified into property development. During his service as personal assistant to CEO, he has assisted the CEO in strategic planning, new projects and investments in property development of Kobay Group.

Mr. Koay Zee Ee is son of our CEO, Dato' Seri Koay Hean Eng and nephew of Mr. Koay Cheng Lye.

Saved for his directorship in the subsidiary companies of Property Development Division and Pharmaceutical and Healthcare Division, he has no directorship in any public company and Kobay.

Mr. Koay Zee Ee has no direct/indirect shareholding in Kobay as of 30 September 2022.

BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Yee San Khien, Philip

Malaysian, aged 68, Male

VP in Corporate Investment/Finance

Mr. Philip has vast experience in commercial banking when he served 22 years in the banking industry. He joined a local bank as a junior officer in 1978 and moved on to the bank's Treasury Department in 1981 as Correspondent Banking Officer and Dealer in Money Market and Foreign Exchange Department and headed the Department as Chief Dealer from 1983 to 1989. From April 1989, he moved on as senior manager in Branch Operation of the bank.

He left banking in August 2001 and joined Kobay Technology Bhd. as Corporate Manager in October 2001, responsible for corporate control and restructuring, mergers and acquisitions until his retirement from Kobay when he last served as VP-Commercial in August 2013.

From October 2013, he was in contractual engagement as the Chief Financial Officer of a fintech company operating E-payments gateway and providing remittance services regulated by Bank Negara Malaysia. He retired the contractual employment with the fintech company in September 2019.

Mr. Philip joined Kobay again in January 2020, as VP-Investment accountable for researching and analysing possible acquisitions and strategic investments. From July 2020, he assumed added portfolio in finance and treasury management for the Group of Companies.

He obtained his Higher Diploma in Accounting, Certificate in Commercial Law in 1978 and graduated from University of Portsmouth, United Kingdom with Master of Business Administration.

Mr. Philip has direct shareholding of 22,500 ordinary shares in Kobay as of 30 September 2022.

Chan Mun Shee

Malaysian, aged 57, Female

VP in Investment Group and Investor Relation, Corporate Secretary

Ms. Chan Mun Shee first joined Polytool Engineering Sdn. Bhd. in year 1990 as Office Administrator in charge of purchasing, accounts and human resource function. Since then, Ms Chan liaison with numerous government authority in setting up several core subsidiary companies of Kobay Group.

She was transferred back to holding company in 1996 as Corporate Affairs Manager reporting to Chief Administrative Officer (formerly known as Chief Corporate Affairs Officer) overseeing the Company's Human Resource, IT and all administrative functions and has assisted in drawing up the Group systems inclusive formulating Human Resource Policies and Procedures, participating in developing web purchasing software and maiden version of Enterprise Resource Management System.

As qualified Chartered Secretary, prior to the listing of the Company, she was appointed as in house Company Secretary for the Group in charge of the entire Group's company secretarial function and assist in floatation exercise of Kobay as well as its owned subsidiary, Lipo Corporation Berhad. She has also involved in several corporate exercise for which the Group is undertaking.

In year 2013, she was transferred to assist the CEO in Group's assets management, projects and operational related matters. She was officially appointed as VP in year 2019 overseeing some investment entities of Kobay respectively involved in manufacturing, assets investment and management.

Recently, she has been re-designated as Associate member of Chartered Secretary and Chartered Governance Professional by International Chartered Secretaries and Administrators of United Kingdom.

Save as her directorship in respective subsidiaries companies whereby she is responsible of the Company's performance, Ms. Chan has no directorship in any public companies and Kobay.

Ms. Chan Mun Shee has direct shareholding of 35,000 ordinary shares in Kobay as of 30 September 2022.

BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Chan Bee Luang

Malaysian, aged 44, Female

VP - People and Organizational Development

Ms. Chan Bee Luang joined the Company in 2012 as Group HR Manager and was subsequently appointed as the VP of People and Organizational Development in year 2018. She is responsible for leading our Group HR organization and HR operational excellence in all business divisions. She has over 17 years of HR experience in manufacturing and services industries. Prior to joining Kobay, she held APAC HR Manager and Country HR Manager positions in few multinational companies.

She was graduated from University Malaya with a Bachelor of Business Administration (Honours) Degree in year 2002. She was also a graduate with Diploma in Industrial Relations awarded by the International Labour Organization (ILO)/ Malaysian Employers Federation (MEF) in year 2006. She received the global accreditation from PI Worldwide from India, a Human Resource Certification Institute (HRCI) as Predictive Index Management Practitioner in year 2008. In year 2018, she was further certified as "HR practitioner" by The Australian Human Resources Institute (AHRI) through the Professional Certification in Human Resources that set the bar for HR practice to be in line with international HR standards and confidently assures employers of her human capital capability.

She has broad regional experience in talent acquisition, talent assessment and development, performance management, compensation planning, conflict mediation and resolution, HR budgeting and reporting, HR policies development, and employment legal compliance and has a proven track record in setting up, maintaining and executing Talent and Organizational Development.

Ms. Chan Bee Luang has direct shareholding of 70,000 ordinary shares in Kobay as of 30 September 2022.

OTHER INFORMATION

Family Relationship

Dato' Seri Koay Hean Eng and Mr. Koay Cheng Lye are brothers and they are deemed substantial shareholders of the Company via their shareholdings in Kobay Holdings Sdn. Bhd., a major shareholder of the Company.

The Non-Independent and Non-executive Director, Mr. Koay Wooi Seong and the Chief Operating Officer for Manufacturing Division, Mr. Koay Wooi Tatt are nephews of Dato' Seri Koay Hean Eng and Mr. Koay Cheng Lye. The Chief Operating Officer for Property Development Division, Mr. Koay Zee Ee is the son of Dato' Seri Koay Hean Eng and nephew of Mr. Koay Cheng Lye.

Save for the above, none of the Directors and key senior management has any family relationship with other Directors or major shareholders of the Company.

Conflict of Interest

None of the Company's Directors and key senior management has acted in conflict in any arrangement, contract or transaction during the financial year.

Conviction for Offences

None of the Company's Directors and key senior management had convicted any offence (other than traffic offences, if any) within the past five (5) years.

Number of board meetings attended in the financial year ended 30 June 2022

Four (4) board meetings were held during the financial year ended 30 June 2022. Details of attendance of Directors at the board meetings are as follows:

Directors	Attendance
Dato' Seri Koay Hean Eng	4/4
Koay Cheng Lye	4/4
The late Koay Ah Bah @ Koay Cheng Hock (Resigned wef 11.03.2022)	3/4
Khaw Eng Peng	4/4
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	4/4
Koay Wooi Seong (Appointed wef 11.03.2022)	1/4

BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directors' and Substantial Shareholders' Interests

Name	No. of shares held in Kobay as at 30 September 2022			
	Direct No. of ordinary shares	%	Indirect No. of ordinary shares	%
Directors				
Dato' Seri Koay Hean Eng	-	-	109,048,940*	34.06
Koay Cheng Lye	-	-	115,448,940#	36.06
Koay Wooi Seong	-	-	-	-
Khaw Eng Peng	-	-	-	-
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	-	-	-	-
Substantial Shareholders				
Kobay Holdings Sdn. Bhd. ("KHSB")	109,048,940	34.06	-	-
Norinv Kapital Sdn. Bhd.	59,714,100	18.65	-	-

Notes:-

* Deemed interest by virtue of shares held by KHSB in which the director has interest.

By virtue of his interest in the shares in Kobay Holdings Sdn. Bhd., Dato' Seri Koay Hean Eng also deemed to have interests in shares in Kobay/the Company and all the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

Deemed interest by virtue of shares held by KHSB and Inna Capital Sdn. Bhd. in which the director has interest.

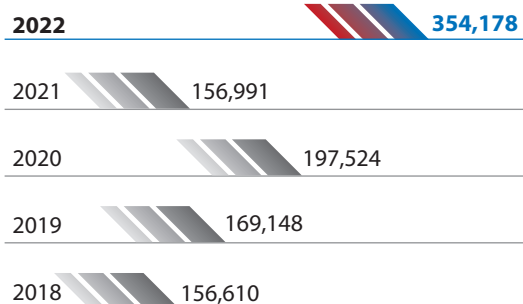
By virtue of his interest in the shares in Kobay Holdings Sdn. Bhd. and Inna Capital Sdn. Bhd., Mr. Koay Cheng Lye also deemed to have interests in shares in Kobay/the Company and all the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

Save as disclosed above, none of the other Directors in office at the end of the financial year held any interests in shares in the Company or its related corporations.

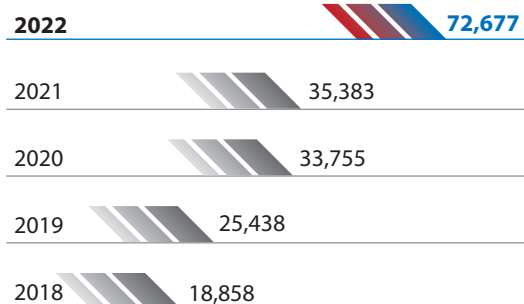
FINANCIAL HIGHLIGHTS

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Statement of Comprehensive Income					
Revenue	156,610	169,148	197,524	156,991	354,178
EBITDA	24,742	31,423	41,033	42,777	85,300
Profit before tax	18,858	25,438	33,755	35,383	72,677
Profit after tax	13,393	19,059	24,101	26,933	52,885
Net profit attributable to equity holders	13,184	18,921	23,926	26,761	51,371
Statement of Financial Position					
Total Assets	209,919	244,943	286,049	293,278	568,707
Total Borrowings	12,019	22,064	42,256	41,041	68,565
Equity attributable to owners of the Company	158,601	177,529	198,307	209,419	363,275
Financial Indicators					
Earning per share (sen)	12.92	18.53	7.81	8.76	16.46
Gearing ratio (%)	7.56	12.39	21.25	19.54	18.98
Net assets per share (RM)	1.56	1.74	1.95	0.69	1.18
Net dividend per share (sen)	-	3.00	6.00	2.00	3.00
Share price as at the financial year end (RM)	1.00	1.58	1.83	2.70	2.96
Price earning (PE) ratio as at financial year end (times)	7.74	8.53	23.43	30.82	17.98
Number of ordinary shares issued	102,094	102,094	102,094	306,281	326,181
Weighted average number of ordinary shares in issue	102,057	102,094	306,281	305,361	312,112

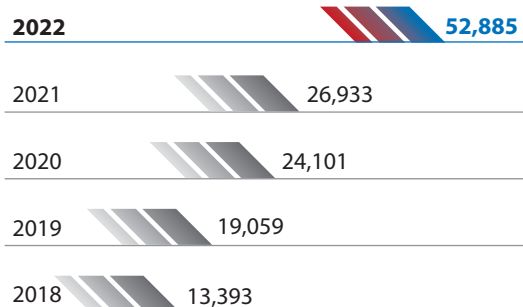
REVENUE (RM'000)



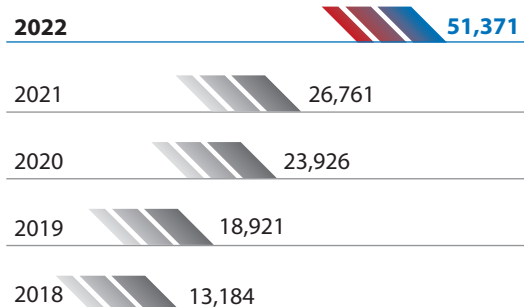
PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS (RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS

Dear Esteemed Shareholders,

On behalf of the Board of Directors ("Board") of Kobay Technology Berhad ("Kobay" or the "Group"), I am pleased to present to you the Management Discussion and Analysis for the financial year ended 30 June 2022 ("FY2022").

BRIEF OVERVIEW OF FY2022

FY2022 was another breakthrough year for Kobay thanks to favourable business conditions in the industries we serve as well as our successful diversification and expansion plans, notwithstanding the challenges brought about by the prolonged pandemic.

On the back of structural changes caused by the Covid-19 outbreak, global spending on consumer electronics continued its unprecedented rise for the second year running. This triggered strong orders for semiconductor as well as electronic and electrical ("E&E") components. Furthermore, the reopening of international borders worldwide has also prompted higher demand for our aerospace components as airlines ramp up repair and maintenance activities.

Other than that, we have also ventured into the pharmaceutical business after completing the acquisition of a majority stake in Avalon Group, which is best known for its "Park@City" pharmacies around the Klang Valley.

As was the year before, supply-side challenges remained prevalent, beset by labour shortages, global supply chain issues, and inflated raw materials prices. Operationally, the Group also faced disruptions during the Full Movement Control Order ("FMCO") as work was carried out under a reduced capacity.

Nonetheless, we continued to demonstrate good organisational resilience with strong business moat, established customer relations, wide network of suppliers, shrewd procurement strategies, and effective human resource management. Coupled with other aforementioned factors, Kobay concluded FY2022 with our best financial performance in the Group's 37-year history. Net profit attributable to owners of the parent ("net profit") came in at RM51.4 million, nearly doubling FY2021's figure.

GROUP OVERVIEW

Kobay was founded in 1984 and today, it is one of the leading one-stop engineering solutions providers in the region. Headquartered in George Town, Pulau Pinang, it has 7 manufacturing facilities across the state including in Seberang Prai and Bayan Lepas, and another in Pontian, Johor. The Group has been listed on the Main Market of Bursa Malaysia Securities Berhad since 1997.

Manufacturing

Kobay is primarily involved in the business of high precision engineering and automated equipment which includes high-level assembly.

We offer turnkey engineering solutions including precision machining components, customized precision tool and moulds, fabrication of heavy metal structure, as well as the design and manufacturing of semiconductor test handling equipment.

Our clientele is from various industries such as semiconductor, electronic and electrical ("E&E"), aerospace, oil and gas ("O&G"), medical, and life science. They mostly consist of multinational corporations operating in Malaysia, along with customers from Europe, North America, and Asia Pacific.

Property Development

In 2016, Kobay ventured into property development with the launch of Lavanya Residences in Langkawi, Kedah. The project is split into two phases and has a total gross development value ("GDV") of RM318 million. Phase 1 of the development (private pool villas) was completed in July 2019 while Phase 2 (serviced studios and apartments) is slated for completion by December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Property Development (cont'd)

Apart from that, Kobay has a healthy pipeline of projects as listed below:-

No.	Description	Location	Land Area (acre)	Business Mode	Status
1.	Affordable Apartment	Sg. Batu, Penang	1.80	Own & JV	Under design & planning. Target launch: Dec 2022
2.	Mixed Development	Sg. Nibong, Penang	3.05	Own & JV	Under design & planning.
3.	Mixed Development	Bkt. Mertajam, Penang	6.86	JV	Under design & planning.
4.	Serviced Apartment	Tg. Bungah, Penang	1.54	Own	Under design & planning.
5.	Residential Development	Lumut, Perak	19.50	JV	Under design & planning

The undeveloped landbank of the Group stood at approximately 32acres at the end of FY2022.

Pharmaceutical

In August 2021, Kobay expanded into the pharmaceutical business after acquiring a 70%-stake in Avelon Group. Through that, it has gained exposure to 4 pharmacies operating under the "Park@City" brand, 1 retail store selling healthcare products under its own brand of "Biobay", and 1 warehouse facility for the wholesale distribution business. All facilities and retail pharmacy stores are located in the Klang Valley.

REVIEW OF FINANCIAL RESULTS

INCOME STATEMENT HIGHLIGHTS

Revenue

Kobay recorded a revenue of RM354.2 million in FY2022, which more than doubled the RM157.0 million attained in FY2021. Both the incumbent segments – manufacturing and property development – registered year-on-year ("YoY") growth. Meanwhile, the newly formed pharmaceutical segment also contributed to the top-line expansion.

Gross Profit

Gross profit ("GP") came in at RM117.0 million for FY2022, a twofold increase from the year before. The increment was in line with its revenue. GP margin in FY2022 stood at 33.0% versus 36.3% in FY2021. The margin compression was due to the addition of our new pharmaceutical business, which generally commands a lower profit margin compared to manufacturing and/or property development.

Profit Before Tax

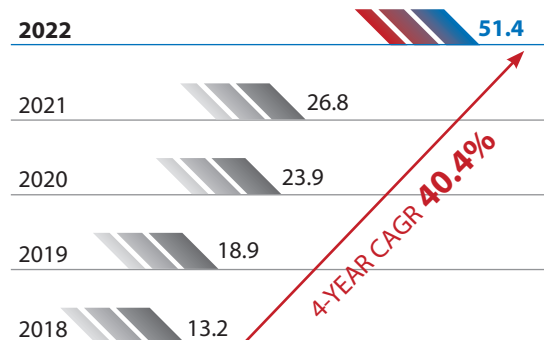
Correspondingly, Kobay attained profit before tax ("PBT") of RM72.7 million in FY2022, translating to a YoY growth of 105.4% compared to RM35.4 million in FY2021. Similar to GP margin, PBT margin too, dropped from 22.5% to 20.5% over the same period. Apart from the new pharmaceutical business, the lower PBT margin was also attributed to pre-operating costs incurred for the aluminium extrusion business.

Net Profit

In FY2022, the Group achieved its historic high net profit of RM51.4 million, its fifth consecutive record-breaking financial year. Compared to the RM26.8 million recorded in FY2021, this was a 91.9% YoY rise. Net profit margin stood at 14.5% for the financial year under review, declining by 2.5 percentage points underpinned by similar reasons stated above.

5-YEAR NET PROFIT TREND (RM mln)

FIFTH CONSECUTIVE RECORD-BREAKING NET PROFIT



CAGR: Compound Annual Growth Rate

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

SEGMENTAL ANALYSIS

Manufacturing

In FY2022, our manufacturing segment contributed RM241.3 million in revenue, higher by 71.4% YoY from RM140.8 million in FY2021. It remained the largest revenue contributor to the Group at 68.1% of the total.

The segment locked in a PBT of RM60.7 million in FY2022, increasing by 83.1% YoY from RM33.1 million in FY2021. Segmental PBT margin expanded by 1.6 percentage points from 23.5% to 25.1% on the back of improved operational efficiency.

While the Covid-19 pandemic has been detrimental to the global economy at large, the need for electronic gadgets and other consumer electronics skyrocketed as people spend significantly more time at home. This has caused demand for semiconductors and E&E components to surge at an unprecedented scale. The upward trajectory has not stopped since with global sales of semiconductors in the second quarter of 2022 up by 13.3% on a YoY basis according to the Semiconductor Industry Association ("SIA"). In line with the industry trend, we too enjoyed robust orders from our semiconductor and E&E clients throughout FY2022.

During the pandemic, many airlines had placed their aircraft into hibernation as demand for flights plummeted in 2020 and 2021. However, with the reopening of international borders and relaxation of movement restrictions, demand for air travel is picking up again. Apart from the heightened repair and maintenance need from increased air activities, orders for new aircraft are also seen to cope with the pent-up demand. As a result, we experienced a sharp recovery for our aerospace components, with a backlog that stretches to the next financial year.

On the other hand, demand for subsea structures for the O&G industry has remained muted in FY2022 as the upstream segment lagged in recovery.

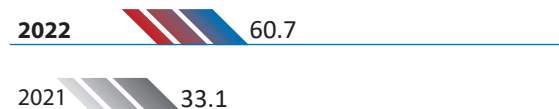
Meanwhile, orders for medical and life sciences components were stable on a YoY basis. Overall contribution from these industries, however, was still small in comparison as they are relatively newer additions to the Group.

MANUFACTURING SEGMENT (RM mln)

REVENUE



PROFIT BEFORE TAX



Property Development

The property development segment registered a turnover of RM24.7 million for the year under review. This was almost twofold increment from last year, boosted by quicker progress billing for the Lavanya Residences development as we were able to carry out construction activities rather smoothly. As at 30 June 2022, the Group has completed more than 60% of the project. As the development is marketed to the affluent market, property sales also increased on the back of returning expatriates to the country.

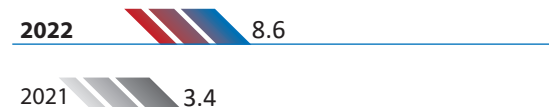
Correspondingly, we reported higher segmental PBT of RM8.6 million in FY2022 versus RM3.4 million in FY2021. PBT margin improved from 24.3% to 34.9%.

PROPERTY DEVELOPMENT SEGMENT (RM mln)

REVENUE



PROFIT BEFORE TAX



Pharmaceutical

The Group's pharmaceutical segment made its maiden contribution in FY2022 with revenue of RM86.2 million while recording a PBT of RM10.7 million. PBT margin stood at 12.4%.

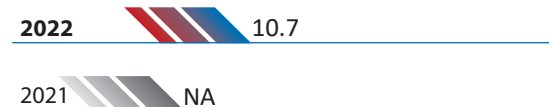
The overall demand for healthcare products was very strong in FY2022, augmented by elevated health consciousness since the pandemic broke out.

PHARMACEUTICAL SEGMENT (RM mln)

REVENUE



PROFIT BEFORE TAX



NA = Not Applicable

Note: No comparison available as this was the maiden year for the Pharmaceutical segment

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BALANCE SHEET POSITION

Total Assets

As at 30 June 2022, Kobay's total assets stood at RM568.7 million, having surged from RM293.3 million a year ago. Total cash increased from RM49.3 million to RM73.7 million over the same period following the private placement that was completed in November 2021 where the Group successfully raised approximately RM110.4 million.

Property, plant, and equipment increased from RM66.2 million to RM139.9 million with the newly built aluminium extrusion plant and the addition of the pharmaceutical business. Meanwhile, property development costs rose from RM63.1 million to RM103.1 million in line with the higher progress billing in FY2022.

Other notable jumps were trade and other receivables, from RM55.5 million to RM100.4 million and inventories, from RM23.8 million to RM52.5 million, both trajectories were in tandem with the revenue growth.

Total Liabilities and Equity

Total liabilities were higher at RM190.6 million as at 30 June 2022, up from RM83.3 million as at 30 June 2021. Total borrowings grew from RM41.0 million to RM68.6 million while trade and other payables climbed from RM35.3 million to RM99.2 million over the same period. The increments were consistent with the higher operational activities as indicated in the top line improvement.

Meanwhile, total equity stood at RM378.1 million, increasing from RM210.0 million a year ago. Share capital rose from RM102.1 million to RM210.9 million following the issuance of new ordinary shares from the private placement exercise.

Net Gearing Ratio & Cash Per Share

At the end of FY2022, Kobay remained at a net cash position with a net cash per share of 1.66 sen.

CASH FLOW

Net Operating Cash Flow

Kobay recorded a positive net cash from operating activities of RM21.9 million in FY2022, compared to RM26.4 million in FY2021.

BALANCE SHEET AND CASH FLOW HIGHLIGHTS AS AT 30 JUNE 2022



TOTAL ASSETS
RM568.7 MILLION



TOTAL EQUITY
RM378.1 MILLION



NET OPERATING CASH FLOW
RM21.9 MILLION



NET CASH PER SHARE
1.66 SEN

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

CORPORATE EXERCISES

Acquisition of Avelon Group

In August 2021, Kobay completed the acquisition of a 70%-stake in Avelon Group at a purchase price of RM47.7 million. Avelon Group comprises 4 pharmacies, 1 warehouse store, and 1 retail store in Klang Valley.

Under the agreement, the vendors have guaranteed a cumulative of RM25.5 million in profit after tax ("PAT") between calendar years 2021 to 2023, with a minimum of at least RM6.8 million PAT each year.



Pictures: Avelon Group HQ (left) and Park@City Pharmacy (right)

Private Placement

On 5 November 2021, the Group announced that it would undertake a private placement exercise with the issuance of up to 10% of the total number of issued shares of Kobay (excluding treasury shares) which was at 306.3 million shares at the time.

The Group targeted to raise between RM150.1 million to RM153.1 million from the exercise. Fundraising exercise was mainly intended for the setting up of a new aluminium manufacturing plant along with the related working capital needs.

On 26 November 2021, Kobay completed the first tranche of the private placement with the issuance of 19.9 million placement shares at RM5.55 per share, raising a total of RM110.4 million.

On 29 April 2022, the Group obtained approval from Bursa Malaysia Securities Berhad to complete the implementation of the private placement by 9 November 2022.

Table: Utilisation of proceeds of the first tranche of private placement (as of 30 June 2022)

No.	Purpose	Total Proposed Utilisation (RM mln)	Proceeds Raised (RM mln)	Actual Utilisation (RM mln)	Balance Unutilised (RM mln)	Estimated timeframe for utilisation
1	Setting up of new aluminium manufacturing plant for the Group's manufacturing division	60.00	60.00	(31.83)	28.17	Within 2 years
2	Partial repayment of bank borrowings	50.00	50.00	(50.00)	-	Within 6 months
3	Working capital for the Group's manufacturing division	39.69	-	-	-	Within 2 years
4	Estimated expenses	0.45	0.45	(0.45)	-	Immediate
	Total	150.14	110.45	(82.28)	28.17	

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED AND KNOWN RISKS

Supply Chain Disruptions

The global supply chain is still in a vulnerable state with the war in Ukraine, China's zero-Covid policy, as well as geopolitical tensions between China and the United States. Shortages in raw materials could result in a slower production rate, which may ultimately impact our financial performance. Kobay is constantly on the lookout to widen its supply chain network in order to reduce concentration risk. Furthermore, we are also optimising our procurement processes to ensure a sufficient buffer of raw materials at any point in time.

Labour Shortage

A persistent labour shortage issue could negatively affect the Group's ability to expand. Furthermore, if we are unable to retain existing workers, existing operations could also be disrupted. With the recent lifting of the ban on bringing in foreign workers to Malaysia, we are optimistic that the issue will be resolved soon. In mitigation, we continue to invest heavily in automation to reduce the overall reliance on manual labour.

Foreign Currency Risks

The Group may be subjected to foreign exchange risks given our wide geographical coverage. A significant portion of our financial transactions is conducted in United States Dollar ("USD"). To minimise the associated risk, Kobay may use forward exchange contracts from time to time to hedge against foreign currencies. Apart from that, we also have some natural hedges as certain procurements are conducted in foreign currencies.

Operational Disruptions

Since the pandemic broke out in 2020, we had experienced several lockdowns which resulted in us operating at a reduced capacity. Any similar unplanned shutdowns in the future could negatively impact the Group's financial performance as we are heavily reliant on our manufacturing business. In mitigation, the Group has taken up insurance policies to provide coverage against the risk of fire and personal accidents for our workers. Nevertheless, external risks that are beyond our control such as natural disasters, pandemics, riots, and general strikes may also adversely affect our operations as well.

OUTLOOK AND PROSPECT

Looking ahead, we foresee certain global economic headwinds to persist amidst the high inflationary climate. Central banks across the world have been conducting their respective monetary tightening to curb the pressure. Additionally, the Russia-Ukraine war and the heightened geopolitical tensions between major powerhouses have further dampened the outlook and increased the risk of a global recession.

In July 2022, the International Monetary Fund ("IMF") revised its global outlook down to 3.2% in 2022 and 2.9% in 2023. Back in Malaysia, the Ministry of Finance ("MoF") has reiterated that 2022 Gross Domestic Products ("GDP") growth is forecasted to range between 5.3% to 6.3%. At the same time, however, it also cited that growth in 2023 will be challenging due to the anticipated global slowdown.

