



# SCOPE

SCOPE INDUSTRIES BERHAD

[Registration No.: 200201023713 (591376-D)]

ACCELERATION,

**INNOVATION**

ANNUAL REPORT 2023





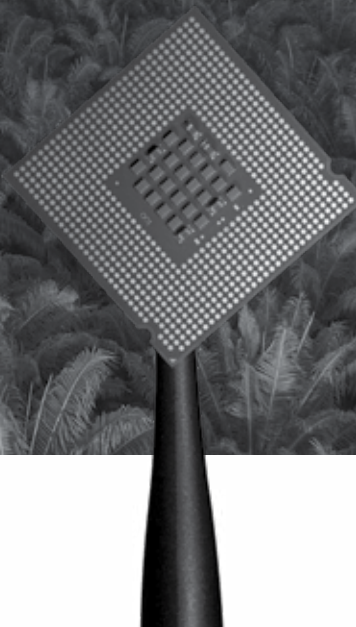
## ACCELERATION, INNOVATION

We accelerate our devotion towards innovative advancement, meeting expectations of the everchanging market. We will continue to be reliable as ever in each division, breakthrough from limitations and set ourselves apart from others.



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# CORPORATE INFORMATION

## Directors

**Lee Min Huat**  
(Executive Chairman)

**Lim Chiow Hoo**  
(Managing Director)

**Lim Ee Tatt**  
(Non-Independent  
Non-Executive Director)

**Hsu, Ching-Chen**  
(Non-Independent  
Non-Executive Director)

**Law Kim Fatt**  
(Independent Non-Executive  
Director)

**Yap Ee Seong**  
(Independent Non-Executive  
Director)

**Yau Khai Ling**  
(Independent Non-Executive  
Director)

## Company Secretaries

Chee Wai Hong (BC/C/1470)  
SSM PC No. 202008001804

Tan She Chia (MAICSA 7055087)  
SSM PC No. 202008001923

## Audit Committee

Law Kim Fatt (Chairman)  
Yap Ee Seong  
Lim Ee Tatt

## Remuneration Committee

Yap Ee Seong (Chairman)  
Lim Ee Tatt  
Law Kim Fatt

## Nomination Committee

Yap Ee Seong (Chairman)  
Law Kim Fatt

## Registered Office

48, Jalan Chow Thye  
10050 George Town  
Pulau Pinang  
Tel: 04-226 2188  
Email: enquiry@ascendbps.com

## Business Address

Lot 6181 Jalan Perusahaan 2  
Kawasan Perindustrian Parit Buntar  
34200 Parit Buntar, Perak  
Tel: 05-716 9605  
Fax: 05-716 6606  
Email: sales@scope.com.my  
account@scope.com.my

## Share Registrar

Boardroom Share Registrars  
Sdn. Bhd.  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7890 4700  
Fax: 03-7890 4670  
Email:  
bsr.helpdesk@boardroomlimited.com

## Auditors

Grant Thornton Malaysia PLT  
Chartered Accountants  
Level 5, Menara BHL Bank  
51, Jalan Sultan Ahmad Shah  
10050 George Town, Penang  
Tel: 04-228 7828  
Fax: 04-227 9828

## Principal Bankers

AmBank (M) Berhad  
AmInvestment Bank Berhad  
Affin Islamic Bank Berhad

## Stock Exchange Listing

ACE Market of Bursa Malaysia  
Securities Berhad  
Stock Name for Ordinary Shares:  
SCOPE (Stock Code: 0028)  
Stock Name for Warrants:  
SCOPE-WB (Stock Code: 0028WB)