Manufacturing Division

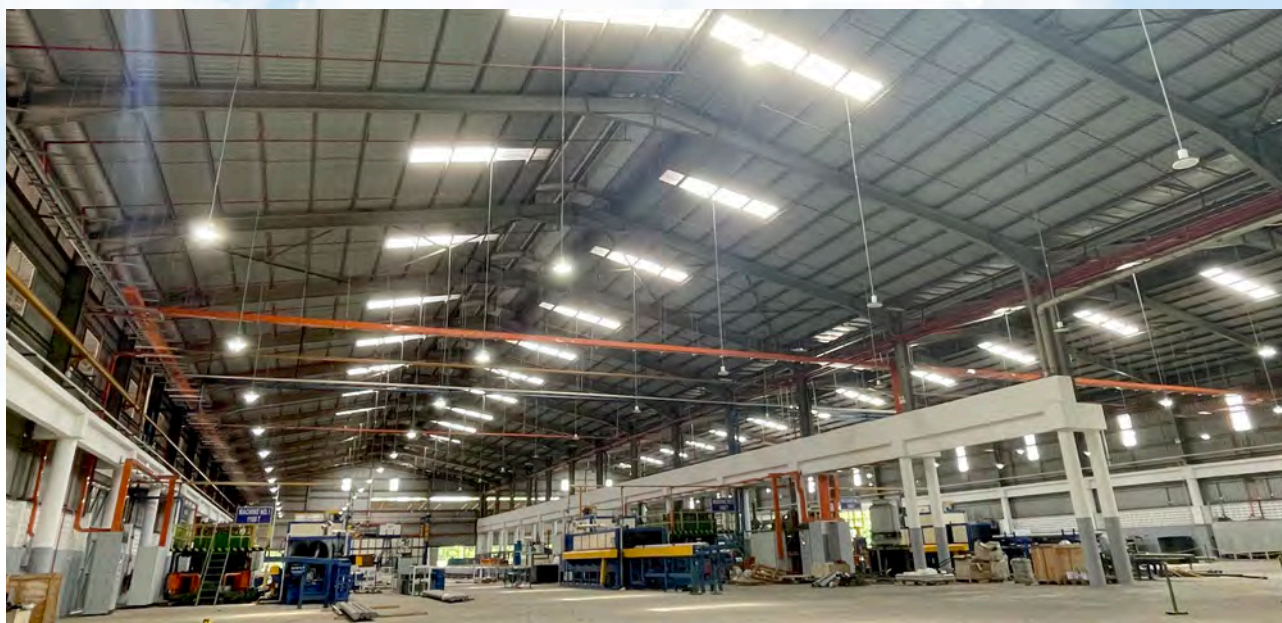
According to the World Semiconductor Trade Statistics ("WSTS"), the global semiconductor market in 2022 is projected to grow by 13.9%, before cooling down to single digit growth rate of 4.6% in 2023.

That said, while the uptrend for smartphones or other gadgets may have plateaued, demand for other segments is expected to remain robust such as those related to data centres or cloud infrastructure. Albeit with short-term obstacles, Kobay remains optimistic about its semiconductor and E&E businesses for years to come as we are still in the early cycle of the Fourth Industrial Revolution.

Meanwhile, we opine that the aerospace sector will continue to receive strong orders. As stated earlier, we have a healthy backlog that stretches to 2023. This is also sustainable thanks to pent-up demand for air travel globally which would fuel demand for aerospace parts.

On the other hand, the O&G industry outlook remains relatively uncertain. Should a prolonged global recession play out, prices for crude oil may experience decline and this, in turn, would have a negative implication on the upstream industry which we serve.

In FY2023, we are also expecting the new aluminium extrusion plant to be up on stream. The three aluminium extrusion machines and accessories can produce 20,000 metric tonnes of aluminium frames for solar panels per annum. We are currently in discussion with top global solar panel manufacturers. This will expand our client base to include the renewable energy industry which is a fast-growing industry. The positive momentum is supported by countries committing to achieve a net zero-carbon future by 2050 and many corporations are expediting their sustainability initiatives with heightened Environmental, Social, and Governance ("ESG") scrutiny.



Picture: New Aluminium Extrusion Plant in Perai, Penang

Property Development

With the challenging economic environment, the property market is expected to remain muted. On a brighter note, this concern is not huge for Kobay as our ongoing phase 2 of the Lavanya Residences project is almost at final stage of completion. In FY2023, the Group plans to launch an affordable housing project in Sungai Batu, Penang. We opine that the affordable segment will still be favourable as prospective homebuyers will be shopping for cheaper alternatives owing to reduced purchasing power.

The new project is a 342-unit apartment with an estimated GDV of RM113 million.

Pharmaceuticals

The long-term outlook of the pharmaceutical industry in Malaysia is a positive one given the changing demographics. According to the Department of Statistics Malaysia ("DOSM"), the population aged 65 and above is expected to grow from 2.2 million or 6.8% of the total population in 2020 to 2.4 million or 7.3% of the total in 2022. This trend is expected to continue over the next decade or so.

With the ageing population, there will also be an increased number of active interventions needed from healthcare providers which will trickle down to the pharmaceutical industry that Kobay is exposed to.

To support the growth, the Group is planning to move up the value chain by setting up a health food and supplements manufacturing business in the near future. In the early phase, we will be focussing on producing fast-moving consumer goods, grains, and milk powders. Other than that, we will continue to look for expansion opportunities within the pharmacy space to expand the footprint of the "Park@City" brand.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to everyone at Kobay for your hard work which yielded a record-breaking financial performance for the Group for the fifth year running. This is especially remarkable given the host of operational challenges faced in FY2022.

Additionally, my heartfelt thanks to all our stakeholders, including but not limited to our loyal shareholders, customers, business associates, bankers, lawyers, and suppliers for your unwavering support for yet another year.

Going into FY2023, all hands are on deck to face the macroeconomic challenges that may arise. We are confident that our 3-decade-plus-long experience will be more than sufficient to carry us through any potential tough times ahead. Our diversification within the manufacturing segment, as well as other businesses in property development and pharmaceutical, will give us an advantage. We shall continue to strive for excellence and "Be The Best We Can Be".

Dato' Seri Koay Hean Eng

Managing Director and Chief Executive Officer

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pursuant to Paragraph 15.25 of Bursa Malaysia Securities Berhad ("Bursa") Listing Requirements and the latest Malaysian Code of Corporate Governance ("MCCG") issued by Securities Commission Malaysia on 28 April 2021, Kobay adopted the CARE (Comprehend, Apply and Report) approach where the Group's Corporate Governance Overview Statement provides an overview on how the application of Principles as set out in MCCG is practiced throughout the Group in financial year ended 30 June 2022. This Statement is to be read together with Corporate Governance Report in Bursa's prescribed format which is available for reference at Kobay's website, www.kobaytech.com and Bursa's website, www.bursamalaysia.com.

BOARD LEADERSHIP AND EFFECTIVENESS

Board of Directors ("Board") is entrusted with the role of steward and guardian of the Company in building its long-term success and deliver sustainable value to its stakeholders. The Board has a vital role in providing leadership and championing good governance and ethical practices throughout the Company as well as the Group. The Board together with the senior management have facilitated and articulated the understanding of the MCCG principle at the Company level since 2000. In tandem with the 2021 MCCG, the Company will advocate the adoption of the best MCCG practices and culture within the Group.

Board Responsibilities

Board has set out the role and responsibilities, code of conduct for individual Directors and Terms of Reference for its Committees in Board Charter which is published at Kobay's website. The Board will review and revise the Board's Charter every 5 years interval or whenever is necessary to align with changes in the relevant legislations.

Matters which specifically required the entire Board's approval are set out in Kobay Board Charter which is made available on the Company's website (www.kobaytech.com). Please refer to Kobay's website for more details.

Board has delegated certain specific responsibilities to its Board Committees which operate within the defined Terms of Reference and report regularly to the Board. For effective running of day-to-day operational matters, authority on operational management of the Group has been delegated to the Executive Committee and Chief Executive Officer and they may further delegate to respective senior management for execution.

Further to the updated MCCG, the Board is required to integrate sustainability considerations and underlying environmental, social and governance (ESG) risks and opportunities into its corporate strategy, governance and decision-making functions in order to create a durable and sustainable value in adapting to shift and change in the global landscape as well as building and maintain confidence of the stakeholders.

Roles and Responsibilities

Position	Roles and Responsibilities
Chairman	<ul style="list-style-type: none">To lead the Board and instill good corporate governance practices.To set Board agenda and ensure Directors receive complete and accurate information in a timely manner.To chair and conduct Board meetings, encourage active participations.To manage interface between Board and management as well as ensure effective communication between stakeholders and the Board.
Chief Executive Officer	<ul style="list-style-type: none">Chief Executive Officer plays a vital role in leading the entire Group's business operations towards attaining Group's vision and mission. He works along the line of Corporate Direction, Strategic Plans and Key Performance Indicators ("KPI") set which are reviewed quarterly and revised yearly for company's sustainability.
Independent Directors	<ul style="list-style-type: none">Independent Non-executive Directors play a protective role for minority shareholders and other stakeholders in the Group. Their effective participations promote a balance to the Board's decision.Independent Directors shall lead the Nominating Committee in succession planning, appointment of Board members as well as annual review of the individual Director, Board committees and Board performance as a whole.For Remuneration Committee where majority is Independent Directors, its implement remuneration policies and procedures including reviewing and recommending matters relating to remuneration of the Board members and senior management.
Company Secretaries	<ul style="list-style-type: none">Company Secretaries play an advisory role to the Members, Board on its roles and responsibilities as well as serve as a point of contact for stakeholders' communication and engagement on corporate governance matters.Beside administrative matters in relates to the Board and Committees meeting, Company Secretaries manage and monitor corporate governance developments and advise the Board on compliance to relevant laws and regulations, facilitate new Board member's orientation, assist in Director training and development as well as manage shareholders meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Roles and Responsibilities (cont'd)

Position	Roles and Responsibilities
Senior Management	<ul style="list-style-type: none"> To drive strategic management of material sustainability matters (risk and opportunity), integrate sustainability considerations in day-to-day company operations and ensuring effective implementation of company's sustainability strategies and plans as set by the Board and its Committee.

The roles of Chairman and Chief Executive Officer are segregated to ensure there is a balance of power and authority. The Chairman is responsible for ensuring effectiveness of Board's policies and conducts whilst the Chief Executive Officer is responsible for entire Group's operations, organization effectiveness, overseeing as well as coordinating development and implementation of Board's policies, corporate strategies and decisions. Their duties are clearly stated in Board Charter and the Board's conduct is governed by Code of Business Conduct Policy, both the Charter and Policy are able to be viewed at our Company's website.

Every Director is able to access directly to senior management and Company Secretaries for advice or external independent professionals' advice for additional information before decision making.

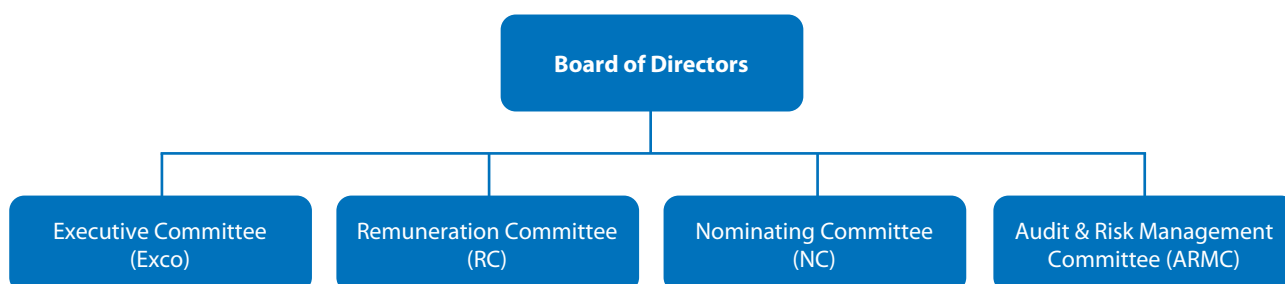
Board Meetings

There were four (4) Board meetings held in the financial year ended 30 June 2022. Management teams are invited, if required, to attend the Board meetings and to report on issue raised. Board papers for the Board and its Committee Meetings are furnished to members of the meeting at least five (5) business days prior to the meeting.

No individual or group of individuals dominates the Board's decision making. Each Director contributes his/her skill, experience and expertise accordingly and each agenda/issue raised is deliberated and carefully considered during Board meeting. Documents and information in relation to any corporate or business issue to be discussed in the meeting are furnished to the Board members prior to the meeting. The Board members review updates and/or reports inclusive of Board attendance, resolutions passed quarterly, Directors' dealing in Company's securities and directorship in other listed entities, financial information, Committees' report, risk management report, external auditor feedback and corporate developments.

Board Committees

The Board has established the following Committees to which it delegates certain responsibilities. Membership and performance of these Committees are reviewed annually. All minutes of these Committees are recorded by the Company Secretaries and make available for all Directors on a timely manner.



Committee	Scope of Responsibilities
Executive Committee (EXCO)	<ul style="list-style-type: none"> To assist Board and work with the senior management in formulate, review, approve and adopt Group's sustainability strategic plans, material sustainability risk and opportunity and annual budget. To assist Board on carried out tasks as per Authority limit assigned and defined by the Board from time to time. To review the KPI set for the Company and its subsidiaries vide meetings held every quarter.
Remuneration Committee (RC)	<ul style="list-style-type: none"> To assist Board to review the level and composition of remuneration of individual Director and senior management that aligned with the business strategy and long-term objectives of the Group. To recommend a remuneration package of Directors and senior management that in regards to the Group's operating results, individual performance and comparable market statistics. To recommend fee paid to Non-executive Director. To assist Board in attract right talent into the Board and senior management to drive the Company's long-term objectives.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Board Committees (cont'd)

Committee	Scope of Responsibilities
Nominating Committee (NC)	<ul style="list-style-type: none"> To assist Board in selecting and reviewing election of each and every Director. To consider composition of the Board, gender diversity, evaluate performance and independency of Director prior to recommendation to the Board in appointment and annual re-election of Director. To ensure senior management possessed the required skills and experience. To ensure there are measures in place to provide for the orderly succession of board and senior management.
Audit and Risk Management Committee (ARMC)	<ul style="list-style-type: none"> To review the internal controls and risk management (financial and non-financial) periodically. To oversee functions of auditing, financial statements, risk management and internal control, related party transactions and any other topics as may be agreed to by itself and the Board. To assess and evaluate the suitability, objectivity and independence of the external auditors.

Note: Terms of Reference for the Committees is published at Kobay's website (www.kobaytech.com).

Board and its Committee Meeting Attendance for FYE2022

Name of Members	Board Meeting	ARMC Meeting	NC Meeting	RC Meeting
Puan Sharifah Faridah Binti Dato' Syed Mahadzah Jamalullil	4/4	4/4	2/2	1/1
Dato' Seri Koay Hean Eng	4/4	-	-	1/1
The late Mr. Koay Cheng Hock @ Koay Ah Bah (Resigned on 11/3/22)	3/4	3/4	-	-
Mr. Koay Cheng Lye	4/4	-	-	-
Mr. Khaw Eng Peng	4/4	4/4	2/2	1/1
Mr. Koay Wooi Seong (Appointed on 11/3/22)	1/4	1/4	1/2	-

There were EXCO meetings held weekly to resolve day-to-day operational related matters and meeting records are kept by Company Secretaries.

Main Activities of the Board and its Committees during the Financial Year

During the financial year ended 30 June 2022, main activities carried out by the Board and its Committees includes but not limited to the followings:

Main Activities

- Review the Directors' performance for financial year 2021 individually, the Board and/or its Committee as a whole.
- Review the performance of external auditors, Messrs. Crowe Malaysia PLT.
- Review the Company and Group's quarterly results of Quarter 4 financial year 2021, Quarter 1, 2 and 3 of financial year 2022 for announcement to Bursa.
- Review and approve the Directors' Report and Audited Accounts for the financial year ended 30 June 2021.
- Review and receive the quarterly Risk Management Reports reported by the VP-Corporate Finance and Risk Assurance Statement by CEO and VP-Corporate Finance for financial year 2021.
- Receive, review and approve the semi-annual return for submission to Bursa.
- Review and approve the Group Strategy Plan and KPI quarterly by EXCO.
- Review and approve the Group's yearly budget by EXCO.
- Receive updates on the Group's Related Party Transactions.
- Review and report any major litigation, claims and/or issues with substantial financial impact (if any).
- Review and approve any changes/updates for the Corporate Policies inclusive the Board Charter, the Terms of Reference for any Board Committees, the Code of Conduct and Ethic etc..
- Review and approve for implementation any revision of any policies and procedures of the Group by EXCO.
- Review the re-appointment and remuneration of external auditors, Messrs. Crowe Malaysia PLT.
- Review and approve the Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control for financial year 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Main Activities of the Board and its Committees during the Financial Year (cont'd)

Main Activities(cont'd)

- Review and approve Annual Report 2021.
- Re-affirm the Board resolution passed every quarter.
- Review the attendance of Board members and its Committees every quarter.
- Review and approve the Share Buy-Back Statement and Circular to Shareholders in relation to Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.
- Review the term of office and assess the retirement of Directors by rotation, the retention of Directors and eligibility for re-election or retention in accordance to the Company's Constitution, Listing Requirement and/or MCGG 2021.
- Review and approve the Auditors' audit plan and note the audit review memorandum for financial year.
- Review on the succession planning including appointing, training, fixing compensation and gender diversity of the Group.
- Review on the investors' communication effectiveness.
- Review the adequacy and integrity of Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules and directives and guidelines.
- Oversee the conduct of Company's business to evaluate whether the business is being properly managed.
- Review and approve private placement exercise of up to 10% of the total number of issued shares of the Company (excluding treasury shares).
- Review the appointment of Mr. Koay Wooi Seong to fill the vacancy within 3 months from Mr. Koay Ah Bah @ Koay Cheng Hock resignation pursuant to Chapter 15 of the Listing Requirement.

Board Composition

The Board composed of two (2) Executive Directors and three (3) Non-executive Directors. Out of the three (3) Non-executive Directors, two (2) are Independent Directors. The Independent Directors are from diverse professional and business backgrounds, including members with experience in finance and accounting, property development and real estate. All Directors discharge their fiduciary duties and responsibilities at all times.

Details of all the Directors and their biographies are provided in pages 4 and 5 of this Annual Report.

Commitment

In facilitating the members of the Board or its Committee, the Board are provided with proposed date for the subsequent 2 meetings whereas the EXCO and senior management are provided with 18 months of meeting calendar in order to ease their planning ahead. Any special meeting requires to be held, it will be arranged by the Company Secretaries or in the event if the decision required by way of Directors Written Resolution, the Company Secretaries will notify the Board via emails, phone messages and/or social platform like WhatsApp or WeChat. The signed Directors Written Resolution will be filed in statutory record and noted by the Directors in the forthcoming Board meeting.

The Directors shall devote their time in carrying out their responsibilities and regularly update themselves with required skills and knowledge in discharging their fiduciary duties. They will notify the Board before new directorship appointment and such notification shall indicate the time committed for the new appointment.

Appointment and Re-election of Directors

Pursuant to the Company's Constitution, one-third (1/3) of the Directors shall retire from office by rotation at each Annual General Meeting ("AGM") and the newly appointed Directors are subject to re-election at the next AGM to be held subsequent to their appointments. Provided always that all Directors shall retire from office once at least in each three (3) years and if eligible, they can offer themselves for re-election.

Pursuant to the Companies Act 2016, there is no age limit for the Director except they have to meet all the relevant codes or regulations govern the Independent Directors and justification for retention is based on performance and contribution.

The appointment and re-election of Board members are vital process as they determine the quality of Board's capability and competency. The Nominating Committee is vested with the responsibility by the Board to review the candidates for new appointment as well as retired candidates whom eligible for re-election.

For candidates for new appointment, the Nominating Committee will first scrutinize and select those candidates who can fill the skill/gap of the current Board before conducting an assessment on the capability and interact with the selected candidates before convening a meeting to finalize the selection and proposed for the Board's approval on the appointment.

During the financial year under review, the Nominating Committee has appointed a new Director, Mr. Koay Wooi Seong who has vast experience in property and project development, in view of the retirement of our late Non-independent Non-executive Director, Mr. Koay Ah Bah @ Koay Cheng Hock who also has extensive experience in property and project development experience in the month of March 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Evaluating the Board

The Board has assigned the Nominating Committee not only to assess its individual Directors annually, its Committees and the entire Board on the performance and effectiveness.

Notices were sent to those Directors whom due for retirement for them to reply whether to opt for re-election during the forthcoming AGM. Consent letter from retiring Director will be compiled and tabled in the Nominating Committee meeting before the Nominating Committee made any recommendations to the Board to include into the forthcoming AGM's agenda for those Directors whom retired and eligible for re-election.

The Nominating Committee will evaluate the independency of the Independent Directors so to ensure they bring objective judgment and mitigate risks arising from conflict of interest or undue influence from interested parties as set out in the Listing Requirements and Practice Notes of Bursa. Simultaneously, individual Director is required to declare his/her independency prior to his/her appointment/re-appointment as Independent Director of the Company.

Evaluation Forms seeking the feedback on how each Board member views the performance of the Board as a whole and the respective Board Committees reporting to it had been circulated to the Board in May 2022. The evaluation and questionnaires provide a useful basis from which the key factors/criteria to determine effectiveness may be inferred. The Nomination Committee found, after considering input provided by each Director, that the various Board Committees generally have the right composition and do provide useful recommendations in assisting the Board to make better decisions. The Nomination Committee subsequently deliberated on the summary of the responses and provided to the Board after conducting its meeting on 26 August 2022 on assessment of Directors' performance and for re-electing/re-appointing those Directors whom retired for approval of the members in its forthcoming AGM to be set. The said Directors' profiles are set out on page 4 and 5 of this Annual Report.

Name of Director	Re-election/Re-appointment	Constitution/MCCG
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	Independent and Non-executive Chairman	Article 101
Mr. Khaw Eng Peng	Senior Independent and Non-executive Director	MCCG
Mr. Koay Wooi Seong	Non-Independent and Non-executive Director	Article 100

Pursuant to the MCCG Principle A, the Board noted the tenure of Independent Director should not exceed cumulative term of 9 years whereby members' approval is required for re-appointment. The Board is mindful of Mr. Khaw Eng Peng who has served for more than 11 years term as Independent Director.

The Board is of the view that integrity and competency of an Independent Director is vital in discharging his/her duties compared to the tenure of service. Moreover, the Independent Directors are all Non-executive Directors of the Company whereby they can provide an independent view of decision made with their diversified experience in their own expertise. All Independent and Non-executive Directors of the Company are not a substantial shareholder of the Company nor associated with the substantial shareholders. The Independent Directors shall, at all times, aware of Bursa's Listing Requirements on their independency when discharging their fiduciary duties. Any breach of the said Listing Requirement may impact their reputation and cause them legal implication for being non-independent.

The Nominating Committee has assessed Mr. Khaw Eng Peng, our Senior Independent Non-executive Director who served more than 11 years terms during the financial year 2022. The Nominating Committee concluded that he has demonstrated and exercised independent judgment and act in the best interest of the Company. Mr. Khaw has undertaken to notify the Board should his independency be affected due to change or development of interest or relationship in period from his re-appointment in the forthcoming AGM to the next AGM. As such, the Board has proposed to retain him as Independent Director and will propose for the shareholders' approval in the forthcoming AGM.

The Board is aware of the gender diversification under the best practice hence Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil was selected and appointed as Independent Non-executive Chairman and the Board is mindful of the guide of at least 30% women Directors for which the Board is in process of looking for suitable candidate to be appointed as Director. Two key senior management are ladies who are also appointed as board members in the Group's subsidiaries. Consistently, the Board is looking for female candidates with caliber to balance up the gender diversity of the Board and at the senior management level.

Gender diversity amongst the Board of Directors and Key Senior Management of the Company as at 30 June 2022 are as follow: -

	Total Headcount	Headcount for	
		Male	Female
Board of Directors	5	4 (80%)	1 (20%)
Key Senior management	5	3 (60%)	2 (40%)

The gender diversity for the Group's employees is disclosed in Sustainability Statement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Board's Training and Development

The Board as a whole acknowledges the importance of training and has delegated the Nominating Committee to continuously evaluate the training needs of the Directors and determine relevant training particularly in new laws and regulations, and essential practices to enhance corporate governance and risk management so to enable the Directors participate in deliberations and effectively discharge their duties. All Directors have undergone the Mandatory Accreditation Programme and complied with the Listing Requirements of Bursa.

The Nominating Committee has formalized an orientation programme, of which included introduction of Company's background, strategic plans and directions of the Company as well as the Group for all newly appointed Directors. For the current financial year, new director appointed, Mr. Koay Wooi Seong has been provided with the orientation programme within a month from the appointment date and attended the Mandatory Accreditation Programme in April 2022.

The Company Secretaries will update the Board members with new/amended Listing Requirements or relevant laws and regulations via Board of Directors Meetings held. During the financial year under review, the Company Secretaries have vided the quarterly Board meeting as listed below briefed the Board members the following topics –

Date of Meeting	Topic of the Briefing Conducted
26 August 2021	Highlight on Bursa Listing Requirements and MCCG 2021 update

The followings are additional courses and training programs attended by the Directors for the financial year ended 30 June 2022 -

Name of Director	Training Program Attended	Date
Dato' Seri Koay Hean Eng	Corporate Sustainability Programme by Malaysian Investor Relations Association	July 2021 -September 2021
Mr. Koay Cheng Lye	Corporate Sustainability Programme by Malaysian Investor Relations Association	July 2021 -September 2021
Mr. Khaw Eng Peng	Corporate Sustainability Programme by Malaysian Investor Relations Association Webinars organized by MIA, ACCA, MICPA, SC, Bursa, ICDM, IRB and various professional entities on topics related to financial and corporate reporting, tax, and regulatory compliance, etc.	July 2021 -September 2021 July 2021 – June 2022
Puan Sharifah Faridah Binti Dato' Syed Mahadzhar Jamalullil	Executive Education Programme -Merger & Acquisitions	3-month course (April 2022 - June 2022)
Mr. Koay Wooi Seong	Mandatory Accreditation Programme for Directors of Public Listed Companies	6 - 8 April 2022

Remuneration

The Remuneration Committee will review the Director's remuneration package inclusive benefits in-kind to align with business strategy and long-term objective of the Group besides matching with seniority, responsibilities and expertise of an individual during recruitment and/or periodically performance evaluation as set out in Group Human Resource Policy and Procedures.

The current performance evaluation interval for employees of which inclusive Executive Directors as ruled and guided by Group Human Resource Policy and Procedures is half-yearly. The Executive Directors' performance evaluation will be reviewed yearly by the Committee on their fiducially duties as Directors as well as tracked by KPI set in achieving the Group's long-term strategic sustainability plans. The Committee's recommendation will be tabled to the Board and execution by EXCO with the aim to "attract and retain" committed and performed Executive Directors to drive the Group. No Director is allowed to approve his/her own evaluation under the Group Human Resource Policy and Procedures.

Remuneration of Non-executive Directors is determined by the Board as a whole and Non-executive Directors shall abstain in discussion of their own remuneration. The compensation of Non-executive Directors is proposed by the Committee which link to their experience and level of responsibility taken and tabled for Board's approval.

The Committee had on 27 May 2021 proposed Directors' fee payable for shareholders' approval in the AGM held on 28 December 2021. The Committee has also vided the meeting on 19 May 2022 proposed Directors' fee payable for financial year ended 30 June 2022 in forthcoming AGM to be held on a date to be set by the Board of Director in due course.

The Committee has also proposed a mandate be given to Group HR Authority Limit Panel for approving salary review and increment of any Executive Director based on his KPIs performance evaluation pursuant to Group HR Policies and Procedures of a quantum not more than 10% of the individual Executive Director's existing salary for financial year 2023.

Details of the Directors' remuneration are reported herein -

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Directors' Remuneration

The Company pays its Executive Directors salaries, bonuses and other emoluments mandated by the Board pursuant to Group HR Policies and Procedures whereas for Non-executive Directors, Directors' fees that are approved at AGM.

A summary of the Directors' remuneration is reported as follows: -

1. Directors' Fees

Directors' fees are payable only to Non-executive Directors. For the year under review, the Board has proposed director fee for each Non-executive Director. Breakdown of Directors' fees payable to each and every Non-executive Director for the financial year ended 30 June 2022 is as follows:

Non-executive Director	Proposed Directors' Fees (RM)
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	10,000
The late Mr. Koay Ah Bah @ Koay Cheng Hock (resigned w.e.f. 11 March 2022)	7,500
Mr. Khaw Eng Peng	10,000
Mr. Koay Wooi Seong	2,500
Total Payable	30,000

2. Non-executive Directors' Other Benefit

Non-executive Directors are paid a perquisite for every attendance of quarterly meeting and during the financial year ended 30 June 2022, a total of RM6,600 meeting expenses have been paid to Non-executive Directors.

3. Directors' Remuneration

The Directors' remuneration paid or payable to all Directors of the Company by the Group, both for Executive and Non-executive Directors, categorized into appropriate components and into each successive band of RM50,000 for the financial year ended 30 June 2022 is disclosed below:

	Executive Directors (RM)	Non-executive Directors (RM)
Fees	-	30,000
Salary & other emoluments	731,432	33,932
Bonus	89,060	-
Allowance & Statutory Contributions	32,160	1,080

Per Annum	Executive Directors	Non-executive Directors
RM0 to RM50,000	-	4
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	1	-
RM350,001 to RM400,000	-	-
RM400,001 to RM450,000	-	-
RM450,001 to RM500,000	-	-
RM500,001 to RM550,000	1	-

The detailed disclosure for the remuneration of individual directors and senior management are set out in the Corporate Governance Report.

Employees' Share Option Scheme

There is no granting of options under the Employees' Share Option Scheme that was established on 19 April 2016.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee ("ARMC") which consists of three (3) Non-executive Directors and two (2) out of the three (3) are Independent Directors. Two (2) of the members are financial literate and one of them is a member of an accounting association.

The ARMC's composition and its report are set out in page 42 and 43 of this Annual Report.

Assigned by the Board, the Committee co-ordinates with internal and external auditors in relation to matters that may affect the financial or audit of the Company. During the financial year under review, ARMC has reviewed audited financial statements for financial year, ensured the financial statements prepared are complied with applicable financial reporting standards and provided a true and fair view of the state of affairs and financial position of the Company. The ARMC has recommended the financial statements for Board's approval and the Statement of Directors' Responsibilities in preparing the financial statement as set out on page 44 of this Annual Report.

In accordance with External Auditors Policy (which is available at Kobay's website), the ARMC shall assess suitability and independence of external auditors once in a year and the external auditors shall assure the ARMC in written form 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. The external auditors have, during the May 2022 ARMC meeting, confirmed their independency for audit engagement provided for financial year ended 30 June 2022.

Save for the audit services and review of Statement on Risk Management and Internal Control provided during the financial year ended 30 June 2022, there were no non-audit services provided by the external auditors. Any non-audit services to be provided by the external auditors shall be first reviewed by the ARMC before tabled for the Board's approval prior to engagement.

The external auditors have indicated their intention to continue their services and the ARMC has reviewed and recommended their re-appointment to be included into agenda for shareholders' approval in the forthcoming AGM.

Risk Management and Internal Control Framework

The Board is primarily responsible for Group's sound risk management framework and internal control system. The Company has identified and managed key business risks inclusive the material ESG risks to safeguard the shareholders' and the Company's investments. The Group's Risk Management Framework has been established in year 2013, documented down the risk tolerance level, risk management accountability bodies and monitoring procedures for Group's risk management.

The Group has integrated governance structures and processes with performance-focused risk management and internal control across all operations within the Group to manage risk and forms parts of our Corporate Culture. The Board of Directors is aware and responsible in ensuring that the Company maintains an effective internal control system. The Company maintains written documentation of Company's values, expected code of conduct, policies and procedures which clearly defines authorities and responsibilities for the Board, its Committees, each manager, employee and department.

The management is accountable to the Board in monitoring the Company's internal control system and provides reasonable assurance that any foreseeable future event or situation that may impact the Company's business objectives be mitigated or managed. Problems are identified on a timely basis with suggested solutions.

The Company has a customized Enterprise Resource Management System which enables the management to gather information, monitor and manage each individual subsidiary company's KPI and company operations are operating in accordance to procedures and management expectation.

The Board has established an Executive Committee ("EXCO") which comprises of four (4) members, two (2) Executive Directors and two (2) senior management staff, to oversee the execution of entire Group's strategic direction and goals and compliance of Group's policies and procedures. The primary functions of the Committee are stated in Board Charter and accessible at Kobay's website. The EXCO reviews individual subsidiary's risk management and internal control activities in quarterly meetings as an on-going monitoring process.

The Group's Statement on Risk Management and Internal Control is set out on page 39 to 41 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Internal Audit

As regards to the internal audit function, the Board view that it is an integral part of an effective system of corporate governance. The Board has established an in-house Internal Audit Department to periodically review the adequacy, effectiveness and integrity of Group's internal control system, management information system, risk management and governance processes. The internal auditors review and highlight weaknesses in control procedures and make recommendations for improvement. One of the internal auditors' functions is also to investigate any complaints on mismanagement of Company's properties and assets and any instances of fraud or malpractice. Internal Audit Department reports directly to ARMC, to ensure independence of internal audit function.

Summary of activities of the Internal Audit Department is set out in Audit and Risk Management Committee Report on page 43 of this Annual Report.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Board views communication as one of the values in Company's/Group's culture. Communication is not only confined with its stakeholders during day-to-day operations but also a powerful foundation to have continuous communication with shareholders for the Company's success.

The Company released quarterly financial results after approved by the Board via Bursa Link to keep shareholders informed about performance and operations of the Group pursuant to Bursa's Listing Requirements.

The Group also maintains a corporate website where all information released to the public can be accessible at all times. The Board is aware that no information shall be disseminated in any forms and means prior to the announcement first made to Bursa Link.

Company's Corporate Disclosure Guide has been established and it is accessible at Kobay's website. There shall be no information disseminated to the media or any parties unless it is, either first approved by Chief Executive Officer or Board, depending on the approving authority level required and it shall be only released by the Chief Executive Officer.

Shareholders and stakeholders can also access through the Company's website globally to obtain information in relates to Group's strategy, performance and major developments. There is platform available in Company's website where investor/shareholder is able to communicate and send an email to Ms. Chan Mun Shee, the person in charge of investor relation for information.

Shareholders may direct or post to Mr. Khaw Eng Peng, the Senior Independent and Non-executive Director, for any queries or concerns regarding the Company at the registered office address. At all times, shareholders may contact the Company Secretaries via office contact number or email to cosec@kobaytech.com for information.

Conduct of General Meetings

Every General Meeting of the Company represents a primary platform between the Shareholders, the Board and the management team to interact in person besides written communication.

The Company has always served notice within requisite period for meetings as prescribed by the Listing Requirements. Special businesses in Notice of AGM will be furnished with explanatory notes to Shareholders on the effects arising of proposed resolutions.

At the AGM, Shareholders are encouraged to actively participate in discussing the resolutions proposed or the Company's operations in general. The Board, management team and Company's external auditors are present to answer questions raised and provide clarification to Shareholders.

All resolutions set out in Notice of AGM are put forward to poll voting and the poll results for each resolution tabled during the meeting is announced to Bursa where the public is able to assessed for information.

Compliance Statement by the Board of Directors on Corporate Governance Statement

The Board has reviewed and approved the Corporate Government Overview Statement on 18 October 2022. The Board is pleased to report that it is satisfied to the best of its knowledge, the Company has fulfilled its obligations in accordance with all the applicable laws, regulations, internal and external guidelines on corporate governance throughout the financial year ended 30 June 2022.

SUSTAINABILITY STATEMENT

Kobay Technology Berhad's ("Kobay" or "the Group") Sustainability Report, communicates the Group's Environmental, Social and Governance (ESG) initiatives to address sustainability in achieving our business objectives.

During the financial year, we have diversified our existing principal activities of (i) manufacturing high precision engineering components and parts, semiconductor assembly and testing equipment, fabrication of structure and parts for oil and gas industry, sheet metal and surface treatment and (ii) property development to include (iii) wholesale and retail of pharmaceuticals and healthcare products. The diversification is part of the Group's strategic plan to seek an alternative revenue source by expanding its business activities into the pharmaceutical and healthcare industries. The new business activities will provide Kobay Group with an opportunity to diversify into another business with promising growth prospects to supplement the Group's existing business and strengthen its operational sustainability.

The scope of this Report encompasses all Kobay's subsidiaries and covers the financial year ended 30 June 2022.

Our Board of Directors have reviewed and endorsed the content of this Report to ensure relevant, current and material sustainability issues are covered.

Our Commitment

We take note of the United Nation's 17 Sustainable Development Goals as the foundation for Sustainable Development targeted to be achieved in year 2030. The Board acknowledges the importance of organization sustainability by aiming to balance its economic stability, environmental and social responsibility with financial performance. We are committed to integrate Economic, Environmental and Social sustainability issues into our business operations while attaining continuous growth and profits in a safe and healthy environment.

We adopt Emergent Approach in dealing with sustainability. With this approach, strategy emerges over time as intentions collide and accommodate a changing reality. It is a more grass roots, front-line oriented approach where solving real business problems leads to new strategies.

Stakeholders Engagement

Kobay values our stakeholders' interest. As their influences will have direct impact on the Group's business operations, it is crucial to articulate shared values through stakeholder engagement.

The table below illustrates the key stakeholders, their concerns, sustainability matters and forms of engagement we use in dealing with the various stakeholders' concerns.

Stakeholders	Stakeholders' Concerns	Sustainability Matters	Forms of Engagement
Customers	<ul style="list-style-type: none"> Pricing Product quality & safety On time delivery Design and features Resources efficiency After sales services 	<ul style="list-style-type: none"> Customers' satisfaction Innovation 	<ul style="list-style-type: none"> Market survey Launches/Events Customers visits and engagement by sales personnel Promotions Participate in NPI of customers
Employees	<ul style="list-style-type: none"> Corporate direction Job security and career advancement Remuneration and benefits Work-life balance Workplace health and safety Labour and human rights 	<ul style="list-style-type: none"> Employee welfare Training and development Occupation health and safety Talent retention 	<ul style="list-style-type: none"> Performance assessment for succession planning Flexible work arrangement Flexible benefits plan Whistleblowing policy Job description Training Internal policies and procedures Employees' portal
Investors	<ul style="list-style-type: none"> Growth plans Market diversification Risk management Corporate governance Sustainable performance 	<ul style="list-style-type: none"> Ethic and integrity Transparency Innovation Return on investment Green design and energy 	<ul style="list-style-type: none"> Shareholders' meeting Announcement via Bursa Malaysia Investors and analysts briefing Website enquiry

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholders Engagement (cont'd)

Stakeholders	Stakeholders' Concerns	Sustainability Matters	Forms of Engagement
Regulatory Agencies and Statutory Bodies	<ul style="list-style-type: none"> Compliance Securities issues Waste management Migrant workers 	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Local authorities' inspection Formal forum or meeting with respective authorities Press release Workshops or briefing
Vendors	<ul style="list-style-type: none"> Legal compliance Payment schedule Pricing Product quality and supply commitment On time delivery 	<ul style="list-style-type: none"> Vendor development 	<ul style="list-style-type: none"> Vendors/Suppliers dialogue Negotiation on pricing and contract Supplier audit and evaluation
Non-Governmental Organization	<ul style="list-style-type: none"> Environmental and social issues in relates to development 	<ul style="list-style-type: none"> Community development 	<ul style="list-style-type: none"> Donation and financial aid Contribution to environment and social enhancement Sustainability related programs

Sustainability Governance

The Board of Directors have delegated the Group's sustainability mission to Executive Committee ("EXCO"). Committee members are as follows:

- Headed by: Chief Executive Officer
- Member: Chief Administrative Officer
- Member: Chief Operating Officer in Manufacturing Division and
- Member: Chief Operating Officer in Property Division

EXCO has integrated sustainability initiatives in the yearly strategic planning. Sustainability issue faced will be brain-stormed together with the Senior Management in churning out prevention and remediation strategy.

By underpinning ESG-related key performance indicators in the day-to-day operations of the Group, EXCO has gain assurance that the Group is moving towards a sustainable path.

In line with the requirement of the Malaysian Code on Corporate Governance, ESG-related key performance indicators form part of the performance evaluation of Senior Management, which directly affected their yearly increment.

Material Sustainability Matters

The Group views the following sustainability matters crucial in defending today and creating tomorrow: -

Economic	Environment	Social
<ul style="list-style-type: none"> Shareholders Wealth Ethics and Integrity Quality Products & Services Digitalization 	<ul style="list-style-type: none"> Waste Management Occupational Safety and Health Green Investment 	<ul style="list-style-type: none"> Conducive and Progressive Working Environment Talent Management Human Rights & Equality Employee Benefits & Welfare Corporate Social Responsibility

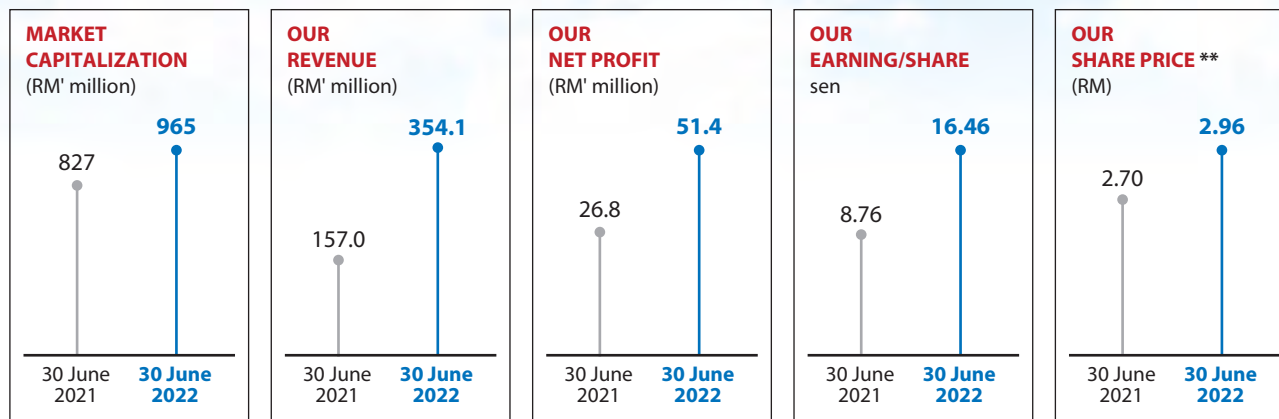
SUSTAINABILITY STATEMENT (CONT'D)

Economic

Shareholders Wealth

The Group is strived to generate profit for our shareholders while contribute positively to the local economy.

Our Results



(**Source: www.klscreener.com)

Ethics and Integrity

The Group acknowledged the importance of ethical corporate governance. "Doing the right thing when nobody's looking" that is, integrity and ethics.

Code of Business Conduct Policy and Anti-Corruption Policy are being formalized to serve as a guidance to employees' behavior. All employees (inclusive of Company Directors) are expected to behave and conduct when performing their duties.

Both the policy cover topics related to conflict of interest, gifts and gratuities, integrity of company assets and information, insider trading, act of misconduct, cultivate conducive working environment and compliance to laws and regulations.

We have also observed Whistleblower Protection Act 2010 where Whistle Blowing Policy is set up and adopted in our Group. This Policy provides and facilitates a mechanism on how employees should deal with when reporting suspicious or alleged misconduct, wrongdoings, corruption, fraud, waste of resources, sexual harassment, discrimination and/or abuse in utilizing the Group's resources. This Policy assures confidentiality and protection against any form of reprisal.

The Code of Business Conduct Policy, Anti-Corruption Policy and Whistle Blowing Policy are available at Kobay website.

Quality Products & Services

We strive to improve effectiveness of our quality management system and maintain the product's quality persistently. We are accredited with the following management system international standards: -

- ISO 9001 : 2015,
- ISO 13485 : 2016,
- AS 9100 : D,
- Nadcap – Chemical Processing, and
- Nadcap – Aerospace Quality System (AC7004)

We are committed to speedy delivery in supporting and sustaining our customers supply chain. On Time Delivery Rate is one of our Key Performance Indicators to monitor delivery performance in each business units. The said Key Performance Indicator will be closely monitored monthly.

To reduce the harmful effects of dangerous substances to people and environment, we use ROHS (Restriction of Hazardous Substances) compliance materials in manufacturing processes.

SUSTAINABILITY STATEMENT (CONT'D)

Digitalization

We have incorporated technology into our business management and are well on our way to further automate our systems and operations in order to boost long term growth.

Kobay has had in place a customized system where mundane and repeatable tasks are being automated ever since 2005. With this system in place, our organization has gone paperless by moving our conventional filing system from storerooms to online platforms. This not only cut down on rented spaces, but also increased productivity through seamless file retrieval systems.

Below entails various automated module which our customized systems have had in place:

- e-procurement - enables all procurement approvals and documents, ranging from purchase requisitions to purchase orders and goods received, to be processed electronically,
- e-production - from sales orders, to job orders, to stages of productions and quality assurance status to final product, the managers are able to monitor with ease through one click in system,
- e-sales - sales teams are able to provide quotations to our potential customers promptly as the various products costing are available in system,
- e-payslip - payslips are generated electronically and employee can view it by just log in to the system,
- e-leave - all employees' leave entitlement, adjustment and usage are being recorded and processed in the system,
- e-claim - employees' claim is raised and authorized electronically, and
- e-payment - all payment is processed electronically, of which the payment details can be linked to our payment bank to reduce human error.

Saving the above, we are on our way to implement Business Management reports as an alternative to printed paper now.

It is an office practice not to use paper excessively and operation system workflow is continuously review for conversion to paperless environment via computerization.

Internally, we are supported by cloud infrastructure for database backup and disaster recovery. Externally, our healthcare and pharmaceutical line has ventured into online Shopee sales. The platform was well-received and boosted the retail businesses.

With the digitalization, we are able to reduce our paper usage, which then reduces wastage and environmental pollution.

While digitalization aids business operational processes and brings us to a low-carbon economy, it also increases the Group's exposure to cybersecurity risks. In ensuring that we are resilient against cyber risks, we continued to strengthen our data protection systems. We are committed to complying with the Personal Data Protection Act 2010 through our Policy as we seek to uphold the highest standards of data protection and privacy.

Environment

With regards to environmental regulation, we are bound to the following local laws pertaining to environmental matters:

1. Environmental Quality Act 1974
2. Environmental Quality Clean Air Regulation 2014
3. Sewage Regulations 2009
4. Industrial Effluent Regulations 2009
5. Solid Waste and Public Cleansing Act 2007

The Group is pleased to report that there were no issues of non-compliance with laws of regulations on issues pertaining to the environment in FY 2022.

Waste Management

The Group supports green environment and continuously manage the impact of its operations to minimize environmental pollution.

SUSTAINABILITY STATEMENT (CONT'D)

Manufacturing Division

All Manufacturing Division's factories waste management systems are approved by relevant authority and continuously review and upgrade to ensure compliance.

The Group's Manufacturing Division assigned licensed operator to dispose recyclable and non-recyclable wastes from operations to ensure no hazardous cause to the environment.

The said vendor:

- is licensed by Jabatan Alam Sekitar to handle both hazardous and non-hazardous waste,
- has full recovery license for SW422/409/410/416/307/204 wastes, and
- has the specialty to recycle industrial waste into raw material for other industries and recover precious metals.

Our waste management strategy is driven by 4Rs concept of Reduce, Reuse, Recycle and Recover to minimize environmental pollution.

The scheduled wastes disposals of the Group's Manufacturing Division for the Financial Year (FY) are as follow: –

Type of Schedule Wastes		FY2022	FY2021
Code	Descriptions	Metric Tonne	
SW422	A mixture of scheduled and non-scheduled wastes	410.28	379.25
SW307	Spent mineral oil-water emulsion	26.50	33.60
SW409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	7.94	-
SW416	Sludges of inks, paints, pigments, lacquer, dye or varnish	6.15	-
SW104	Dust, slag, dross or ash containing arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium or selenium excluding slag from iron and steel factory	4.10	-
SW410	Rags, plastics, papers or filters contaminated with scheduled wastes	1.42	1.54
SW311	Waste oil or oily sludge	1.26	4.70
SW204	Sludges containing one or several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium and beryllium	0.52	0.31
SW325	Uncured resin waste containing organic solvents or heavy metals including epoxy resin and phenolic resin	0.13	0.22
SW417	Waste of inks, paints, pigments, lacquer, dye or varnish	0.05	-

Compliance with waste disposal regulations is of utmost important and we continuously improve production processes to reduce waste.

Water and Effluents

The Groups' main water supply is sourced from Perbadanan Bekalan Air Pulau Pinang ("PBA"). As a manufacturer, we rely on consistent water supply as a key component of our business. Water supply and usage is crucial to the Group in both the manufacturing of products, and for the sanitary needs of our employees. The water usage for FY2022 amounted to 94,528m³.

SUSTAINABILITY STATEMENT (CONT'D)

Waste Water Treatment

For factories with waste water treatment plant, Industrial Effluent Discharge Monitoring Reports were submitted monthly to Department of Environment, Ministry of Environment And Water with certified laboratory's certificate of chemical test analysis on treated water discharged, covering pH, cadmium, chrome, cyanide and suspended solids.

In FY 2022, there were no reported incidents of non-compliance with water quality/quantity permits, standards, and regulations.

Energy and Emissions

The main source of indirect emissions is from electricity usage in our business operations. In FY 2022, our total indirect GHG emissions through electricity usage stood at 8,692kg CO₂e. Data was collected from our electricity usage of Manufacturing Division. It was calculated by referring to Bursa Guidebooks - "Being Sustainable, Socially Responsible & Ethical PLCs" for emission conversion factor 2016: Baseline CO₂ for Peninsular - 0.639 tCO₂/MWh.

In FY2022, the entire Group has contributed approximately RM103,000 to KWTBB (Kumpulan Wang Tenaga Boleh Baharu). KWTBB is a Renewable Energy Fund collected by the Government through consumer's electricity consumption. The Fund will be used to promote growth of electricity generation from renewable energy resources.

Energy Saving

Besides, every factory operation is working towards converting halogen bulb usage to LED bulb for energy saving and environmentally friendly.

Rubbish Segregation

We have also implemented rubbish segregation initiatives for a greener and cleaner environment. Hence, in our factory day-to-day operations, we encourage practice of 3Rs, i.e. Reuse, Recycle and Reproduce.

Property Division

For Property Development Division, the Group is fully aware of the impact of construction activities on the environment and its surrounding area.

Environment Impact Assessment has been undertaken during planning stage to identify upfront environmental pollution threats to soil, water quality, air quality, noise as well as other sustainable resources.

Significant findings of the Environmental Impact Assessment were presented to management for actions. In development of the project, consultants take into consideration the project risks on environment and surrounding areas, reducing their impacts during construction work and adhere to Department of Environment guidelines. We take precaution measures to ensure project's surrounding environment are not being affected and relevant authorities' licenses are obtained prior to commencement of work.

We use energy saving products in our building design as well as open space with greeneries concept. In our contracts to contractors, clauses are clearly stated on the need to comply with Malaysia's regulations on environmental, safety & health at work and other required legislations. In site operations, during review sessions on work progress with contractors and consultants, we monitor the measures taken on environmental & health related risks identified and work safety issues at construction site to ensure they adhered to the best safety & health management practices throughout construction period. Any issues brought up are discussed and resolved with solutions.

Occupational Safety and Health

As an accountable organization, we committed to provide the employees a safe and zero health hazard working environment. The Group has enforced the following rules and regulations related to the environmental, occupational safety and health regulations for the protection of all employees: -

- Malaysian Environmental Quality (Clean Air) Regulations 2014,
- Factories and Machineries (Noise Exposure) Regulation 1989, and
- Occupational Safety and Health (OSHA) (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.

SUSTAINABILITY STATEMENT (CONT'D)

Safety Committee

Safety Committee has been established which consisted of the Head of Company, Human Resources Personnel and the Production Manager to monitor the effectiveness of the rules and regulations enforced above. Safety Committee has also set out internal safety and health guidelines to provide direction to the employees at large.

Safety and Health Guidelines

Under Occupational Safety and Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000, a health risk assessment of all chemicals used at work place is required to be carried out every five years. The required business units have conducted the assessment in current financial year by approved consultants to identify, evaluate and control any health risk associated with work activities involving the use of chemicals. The reports contained proposals for appropriate control measure, induction of training of employees, air contaminant monitoring and health surveillance activities that may be required in order to protect the health of employees at the work place. They were presented to Safety and Health Committee for adoption and submitted to Department of Occupational Safety and Health, Malaysia.

During the financial year, excessive noise test and noise risk assessment, stack emission monitoring & analysis and testing and examination of local exhaust ventilation systems have been carried out in our factories.

Green Investment – Aluminium Frames for Solar Panels

The Group plans to expand into the manufacturing of aluminium products such as aluminium frames for solar panels for the renewable energy-related businesses by setting up new aluminium products manufacturing plants for the said business expansion.

On 28 October 2021, the Group announced the completion of its acquisition of a piece of leasehold land measuring approximately 15.13 acres (or 658,971 square feet) in Seberang Perai Tengah, Penang together with a single-storey warehouse building and other buildings erected thereon for a purchase price of approximately RM33.09 million.

The Group is to upgrade and commission the existing single-storey warehouse building with built-up area of approximately 3.28 acres (or 142,939 square feet) erected on the said land into a new operational aluminium products manufacturing plant and construct a power sub-station for the manufacturing site. It is to be installed with new equipment and machineries that are estimated to have a total annual production capacity of approximately 20,000 metric tons per annum of aluminium products such as aluminium frames for solar panels for the renewable energy-related businesses.

On 26 November 2021, Kobay has successfully raised First Tranche of the Private Placement comprising 19,900,000 Placement Shares of RM5.55 each, totaling up to RM110,445,000. RM59,995,000 of the proceeds will be utilized to set up the new aluminium products manufacturing plant.