## Website

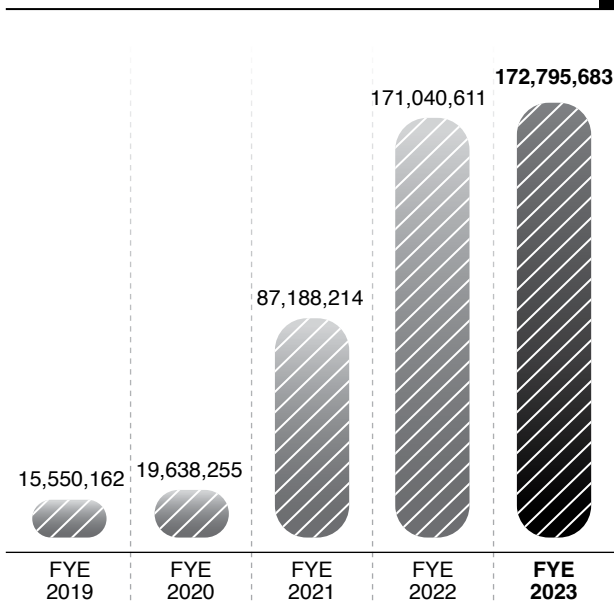
<http://www.scope.com.my>



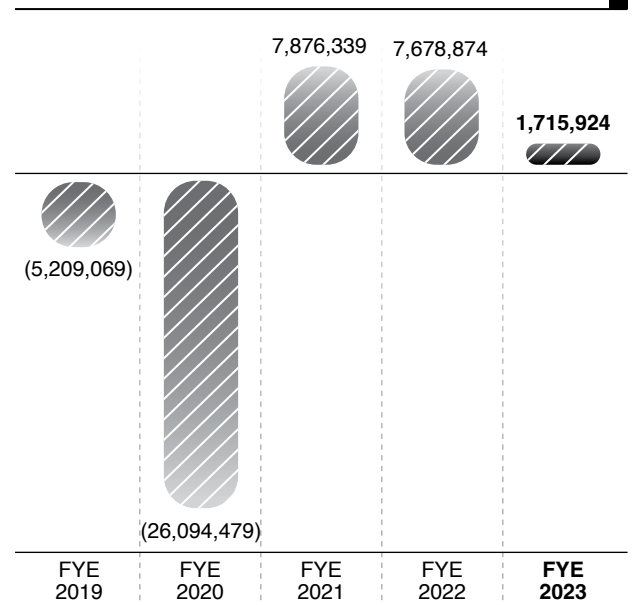
# FINANCIAL HIGHLIGHTS

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Revenue	15,550,162	19,638,255	87,188,214	171,040,611	172,795,683
Profit/(Loss) before tax	(5,209,069)	(26,094,479)	7,876,339	7,678,874	1,715,924
Equity	121,184,130	101,376,713	126,981,890	204,267,397	207,849,168
Net assets per share (sen)	19.57	15.33	16.51	17.71	18.02
Number of Shares in issue	619,132,873	661,458,273	769,115,306	1,153,672,959	1,153,672,959