By venturing into renewable energy business, we can contribute towards reducing environmental pollution caused by burning fossil fuels and climate change concerns resulting from GHG emissions, which are part of United Nation's Sustainable Development Goals.

Social

With more than 1,000 employees in the Group, our employees are our strongest pillar. As our key stakeholders and valuable assets, we have been investing in the below:

- Conducive and Progressive Working Environment
- Talent Management
- Human Rights & Equality
- Employee Benefits & Welfare
- Corporate Social Responsibility

SUSTAINABILITY STATEMENT (CONT'D)

Conducive and Progressive Working Environment

In cultivating a conducive and progressive working environment, the below are in place:

a) Group Human Resources Policies

Group Human Resource (HR) Policies and Procedures are in place to ensure all operating companies within the Group complied with labour standards and promote conducive, safe and healthy working environment.

b) Vice President of People and Organization Development

We have had our Vice President of People and Organization Development in place to lead the entire Group's Human Resource functions and employee relations. Vide the employee relations activities, the Group continuously cultivate the Kobay culture, ACTIONS and nurture the confidence, trust and commitment amongst employees which ultimately helping to attain Kobay Vision and Mission.

c) Half-yearly Teambuilding Events

There are half-yearly teambuilding events held with employees from various business units to cultivate team cohesion towards goals set and at the same time, provide insights to them on business developments, updates on company performance and any changes in Group's HR Policies and Procedures.

d) 5S

For a better working place, the Group encourages employees to keep work place in clean and tidy manner. We adopted 5S principles which emphasized on 'Sort', 'Set in Order', 'Cleaning', 'Standardize' and 'Discipline'.

At factory, 5S Committee is set up with Head of Company as chairman to drive the 5S activities. Having in place 5S Audit Checklist, it provides a standard criterion to achieve 5S. "Gemba" walks are carried out to identify areas for improvement and to check the progress of remediation actions with meeting minutes maintained for follow up. Notice boards are displayed at production floor with 5S slogan. Photos are taken before and after improvement to create awareness among employees.

To further encourage the employees to observe 5S principles, the Group's Manufacturing Division organizes yearly 5S competition. The winner will be awarded with Kobay 5S Excellence Award.

e) "Continuous Innovative Processes" program

Our Manufacturing Division has introduced this "Continuous Innovative Processes" program to encourage employee proposal to management on ways to save energy, resources and improve production efficiencies. The winner will be rewarded.

Kobay takes care of the employees' safety, health and well-being. We consistently review the workplace environment and the employee retention plan to build conducive and progressive working environment.

Talent Management

a) Trainings

Kobay is of the view that continuous training and leadership development are vital for sustainability.

We continuously train, upgrade and develop our people to the fullest of their capabilities for them to be the best they can be. Having the relevant skills and knowledges to carry out their responsibilities, we believe that the employees are able to cope with the ever-changing and complex business environment.

We have embarked on leadership and various development programs to prepare management and operational staff for their readiness in advancement to next leadership level as part of the succession planning.

(i) New Hire Onboarding Program

New recruits are required to attend New Hire Onboarding Program where they will be briefed on the below:

- Group's Vision, Mission and Values,
- Group Policies,
- Organization Structure,
- Safety & Health briefing, and
- Operation management systems within the company.

New recruits will be having one-to-one session with Head of Company, immediate superior and Subject-Matter of Experts (Key HODs) to gain a better understanding of their expectation.

Every new hire will be granted the access to New Hire Onboarding Portal to retrieve the helpful resources and support like onboarding package and Key HR Contacts within the Group.

SUSTAINABILITY STATEMENT (CONT'D)

Talent Management (cont'd)

a) Trainings (cont'd)

(ii) Yearly Training

• In-house Training

We have developed a yearly training calendar with structured in-house training programs catering staff at various levels. The training topics include:

- Articulation of Kobay practices,
- Core leadership,
- Functional and technical skills,
- Soft skills,
- ISO / Quality Assurance, and
- On-the-job training

To emphasize the importance of training programs to employee, as a pre-requisite before promotion to next level, employee has to complete attending a series of technical/ non-technical and development programs depending of his/ her job level.

To sustain a pool of technical skill employees, we have initiated apprentice recruitment program whereby fresh recruits will be trained in-house while working. They will be taught on engineering drawing interpretation, CNC machine programming & handling for career progression to machining specialist.

• External Training

As for external training, where our in-house trainers do not have the expertise, employees are sent to attend trainings/ seminars to gain knowledge on the latest developments and technologies.

In 2022, Kobay has appointed an external trainer to train the leader. It is a comprehensive customized training program which adopt Kobay Vision, Mission and Value as well as its four business drivers into behavioral tools namely: -

- (i) Build a High-Performance Culture,
- (ii) Shape Organizational Strategy,
- (iii) Execute Competitive Strategy, and
- (iv) Create Alignment & Accountability.

This training program provides leaders insight of what is expected of a profound leader and gives them simple milestone actions they can take to hone their leadership skill in very measurable and consistent ways.

The 12-months period training details below:

Segments	1	2	3	4
Leadership Acceleration Model	Paradigm Alteration – The Leader in Me	Stakeholder Management – The People I Influence	Strategy Orientation – The Roadmap I take	Results-Base Execution – The Process I Undertake
Objective	Identify what leadership means and what it entails to analyze one's identity as a leader	Establishing the variety of stakeholders that leaders need to influence in the course of their work	Devising a fluid strategy that is relevant and flexible to change to potential uncertainties and complexities	Developing a systematic approach towards executing a strategy for evident business results
Key Topic (2 days per topic)	<ul style="list-style-type: none"> • Adopting a Leadership Growth Mindset • The Trusted Leader: 8 Pillars • The Big Picture Leader 	<ul style="list-style-type: none"> • Leading Upwards - (Superiors & Customers) • Leading Horizontally - (Colleagues) • Leading Downwards - (Employees) 	<ul style="list-style-type: none"> • Strategic Thinking Process • Leading in a VUCA World (Volatile, Uncertain, Complex & Ambiguous) • Managerial Creativity & Innovation 	<ul style="list-style-type: none"> • Disciplines of Execution • High Performance Culture: Activating Teams • From Good to Great Leader (Finale Topic)

SUSTAINABILITY STATEMENT (CONT'D)

Talent Management (cont'd)

a) Trainings (cont'd)

(ii) Yearly Training (cont'd)

• External Training (cont'd)

Segments	1	2	3	4
Kobay Vision, Mission, Values	Topics design to internalize Kobay's 7S Framework and exemplifying the A.C.T.I.O.N.S values	7S focus: Staff A.C.T.I.O.N.S Values Focus: Teamwork	7S focus: Strategy A.C.T.I.O.N.S Values Focus: Agility, Can-Do-Attitude, Initiative & Accountability	7S focus: Structure, System A.C.T.I.O.N.S Values Focus: Teamwork, Speed of Response
Kobay 4 Business Drivers	Overview of the 4 Business Drivers in relations to the paradigm alteration of a leader	Focus: Building a High-Performance Culture, Creating Alignment & Accountability	Focus: Shape Organization Strategy	Focus: Build a High-Performance Culture; Execute Competitive Strategy
Pre-Training Measure	360-degree feedback (completed by candidate's colleagues and employees)	Self-Assessment on communication abilities (Strengths and Challenges)	Strategic Thinking Self- Assessment	Projects Initiated vs Project Implemented Report
Post-Training Measure	360-degree feedback (completed by candidate's colleagues and employees) 30 days after session	Success Stories Journal (Accumulation of at least 2 encounters for upward, horizontal & downward)	"Innovate like Steve Jobs" – Apply strategic thinking to revamp a critical area	Execution of project launched in Segment 3
Key Message	Leadership is an Action; not a Position	Leadership is a Conversation; not a Competition	Leadership is seeing the forest; not just the tree	Leadership is about Outcomes; Not Empty Promises



b) Succession Planning

We assess the employee potential and performance to identify leaders for key positions as part of the succession planning.

SUSTAINABILITY STATEMENT (CONT'D)

Human Rights & Equality

Caring for employee is not just about welfare and benefits. Our effort to build an equitable working environment includes respecting human rights, as outlined in the United Nation's Guiding Principles on Business and Human Rights and the United Nation's Global Compact Principles.

a) Group Human Rights Policy

To this end, we have our Group Human Rights Policy in place, which sets out our commitments and responsibilities as well as provides a grievance mechanism with regard to human rights. The employees can access to our Group's EDMS e-portal anytime to Policies and Procedures covering Financial, Human Resources, Sales and Operations Practices Manuals for reference.

b) Performance Review

Besides, in 2022, 100% of employees received regular performance career development reviews. Good will be rewarded and bad will be penalized. In order to achieve equality, 365-degree performance review is in place for our senior management.

c) Gender Diversity And Equality - Supporting Women in Leadership

We support women in leadership in the Group and have had 20% female senior management in our Group as at the reporting date.

d) Supporting Local Employment

Kobay supports local talent and is committed to local employment. Our senior management is made up of 100% of local employment in 2022.

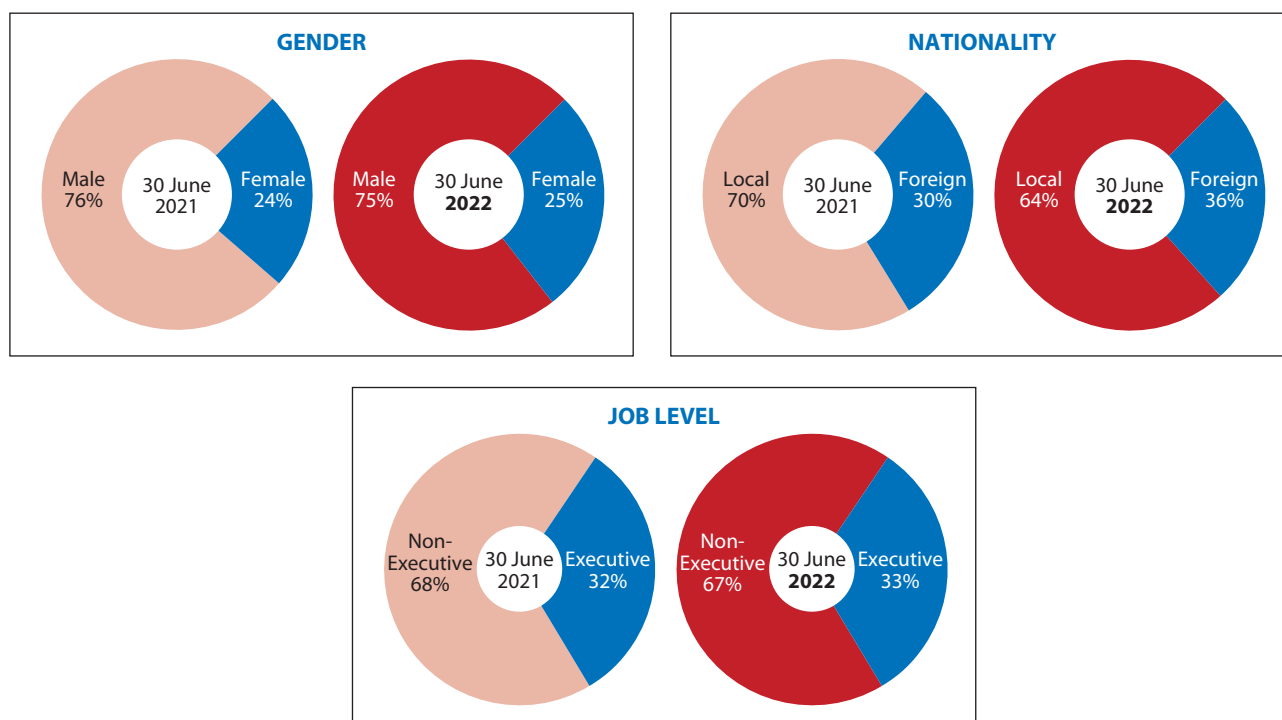
e) Workforce With Diverse Cultures & Backgrounds

At Kobay, we inculcate the value of diversity by hiring and promoting based on credibility and merit. Our workforce comprises employees from diverse cultures and backgrounds, which enables them to offer ideas and insights from different perspective which make us all rounded.

We uphold zero tolerance for any form of discrimination against race, religion, gender, age, disabilities and nationality. We strike to create a culture that respects and values each other's differences. We practice equal opportunities. In ensuring our workplace is free from any form of harassment as stated in our Human Resources Policy, any non-compliance can be reported via our whistleblowing channels.

In 2022, there were no cases of discrimination reported.

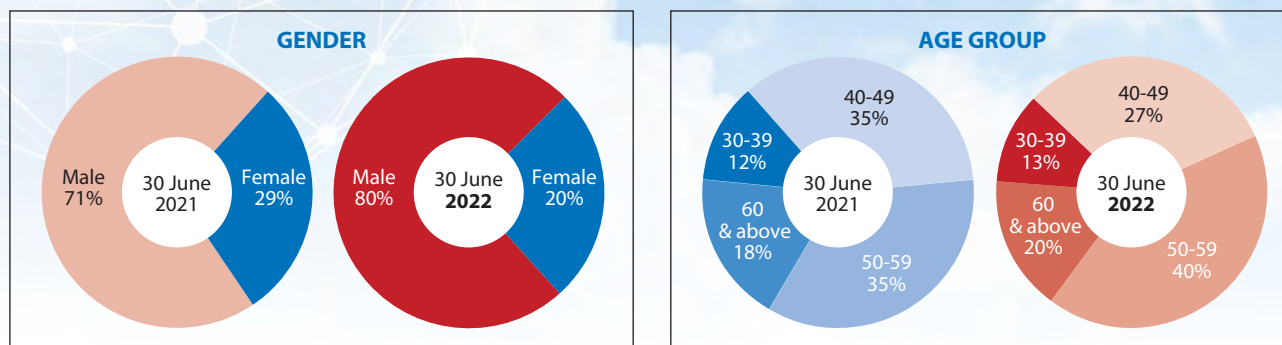
The gender diversifications of our employees in total workforce categorized by gender, nationality and job level are shown in the table below: -



Note: Non-Executive – Officer level & below, Executive - Executive level & above.

SUSTAINABILITY STATEMENT (CONT'D)

Senior Management Diversity



Note: Senior Management – Board of Directors, Chief Executive Officers (i.e., Chief Executive Officer, Chief Administrative Officer, Chief Operating Officer) and management staff who reports directly to Chief Executive Officers.

Employee Benefits & Welfare

To attract and retain talent, cultivate a self-motivate working environment and maintaining a talent pool of human resources in sustaining our organizational success, the Group benchmarks employee's compensation and benefit scheme with market rate and the industry standard which will be reviewed every five years interval. Among the staff benefits are key personnel profit-sharing scheme, Kobay performance excellence award, flexible benefits plan, performance-link sales commission, work from home and flexible work hours. In additions, for foreign workers, they have been provided with hostel accommodation and transportation to workplace.

During the financial year under review where globally all businesses are fighting hard to combat Covid-19 pandemic, our top management has come together to, not only equipped all the factory premises with sanitization facilities in complying with Standard Operating Procedures requirements as set by Health Ministry, the Group has also provided employees with sanitizing spray, surgical masks and face shield. The Group has fogged the premise regularly and impose Covid-19 screening test to ensure the factory is the safe place for work.

Corporate Social Responsibility

a. Nurturing The Next Generation

The Group believes that to reduce poverty, nurturing the next generation is the foundation for building a highly educated community and moving towards a high-income country.

We support the nation human resource development by participating in internship programs with local universities, colleges, polytechnics and Penang Skill Development Corporation to provide on-the-job training for their students. We also have apprentice program whereby school-leavers who intend to venture into technical field are provided with employment while acquiring technical skills.

b. Nation building

We have consistently participated ourselves in solidify the nation building foundation and we also encourage our employees to participate whenever we have group base activities.

c. Donations

Giving back to the communities has been part of our practise and even more so during challenging times. In the year under review, the Group went beyond uplifting the communities in need by the below donations to:

1. The flood disaster at Trieng,
2. Program Hari Perpaduan "Keluarga Sejahtera", and
3. The flood disaster at Hulu Langat.

In the year under review, there were no reports of non-compliance with environmental and social laws and/or regulations.

We will continue to listen to our people and give them a voice by engaging closely with them to identify and meet their needs in our aspiration to be the most preferred employer. Holding true to our core value of integrity, we will continue to lead our organization, our people and the community with good business governance. We will continue to uphold standards of transparency, accountability and integrity in managing the organization and provide clear leadership and vision to our people in the pursuit of service excellence.

We believe sustainable development is not the responsibility of governments alone. It requires the commitment of all sectors – private, academic, civil society and individuals.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") affirms its responsibilities in establishing a sound risk management framework and internal control system and constantly reviewing their adequacy and integrity to safeguard stakeholders' interests and company's resources. The Board is fully aware that risk management and internal control system cannot eliminate totally the risk of failure in achieving business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. This Statement will address the Group's approach in risk management and internal control, taking note the principles, intended outcome and practices as set out in Malaysian Code on Corporate Governance. The preparation of this Statement is also guided by "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers." endorsed by Bursa Malaysia Securities Berhad. ("Guidelines")

Risk Management

The Board has formalized and adopted a Risk Management Framework ("Framework") in 2013 which documented down the approach, commitment, practices, policies and procedures to be applied in the Group on risk management and communication to all levels of management. The Framework is developed by reference to guidance as provided in the Guidelines. To achieve the Group's objectives and goals, in ensuring business sustainability and continuity, the Board is committed to articulate risk management into Group's culture and day to day activities, implement a formalised risk management practices in its strategic planning, organization structure, operation procedures, management processes and internal control systems.

As an on-going process, business risks faced by the Group are reviewed yearly by management to identify, assess on their likelihood & impact and come out with action plans to manage and mitigate the risks. Risk management activities are applied to strategic business units in Kobay Group covering Manufacturing Division, Property/ Project Development Division and Pharmaceutical & Healthcare Division. The Framework provided guidance on methods to identify, analyse, evaluate and manage risks. It documented down the acceptable risk tolerance & appetite levels, planning & execution timetable, managing processes & information flow and responsible bodies to monitor and report on effectiveness of risk management activities carried out.

On risk management accountability structure, the key components are as follow:

Board of Directors ("Board")

The Board's role is to establish a sound framework to manage risk. The Board has set in the Framework the level of risk tolerance and appetite in assessing business risks faced by the Group and safeguard stakeholders' interests and Group's resources. Risk appetite measured by loss tolerance level in monetary value has been formally defined in the Framework for application in risk assessment and management.

For effective implementation and management, the Board has delegated its review process role on risk management to Audit and Risk Management Committee ("ARMC"). However, the Board as a whole still maintain the execution role and responsible for all the actions of ARMC.

Audit and Risk Management Committee ("ARMC")

The Audit Committee of the Board has been designated as Audit and Risk Management Committee in 2013, to be more reflective of its functional role in audit and risk management.

ARMC assists the Board in fulfilling its risk management oversight role. ARMC reviews Risk Management Report presented by management quarterly on updates of risk management activities carried out on items identified as high risk during strategic planning process and those high risk items encountered during the financial year. ARMC is also provided with Internal Audit Department Report on yearly basis on review of risk management activities carried out in the Group. Results of the review activities by ARMC are reported in Board's meetings.

Management

Executive Committee ("EXCO") that consists of Executive Directors of the Board and Chief Operating Officers spearheads risk management activities' implementation in the Group. EXCO acts as Management Committee of risk management and reports risk management activities and matters of high or extreme risk level and their mitigation actions to ARMC on quarterly basis.

In business operations, the Chief Operating Officer ("COO") and Head of Strategic Business Group and Functional Units ("SBG Head") are responsible for risk management within respective strategic business and functional units. Their responsibilities include develop and implementing a sound system of risk management to identify, assess, monitor and manage major risks that may have impacts on achieving Group's business objectives.

For accountability, Head of Strategic Business Unit ("SBU Head") takes charge of compliance and monitoring roles at individual business units. The business unit's line managers at all management levels are responsible for adoption and implementation of risk management practices as guided by the Framework and monitored the results of risk management activities relevant to their areas of responsibility.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Risk Identification, Evaluation and Management

The Group's risk coverage is divided into three areas, namely strategic & operational, financial and regulatory compliance. To evaluate risk, individual risk item is measured based on scoring of its likelihood in terms of probability and monetary value of the consequence. The calculated risk value is compared against a pre-defined Risk Matrix Table prescribed in Framework to determine the risk level for each of the item, ranging from low to extreme risk. The risk level identified will determine which level of management is to manage and monitor the progress of risk management activities carried out.

To identify and evaluate strategic & operational risks faced by the Group, yearly strategic planning sessions attended by EXCO and operations management are held before beginning of new financial year. The Kick-Off meeting for Financial Year 2023 Strategic Plan commenced in January 2022. The Chief Executive Officer and senior management held brain-storming sessions to evaluate current business environment, competition landscape and sustainability issues, to identify key risks faced by Group's businesses and determined the Group's directions and expectations going forward.

At business operation level, with the guidance set by Group Corporate Expectation on directions and expectations, respective strategic business and functional units' SBG Head performed SWOT(Strengths/Weaknesses/Opportunities/Threats) analysis on operation environment, industry trends, capabilities, past performances to develop its strategic plan encompassing business direction, strategy, focus and expectations. Based on Strategic Business Group's strategic plan, SBU Head and line management prepared individual business unit's strategic plan, covering in details of planned activities, goal set, key performance indicators for guiding, measuring and monitoring performance and annual budget.

Meetings were conducted between EXCO, SBG Head and SBU Head to discuss, review and buy-off the annual strategic plans, goals, key performance indicators and budget. Buy-off of Financial Year 2023 Strategic Plan by EXCO was completed in June 2022.

As for financial and regulatory compliance risks, risk assessments are carried out by SBU Heads and Group Accountants at individual business unit level via Risk Assessment Forms. Risk assessment is done by way of questionnaire which systematically assess currently known risks guided by past records in risk register and any emerging risks foresee.

For managing and monitoring risks, meeting agenda is set in quarterly held Operations Review Meeting for SBG Heads to report to EXCO on risk issues and current business situations that warrant risk management, their impacts or likely impact to the business units in achieving business objectives. Remedy actions taken to address high risk items identified during strategic planning process and the progress of planned risk management activities carried out in individual business units were also reported to EXCO in the meeting.

The Chief Executive Officer and Vice President - Corporate Finance have provided a written assurance to the Board on 18 October 2022 stating that the Group's risk management and internal control system are operating adequately and effectively for the current financial year under review and up to the approval date of this Statement for inclusion in Annual Report.

Internal/ External Audit

Internal Audit is tasked with the responsibility to evaluate the effectiveness and efficiency of risk management carried out and compliance with the Group's laid-down practices and procedures in the Framework. A review is to be conducted at least once in a year with the outcome reported to ARMC. Internal Audit Department has carried out the annual review on Group's risk management activities for FY2022 and reported in August 2022 ARMC meeting.

The External Auditors review the Statement on Risk Management and Internal Control and report the results thereof to the Board on annual basis. The External Auditors have reviewed the Statement for financial year ended 30 June 2022 which is included in the Annual Report, as guided by Recommended Practice Guide 5 (revised) issued by Malaysian Institute of Accountants. Based on the review, nothing has come to their attention that caused them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures to be set out as required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Internal Control System

On the Group's systems of internal control that manage risks to achieve established goals and provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, the internal control systems' key elements are described below: -

- Formal Group Organization Structure defines clearly the line of reporting and hierarchy of authority in alignment with Group's core activities that are managed by segregation into different strategic business groups.
- Group Policies and Procedures Manuals on Financial, Human Resource and Sales and Operations are adopted and laid down the objectives, scopes, policies and operating procedures to be complied by business units.
- Clearly defined authorisation limits at various management levels are set out in a Financial Authority Matrix for controlling and approving capital and revenue expenditures.
- Budgetary control system in place to establish responsibilities and accountabilities of each business unit in term of resources employed, control over costs and expenses and for measuring overall financial performance. The yearly budget of business unit is approved by the EXCO.
- Individual companies with active business operations hold monthly management meeting to review the financial performance, business overview, direction and development with Chief Operating Officer and Head of Strategic Business Group.
- EXCO consists of Executive Directors and Chief Operating Officers hold weekly meeting to discuss, approve and resolve any major issues arising from business operations and corrective action plans.
- Internal Audit Department is established and report directly to ARMC and assigned with tasks to assist ARMC in discharging its duties and responsibilities.
- Regular internal audit visits to business units are carried out by Internal Audit Department to ensure compliance of Group Policies and Procedures and to examine effectiveness and efficiency of operations' internal control systems.
- Internal control issues noted by Internal Audit Department are tabled for discussion and resolution in business unit's monthly management meeting and presented in operational review meeting at corporate level. Improvements in existing policies and procedures or implementation of new policies and procedures are carried out when needed to keep in pace with the evolving business environment.
- ARMC and Board of Directors hold quarterly meeting to discuss internal audit reports, periodic financial statements and issues that warrant the Committee's and Board's attentions.

For the year under review, the Board confirms that there is an on-going process of identifying, evaluating and managing significant risks faced by the Group and reviewing of internal control systems to safeguard stakeholders' interests and Group's assets. The Group's system of internal controls is in place and functioning, there are continuous efforts being taken to strengthen and improve the Group's internal control environment.

The Board is satisfied with the adequacy, integrity and effectiveness of the Group's risk management framework and its internal control systems. There was no material internal control system failure nor has any of reported weaknesses resulted in material losses or contingencies that would require mention in the Annual Report for the financial year under review.

This Statement is made in accordance with the resolution of the Board of Directors dated 18 October 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION AND DESIGNATION

Members of the Committee

1. **Khaw Eng Peng**
Chairman, Senior Independent and Non-executive Director
2. **The late Koay Ah Bah @ Koay Cheng Hock**
*Non-independent and Non-executive Director
(Resigned on 11 March 2022)*
3. **Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil**
Independent and Non-executive Director
4. **Koay Wooi Seong**
*Non-Independent and Non-executive Director
(Appointed on 11 March 2022)*

Secretaries to the Committee

1. **Chan Mun Shee** (MAICSA 7003071)
2. **Wong Mee Choon** (MACS 01562)

TERMS OF REFERENCE

The Terms of Reference for Audit and Risk Management Committee ("Committee") is published at Kobay website, www.kobaytech.com.

MEETINGS

The Committee met four times in financial year ended 30 June 2022. The meetings were convened in a structured manner by formal notice of meeting. Meeting agenda and reports were sent to Committee members at least 7 calendar days before the meeting date. Committee Secretary recorded the meeting minutes and confirmed by Committee Chairman. The minutes were tabled in subsequent meeting for adoption. The Vice President - Corporate Finance, Corporate Finance Manager, Head of Internal Audit Department and External Auditors were invited to attend the meetings to provide insights and advice on reports discussed. Details of meeting attendance were as follows:

Name of Committee Members	Attendance
Khaw Eng Peng	4/4
The late Koay Ah Bah @ Koay Cheng Hock	3/4
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	4/4
Koay Wooi Seong	1/4

SUMMARY OF WORK

During the financial year, the Committee had:

1. Reviewed with External Auditors the Audit Review Memorandum for financial year ended 30 June 2021 audit. It covered on accounting and audit issues, internal control issues, independence, summary of adjustments and summary of unadjusted differences to financial statements. There was no major item highlighted in relation to management judgments and estimates that affecting the financial statements.
2. Noted the written declaration provided by External Auditors on their independence in accordance with the relevant professional and regulatory requirements with regards to audit of the Group's financial statements for year ended 30 June 2021.
3. Reviewed quarterly unaudited results with Vice President - Corporate Finance and obtained clarifications before submission to Board for consideration and approval for the purpose of announcement to Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The financial statements for financial year ended 30 June 2021 were reviewed and submitted to Board for consideration and approval for the purpose of announcement to Bursa Malaysia and inclusion in Annual Report.
4. Reviewed Internal Auditor report on Group's risk management activities carried out in financial year ended 30 June 2021 on compliance with policies and procedure as stated in Group Risk Management Framework.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK (Cont'd)

5. Reviewed Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report for adoption and disclosure in 2021 Annual Report.
6. Reviewed Quarterly Internal Audit Department Report presented by Internal Auditor. The Committee members discussed and adopted audit reports which covered on audit activities carried out, audit findings and corrective actions provided by management and its status of implementation.
7. Reviewed quarterly report presented by Internal Auditor on related party and recurrent related party transactions transacted in Kobay Group. Transactions in the quarter were reviewed for compliance with reporting and approving procedures as provided in Circular obtaining shareholders' mandate for recurrent related party transactions, Bursa Malaysia Listing Requirements and any conflict-of-interest situation arisen.
8. Reviewed Quarterly Risk Management Report presented by Vice President - Corporate Finance on behalf of Executive Committee on risk management activities. The activities carried out in the quarter and progress update on high-risk items identified in annual risk management review were reported to the Committee.
9. Reviewed External Auditors' Audit Plan for financial year ended 30 June 2022. It covered on responsibilities of directors and auditors, audit approach, areas of audit emphasis, accounting standards update, engagement team particulars and timetable for audit and issuance of audit report.
10. Adopted Internal Audit Plan for financial year ending 30 June 2023 presented by Internal Auditor. The planned audit activities are based on risk-based approach whereby emphasis on core business units and audit areas covered are determined by respective unit's key risk areas, business nature and past audit experience. The audit plan includes review on Group's related party transactions and risk management activities.
11. Reviewed Semi-annual Returns before submission to Board for approval for the purpose of submission to Bursa Malaysia.
12. Reviewed performance and work carried out by External Auditors, Messrs. Crowe Malaysia PLT on their suitability, objectivity and independence before recommendation of re-appointment in the coming year. The review criteria are outlined in External Auditors Policy which is published at Kobay website. As for Internal Auditors' audit plan coverage, competency and job performance evaluation, it was carried out via Internal Audit Function Evaluation Checklist by Committee members.
13. Held two dialogue sessions on 26 August 2021 and 19 May 2022 with the external auditors and internal auditor to discuss on any issues affecting them in discharging their duties and responsibilities without the present of Executive Directors. There was no major area of concern highlighted by the auditors that warrant the Committee attention and further elaboration.

INTERNAL AUDIT FUNCTION - SUMMARY OF WORK

The Company has an Internal Audit Department, which reports directly to the Committee and assists in discharging its functions and duties. The internal audit function is independent of operational activities and has its own service charter to ensure the internal audit activities are performed with impartiality, proficiency and due professional care. The costs incurred for internal audit function in financial year ended 30 June 2022 amounted RM167,333.

During the financial year, Internal Audit Department has carried out the following activities:

1. Conducted compliance, operational and financial audits covering Group Policies and Procedures Manual and internal control systems.
At Group level, review was carried out on subsidiaries' Finance Department compliance with procedures stated in Group Finance Policies and Procedures Manual covering cash and bank management, receivables provision, inventories, property, plant and equipment, accruals and prepayments accounts and safe-keeping of important documents such as land title, building certificate of occupation at defined and centralised locations to minimize risk of misplacement.
For Manufacturing Division, audits were carried out at core business units on customer orders, production sub-contracting works, finished product profit margin, tools room management, inventory management, scrap disposal and customer agreement management.
For Property Development Division, audits were carried out on compliance with Standard Operating Procedures covering pre-qualification assessment of contractor, submission of contractor's environmental health & safety manual and records management of project management and sales & marketing departments.
For newly acquired Pharmaceutical & Healthcare Division, review was carried out on reporting key performance indicators in management report and aging report on receivables, payables and inventories to monitor business performances.
2. Issued audit reports on audit findings to business units' management and obtained their corrective actions. The audit reports were tabled for adoption in business unit's management meeting and presented in operations review meeting at corporate office with Executive Committee members and Head of Strategic Business Group present. They were also reported in the quarterly Committee meeting.
3. Conducted follow-up audits to ensure corrective actions stated in internal and external auditors' reports are practiced in business operations.
4. Reviewed related party and recurrent related party transactions transacted in Kobay Group on quarterly basis and reported to Committee.
5. Reviewed risk management activities carried out in Kobay Group for adequacy and compliance with laid down policies and procedures as stated in Group Risk Management Framework and reported to Committee.

DIRECTORS' RESPONSIBILITIES STATEMENT

Pursuant to Chapter 15 to the Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("Board") wishes to issue a statement explaining their responsibilities for preparing the annual audited financial statements.

Pursuant to the Companies Act 2016 and the relevant regulations, the Board has prepared the financial statements which give a true and fair view of the state of affairs, its result and cash flows of the Company and the Group. The Directors have:-

- considered and selected relevant accounting policies and applied consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that the applicable accounting standards have been followed; and
- prepared the financial statements on a going concern basis.

The Board is responsible for ensuring that proper accounting records is kept of which financial position of the Company and the Group were disclosed with reasonable accuracy at any time. The Board of Directors has generally taking such steps that are reasonably available to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Board has reviewed the content/disclosure of this Annual Report inclusive of the Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control and Audit and Risk Management Committee Report and approved this Annual Report for dissemination to all shareholders.

The Statement is made in accordance with the resolution of Board of Directors dated 18 October 2022.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

On 26 November 2021, the Company had completed the First Tranche of the private placement exercise which involves the issuance of 19,900,000 placement shares, raising a total of RM110.45 million.

As of LPD, the status of utilization of proceeds raised from the Private Placement (1st tranche) is as follows:

Purpose	Proceeds from 1st Tranche (RM'000)	Actual Utilisation (1st Tranche) (RM'000)	Balance Unutilised (1st Tranche) (RM'000)	Estimated timeframe for utilisation
Setting up new aluminium manufacturing plant for the Group's manufacturing division	59,995	(32,994)	27,001	Within 2 years
Partial repayment of bank borrowings	50,000	(50,000)	-	Within 6 months
Estimated expenses in relation to the Proposed Private Placement	450	(450)	-	Immediate

AUDIT AND NON-AUDIT FEES

For the financial year under review, the amount of audit fees paid or payable to the Group's external auditors amounted to RM43,500 and RM294,113 respectively for the Company and the Group. Other than the RM1,000 of non-audit fees paid by the Company to the Group's external auditors, there is no other non-audit fees be paid or payable to the external auditors.

MATERIAL CONTRACTS

There are no material contracts of the Company and its subsidiaries being entered into for which involving the interest of the Directors, Chief Executive who is not a Director or major shareholders since the end of the previous financial year and still subsisting at the end of the financial year.

RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 28 December 2021, the Company had obtained a general mandate from the shareholders to enter into recurrent related party transactions of a revenue or trading nature.

The details of recurrent related party transactions conducted during the financial year ended 30 June 2022 pursuant to the shareholders' mandate are disclosed as follows:-

Companies within the Kobay Group	Transacting parties	Interested parties	Nature of transactions	Amount transacted during the financial year (RM)
PMI	UA	Dato' Seri Koay Hean Eng & person connected	Purchase of aluminum and other materials	2,361,493
PPC	UA	Dato' Seri Koay Hean Eng & person connected	Purchase of aluminum and other materials	1,468,060
Avelon Healthcare	Galaxis Pharma	Koay Zee Ee, Lim Beng Cheong, Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Galaxis Pharma from Avelon Healthcare	1,856,254

ADDITIONAL COMPLIANCE INFORMATION

RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

Companies within the Kobay Group	Transacting parties	Interested parties	Nature of transactions	Amount transacted during the financial year (RM)
Avelon Healthcare	Avelon Arise	Koay Zee Ee, Lim Beng Cheong, Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Avelon Arise from Avelon Healthcare	6,525,707
Avelon Healthcare	Arise Healthcare	Koay Zee Ee, Lim Beng Cheong, Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Arise Healthcare from Avelon Healthcare	4,035,866
Galaxis Healthcare	Avelon Healthcare	Koay Zee Ee, Lim Beng Cheong, Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Avelon Healthcare from Galaxis Healthcare	1,155,938
Galaxis Pharma	Avelon Healthcare	Koay Zee Ee, Lim Beng Cheong, Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Avelon Healthcare from Galaxis Pharma	2,314,981

Note :

PMI - Paradigm Metal Industries Sdn. Bhd.

PPC - Paradigm Precision Components Sdn. Bhd.

UA - UA Materials Sdn. Bhd.

Avelon Healthcare - Avelon Healthcare Sdn. Bhd.

Avelon Arise - Avelon Arise Sdn. Bhd.

Arise Healthcare - Arise Healthcare Sdn. Bhd.

Galaxis Pharma - Galaxis Pharma Sdn. Bhd.

Galaxis Healthcare - Galaxis Healthcare Sdn. Bhd.

EMPLOYEES SHARE OPTION SCHEME

The Company's Employees Share Option Scheme has been approved by the members during the Extraordinary General Meeting held on 9 December 2015 and became effective on 19 April 2016 and shall be valid for a duration of 10 years from the effective date.

There are no options being granted to any employees of the Group since implementation during the financial year ended 30 June 2022.



FINANCIAL REPORT

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DIRECTORS' REPORT

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

Principal activities

The principal activities of the Company are those of investment holding and provision of management services. The principal activities and other details of the subsidiaries are disclosed in Note 8 to the financial statements.

Results

	Group RM	Company RM
Profit for the financial year attributable to:-		
- Owners of the Company	51,371,109	11,935,365
- Non-controlling interests	1,513,477	0
	<u>52,884,586</u>	<u>11,935,365</u>

Dividends

During the financial year, the Company paid a final single tier dividend of 3.0 sen per share amounting to RM6,403,616 in respect of the financial year ended 30 June 2021.

A final single tier dividend of 3.0 sen per share in respect of the financial year ended 30 June 2022 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

Reserves and provisions

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

Issue of shares or debentures

During the financial year, the Company issued 19,900,000 new ordinary shares at RM5.55 per share for cash pursuant to a private placement. The proposed utilisation of the total proceeds of RM110,445,000 is as follows:

	RM
- setting up new aluminium manufacturing plant for the Group's manufacturing segment	59,995,000
- partial repayment of loans and borrowings	50,000,000
- estimated expenses in relation to the proposed private placement	450,000
	<u>110,445,000</u>

The Company did not issue any debentures during the financial year.

Share options

The Company did not grant any share options during the financial year.

DIRECTORS' REPORT(CONT'D)

Bad and doubtful debts

Before the financial statements were prepared, 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 provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision 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 provision for doubtful debts inadequate to any substantial extent.

Current assets

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records have been written down to an amount which the current assets might be expected so to realise.

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

Valuation methods

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group or 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 or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability which has arisen since the end of the financial year.

No contingent or other liability 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 affect the ability of the Group or the Company to meet their obligations 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 which would render any amount stated in the financial statements misleading.

Items of an unusual nature

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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 or the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONT'D)

Directors

The directors in office since the beginning of the financial year are:-

Directors of the Company

Dato' Seri Koay Hean Eng
 Koay Cheng Lye
 The late Koay Ah Bah @ Koay Cheng Hock (resigned on 11.3.2022)
 Khaw Eng Peng
 Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil
 Koay Wooi Seong (appointed on 11.3.2022)

Directors of subsidiaries (other than directors of the Company)

Koay Wooi Tatt
 Koay Zee Ee
 Chan Mun Shee
 Yee San Khien
 Koay Wei Keong
 Lim Kean Hoe
 Lim Kean Lai
 Chong Huei Shin*
 Tee Yee May*
 Tan Kim Fah*
 Lim Beng Cheong*
 Chan Bee Luang (appointed on 23.9.2021)
 Poh Li Pheng (appointed on 29.11.2021; resigned on 22.8.2022)
 Dennyia Koay Zee Wei (appointed on 22.8.2022)

* Being directors of new subsidiaries acquired on 5 August 2021

Directors' interests

According to the register of directors' shareholdings, the interests in shares in the Company of the directors in office at the end of the financial year are as follows:-

Name of director	Number of ordinary shares					
	Direct interest				Deemed interest	
	Balance at 1.7.2021	Bought/ Bonus issue	(Sold)	Balance at 30.6.2022	Balance at 1.7.2021	Balance at 30.6.2022
Dato' Seri Koay Hean Eng	0	0	0	0	100,298,940 ^(a)	109,048,940 ^(a)
Koay Cheng Lye	0	0	0	0	100,298,940 ^(a)	115,448,940 ^(a)

^(a) Deemed interest by virtue of shares held by companies in which the director has interest

By virtue of their interests in shares in the Company, Dato' Seri Koay Hean Eng and Koay Cheng Lye are also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the directors' remuneration as disclosed in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of certain related party transactions as disclosed in Note 30 to the financial statements.

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



DIRECTORS' REPORT (CONT'D)

Indemnity and insurance for directors and officers

There was no indemnity given to or liability insurance effected for any director or officer of the Group or the Company during the financial year.

Auditors

The auditors' remuneration is disclosed in Note 24 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

Signed in accordance with a resolution of the directors dated 18 October 2022

Dato' Seri Koay Hean Eng

Koay Cheng Lye



STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 57 to 111 give a true and fair view of the financial position of the Group and the Company as at 30 June 2022 and of their financial performance and 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.

Signed in accordance with a resolution of the directors dated 18 October 2022

Dato' Seri Koay Hean Eng

Koay Cheng Lye

STATUTORY DECLARATION

I, Dato' Seri Koay Hean Eng, being the director primarily responsible for the financial management of Kobay Technology Bhd., do solemnly and sincerely declare that the financial statements set out on pages 57 to 111 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed
Dato' Seri Koay Hean Eng at George Town in the State of
Penang on this 18 October 2022

Dato' Seri Koay Hean Eng

Before me

Shamini A/P M Shanmugam

No. P157

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KOBAY TECHNOLOGY BHD.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kobay Technology Bhd., which comprise the statements of financial position as at 30 June 2022 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 111.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2022, and of their financial performance and 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 are independent of the Group and the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><u>Business combinations (Refer to Note 8 to the financial statements)</u></p> <p>As disclosed in Note 8, the acquisition of Avelon resulted in the recognition of significant goodwill and intangible assets. The acquisition was significant to our audit due to the financial impact and complexity of purchase price allocation ("PPA") carried out by an independent professional valuer including related judgements and assumptions used in the determination of the fair values of the identifiable assets acquired and the liabilities assumed.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> Assessing the competence of the independence professional valuer and their objectivity and independence in carrying out the valuation of PPA. Reviewing acquisition-date fair value of the consideration transferred Reviewing the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed Reviewing computation of goodwill at the acquisition date Making enquiries of and challenging management on the key assumptions and inputs used in the valuation method. Assessing the reasonableness of the key assumptions used in determining the useful lives of the intangible assets acquired.
<p><u>Impairment of goodwill and trademark (Refer to Notes 3 and 7 to the financial statements)</u></p> <p>The Group carries significant goodwill and trademark. Irrespective of whether there is any indication of impairment, goodwill and trademark are tested for impairment annually. The impairment test involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances. Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method. Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc. Performing stress tests and sensitivity analyses to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF KOBAY TECHNOLOGY BHD.

Key audit matter	How our audit addressed the key audit matter
<p><u>Property development activities (Refer to Notes 3 and 10 to the financial statements)</u></p> <p>For property development in progress, the Group recognises revenue over time by measuring the progress towards complete satisfaction of the performance obligation. Property development costs are also recognised in profit or loss on a systematic basis that is consistent with the recognition of related revenue. These procedures involve judgements in estimating the total costs and outcome of the development activity based on past experience, work of experts and continuous monitoring mechanism.</p> <p>Land held for future development is subject to assessment for any potential write-down of cost to net realisable value. Such assessment involves judgements in considering information about the asset's value and economic performance as well as the overall property market conditions.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> Obtaining an understanding of:- <ul style="list-style-type: none"> the Group's feasibility study and budgeting process; and how the Group estimates the total costs and outcome of the development activity. Reviewing the project budgets and evaluating the reasonableness thereof by examining supporting documentation such as contracts, letters of award, variation orders, quotations, etc. Verifying major costs incurred to supporting documentation such as contracts, progress claims, invoices, architect certifications, etc. Reviewing the feasibility study of future projects and evaluating the reasonableness thereof by examining the contractual terms of joint venture agreements, project plans, estimated gross development value and costs as well as the prospective market and economic conditions. Where feasibility study is not available, evaluating the reasonableness of fair value estimates made by management for land itself.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

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 directors' report (but does not include the financial statements of the Group and the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after that date.

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and request that a correction be made. If the directors refuse to make the correction, we shall take appropriate action considering our legal rights and obligations, to seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom our auditors' report is prepared.

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 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 the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and 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 (CONT'D) TO THE MEMBERS OF KOBAY TECHNOLOGY BHD.

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 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 the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and 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.

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D) **TO THE MEMBERS OF KOBAY TECHNOLOGY BHD.**

Other matters

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

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Eddy Chan Wai Hun

02182/10/2023 J
Chartered Accountant

Date: 18 October 2022

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022 RM	2021 RM
Non-current assets			
Property, plant and equipment	4	139,861,386	66,175,251
Investment properties	5	5,513,612	4,838,195
Right-of-use assets	6	44,713,641	12,772,872
Intangible assets	7	42,643,429	98,742
Other investments	9	451,931	2,301,094
Inventories	10	38,496,059	37,357,284
Receivables	11	5,750,564	4,344,615
Deferred tax assets	12	142,000	516,000
		<u>277,572,622</u>	<u>128,404,053</u>
Current assets			
Inventories	10	117,127,769	49,557,014
Receivables	11	94,644,688	51,185,365
Derivatives	13	716	18,990
Prepayments		4,459,390	13,181,750
Current tax assets		1,241,873	1,665,965
Cash and cash equivalents	14	73,660,012	49,265,102
		<u>291,134,448</u>	<u>164,874,186</u>
Current liabilities			
Derivatives	13	907,420	96,945
Contract liabilities	15	4,811,961	70,788
Payables	16	99,256,356	35,348,713
Loans and borrowings	17	32,071,820	16,076,767
Lease liabilities	18	921,905	0
Current tax liabilities		2,382,956	1,165,492
		<u>140,352,418</u>	<u>52,758,705</u>
Net current assets		<u>150,782,030</u>	<u>112,115,481</u>
Non-current liabilities			
Deferred tax liabilities	12	10,989,047	4,771,000
Loans and borrowings	17	36,492,759	24,964,502
Lease liabilities	18	2,267,585	0
Deferred income on government grants	19	495,523	758,961
		<u>50,244,914</u>	<u>30,494,463</u>
Net assets		<u>378,109,738</u>	<u>210,025,071</u>
Equity			
Share capital	20	210,917,984	102,103,907
Treasury shares	20	(9,522,642)	(9,522,642)
Capital reserve		1,550,000	1,550,000
Retained profits		160,330,112	115,288,181
Equity attributable to owners of the Company		<u>363,275,454</u>	<u>209,419,446</u>
Non-controlling interests	21	14,834,284	605,625
Total equity		<u>378,109,738</u>	<u>210,025,071</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 RM	2021 RM
Revenue	22	354,178,481	156,990,808
Cost of revenue		(237,137,475)	(100,018,693)
Gross profit		117,041,006	56,972,115
Interest income		685,829	723,751
Other income		7,313,370	5,260,263
Administrative and general expenses		(41,911,980)	(21,204,781)
Selling and distribution expenses		(8,151,380)	(4,673,137)
Finance costs		(1,874,177)	(1,106,683)
Impairment losses on financial assets	23	(425,757)	(591,939)
Share of joint venture's profit		0	3,218
Profit before tax	24	72,676,911	35,382,807
Tax expense	26	(19,792,325)	(8,449,584)
Profit for the financial year		52,884,586	26,933,223
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		52,884,586	26,933,223
Profit for the financial year attributable to:-			
- Owners of the Company		51,371,109	26,760,741
- Non-controlling interests	21	1,513,477	172,482
		52,884,586	26,933,223
Comprehensive income for the financial year attributable to:-			
- Owners of the Company		51,371,109	26,760,741
- Non-controlling interests		1,513,477	172,482
		52,884,586	26,933,223
Earnings per share:-	27		
- Basic (sen)		16.46	8.76
- Diluted (sen)		16.46	8.76

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Share capital RM	Treasury shares RM	Non-distributable Capital reserve RM	Distributable Retained profits RM	Equity attributable to owners of the Company RM	Non-controlling interests RM	Total equity RM
Balance at 1 July 2020	102,103,907	0	1,550,000	94,653,056	198,306,963	567,814	198,874,777
Dissolution of subsidiary	0	0	0	0	0	(12,220)	(12,220)
Profit (representing comprehensive income) for the financial year	0	0	0	26,760,741	26,760,741	172,482	26,933,223
Issue of shares to non-controlling interests	0	0	0	0	0	49	49
Purchase of own shares	0	(9,522,642)	0	0	(9,522,642)	0	(9,522,642)
Dividend to owners of the Company (Note 28)	0	0	0	(6,125,616)	(6,125,616)	0	(6,125,616)
Dividends to non-controlling interests	0	0	0	0	0	(122,500)	(122,500)
Total transactions with owners	0	(9,522,642)	0	(6,125,616)	(15,648,258)	(122,451)	(15,770,709)
Balance at 30 June 2021	102,103,907	(9,522,642)	1,550,000	115,288,181	209,419,446	605,625	210,025,071
Acquisition of subsidiaries	0	0	0	0	0	10,151,220	10,151,220
Profit (representing comprehensive income) for the financial year	0	0	0	51,371,109	51,371,109	1,513,477	52,884,586
Issue of shares pursuant to private placement	110,445,000	0	0	0	110,445,000	0	110,445,000
Share issue transaction costs	(1,630,923)	0	0	0	(1,630,923)	0	(1,630,923)
Issue of shares to non-controlling interests	0	0	0	0	0	2,940,000	2,940,000
Dividend to owners of the Company (Note 28)	0	0	0	(6,403,616)	(6,403,616)	0	(6,403,616)
Dividends to non-controlling interests	0	0	0	0	0	(425,000)	(425,000)
Contributions by/(Distributions to) owners	108,814,077	0	0	(6,403,616)	102,410,461	2,515,000	104,925,461
Change in ownership interest in subsidiary (Note 21)	0	0	0	74,438	74,438	48,962	123,400
Total transactions with owners	108,814,077	0	0	(6,329,178)	102,484,899	2,563,962	105,048,861
Balance at 30 June 2022	210,917,984	(9,522,642)	1,550,000	160,330,112	363,275,454	14,834,284	378,109,738

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 RM	2021 RM
Cash flows from operating activities			
Profit before tax		72,676,911	35,382,807
Adjustments for:-			
Amortisation and depreciation		11,434,803	7,552,834
Amortisation of deferred income on government grants		(263,438)	(420,547)
Fair value gains on financial instruments		(688,045)	(1,696,927)
Gain on derecognition of right-of-use assets		(109)	0
Gain on disposal of property, plant and equipment		(163,080)	(70,410)
Impairment losses on financial assets		425,757	591,939
Interest expense		1,874,177	1,106,683
Interest income		(685,829)	(723,751)
Inventories written down		1,608	2,991
Property, plant and equipment written off		8,419	55,808
Share of joint venture's profit		0	(3,218)
Unrealised gain on foreign exchange		(498,867)	(75,596)
Variable lease payments		(2,400)	0
Operating profit before working capital changes		84,119,907	41,702,613
Changes in:-			
Inventories		(54,093,409)	(14,716,743)
Receivables		(32,230,060)	14,826,254
Contract liabilities		4,741,173	(2,026,362)
Derivatives		(77,955)	(70,971)
Prepayments		3,955,792	(3,641,093)
Payables		33,350,998	594,349
Cash generated from operations		39,766,446	36,668,047
Tax paid		(18,370,232)	(10,966,094)
Tax refunded		560,779	674,478
Net cash from operating activities		21,956,993	26,376,431
Cash flows from investing activities			
Acquisition of other investments		(575,485)	(1,602,622)
Acquisition of property, plant and equipment		(78,812,519)	(3,986,690)
Acquisition of right-of-use assets		(30,334,746)	0
Acquisition of subsidiaries, net of cash acquired	8	(11,506,796)	409,890
Additions of investment properties		(707,867)	(452,365)
Contingent consideration paid		(6,383,796)	0
Grants received		0	317,078
Interest and fund distributions received		1,295,608	1,265,111
Prepayment for acquisition of subsidiaries		0	(4,766,568)
Proceeds from disposal of investment property		0	420,000
Proceeds from disposal of other investments		1,400,828	536,565
Proceeds from disposal of property, plant and equipment		214,599	80,294
Net cash used in investing activities		(125,410,174)	(7,779,307)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 RM	2021 RM
Cash flows from financing activities			
Capital distribution to non-controlling interests		0	(12,220)
Changes in term deposits pledged as security		(343,775)	14,545
Dividend paid to owners of the Company		(6,403,616)	(6,125,616)
Dividends paid to non-controlling interests		(425,000)	(122,500)
Drawdown of term loans	29	17,451,429	5,489,584
Increase/(Decrease) in short-term loans and borrowings (net)	29	16,702,151	(6,497,021)
Interest paid		(1,865,242)	(1,106,992)
Issue of shares		110,445,000	0
Issue of shares to non-controlling interests		2,940,000	49
Payment of lease liabilities	29	(1,041,313)	0
Proceeds from disposal of shares to non-controlling interests		123,400	0
Purchase of own shares		0	(9,522,642)
Repayment of term loans	29	(5,504,586)	(3,266,650)
Share issue transaction costs		(1,630,923)	0
Net cash from/(used in) financing activities		130,447,525	(21,149,463)
Currency translation differences		56,871	12,898
Net increase/(decrease) in cash and cash equivalents		27,051,215	(2,539,441)
Cash and cash equivalents brought forward		43,012,743	45,552,184
Cash and cash equivalents carried forward	14	70,063,958	43,012,743

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

Non-current assets

Property, plant and equipment
Investments in subsidiaries
Other investment

Note	2022 RM	2021 RM
4	310,737	364,436
8	250,561,017	141,057,567
9	1,500	1,500
	<u>250,873,254</u>	<u>141,423,503</u>

Current assets

Receivables
Prepayments
Current tax assets
Cash and cash equivalents

11	11,301,441	910,491
	0	4,781,426
	0	264,481
14	31,042,956	19,642,175
	<u>42,344,397</u>	<u>25,598,573</u>

Current liabilities

Payables
Loans and borrowings
Current tax liabilities

16	16,082,386	412,976
17	941,992	3,906,527
	241,269	0
	<u>17,265,647</u>	<u>4,319,503</u>

Net current assets

25,078,750 21,279,070

Non-current liabilities

Loans and borrowings

17 4,677,584 5,773,979

Net assets

271,274,420 156,928,594

Equity

Share capital
Treasury shares
Retained profits

20	210,917,984	102,103,907
20	(9,522,642)	(9,522,642)
	<u>69,879,078</u>	<u>64,347,329</u>
	<u>271,274,420</u>	<u>156,928,594</u>

Total equity

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 RM	2021 RM
Revenue	22	14,836,024	35,534,947
Interest income		273,266	34,021
Other income		2,804,174	329,120
Administrative and general expenses		(4,425,279)	(5,505,927)
Finance costs		(354,291)	(47,031)
Profit before tax	24	13,133,894	30,345,130
Tax expense	26	(1,198,529)	(32,199)
Profit for the financial year		<u>11,935,365</u>	<u>30,312,931</u>
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		<u>11,935,365</u>	<u>30,312,931</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Share capital RM	Treasury shares RM	Distributable Retained profits RM	Total equity RM
Balance at 1 July 2020	102,103,907	0	40,160,014	142,263,921
Profit (representing comprehensive income) for the financial year	0	0	30,312,931	30,312,931
Purchase of own shares	0	(9,522,642)	0	(9,522,642)
Dividend (Note 28)	0	0	(6,125,616)	(6,125,616)
Total transactions with owners	0	(9,522,642)	(6,125,616)	(15,648,258)
Balance at 30 June 2021	102,103,907	(9,522,642)	64,347,329	156,928,594
Profit (representing comprehensive income) for the financial year	0	0	11,935,365	11,935,365
Issue of shares pursuant to private placement	110,445,000	0	0	110,445,000
Share issue transaction costs	(1,630,923)	0	0	(1,630,923)
Dividend (Note 28)	0	0	(6,403,616)	(6,403,616)
Total transactions with owners	108,814,077	0	(6,403,616)	102,410,461
Balance at 30 June 2022	210,917,984	(9,522,642)	69,879,078	271,274,420

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 RM	2021 RM
Cash flows from operating activities			
Profit before tax		13,133,894	30,345,130
Adjustments for:-			
Depreciation		100,673	96,402
Dividend income		(14,836,024)	(32,572,171)
Fair value gains on financial instruments		(2,338,774)	(306,619)
Gain on dissolution of subsidiary		0	(22,501)
Interest expense		354,291	47,031
Interest income		(273,266)	(34,021)
Loss on change in ownership interest in subsidiary		289,866	0
Property, plant and equipment written off		0	9
Reversal of impairment loss on investments in subsidiaries		(465,400)	0
Operating loss before working capital changes		(4,034,740)	(2,446,740)
Changes in:-			
Receivables		0	(4,103)
Prepayments		14,858	(3,541)
Payables		(190,827)	(9,719)
Cash absorbed by operations		(4,210,709)	(2,464,103)
Tax paid		(692,779)	(83,250)
Net cash used in operating activities		(4,903,488)	(2,547,353)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(46,974)	(19,006)
Acquisition of subsidiaries		(18,013,925)	(862,000)
Capital distribution from subsidiary		0	22,501
Contingent consideration paid		(6,383,796)	0
Dividends received		14,836,024	32,572,171
Incorporation of subsidiary		0	(51)
Interest and fund distributions received		603,250	340,640
Net (advance to)/repayment from subsidiaries		(10,170,950)	3,230,534
Prepayment for acquisition for subsidiaries		0	(4,766,568)
Proceeds from disposal of shares to non-controlling interests		123,400	0
Proceeds from disposal of other investments		0	15
Redemption of preference shares from subsidiaries		0	1,320,000
Subscription for shares in subsidiaries		(62,638,000)	(17,820,000)
Net cash (used in)/from investing activities		(81,690,971)	14,018,236

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

STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 RM	2021 RM
Cash flows from financing activities			
Changes in term deposit pledged as security		8,000	0
Dividend paid		(6,403,616)	(6,125,616)
Interest paid		(354,291)	(47,031)
Issue of shares		110,445,000	0
Purchase of own shares		0	(9,522,642)
Repayment of term loans	29	(1,060,850)	(1,110,693)
Share issue transaction costs		(1,630,923)	0
Net cash from/(used in) financing activities		101,003,320	(16,805,982)
Net increase/(decrease) in cash and cash equivalents		14,408,861	(5,335,099)
Cash and cash equivalents brought forward		16,634,095	21,969,194
Cash and cash equivalents carried forward	14	31,042,956	16,634,095

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

1. General information

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 8.

The registered office and principal place of business of the Company are located at 3rd Floor, Wisma Kobay, No. 42-B Jalan Rangoon, 10400 George Town, Penang, Malaysia.

The consolidated financial statements set out on pages 57 to 61 together with the notes thereto cover the Company and its subsidiaries ("Group"). The separate financial statements of the Company set out on pages 62 to 66 together with the notes thereto cover the Company solely.

The presentation currency of the financial statements is Ringgit Malaysia ("RM").

The financial statements were authorised for issue in accordance with a resolution of the directors dated 18 October 2022.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

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

For the financial year under review, the Group and the Company have applied the Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform - Phase 2* which are effective for annual periods beginning on or after 1 January 2021. The initial application of these amendments did not have any significant impacts on the financial statements.

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.1 Basis of preparation of financial statements (cont'd)

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

2.2 Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. If the assets acquired are not a business, the transaction or other event is accounted for as an asset acquisition.

Business combinations are accounted for using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
 - (i) the acquisition-date fair value of the consideration transferred;
 - (ii) the amount of any non-controlling interests; and
 - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.3 Basis of consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method, except for Kobay UA Sdn. Bhd., the acquisition of which did not constitute a business combination and was accounted for as an asset acquisition. A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9.

Freehold land and capital work-in-progress are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2% - 33%
Building improvement and renovation	2% - 33%
Factory machinery, moulds and equipment	10% - 20%
Furniture, fittings, office equipment and computer software	10% - 50%
Motor vehicles	10% - 20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.5 Investment properties

Investment property is property held (by the owner or the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9.

Freehold land is not depreciated. Buildings are depreciated on a straight-line basis over their estimated useful lives of 50 years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.6 Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

Lessor accounting

When the Group acts as a lessor, it classifies each lease as either an operating lease or a finance lease. A finance lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, whereas an operating lease does not.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term. The Group has not entered into any finance lease.

Lessee accounting

Initial recognition and measurement

When the Group or the Company acts as a lessee, it recognises a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) at the commencement date. The Group and the Company have elected not to apply such recognition principle to short-term leases (which have a lease term of 12 months or less) and leases of low-value assets. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is initially recognised at cost, which comprises the initial amount of lease liability, any lease payments made at or before the commencement date (less any lease incentives), any initial direct costs and any estimated dismantling, removing and restoring costs.

A lease liability is initially recognised at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The unpaid lease payments included in the measurement of lease liability comprise fixed payments (less any lease incentives), variable lease payments linked to an index or a rate, expected amounts payable under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised and the penalties of a termination option reasonably certain to be exercised.

Subsequent measurement

A right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liability. The impairment policy is disclosed in Note 2.9.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of its useful life. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term.

A lease liability is subsequently measured at amortised cost, and remeasured to reflect any reassessment (arising from changes to the lease payments) or lease modifications.

As a practical expedient, the Group and the Company have elected not to assess whether a rent concession occurring as a direct consequence of the covid-19 pandemic is a lease modification. Accordingly, any change in lease payments resulting from such rent concession is accounted for as a variable lease payment in profit or loss.

2.7 Intangible assets

Trademark acquired in a business combination and intellectual property with an indefinite useful life are stated at cost less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9.

Customer relationships acquired in a business combination are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9. Customer relationships are amortised on a straight-line basis over 10 years which economic benefits are expected to be received.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.8 Investments in subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.9.

2.9 Impairment of non-financial assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than deferred tax assets, inventories and contract assets, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill and other intangible assets with indefinite useful lives are tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

2.10 Inventories

Property development

Inventories are valued at the lower of cost (determined principally on the specific identification basis) and net realisable value. Cost consists of costs associated with the acquisition of land, costs that relate directly to a specific development project and other costs attributable to development activities in general and can be allocated to the project. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Land held for property development is classified as non-current assets. It is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle. Property development costs attributable to development units sold are recognised in profit or loss on a systematic basis that is consistent with the recognition of related revenue as disclosed in Note 2.17. Upon completion of development project, costs attributable to unsold units are transferred to completed development units.

Materials and goods

Inventories are valued at the lower of cost (determined principally on the first-in, first-out basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.11 Contract assets and contract liabilities

A contract is presented in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services transferred to a customer when that right is conditioned on something other than the passage of time. The asset is subject to impairment assessment on the same basis as trade receivables as disclosed in Note 2.12. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.12 Financial assets

Financial assets of the Group and the Company consist of investments in equity instruments, receivables, derivatives and cash and cash equivalents.

Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.17). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

(i) Amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables, cash and bank balances and term deposits are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

(ii) Fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is to both collect contractual cash flows and sell financial assets and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group and the Company do not have any financial assets classified under this category.

(iii) Fair value through profit or loss

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. All investments in equity instruments, derivatives and short-term funds are classified under this category. Any gain or loss is recognised in profit or loss.

Impairment

At each reporting date, the Group and the Company recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.12 Financial assets (cont'd)

Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

2.13 Financial liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings, contingent consideration, derivatives and financial guarantee contracts.

Initial recognition and measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

Subsequent measurement

All payables and loans and borrowings are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Contingent consideration and derivatives are subsequently measured at fair value through profit or loss. Any gain or loss is recognised in profit or loss.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulative income recognised.

Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

2.14 Foreign currency transactions and translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date, whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.15 Share capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Own shares purchased are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016. The total amount of consideration paid, including directly attributable costs, is recognised directly in equity. When treasury shares are distributed as share dividends, the cost of the shares distributed is applied in the reduction of distributable reserves. When treasury shares are resold in the open market, the difference between the sale consideration and the cost of the shares resold is adjusted to share capital. When treasury shares are cancelled, the cost of the shares cancelled is applied in the reduction of distributable reserves and the issued share capital is diminished by the shares so cancelled.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability, whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following or a combination thereof:-

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

Financial assets and financial liabilities

The carrying amounts of receivables, cash and bank balances, term deposits, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair values of quoted investments are directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

The fair values of derivatives and short-term funds are directly measured using their unadjusted market values quoted by financial institutions (i.e. Level 1).

The fair value of contingent consideration is measured using probability-weighted present value technique by discounting the expected future cash flows using the Group's observable cost of capital dictated by external market (i.e. Level 2).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.17 Revenue from contracts with customers

The Group and the Company recognise revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.
- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

Sale of goods

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

Rendering of services

The Group and the Company determine that the transfer of control of promised services generally coincides with the Group's or the Company's performance as the customer simultaneously receives and consumes the benefits of the performance as the Group or the Company performs. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Group and the Company measure the progress towards complete satisfaction of the performance obligation using output methods, which include surveys of performance completed and time elapsed.

Property development

For sale of properties under development, the Group determines that the transfer of control generally coincides with the Group's performance as the performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Accordingly, revenue is recognised over time during the development period. The Group measures the progress towards complete satisfaction of the performance obligation using an input method, i.e. costs incurred relative to the total expected costs. The effects of any costs incurred that do not depict the Group's performance are excluded from the calculation.

Sale of completed development units

For sale of completed development units, the Group determines that the transfer of control generally coincides with the delivery of vacant possession. Accordingly, revenue is recognised at a point in time when the vacant possession has been delivered to the customer.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.18 Other income

Dividend income is recognised in profit or loss only when the entity's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

Interest income for financial assets measured at amortised cost is recognised in profit or loss using the effective interest method. Interest or fund distribution income for financial assets measured at fair value through profit or loss is included in their net fair value gains or losses.

Operating lease income is recognised in profit or loss on a straight-line basis over the lease term.

2.19 Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets are presented in the statement of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets. Grants related to income are deducted in reporting the related expense in the statement of comprehensive income.

2.20 Employee benefits

Short-term employee benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

Defined contribution plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

Termination benefits

Termination benefits are recognised in profit or loss at the earlier of when the Group can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs.

2.21 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.22 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.22 Income taxes (cont'd)

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.23 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

3. Judgements and estimation uncertainty

Judgements made in applying accounting policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

Sources of estimation uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Impairment of goodwill and trademark

Irrespective of whether there is any indication of impairment, goodwill and trademark are tested for impairment annually. The impairment test involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. The carrying amount of goodwill is disclosed in Note 7.

Property development

The Group recognises property development revenue over time by measuring the progress towards complete satisfaction of the performance obligation. Property development costs and incremental costs of obtaining the contract are also recognised in profit or loss on a systematic basis that is consistent with the recognition of related revenue. These procedures involve judgements and estimation uncertainty in predicting the outcome of the performance obligation based on past experience, work of experts and continuous monitoring mechanism. Any changes in these accounting estimates will affect the carrying amounts of property development costs (Note 10) and contract liabilities (Note 15).

Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 10).

Impairment of receivables

The Group and the Company recognise loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivables (Note 11).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. Property, plant and equipment

Group

Cost

	Freehold land RM	Buildings RM	Building improvement and renovation RM	Factory machinery, moulds and equipment RM	Furniture, fittings, office equipment and computer software RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
Balance at 1 July 2020	4,161,603	43,353,411	8,775,572	91,955,255	9,820,635	1,846,088	1,680,189	161,592,753
Acquisition of subsidiary	0	0	0	12,890	0	0	0	12,890
Additions	0	767,610	615,679	1,486,109	915,467	53,555	148,270	3,986,690
Adjustment	0	0	(12,271)	0	0	0	0	(12,271)
Disposals/Write-offs	0	0	(8,035)	(1,777,728)	(104,411)	(52,644)	0	(1,942,818)
Reclassifications	0	0	887,809	250,000	563,430	0	(1,701,239)	0
Balance at 30 June 2021	4,161,603	44,121,021	10,258,754	91,926,526	11,195,121	1,846,999	127,220	163,637,244
Acquisition of subsidiaries	0	2,600,000	382,786	0	1,168,293	192,863	0	4,343,942
Additions	0	4,433,002	946,886	18,593,664	2,483,366	518,496	51,837,105	78,812,519
Disposals/Write-offs	0	0	0	(1,864,527)	(112,969)	(813,359)	0	(2,790,855)
Balance at 30 June 2022	4,161,603	51,154,023	11,588,426	108,655,663	14,733,811	1,744,999	51,964,325	244,002,850

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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

Group

Depreciation and impairment losses

Balance at 1 July 2020

Accumulated depreciation

Accumulated impairment losses

Acquisition of subsidiary

Depreciation

Disposals/Write-offs

Balance at 30 June 2021

Accumulated depreciation

Accumulated impairment losses

Acquisition of subsidiaries

Depreciation

Disposals/Write-offs

Balance at 30 June 2022

Accumulated depreciation

Accumulated impairment losses

Carrying amount

Balance at 1 July 2020

Balance at 30 June 2021

Balance at 30 June 2022

Freehold land	Buildings	Building improvement and renovation	Factory machinery, moulds and equipment	Furniture, fittings, office equipment and computer software	Motor vehicles	Capital work-in-progress	Total
RM	RM	RM	RM	RM	RM	RM	RM
0	9,657,391	4,956,320	68,173,551	7,134,979	1,431,583	0	91,353,824
0	0	0	682,041	100,837	34,332	127,220	944,430
0	9,657,391	4,956,320	68,855,592	7,235,816	1,465,915	127,220	92,298,254
0	0	0	752	0	0	0	752
0	1,380,139	684,846	4,092,465	820,350	62,313	0	7,040,113
0	0	(5,223)	(1,749,795)	(93,670)	(28,438)	0	(1,877,126)
0	11,037,530	5,635,943	70,686,498	7,861,659	1,465,458	0	96,687,088
0	0	0	512,516	100,837	34,332	127,220	774,905
0	11,037,530	5,635,943	71,199,014	7,962,496	1,499,790	127,220	97,461,993
0	92,000	58,984	0	451,575	171,613	0	774,172
0	1,550,677	857,672	4,923,034	1,172,125	132,708	0	8,636,216
0	0	0	(1,838,046)	(97,014)	(795,857)	0	(2,730,917)
0	12,680,207	6,552,599	73,771,486	9,388,345	973,922	0	103,366,559
0	0	0	512,516	100,837	34,332	127,220	774,905
0	12,680,207	6,552,599	74,284,002	9,489,182	1,008,254	127,220	104,141,464
4,161,603	33,696,020	3,819,252	23,099,663	2,584,819	380,173	1,552,969	69,294,499
4,161,603	33,083,491	4,622,811	20,727,512	3,232,625	347,209	0	66,175,251
4,161,603	38,473,816	5,035,827	34,371,661	5,244,629	736,745	51,837,105	139,861,386

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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

The Group leases certain portions of its buildings to third parties for 2 to 3 years. The undiscounted lease payments to be received are as follows:

	Group	
	2022 RM	2021 RM
Within 1 year	1,853,374	1,169,817
1 to 2 years	1,818,374	0
2 to 3 years	1,515,311	0
	<u>5,187,059</u>	<u>1,169,817</u>

The carrying amounts of property, plant and equipment pledged as security for credit facilities granted to the Group and the Company are as follows:-

	Group	
	2022 RM	2021 RM
Buildings	27,687,148	28,779,287
Factory machinery, moulds and equipment	<u>6,020,286</u>	<u>3,854,913</u>
	<u>33,707,434</u>	<u>32,634,200</u>

Company

	Renovation RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Cost				
Balance at 1 July 2020	427,084	890,869	1,800	1,319,753
Additions	0	19,006	0	19,006
Write-offs	0	(23,151)	0	(23,151)
Balance at 30 June 2021	<u>427,084</u>	<u>886,724</u>	<u>1,800</u>	<u>1,315,608</u>
Additions	0	46,974	0	46,974
Balance at 30 June 2022	<u>427,084</u>	<u>933,698</u>	<u>1,800</u>	<u>1,362,582</u>
Accumulated depreciation				
Balance at 1 July 2020	205,054	671,059	1,799	877,912
Depreciation	38,335	58,067	0	96,402
Write-offs	0	(23,142)	0	(23,142)
Balance at 30 June 2021	<u>243,389</u>	<u>705,984</u>	<u>1,799</u>	<u>951,172</u>
Depreciation	38,335	62,338	0	100,673
Balance at 30 June 2022	<u>281,724</u>	<u>768,322</u>	<u>1,799</u>	<u>1,051,845</u>
Carrying amount				
Balance at 1 July 2020	<u>222,030</u>	<u>219,810</u>	<u>1</u>	<u>441,841</u>
Balance at 30 June 2021	<u>183,695</u>	<u>180,740</u>	<u>1</u>	<u>364,436</u>
Balance at 30 June 2022	<u>145,360</u>	<u>165,376</u>	<u>1</u>	<u>310,737</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

5. Investment properties

Group

	Freehold land RM	Buildings RM	Total RM
Cost			
Balance at 1 July 2020	2,356,000	2,554,082	4,910,082
Additions	0	452,365	452,365
Disposal	0	(490,457)	(490,457)
Balance at 30 June 2021	2,356,000	2,515,990	4,871,990
Additions	0	707,867	707,867
Balance at 30 June 2022	2,356,000	3,223,857	5,579,857

Depreciation and impairment losses

Balance at 1 July 2020			
Accumulated depreciation	0	7,357	7,357
Accumulated impairment losses	0	63,100	63,100
	0	70,457	70,457
Depreciation	0	33,795	33,795
Disposal	0	(70,457)	(70,457)
Balance at 30 June 2021			
Accumulated depreciation	0	33,795	33,795
Accumulated impairment losses	0	0	0
	0	33,795	33,795
Depreciation	0	32,450	32,450
Balance at 30 June 2022			
Accumulated depreciation	0	66,245	66,245
Accumulated impairment losses	0	0	0
	0	66,245	66,245

Carrying amount

Balance at 1 July 2020	2,356,000	2,483,625	4,839,625
Balance at 30 June 2021	2,356,000	2,482,195	4,838,195
Balance at 30 June 2022	2,356,000	3,157,612	5,513,612

Fair value

Estimated fair value at 30 June 2021	3,012,000	2,746,000	5,758,000
Estimated fair value at 30 June 2022	3,012,000	3,588,000	6,600,000

Investment properties consist of residential properties transferred from completed development units and held for investment purposes. Their fair values were measured by reference to the market selling prices of similar development units.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

6. Right-of-use assets

Group

	Leasehold land RM	Buildings RM	Motor vehicles RM	Total RM
Balance at 1 July 2020	13,251,798	0	0	13,251,798
Depreciation	(478,926)	0	0	(478,926)
Balance at 30 June 2021	12,772,872	0	0	12,772,872
Acquisition of subsidiaries	0	4,027,321	169,645	4,196,966
Additions	30,334,746	0	0	30,334,746
Depreciation	(1,586,789)	(936,320)	(64,348)	(2,587,457)
Derecognition	0	(3,486)	0	(3,486)
Balance at 30 June 2022	41,520,829	3,087,515	105,297	44,713,641

The Group acquired the rights to use the leasehold land as its principal places of business for 26 to 60 years. It also leases the buildings from related parties for business operations. The initial lease terms range from 2 to 3 years and are extendable for 2 to 3 years. The rights to use the motor vehicle were acquired under hire purchase financing whereby ownership will be transferred by the end of the lease term of 5 years.

The leasehold land has been pledged as security for credit facilities granted to the Group.

7. Intangible assets

Group

	Goodwill RM	Trademark RM	Customer relationships RM	Intellectual property RM	Total RM
Cost					
Balance at 1 July 2020 /					
30 June 2021	29,571	0	0	69,171	98,742
Acquisition of subsidiaries	22,477,133	18,297,000	1,949,234	0	42,723,367
Balance at 30 June 2022	22,506,704	18,297,000	1,949,234	69,171	42,822,109
Accumulated amortisation					
Balance at 1 July 2020 /					
30 June 2021	0	0	0	0	0
Amortisation	0	0	178,680	0	178,680
Balance at 30 June 2022	0	0	178,680	0	178,680
Carrying amount					
Balance at 1 July 2020 /					
30 June 2021	29,571	0	0	69,171	98,742
Balance at 30 June 2022	22,506,704	18,297,000	1,770,554	69,171	42,643,429

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

7. Intangible assets (cont'd)

Goodwill

Goodwill is attributable to the following subsidiaries, each representing a separate cash-generating unit ("CGU"):-

	2022 RM	2021 RM
Arise Healthcare Sdn. Bhd. ^(a)	150,260	0
Avelon Arise Sdn. Bhd. ^(a)	1,414,313	0
Avelon Healthcare Sdn. Bhd. ^(a)	17,733,713	0
Galaxis Healthcare Sdn. Bhd. ^(a)	2,709,954	0
Galaxis Pharma Sdn. Bhd. ^(a)	468,893	0
Others	29,571	29,571
	<u>22,506,704</u>	<u>29,571</u>

^(a) Collectively referred to as "Avelon"

The goodwill arising from the acquisition of Avelon is mainly attributable to the competency and experienced workforce, the business credibility and promising growth prospects to supplement the Group's existing business and strengthen its operational sustainability.

The recoverable amounts of the CGUs were determined based on their value in use calculated using cash flow projections. The cash flow projections were based on the most recent financial budgets/forecasts approved by management which covered a period of 5 years. A growth rate of 0% was used to extrapolate the cash flow projections beyond the 5 years covered by the financial budgets/forecasts. A discount rate of 22.37% per annum was applied to the cash flow projections.

Barring any unforeseen circumstances, management believes that no reasonably possible change in the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

Trademark

Besides goodwill, there is trademark with indefinite useful life resulting from the acquisition of Avelon Healthcare Sdn. Bhd. ("AHSB") which is principally involved in the sale of healthcare products under the trademark "Park@City". From a market perspective, the Group assumed an indefinite useful life for the acquired trademark because this brand has been established in the market for a number of years and there is no foreseeable end to its useful life, therefore useful life is indefinite. Trademark with indefinite useful life is allocated to CGU of AHSB accordingly.

8. Investments in subsidiaries

Company

	2022 RM	2021 RM
Unquoted shares - at cost	257,849,286	148,811,236
Impairment losses	<u>(7,288,269)</u>	<u>(7,753,669)</u>
	<u>250,561,017</u>	<u>141,057,567</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

8. Investments in subsidiaries (cont'd)

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2022	2021	
Arise Healthcare Sdn. Bhd. ^(a)	Malaysia	70%	0%	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Arise Sdn. Bhd. ^(a)	Malaysia	70%	0%	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Healthcare Sdn. Bhd. ^(a)	Malaysia	70%	0%	Sale of healthcare products
Galaxis Healthcare Sdn. Bhd. ^(a)	Malaysia	70%	0%	Sale of healthcare products
Galaxis Pharma Sdn. Bhd. ^(a)	Malaysia	70%	0%	Retail sale of pharmaceutical, medicine and healthcare products
Gen Plus Technologies Sdn. Bhd.	Malaysia	51%	51%	Inactive
Innospec Sdn. Bhd.	Malaysia	100%	100%	Electronic manufacturing services, product development and manufacturing services for PCB assembly, cable assembly, electromechanical assembly, and test
Kewjaya Sdn. Bhd.	Malaysia	100%	100%	Money lending
Kobay Assets Sdn. Bhd.	Malaysia	100%	100%	Property letting
Kobay G Sdn. Bhd.	Malaysia	100%	100%	Marketing and project management services for property developers
Kobay Industries Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Kobay Land Sdn. Bhd.	Malaysia	100%	100%	Property development
Kobay Management Services Sdn. Bhd. ^(b)	Malaysia	100%	100%	Management services
Kobay Project Venture Sdn. Bhd.	Malaysia	100%	100%	Property development
Kobay Resorts Sdn. Bhd.	Malaysia	100%	100%	Hotel operator and property management
Kobay SB Sdn. Bhd.	Malaysia	100%	100%	Property development
Kobay UA Sdn. Bhd.	Malaysia	100%	100%	Property letting business
Kual Technologies Sdn. Bhd.	Malaysia	51%	100%	Manufacture of aluminium extrusion, formation, surface treatment for parts manufactured to all industries
LD Global Sdn. Bhd.	Malaysia	100%	100%	Property development

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

8. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2022	2021	
Lodge 18 Sdn. Bhd.	Malaysia	100%	100%	Operation of dormitory
Masset Capital Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Premierview Property Sdn. Bhd.	Malaysia	100%	100%	Property development
Ultimate Sanctuary Sdn. Bhd.	Malaysia	100%	100%	Property development
<u>Subsidiaries of Kobay Industries Sdn. Bhd.</u>				
Bend Weld Engineering Sdn. Bhd.	Malaysia	100%	100%	Manufacture of metal works and structures, modules and parts for oil & gas production and extraction equipment
KT Microhandling Sdn. Bhd.	Malaysia	100%	100%	Manufacture of semiconductor assembly and testing equipment
Maker Technologies Sdn. Bhd.	Malaysia	100%	100%	Manufacture of precision moulds and parts
Micro Surface Treatment Sdn. Bhd.	Malaysia	90%	90%	Precision plating and surface treatment
Paradigm Aerospace Sdn. Bhd.	Malaysia	100%	100%	Manufacture of components and sub-assemblies for aerospace parts
Paradigm Metal Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacture of precision metal stamping, sheet metal and die casting parts
Paradigm Precision Components Sdn. Bhd.	Malaysia	100%	100%	Manufacture of precision machined components
Polytool Technologies Sdn. Bhd.	Malaysia	100%	100%	Manufacture of industrial equipment, machinery parts and tooling, encapsulation moulds, trim and form dies and progressive tooling for lead frames
Super Tropica Development Sdn. Bhd.	Malaysia	100%	100%	Property development

^(a) Acquired in August 2021, collectively referred to as "Avelon"

^(b) Transferred from Kobay Industries Sdn. Bhd. in October 2021

Acquisition of subsidiaries

On 28 May 2021, the Company entered into a share sale agreement to acquire 70% equity interests in Avelon for a total consideration of RM47,665,677 payable as follows:-

- (i) Cash consideration of RM22,130,493 payable upon execution of the agreement.
- (ii) Contingent consideration of RM25,535,184 payable upon meeting an earnings target.

The acquisition was completed on 5 August 2021 and gave rise to goodwill totalling RM22,477,133.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

8. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

The amounts recognised at the acquisition date for each major class of assets acquired and liabilities assumed for are as follows:-

	Avelon RM
Property, plant and equipment	3,569,770
Right-of-use assets	4,196,966
Trademark	18,297,000
Customer relationships	1,949,234
Inventories	14,617,729
Receivables	12,430,651
Current tax assets	64,625
Cash and bank balances	5,857,129
Payables	(14,906,666)
Loans and borrowings	(1,686,881)
Lease liabilities	(4,236,798)
Current tax liabilities	(823,359)
Deferred tax liabilities	(5,491,997)
Net assets	33,837,403
Non-controlling interests	(10,151,220)
Share of net assets acquired	23,686,183
Fair value of cash consideration transferred	(22,130,493)
Fair value of contingent consideration (Note 16)	(24,032,823)
Goodwill	(22,477,133)

The amounts of revenue and profit for the financial period recognised since the acquisition date included in the consolidated statement of comprehensive income are as follows:-

	Avelon RM
- Revenue	86,226,176
- Profit for the financial period	6,184,735

Had the acquisition date been 1 July 2021, management estimates that the Group's revenue and profit for the financial year would have been RM370,528,394 and RM54,531,096 respectively. The effects of the acquisition on the consolidated statement of cash flows are as follows:-

	Avelon RM
Total cash consideration	22,130,493
Prepayments in previous year	(4,766,568)
Cash and bank balances acquired	(5,857,129)
Acquisition of subsidiaries, net of cash acquired	11,506,796

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

9. Other investments

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Fair value				
Shares quoted outside Malaysia	158,329	2,092,094	0	0
Shares quoted in Malaysia	72,000	0	0	0
Others	221,602	209,000	1,500	1,500
	<u>451,931</u>	<u>2,301,094</u>	<u>1,500</u>	<u>1,500</u>

The fair values of quoted investments were directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

10. Inventories

Group	2022	2021
	RM	RM
Non-current assets		
Land held for property development	<u>38,496,059</u>	<u>37,357,284</u>
Current assets		
Property development costs	64,642,630	25,753,812
Completed development units	5,096,962	7,603,996
Raw materials	10,956,593	4,406,192
Work-in-progress	16,936,114	9,588,345
Finished goods	<u>19,495,470</u>	<u>2,204,669</u>
	<u>117,127,769</u>	<u>49,557,014</u>
Total inventories	<u>155,623,828</u>	<u>86,914,298</u>

Certain land held for property development totalling RM18,353,931 (2021 : RM18,137,104) has been pledged as security for credit facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

11. Receivables

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables:-				
- Related parties ^(a)	370,245	135,750	0	0
- Related parties ^(b)	244,216	0	0	0
- Related parties ^(c)	1,189,219	407,680	0	0
- Unrelated parties	90,979,665	48,847,184	0	0
	92,783,345	49,390,614	0	0
- Loss allowance	(1,017,696)	(862,933)	0	0
	91,765,649	48,527,681	0	0
Other receivables	8,629,603	7,002,299	56,927	56,927
Amounts due from subsidiaries	0	0	13,515,670	3,124,720
Loss allowance	0	0	(2,271,156)	(2,271,156)
	0	0	11,244,514	853,564
	<u>100,395,252</u>	<u>55,529,980</u>	<u>11,301,441</u>	<u>910,491</u>
Disclosed as:-				
- Non-current assets	5,750,564	4,344,615	0	0
- Current assets	94,644,688	51,185,365	11,301,441	910,491
	<u>100,395,252</u>	<u>55,529,980</u>	<u>11,301,441</u>	<u>910,491</u>

^(a) Being family members of certain directors

^(b) Being a company in which a director has substantial financial interest

^(c) Being a company in which family members of certain directors have substantial financial interests

Trade receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 30 June 2022, there were 2 (2021 : 2) major customers that individually accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM39,566,021 (2021 : RM15,434,442). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2022 RM	2021 RM
Malaysia	64,521,288	36,731,948
Singapore	15,738,856	377,465
Others	12,523,201	12,281,201
	<u>92,783,345</u>	<u>49,390,614</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

11. Receivables (cont'd)

Trade receivables (cont'd)

Included in trade receivables are property loans totalling RM6,274,947 (2021 : RM4,675,584) granted to several customers and bearing interest ranging from 4.22% to 7.42% (2021 : 3.00% to 5.97%) per annum. The loans are effectively secured against the development units sold to the customers and repayable over 2 to 30 years as follows:-

	Group	
	2022	2021
	RM	RM
Within 1 year	524,383	330,969
1 to 5 years	2,094,683	1,257,879
After 5 years	3,655,881	3,086,736
	<u>6,274,947</u>	<u>4,675,584</u>

Except for the aforementioned property loans, the credit terms of trade receivables generally range from 30 to 90 days. The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:-

	Group	
	2022	2021
	RM	RM
Not past due	62,034,570	40,542,289
1 to 30 days past due	12,342,970	6,242,110
31 to 60 days past due	5,758,740	627,805
61 to 90 days past due	5,397,588	129,474
More than 90 days past due	7,249,477	1,848,936
	<u>92,783,345</u>	<u>49,390,614</u>

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. The changes in the loss allowance are as follows:-

	Group	
	2022	2021
	RM	RM
Balance at 1 July	862,933	270,994
Impairment losses	425,757	591,939
Write-offs	(270,994)	0
Balance at 30 June	<u>1,017,696</u>	<u>862,933</u>

The above loss allowance is in respect of individually assessed credit-impaired trade receivables. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on trade receivables that are not credit-impaired are not considered to be material and hence, have not been recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

11. Receivables (cont'd)

Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest free and repayable on demand except for certain amounts totalling RM9,600,000 (2021: nil) which bear interest ranging from 2.50% to 4.85% (2021: nil) per annum.

The Company measures the loss allowance at an amount equal to lifetime expected credit losses. The gross carrying amounts and the related loss allowance changes are as follows:-

Company	Not credit-impaired RM	Credit-impaired RM	Total RM
2022			
Gross carrying amount	11,049,387	2,466,283	13,515,670
Loss allowance	0	(2,271,156)	(2,271,156)
	<u>11,049,387</u>	<u>195,127</u>	<u>11,244,514</u>
2021			
Gross carrying amount	661,770	2,462,950	3,124,720
Loss allowance	0	(2,271,156)	(2,271,156)
	<u>661,770</u>	<u>191,794</u>	<u>853,564</u>

The Company determines that an amount due from subsidiary is credit-impaired when the subsidiary is in negative equity position.

12. Deferred tax assets and deferred tax liabilities

Group	2022 RM	2021 RM
Balance at 1 July	(4,255,000)	(4,369,000)
Acquisition of subsidiaries	(5,491,997)	0
Deferred tax (expense)/income relating to origination and reversal of temporary differences	(603,382)	367,000
Deferred tax liabilities over/(under) provided in prior year	19,332	(253,000)
Derecognition of deferred tax assets	(516,000)	0
Balance at 30 June	<u>(10,847,047)</u>	<u>(4,255,000)</u>
Disclosed as:-		
- Deferred tax assets	142,000	516,000
- Deferred tax liabilities	<u>(10,989,047)</u>	<u>(4,771,000)</u>
	<u>(10,847,047)</u>	<u>(4,255,000)</u>
In respect of:-		
- (Taxable)/Deductible temporary differences of:-		
- Property, plant and equipment	(6,959,000)	(5,768,000)
- Right-of-use assets	(662,000)	84,000
- Intangible assets	(4,816,213)	0
- Inventories	(221,410)	0
- Financial instruments	587,726	230,000
- Contract liabilities	466,850	0
- Lease liabilities	757,000	0
- Unused capital allowances	0	710,000
- Unused tax losses	0	489,000
	<u>(10,847,047)</u>	<u>(4,255,000)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

12. Deferred tax assets and deferred tax liabilities (cont'd)

Save as disclosed above, as at 30 June 2022, deferred tax liabilities and deferred tax assets have effectively been recognised and offset against each other to the extent of RM419,000 (2021 : RM125,000). No further deferred tax assets have been recognised for the following excess of deductible temporary differences, unused capital allowances and tax losses over taxable temporary differences:-

	Group	
	2022	2021
	RM	RM
Deductible temporary differences of:-		
- Inventories	1,820,000	1,855,000
- Financial instruments	1,067,000	0
Unused capital allowances	2,779,000	1,503,000
Unused tax losses:-		
- Expiring in year of assessment 2028	19,774,000	21,449,000
- Expiring in year of assessment 2029	735,000	735,000
- Expiring in year of assessment 2030	1,804,000	1,804,000
- Expiring in year of assessment 2031	2,211,000	364,000
- Expiring in year of assessment 2032	4,604,000	0
Taxable temporary differences of:-		
- Property, plant and equipment	(1,747,000)	(519,000)
	<u>33,047,000</u>	<u>27,191,000</u>

The deductible temporary differences and unused capital allowances have no expiry date.

13. Derivatives

Group

	2022	2021
	RM	RM
Forward exchange contracts - at fair value		
- Current assets	716	18,990
- Current liabilities	(907,420)	(96,945)
	<u>(906,704)</u>	<u>(77,955)</u>

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 30 June 2022, the Group had contracts with financial institutions due within 1 year to deal with the following currencies at contractual forward rates:-

	2022		2021	
	To buy	To sell	To buy	To sell
Contract I	RM37,688,190	USD8,779,500	RM20,199,537	USD4,885,816
Contract II	RM45,235	GBP7,950	RM291,000	GBP50,000
Contract III	<u>0</u>	<u>0</u>	<u>USD200,000</u>	<u>RM832,760</u>

The fair values of forward exchange contracts were directly measured using their unadjusted market values quoted by the financial institutions (i.e. Level 1).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

14. Cash and cash equivalents

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	46,307,155	27,243,537	17,005,276	12,823,220
Term deposits	3,596,054	3,302,279	0	8,000
Short-term funds - at fair value	23,756,803	18,719,286	14,037,680	6,810,955
	<u>73,660,012</u>	<u>49,265,102</u>	<u>31,042,956</u>	<u>19,642,175</u>

Cash and bank balances and term deposits are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

Certain term deposits of the Group and the Company totalling RM3,596,054 and nil (2021 : RM3,252,279 and RM8,000) respectively have been pledged as security for credit facilities granted to the Group and the Company. Accordingly, these term deposits are not freely available for use.

The effective interest rates of term deposits as at 30 June 2022 ranged from 1.50% to 1.85% (2021 : 1.50% to 1.85%) per annum.

Short-term funds represent highly liquid investments in money market funds managed by financial institutions that invest in low-risk instruments, and are readily redeemable with insignificant risk of changes in value. Their fair values were directly measured using the unadjusted market values quoted by the financial institutions (i.e. Level 1).

For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and cash equivalents	73,660,012	49,265,102	31,042,956	19,642,175
Bank overdrafts	0	(3,000,080)	0	(3,000,080)
Term deposits pledged as security	(3,596,054)	(3,252,279)	0	(8,000)
	<u>70,063,958</u>	<u>43,012,743</u>	<u>31,042,956</u>	<u>16,634,095</u>

15. Contract liabilities from property development

Group

	2022 RM	2021 RM
Balance at 1 July	70,788	2,097,150
Revenue recognised during the year	(21,472,200)	(7,702,911)
Progress billings during the year	26,213,373	5,676,549
Balance at 30 June	<u>4,811,961</u>	<u>70,788</u>

As disclosed in Note 2.17, the Group generally satisfies its performance obligations over time during the development period. Any excess of revenue recognised over progress billings is presented as contract asset, whereas any deficit is presented as contract liability.

Remaining performance obligations

As at 30 June 2022, the aggregate transaction price allocated to the remaining performance obligations amounted to approximately RM23,885,000 (2021 : RM40,917,000) and the Group expects to recognise this revenue when the project is completed over the next 1 (2021 : 1) year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

16. Payables

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Trade payables:-				
- Related party ^(a)	1,092,875	906,585	0	0
- Unrelated parties	48,324,473	19,714,917	0	0
	49,417,348	20,621,502	0	0
Other payables:-				
- Related parties ^(a)	16,368	20,316	0	0
- Unrelated parties	34,182,403	14,706,895	222,149	412,976
	34,198,771	14,727,211	222,149	412,976
Amounts due to subsidiaries	0	0	220,000	0
	83,616,119	35,348,713	442,149	412,976
Contingent consideration				
- at fair value	15,640,237	0	15,640,237	0
	99,256,356	35,348,713	16,082,386	412,976

^(a) Being companies in which certain directors have substantial financial interests

Payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade and other payables

The credit terms of trade and other payables range from 30 to 90 days.

Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

Contingent consideration

	Group and Company	
	2022	2021
	RM	RM
Fair value at acquisition date (Note 8)	24,032,823	0
Payments	(6,383,796)	0
Fair value adjustment	(2,008,790)	0
Fair value at 30 June	15,640,237	0

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

17. Loans and borrowings

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Secured				
Bank overdrafts	0	3,000,080	0	3,000,080
Revolving credits	21,201,620	3,977,954	0	0
Term loans	42,225,959	28,592,235	5,619,576	6,680,426
Unsecured				
Banker acceptance	0	481,000	0	0
Revolving credits	5,137,000	4,990,000	0	0
	<u>68,564,579</u>	<u>41,041,269</u>	<u>5,619,576</u>	<u>9,680,506</u>
Disclosed as:-				
- Current liabilities	32,071,820	16,076,767	941,992	3,906,527
- Non-current liabilities	36,492,759	24,964,502	4,677,584	5,773,979
	<u>68,564,579</u>	<u>41,041,269</u>	<u>5,619,576</u>	<u>9,680,506</u>

Secured loans and borrowings are secured against certain property, plant and equipment (Note 4), right-of-use assets (Note 6), inventories (Note 10) and term deposits (Note 14).

The effective interest rates of loans and borrowings as at 30 June 2022 ranged from 3.52% to 5.67% (2021 : 2.50% to 5.42%) per annum.

Except for term loans, loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Term loans are repayable over 5 to 20 years. The repayment analysis is as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Gross loan instalments:-				
- Within 1 year	7,092,718	4,578,983	1,124,700	1,111,392
- 1 to 5 years	26,226,381	18,481,185	4,468,204	4,445,568
- After 5 years	15,354,473	9,917,989	687,957	1,994,186
Total contractual undiscounted cash flows	48,673,572	32,978,157	6,280,861	7,551,146
Future finance charges	(6,447,613)	(4,385,922)	(661,285)	(870,720)
Present value of term loans	<u>42,225,959</u>	<u>28,592,235</u>	<u>5,619,576</u>	<u>6,680,426</u>

The fair values of term loans were measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured were considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rates of term loans.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

18. Lease liabilities

Group

	2022 RM	2021 RM
Gross lease liabilities:-		
- Within 1 year	1,011,140	0
- 1 to 5 years	2,389,700	0
Total contractual undiscounted cash flows	3,400,840	0
Future finance charges	(211,350)	0
Present value of lease liabilities	<u>3,189,490</u>	<u>0</u>
Disclosed as:-		
- Current liabilities	921,905	0
- Non-current liabilities	<u>2,267,585</u>	<u>0</u>
	<u>3,189,490</u>	<u>0</u>

The incremental borrowing rates applied to lease liabilities as at 30 June 2022 ranged from 3.25% to 3.96% per annum.

19. Deferred income on government grants

Group

	2022 RM	2021 RM
Balance at 1 July	758,961	862,430
Grants received	0	317,078
Amortisation	<u>(263,438)</u>	<u>(420,547)</u>
Balance at 30 June	<u>495,523</u>	<u>758,961</u>

20. Share capital

	No. of ordinary shares with no par value	RM
Issued and fully paid		
Balance at 1 July 2020	102,093,601	102,103,907
Bonus issue	<u>204,187,202</u>	<u>0</u>
Balance at 30 June 2021	306,280,803	102,103,907
Issue of shares pursuant to private placement	19,900,000	110,445,000
Share issue transaction costs	<u>0</u>	<u>(1,630,923)</u>
Balance at 30 June 2022	<u>326,180,803</u>	<u>210,917,984</u>

During the financial year, the Company issued 19,900,000 new ordinary shares at RM5.55 per share for cash pursuant to a private placement. The proposed utilisation of the total proceeds of RM110,445,000 is as follows:

	RM
- setting up new aluminium manufacturing plant for the Group's manufacturing segment	59,995,000
- partial repayment of loans and borrowings	50,000,000
- estimated expenses in relation to the proposed private placement	<u>450,000</u>
	<u>110,445,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

20. Share capital (cont'd)

Treasury shares

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 3 July 2002, approved the Company's plan to purchase its own shares. The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows:-

	No. of ordinary shares	Cost RM
Balance at 1 July 2020	0	0
Shares purchased	2,000,000	9,522,642
Bonus issue	4,000,000	0
Balance at 30 June 2021 / 30 June 2022	<u>6,000,000</u>	<u>9,522,642</u>

The number of outstanding shares in issue after excluding the treasury shares is as follows:-

	No. of ordinary shares
Balance at 1 July 2020	102,093,601
Shares purchased	(2,000,000)
Bonus issue	<u>200,187,202</u>
Balance at 30 June 2021	300,280,803
Issue of shares pursuant to private placement	<u>19,900,000</u>
Balance at 30 June 2022	<u>320,180,803</u>

21. Non-controlling interests ("NCI")

Group

	Accumulated NCI		Profit/(Loss) allocated to NCI	
	2022 RM	2021 RM	2022 RM	2021 RM
Arise Healthcare Sdn. Bhd. ^(a)	200,813	0	146,452	0
Avelon Arise Sdn. Bhd. ^(a)	835,612	0	208,874	0
Avelon Healthcare Sdn. Bhd. ^(a)	8,949,619	0	1,087,642	0
Galaxis Healthcare Sdn. Bhd. ^(a)	1,455,072	0	288,191	0
Galaxis Pharma Sdn. Bhd. ^(a)	325,525	0	124,262	0
Gen Plus Technologies Sdn. Bhd.	(4,302)	(851)	(3,451)	(900)
Kual Technologies Sdn. Bhd. ("KTSB")	2,357,949	0	(631,013)	0
Micro Surface Treatment Sdn. Bhd.	<u>713,996</u>	<u>606,476</u>	<u>292,520</u>	<u>173,382</u>
	<u>14,834,284</u>	<u>605,625</u>	<u>1,513,477</u>	<u>172,482</u>

^(a) Collectively referred to as "Avelon"

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

21. Non-controlling interests ("NCI") (cont'd)

The details of the subsidiaries that have NCI are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest held by NCI		Principal activity
		2022	2021	
Arise Healthcare Sdn. Bhd. ^(a)	Malaysia	30%	0%	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Arise Sdn. Bhd. ^(a)	Malaysia	30%	0%	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Healthcare Sdn. Bhd. ^(a)	Malaysia	30%	0%	Sale of healthcare products
Galaxis Healthcare Sdn. Bhd. ^(a)	Malaysia	30%	0%	Sale of healthcare products
Galaxis Pharma Sdn. Bhd. ^(a)	Malaysia	30%	0%	Retail sale of pharmaceutical, medicine and healthcare products
Gen Plus Technologies Sdn. Bhd.	Malaysia	49%	49%	Inactive
Kual Technologies Sdn. Bhd.	Malaysia	49%	0%	Manufacture of aluminium extrusion, formation, surface treatment for parts manufactured to all industries.
Micro Surface Treatment Sdn. Bhd.	Malaysia	10%	10%	Precision plating and surface treatment

^(a) Collectively referred to as "Avelon"

Change in ownership interest in subsidiary

In November 2021, the Company disposed of 49% equity interests in Kual Technologies Sdn. Bhd. ("KTSB") for cash consideration of RM123,400. The effects of the change in ownership interest on the equity attributable to owners of the Company are as follows:-

	RM
Amounts by which non-controlling interests are adjusted	(48,962)
Cash consideration received	123,400
Increase in equity attributable to owners of the Company	<u>74,438</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

21. Non-controlling interests ("NCI") (cont'd)

The NCI of Avelon and KTSB are considered to be material to the Group. Their summarised financial information, before inter-company eliminations, is as follows:-

	Avelon 2022 RM	KTSB 2022 RM
Non-current assets	7,179,019	16,030,388
Current assets	31,845,401	5,107,844
Non-current liabilities	(2,355,585)	0
Current liabilities	(12,698,038)	(5,326,091)
Net assets	23,970,797	15,812,141
Revenue	103,538,759	7,884,008
Profit/(Loss) (representing total comprehensive income)	6,184,735	(1,287,782)
Net cash from/(used in) operating activities	4,303,003	(536,981)
Net cash used in investing activities	(666,615)	(14,550,281)
Net cash (used in)/from financing activities	(3,720,883)	17,378,000
Net cash (outflow)/inflow	(84,495)	2,290,738

The summarised financial information of the other subsidiaries has not been disclosed as their NCI are not material to the Group.

22. Revenue

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers:-				
- Sale of goods	317,828,311	132,261,364	0	0
- Rendering of services	9,838,192	8,942,793	0	2,962,776
- Property development	21,472,200	7,702,911	0	0
- Sale of completed development units	3,189,745	6,347,265	0	0
	352,328,448	155,254,333	0	2,962,776
Other sources of revenue:-				
- Dividend income	0	0	14,836,024	32,572,171
- Operating lease income	1,850,033	1,736,475	0	0
	1,850,033	1,736,475	14,836,024	32,572,171
	354,178,481	156,990,808	14,836,024	35,534,947

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

22. Revenue (cont'd)

Disaggregation of revenue from contracts with customers

Group

	Operating segments (Note 31)				Total RM
	Manufacturing RM	Property development RM	Pharmaceutical and healthcare RM	Other operating segments RM	
2022					
Major products/services:-					
- High precision engineering solutions	241,374,496	0	0	0	241,374,496
- Properties under development	0	21,472,200	0	0	21,472,200
- Completed development units	0	3,189,745	0	0	3,189,745
- Pharmaceutical and healthcare products	0	0	86,226,176	0	86,226,176
- Others	0	0		65,831	65,831
	241,374,496	24,661,945	86,226,176	65,831	352,328,448
Geographical areas:-					
- Malaysia	150,511,590	24,661,945	86,226,176	65,831	261,465,542
- Singapore	31,960,466	0	0	0	31,960,466
- Others	58,902,440	0	0	0	58,902,440
	241,374,496	24,661,945	86,226,176	65,831	352,328,448
Timing of revenue recognition:-					
- Over time	9,794,486	21,472,200	0	43,706	31,310,392
- At a point in time	231,580,010	3,189,745	86,226,176	22,125	321,018,056
	241,374,496	24,661,945	86,226,176	65,831	352,328,448
2021					
Major products/services:-					
- High precision engineering solutions	140,195,882	0	0	0	140,195,882
- Properties under development	0	7,702,911	0	0	7,702,911
- Completed development units	0	6,347,265	0	0	6,347,265
- Others	614,489	0	0	393,786	1,008,275
	140,810,371	14,050,176	0	393,786	155,254,333
Geographical areas:-					
- Malaysia	91,970,371	14,050,176	0	393,786	106,414,333
- Singapore	21,966,862	0	0	0	21,966,862
- Others	26,873,138	0	0	0	26,873,138
	140,810,371	14,050,176	0	393,786	155,254,333
Timing of revenue recognition:-					
- Over time	8,555,191	7,702,911	0	387,602	16,645,704
- At a point in time	132,255,180	6,347,265	0	6,184	138,608,629
	140,810,371	14,050,176	0	393,786	155,254,333

Company

Information about disaggregation of revenue from contracts with customers has not been disclosed as the Company derived the revenue mainly from rendering management services to subsidiaries in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

23. Impairment losses on financial assets

Group

	2022 RM	2021 RM
Trade receivables from contracts with customers	425,757	591,939

24. Profit before tax

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax is arrived at after charging:-				
Amortisation of intangible assets	178,680	0	0	0
Auditors' remuneration:-				
- Current year	305,313	220,500	45,000	42,500
- Prior year	(11,200)	16,520	(1,500)	8,000
Depreciation of investment properties	32,450	33,795	0	0
Depreciation of property, plant and equipment	8,636,216	7,040,113	100,673	96,402
Depreciation of right-of-use assets	2,587,457	478,926	0	0
Direct operating expenditure for investment properties generating rental income	1,362	0	0	0
Employee benefits expense (Note 25)	63,999,571	39,329,810	744,158	3,915,309
Fair value losses on financial instruments mandatorily measured at fair value through profit or loss	12,523	0	0	0
Fee expense for financial instruments not measured at fair value through profit or loss	188,869	124,648	10,023	5,497
Interest expense for financial liabilities not measured at fair value through profit or loss	1,676,345	1,106,683	354,291	47,031
Interest expense for lease liabilities	197,832	0	0	0
Inventories written down	1,608	2,991	0	0
Lease expense relating to:-				
- Short-term leases	1,551,832	592,895	149,490	149,490
- Leases of low-value assets (other than short-term leases)	19,110	11,649	0	0
Loss on change in ownership interest in subsidiary	0	0	289,866	0
Property, plant and equipment written off	8,419	55,808	0	9
Realised loss on foreign exchange	198,426	286,216	0	0

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

24. Profit before tax (cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
and crediting:-				
Amortisation of deferred income on government grants	263,438	420,547	0	0
Fair value gains on financial instruments mandatorily measured at fair value through profit or loss	0	1,865,842	329,984	306,619
Gain on derecognition of right-of-use assets	109	0	0	0
Gain on disposal of property, plant and equipment	163,080	70,410	0	0
Gain on dissolution of subsidiary	0	0	0	22,501
Gain on fair value adjustment of contingent consideration	0	0	2,008,790	0
Interest income for financial assets measured at amortised cost	685,829	723,751	273,266	34,021
Operating lease income	161,200	1,875,618	0	0
Reversal of impairment loss on investments in subsidiaries ^(a)	0	0	465,400	0
Unrealised gain on foreign exchange	498,867	75,596	0	0
Variable lease payments from covid-19-related rent concessions	2,400	0	0	0

^(a) Included in other income

25. Employee benefits expense (including directors' remuneration)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company:-				
- Fees	30,000	22,500	30,000	22,500
- Other short-term employee benefits	854,424	823,385	513,194	786,942
- Defined contribution plans	33,240	32,543	20,241	31,103
	917,664	878,428	563,435	840,545
Directors of subsidiaries:-				
- Fees	275,000	0	0	0
- Other short-term employee benefits	1,749,914	1,109,247	0	1,109,247
- Defined contribution plans	229,197	144,353	0	144,353
	2,254,111	1,253,600	0	1,253,600
Other employees:-				
- Short-term employee benefits	57,457,362	35,154,198	153,070	1,623,035
- Defined contribution plans	4,343,994	3,351,159	27,653	198,129
- Termination benefits	0	140,727	0	0
- Government grants under Wage Subsidy Programme	(973,560)	(1,448,302)	0	0
	60,827,796	37,197,782	180,723	1,821,164
	63,999,571	39,329,810	744,158	3,915,309

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

26. Tax expense

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Tax based on results for the year:-				
- Current tax	17,736,672	9,273,666	66,000	40,000
- Deferred tax	603,382	(367,000)	0	0
	<u>18,340,054</u>	<u>8,906,666</u>	<u>66,000</u>	<u>40,000</u>
Tax under/(over) provided in prior year:-				
- Current tax	955,603	(710,082)	1,132,529	(7,801)
- Deferred tax	(19,332)	253,000	0	0
Derecognition of deferred tax assets	516,000	0	0	0
	<u>19,792,325</u>	<u>8,449,584</u>	<u>1,198,529</u>	<u>32,199</u>

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Applicable tax rate	24.00	24.00	24.00	24.00
Non-deductible expenses	4.48	5.94	8.73	2.36
Non-taxable income	(1.01)	(3.18)	(32.23)	(26.03)
Tax incentives claimed	(3.44)	(1.25)	0.00	0.00
Effect of differential tax rates	0.00	0.00	0.00	0.00
Increase/(Decrease) in unrecognised deferred tax assets	1.21	(0.34)	0.00	(0.20)
Average effective tax rate	<u>25.24</u>	<u>25.17</u>	<u>0.50</u>	<u>0.13</u>

27. Earnings per share

Group

The basic earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:-

	2022	2021
Profit for the financial year attributable to owners of the Company (RM)	<u>51,371,109</u>	<u>26,760,741</u>
Number of shares in issue as at 1 July	300,280,803	102,093,601
Effect of shares purchased	0	(306,736)
Effect of bonus issue	0	203,573,730
Effect of shares issued pursuant to private placement	<u>11,830,959</u>	<u>0</u>
Weighted average number of shares in issue	<u>312,111,762</u>	<u>305,360,595</u>
Basic earnings per share (sen)	<u>16.46</u>	<u>8.76</u>

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

28. Dividend

Group and Company

	2022 RM	2021 RM
Final single tier dividend of 6.0 sen per share in respect of the financial year ended 30 June 2020	0	6,125,616
Final single tier dividend of 2.0 sen per share in respect of the financial year ended 30 June 2021	6,403,616	0
	<u>6,403,616</u>	<u>6,125,616</u>

A final single tier dividend of 3.0 sen per share in respect of the financial year ended 30 June 2022 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

29. Notes to statements of cash flows

Term loans

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Balance at 1 July	28,592,235	26,369,301	6,680,426	7,791,119
Acquisition of subsidiaries	1,686,881	0	0	0
Drawdowns	17,451,429	5,489,584	0	0
Repayments	(5,504,586)	(3,266,650)	(1,060,850)	(1,110,693)
Balance at 30 June (Note 17)	<u>42,225,959</u>	<u>28,592,235</u>	<u>5,619,576</u>	<u>6,680,426</u>

Short-term loans and borrowings

	Group	
	2022 RM	2021 RM
Balance at 1 July	9,448,954	15,886,564
Net cash flow changes	16,702,151	(6,497,021)
Currency translation differences	178,580	59,720
Other changes	8,935	(309)
Balance at 30 June	<u>26,338,620</u>	<u>9,448,954</u>
Represented by:-		
- Revolving credits (Note 17)	26,338,620	8,967,954
- Banker acceptance (Note 17)	0	481,000
	<u>26,338,620</u>	<u>9,448,954</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

29. Notes to statements of cash flows (cont'd)

Lease liabilities

	Group	
	2022 RM	2021 RM
Balance at 1 July	0	0
Acquisition of subsidiaries	4,236,798	0
Payments	(1,041,313)	0
Variable lease payments	(2,400)	0
Derecognition	(3,595)	0
Balance at 30 June (Note 18)	<u>3,189,490</u>	<u>0</u>

The total cash outflow for leases is as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Operating activities				
Lease expense recognised in profit or loss (Note 24)	1,570,942	604,544	149,490	149,490
Investing activities				
Acquisition of right-of-use assets	30,334,746	0	0	0
Financing activities				
Interest portion of lease liabilities (Note 24)	197,832	0	0	0
Principal portion of lease liabilities	<u>1,041,313</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>33,144,833</u>	<u>604,544</u>	<u>149,490</u>	<u>149,490</u>

30. Related party disclosures

Transactions with related parties during the financial year are as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Key management personnel compensation:-				
- Short-term employee benefits	2,909,338	2,218,819	543,194	2,182,376
- Defined contribution plans	262,437	209,976	20,241	208,536
	<u>3,171,775</u>	<u>2,428,795</u>	<u>563,435</u>	<u>2,390,912</u>
Acquisition of property, plant and equipment from subsidiary	0	0	0	5,255
Acquisition of subsidiary from subsidiary	0	0	650,000	112,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

30. Related party disclosures (cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Acquisition of subsidiary from other related party ^(a)	0	750,000	0	750,000
Capital distribution from subsidiary	0	0	0	22,501
Dividends received from subsidiaries	0	0	14,836,024	32,572,171
Interest charged to subsidiaries	0	0	142,910	12,493
Purchase of consumables from subsidiary	0	0	0	800
Purchase of goods from other related party ^(b)	4,694,450	3,222,335	7,405	0
Purchase of goods from other related party ^(c)	2,762,927	0	0	0
Receiving of services from subsidiaries	0	0	907,140	0
Receiving of services from other related party ^(b)	1,800	21,255	0	0
Redemption of shares by subsidiaries	0	0	0	1,320,000
Rendering of services to subsidiaries	0	0	0	2,962,776
Rental charged by other related parties ^(b)	427,568	390,333	149,490	149,490
Rental charged by other related party ^(c)	88,000	0	0	0
Sale of development unit to other related party ^(a)	631,000	0	0	0
Sale of goods to other related party ^(b)	244,216	0	0	0
Sale of goods to other related party ^(c)	570,727	0	0	0
Subscription for shares in subsidiaries	0	0	62,638,000	17,820,000

^(a) Being family member of certain directors

^(b) Being companies in which certain directors have substantial financial interests

^(c) Being company in which family members of certain directors have substantial financial interests

31. Segment reporting

Group

Operating segments

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:-

- (i) Manufacturing - Manufacture of precision machined components, precision stamping, sheet metal parts, surface treatment, precision moulds, tooling and dies, semiconductor assembly and testing equipment, metal works and structures, modules and parts for oil and gas production and extraction equipment
- (ii) Property development - Property development and property management
- (iii) Pharmaceutical and healthcare - Wholesale and retail sale of pharmaceutical and healthcare products

Except as indicated above, no operating segments have been aggregated to form the above reportable segments. "Other operating segments" category consists of small operations related to money lending, property letting and operation of dormitory.

The accounting policies and measurement bases of the segment items reported are the same as those disclosed in Note 2. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with external parties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

31. Segment reporting (cont'd)

Operating segments (cont'd)

2022

Statement of financial position

Segment assets	Manufacturing RM	Property development RM	Pharmaceutical and healthcare RM	Other operating segments RM	Unallocated non-operating segments RM	Consolidation adjustments and eliminations RM	Total RM
	254,854,950	132,404,192	35,216,946	75,653,402	296,425,330	(225,847,750)	568,707,070
Included in the measure of segment assets are:-							
- Additions to non-current assets	57,144,388	13,275	9,314,427	49,368,940	250,731	2,304,279	118,396,040
Segment liabilities	93,772,718	44,984,926	11,246,150	28,294,120	23,151,405	(10,851,987)	190,597,332
Segment profit/(loss)	46,417,262	6,453,398	8,118,928	(287,587)	10,668,184	(18,485,599)	52,884,586

Statement of comprehensive income

Segment profit/(loss)	Manufacturing RM	Property development RM	Pharmaceutical and healthcare RM	Other operating segments RM	Unallocated non-operating segments RM	Consolidation adjustments and eliminations RM	Total RM
	241,374,496	24,661,945	86,226,176	1,915,864	0	0	354,178,481
Included in the measure of segment profit are:-							
- External revenue	59,790,631	7,199,023	17,312,583	598,471	19,224,500	(104,125,208)	0
- Intersegment revenue	453,457	93,944	13,415	264,014	613,688	(142,910)	1,295,608
- Interest and fund distributions income	716,351	45,963	2,509	0	(9)	0	764,814
- Non-cash income	1,066,690	285,133	187,857	123,116	354,291	(142,910)	1,874,177
- Interest expense	7,854,138	166,611	1,340,250	1,769,187	125,937	178,680	11,434,803
- Amortisation and depreciation	1,433,277	70,401	0	0	(1,055,371)	0	448,307
- Other non-cash expenses	14,243,140	2,158,564	2,586,317	438,814	1,221,729	(856,239)	19,792,325
- Tax expense							

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

31. Segment reporting (cont'd)

Operating segments (cont'd)

2021

Statement of financial position

Segment assets	Manufacturing RM	Property development RM	Pharmaceutical and healthcare RM	Other operating segments RM	Unallocated non-operating segments RM	Consolidation adjustments and eliminations RM	Total RM
	148,926,727	96,044,889	0	24,833,263	170,826,065	(147,352,705)	293,278,239
Included in the measure of segment assets are:-							
- Additions to non-current assets	3,923,257	12,722	0	2,907,642	27,556	(2,432,122)	4,439,055
Segment liabilities	58,924,908	15,099,635	0	4,043,437	10,206,956	(5,021,768)	83,253,168

Statement of comprehensive income

Segment profit	Manufacturing RM	Property development RM	Pharmaceutical and healthcare RM	Other operating segments RM	Unallocated non-operating segments RM	Consolidation adjustments and eliminations RM	Total RM
	25,950,498	2,568,309	0	834,252	30,968,221	(33,388,057)	26,933,223
Included in the measure of segment profit are:-							
- External revenue	140,810,371	14,050,176	0	2,124,077	6,184	0	156,990,808
- Intersegment revenue	28,724,318	5,004,335	0	1,326,866	74,577,017	(109,632,536)	0
- Interest and fund distributions income	404,815	251,157	0	246,974	374,658	(12,493)	1,265,111
- Non-cash income	496,154	130,957	0	0	1,102,554	0	1,729,665
- Interest expense	1,013,275	46,644	0	12,226	47,031	(12,493)	1,106,683
- Amortisation and depreciation	6,607,974	189,956	0	620,272	113,632	21,000	7,552,834
- Other non-cash expenses	699,650	29,033	0	1	9	0	728,693
- Share of joint venture's profit	0	0	0	0	0	3,218	3,218
- Tax expense	7,173,985	845,134	0	396,980	33,585	0	8,449,684

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

31. Segment reporting (cont'd)

Geographical information

The Group operates principally in Malaysia and generates revenue from the following geographical locations of customers:-

	External revenue	
	2022 RM	2021 RM
Malaysia	263,315,575	107,676,089
Singapore	31,960,466	21,966,862
Others	58,902,440	27,347,857
	<u>354,178,481</u>	<u>156,990,808</u>

Major customers

For the financial year ended 30 June 2022, there was 1 (2021 : 1) major customer of the manufacturing segment that contributed 10% or more of the Group's total revenue and the total revenue generated from this major customer amounted to RM80,114,290 (2021 : RM33,555,788).

32. Contractual commitments

Group

	2022 RM	2021 RM
Acquisition of property, plant and equipment	<u>5,272,000</u>	<u>40,367,000</u>

33. Financial guarantee contracts

Company

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of RM105,342,000 (2021 : RM61,219,000). The total utilisation of these credit facilities as at 30 June 2022 amounted to RM61,570,000 (2021 : RM43,950,000). No maturity analysis is presented for the financial guarantee contracts as the entire amount could be called at any time in the event of default by the subsidiaries.

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.13. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

34. Financial risk management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk, interest rate risk and other price risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

34. Financial risk management (cont'd)

Credit risk

The Group's exposure to credit risk arises mainly from receivables, derivative contracts and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 33.

The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 11. As the Group only deals with reputable financial institutions, the credit risk associated with derivative contracts and deposits placed with them is low.

Liquidity risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency risk

The Group's exposure to currency risk arises mainly from transactions entered into in currencies other than its functional currency, i.e. Ringgit Malaysia ("RM"). The major foreign currency transacted is US Dollar ("USD"), and the gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:-

	Group Denominated in USD	
	2022	2021
	RM	RM
Receivables	34,931,139	18,049,417
Cash and cash equivalents	8,029,691	2,695,720
Payables	(5,372,636)	(2,255,478)
Loans and borrowings	(6,838,620)	(6,467,954)
	<u>30,749,574</u>	<u>12,021,705</u>

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

34. Financial risk management (cont'd)

Currency risk (cont'd)

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	Increase/ Decrease) in profit	
	2022	2021
	RM	RM
Appreciation of USD against RM by 2% (2021 : 2%)	468,126	185,844
Depreciation of USD against RM by 2% (2021 : 2%)	<u>(468,126)</u>	<u>(185,844)</u>

Interest rate risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely receivables, term deposits, loans and borrowings and lease liabilities.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Fixed rate instruments				
Financial assets	3,935,103	3,486,021	0	8,000
Financial liabilities	29,528,110	9,448,954	0	0
Floating rate instruments				
Financial assets	5,935,898	4,503,187	0	0
Financial liabilities	<u>42,225,959</u>	<u>31,592,315</u>	<u>5,619,576</u>	<u>9,680,506</u>

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any change in interest rates at the end of the reporting period would not affect its profit or loss (and equity). For floating rate financial instruments measured at amortised cost, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group		Company	
	Increase/(Decrease) in profit		Increase/(Decrease) in profit	
	2022	2021	2022	2021
	RM	RM	RM	RM
Increase in interest rates by 10 (2021 : 0*) basis points	(29,832)	0	(4,271)	0
Decrease in interest rates by 10 (2021 : 0*) basis points	<u>29,832</u>	<u>0</u>	<u>4,271</u>	<u>0</u>

* Using standard deviation to measure interest rate volatility for the past 12 months, the Group and the Company did not foresee any reasonably possible change in interest rate at the end of the previous reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

34. Financial risk management (cont'd)

Other price risk

The Group's exposure to other price risk arises mainly from quoted investments.

The Group manages its investments on an individual basis by continuously evaluating the share price movements, investment returns and the general industrial conditions relevant to the investees.

The Group's quoted investments are listed on several stock exchanges. Based on the assumption that the share prices of these investments moved in correlation with the relevant indices, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in the relevant indices that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group Increase/(Decrease) in profit	
	2022	2021
	RM	RM
Increase in equity prices by 8% (2021 : 8%)	18,426	167,367
Decrease in equity prices by 8% (2021 : 8%)	<u>(18,426)</u>	<u>(167,367)</u>

35. Capital management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total interest-bearing debts to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total interest-bearing debts divided by total equity as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Loans and borrowings	68,564,579	41,041,269	5,619,576	9,680,506
Lease liabilities	<u>3,189,490</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total interest-bearing debts	71,754,069	41,041,269	5,619,576	9,680,506
Total equity	<u>378,109,738</u>	<u>210,025,071</u>	<u>271,274,420</u>	<u>156,928,594</u>
Total capital	<u>449,863,807</u>	<u>251,066,340</u>	<u>276,893,996</u>	<u>166,609,100</u>
Debt-to-equity ratio	<u>18.98%</u>	<u>19.54%</u>	<u>2.07%</u>	<u>6.17%</u>

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

SHAREHOLDING STATISTIC AS AT 30 SEPTEMBER 2022

Issued Share Capital	:	320,180,803 *
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	164	2.35	4,535	0.00
100 - 1,000	1,875	26.89	1,207,157	0.38
1,001 - 10,000	3,821	54.80	16,579,574	5.18
10,001 - 100,000	996	14.29	26,101,976	8.15
100,001 - 16,009,039 #	114	1.64	107,524,521	33.58
16,009,040 and above ##	2	0.03	168,763,040	52.71
TOTAL	6,972	100.00	320,180,803	100.00

SUBSTANTIAL SHAREHOLDERS' INTEREST

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Kobay Holdings Sdn. Bhd.	109,048,940	34.06	-	-
Norinv Kapital Sdn. Bhd.	59,714,100	18.65	-	-
Dato' Seri Koay Hean Eng	-	-	109,048,940^	34.06
Koay Cheng Lye	-	-	115,448,940@	36.06

DIRECTORS' INTEREST

Name of Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Seri Koay Hean Eng	-	-	109,048,940^	34.06
Koay Cheng Lye	-	-	115,448,940@	36.06
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	-	-	-	-
Khaw Eng Peng	-	-	-	-
Koay Wooi Seong	-	-	-	-

Notes:-

* The issued shares as per Record of Depositors as at 30 September 2022 excluding 6,000,000 shares held as treasury shares

Less than 5% of issued shares

5% and above of issued shares

^ Deemed interest by virtue of shares held by Kobay Holdings Sdn. Bhd. in which the director has interest

@ Deemed interest by virtue of shares held by Kobay Holdings Sdn. Bhd. and Inna Capital Sdn. Bhd. in which the director has interest

Pursuant to Section 8 of the Companies Act 2016, both Dato' Seri Koay Hean Eng and Koay Cheng Lye are deemed to have interests in shares in Kobay/the Company and all the subsidiaries, by virtue of their interests in shares in Kobay Holdings Sdn. Bhd./Inna Capital Sdn. Bhd. respectively.

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares in the Company or its related corporations.

SHAREHOLDING STATISTIC (CONT'D)

AS AT 30 SEPTEMBER 2022

THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares Held	% Shareholding
1.	Kobay Holdings Sdn. Bhd.	109,048,940	34.06
2.	Norinv Kapital Sdn. Bhd.	40,050,900	12.51
3.	Norinv Kapital Sdn. Bhd.	19,663,200	6.14
4.	Premiergrow Capital Sdn. Bhd.	16,000,000	4.99
5.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Balanced Fund	6,924,600	2.16
6.	Inna Capital Sdn. Bhd.	6,400,000	2.00
7.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 19)	5,658,000	1.77
8.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For AIA Bhd.	5,352,200	1.67
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	3,766,800	1.18
10.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	3,149,900	0.98
11.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 Tr01)	3,081,300	0.96
12.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Growth Fund	2,759,000	0.86
13.	Lai Shwu Yan	2,401,650	0.75
14.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Dividend Fund	2,400,000	0.75
15.	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn. Bhd. (Affin 2)	2,384,300	0.74
16.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (Leef)	1,984,900	0.62
17.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberislamic)	1,913,400	0.60
18.	UOBM Nominees (Tempatan) Sdn Bhd UOB Islamic Asset Management Sdn Bhd For Lembaga Tabung Haji	1,586,500	0.50
19.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aiiman Is EQ)	1,536,200	0.48
20.	CIMB Group Nominees (Tempatan) Sdn Bhd Aiiman Asset Management Sdn Bhd For Lembaga Tabung Haji	1,498,000	0.47
21.	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (Tmef)	1,441,200	0.45
22.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Asia-Pacific Dividend Fund	1,374,000	0.43
23.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Al-Fauzan (5170)	1,337,100	0.42
24.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Kenanga Growth Opportunities Fund (50154 Tr01)	1,275,200	0.40
25.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Areca Equity Growth Fund (427458)	1,275,000	0.40
26.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Dana Makmur	1,210,000	0.38
27.	Tan Chen Ghee	1,189,544	0.37
28.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Progress Fund (4082)	1,120,200	0.35
29.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (Dr).	1,024,900	0.32
30.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Kenanga Syariahextra Fund (N14011960240)	958,100	0.30
	TOTAL :	249,765,034	78.01

LIST OF PROPERTIES AS AT 30 JUNE 2022

Location	Description/ Existing use	Land Area (Built-up Area)	Date of Acquisition	Tenure (Age of Buildings)	Net Book Value @ 30.6.22 RM'000
PN5918, Lot 12383, Mukim 12, Daerah Barat Daya, Pulau Pinang Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang	Single storey factory with an annexed two storey office block in front	Approx. 130,652 sq. ft./ (85,007 sq. ft.)	01.07.1991	Leasehold for 60 years expiring on 26.12.2051/ (27 years)	6,308
PN4028, Lot 12461, Mukim 12, Daerah Barat Daya, Pulau Pinang Plot 83, Medan Bayan Lepas, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang	Single storey factory building with an annexed two storey office block	Approx. 87,599 sq. ft./ (58,104 sq. ft.)	24.06.1998	Leasehold for 60 years expiring on 17.01.2062/ (22 years)	5,556
HS(D) No. 38116, PT 1528 & HS(D) No. 47236, PT 1530, Mukim 1, Daerah Seberang Prai Tengah, Pulau Pinang 2631, Lot 376 & 377, Lorong Perusahaan 10, Phase 3, Prai Industrial Estate, 13600 Pulau Pinang	Single storey factory building with an annexed single storey office block	Approx. 118,099 sq. ft./ (86,900 sq. ft.)	20.05.1997	Leasehold for 60 years expiring on 07.08.2045/ (31 years)	6,455
HS(D) No. 42050, PT 5, Mukim 1, Daerah Seberang Prai Tengah, Pulau Pinang 967, Jalan Perusahaan, Kawasan Perusahaan Prai, 13600 Pulau Pinang	Single storey factory building	Approx. 22,500 sq. ft./ (20,000 sq. ft.)	19.09.1991	Leasehold for 99 years expiring on 21.01.2071/ (29 years)	818
GRN459888, Lot No. 6348, GRN459887, Lot No. 6341, Mukim Rimba Terjun, Daerah Pontian, Negeri Johor Lot 3611, Batu 30, Jalan Johor, 81500 Pekan Nenas, Johor	Single storey factory building	Approx. 4.22 hectares (25,630 sq. ft.)	09.06.2009	Freehold/ (11 years)	4,542
GRN24324, Lot No. 2628, Sek 4, Daerah Seberang Prai Utara, Butterworth, Pulau Pinang No. 1, Lorong Bagan Luar, 12000 Butterworth, Pulau Pinang	8 storey hotel building	Approx. 4,305 sq. ft. (36,822 sq. ft.)	06.01.2011	Freehold/ (40 years)	3,796
HS(D) No. 33005, PT 1529, Mukim 1, Daerah Seberang Prai Tengah, Pulau Pinang No. 2478, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Pulau Pinang	Single storey factory with an annexed two storey office block in front	Approx. 203,259 sq. ft. (127,650 sq. ft.)	14.03.2018	Leasehold for 60 years expiring on 17.12.2045/ (34 years)	22,669

LIST OF PROPERTIES (CONT'D)

AS AT 30 JUNE 2022

Location	Description/ Existing use	Land Area (Built-up Area)	Date of Acquisition	Tenure (Age of Buildings)	Net Book Value @ 30.6.22 RM'000
HS(D) No. 27773 (PT 1358) and PN12029 (Lot 6584) Mukim 1, District of Seberang Perai Tengah, Pulau Pinang. No. 3016, Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Pulau Pinang	Single storey warehouse building	Approx. 658,971 sq. ft. (158,474 sq. ft.)	27.10.2021	Leasehold for 60 years expiring on 03.10.2042/ (20 years)	43,091
No. 33,33-1 & 33-2, Jalan Seri Bintang 2, Taman Sri Bintang, Kepong, 52100 Kuala Lumpur	Three storey mid terraced shop office	Approx. 1,712 sq. ft. (5,133 sq. ft.)	5.8.2021 * date of acq. of subsidiary	Freehold/ (1 year)	2,494
Plot W7, Type A, Premium Villa, No.3A, Avenue West, Jalan Teluk Baru, Lavanya Residences, Pantai Tengah, 07000 Langkawi, Kedah	One Unit of Three Storey Detached House	Approx. 5,404 Sq. ft. (4,640 Sq. ft.)	1.4.2021	Freehold/ (3 years)	2,747
Plot W9, Type A, Premium Villa, No.5, Avenue West, Jalan Teluk Baru, Lavanya Residences, Pantai Tengah, 07000 Langkawi, Kedah	One Unit of Three Storey Detached House	Approx. 5,404 Sq. ft. (4,640 Sq. ft.)	1.7.2022	Freehold/ (3 years)	2,767
Land Held For Property Development					
GRN47092 Lot 34, GRN46881 Lot 35, GRN46882 Lot 36, GRN28204 Lot 249, GRN44961 Lot 251, GRN52732 Lot 990, GRN52733 Lot 992, GRN27217 Lot 993, GRN28218 Lot 995, GRN28219 Lot 996, HS (D) No. 18014, PT143 Bandar Tanjung Bungah, Daerah Timur Laut, Pulau Pinang	Vacant land for future development	Approx. 67,336 sq. ft.	01.12.2009/ 25.02.2010/ 18.05.2011/ 29.02.2012	Freehold	14,009
GM 653, Lot 1671, Mukim 12, Daerah Barat Daya, Pulau Pinang	Vacant land for future development	Approx. 33,018 sq. ft.	12.02.2015/ 29.06.2015/ 17.02.2016/ 21.04.2017	Freehold	14,202
GM 654, Lot 1672, Mukim 12, Daerah Barat Daya, Pulau Pinang	Vacant land for future development	Approx. 40,156 sq. ft.	11.09.2015	Freehold	
GM3427, Lot 71125, Mukim 12, Daerah Barat Daya, Pulau Pinang	Vacant land for future development	Approx. 16,910 sq. ft.	24.04.2015	Freehold	
GM137, Lot 451, Mukim 11, Daerah Barat Daya, Pulau Pinang	1/3 undivided shares of the Land	Approx. 26,165 sq. ft.	17.08.2018	Freehold	1,916

LIST OF PROPERTIES (CONT'D)
AS AT 30 JUNE 2022

Location	Land Area	Tenure	Advances to Landowners & Development Cost @ 30.6.22 RM'000
Development Land Under Landowner and Developer Agreement			
Seberang Perai Tengah, Pulau Pinang	309,463 sq. ft.	Freehold	5,720
Mukim Lumut, Manjung, Perak	849,509 sq. ft.	Leasehold for 99 years expiring on 07.02.2112	7,545
GM652, Lot 1670, Mukim 12, Daerah Barat Daya, Pulau Pinang	43,124 sq. ft.	Freehold	2,000





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