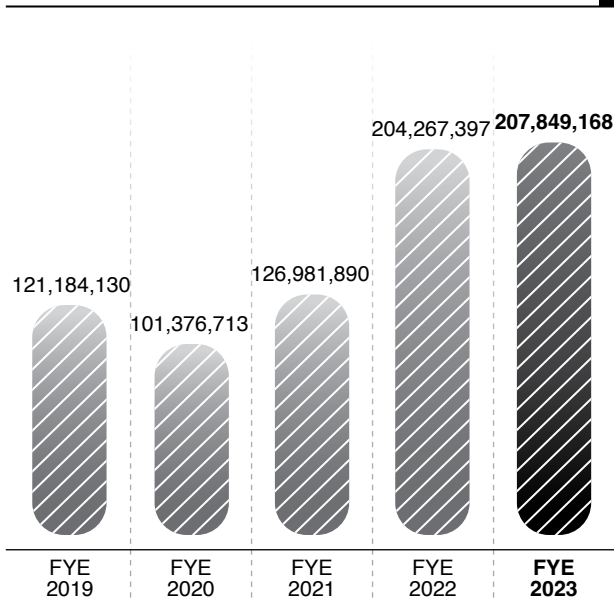
## Revenue



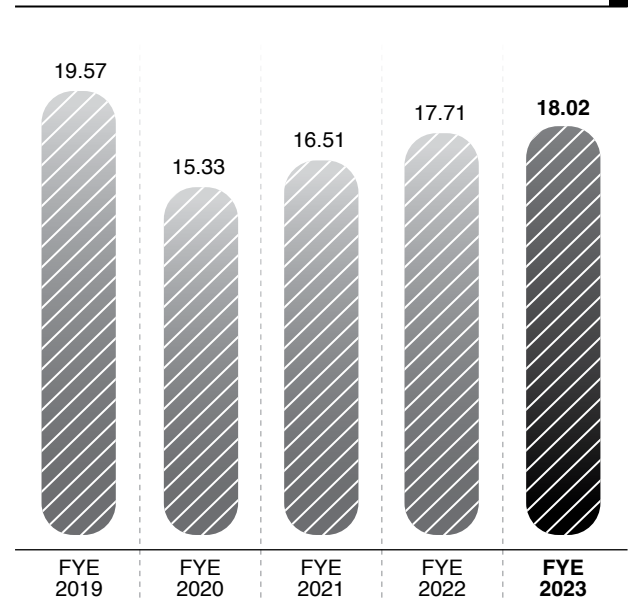
## Profit/(Loss) before tax



## Equity



## Net assets per share (sen)





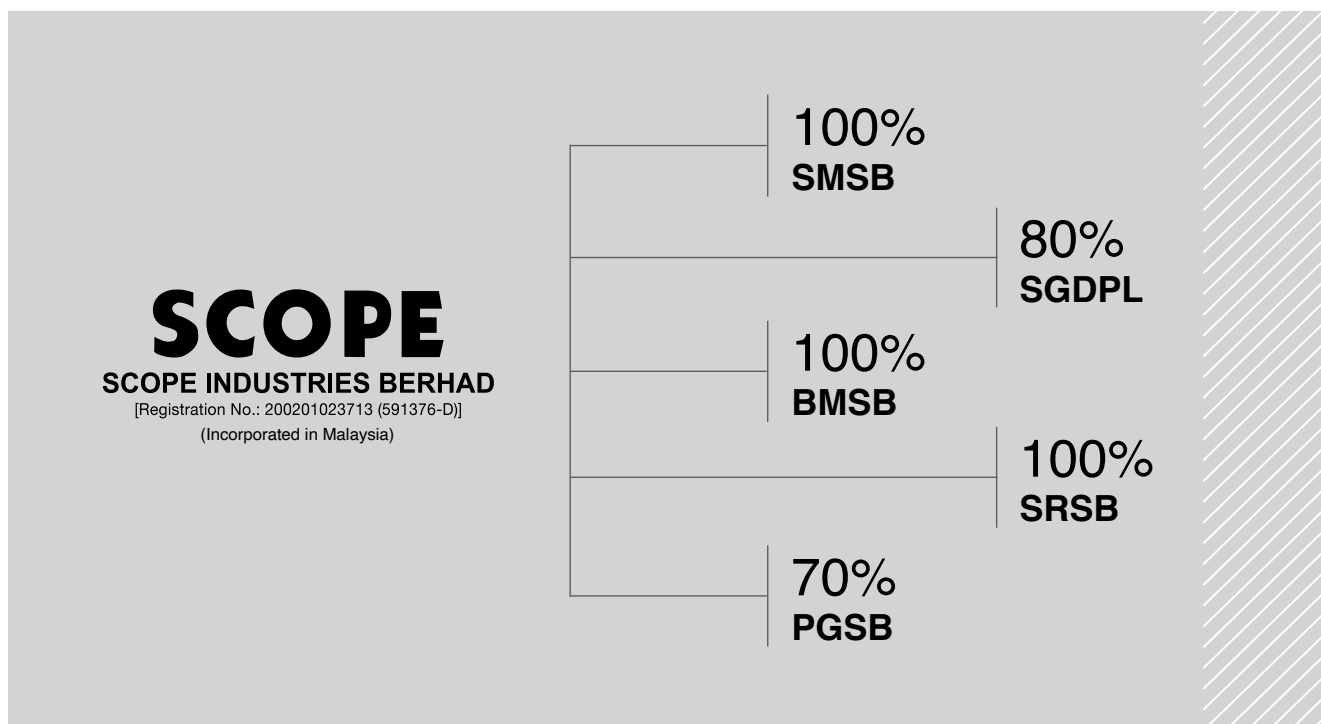
# HISTORY, PRINCIPAL ACTIVITIES AND GROUP STRUCTURE



Scope Industries Berhad (“Scope”) was incorporated in Malaysia on 2 September 2002 under the Companies Act, 1965 as a public limited company under its present name. Scope is principally an investment holding company with three (3) wholly-owned subsidiaries, namely Scope Manufacturers (M) Sdn. Bhd. (“SMSB”), Benua Mutiara Sdn. Bhd. (“BMSB”) and Scope Realty Sdn. Bhd. (“SRSB”). Besides that, Scope has a seventy percent (70%) owned subsidiary, Pioneer Glow Sdn. Bhd. (“PGSB”) and a eighty percent (80%) owned subsidiary, Scope Global Distributor Pte. Ltd. (“SGDPL”).

The core business of Scope Group are manufacture of electrical and electronics components and products, oil palm plantation and trading of electronic products.

The current group structure is as follows:-



The principal activities of its subsidiaries are as follow:-

Companies	Date and Place of Incorporation	Principal activities
<b>Subsidiaries</b>		
Scope Manufacturers (M) Sdn. Bhd. (SMSB)	20 November 1991 Malaysia	Manufacturing and assembling of electrical and electronics components and products.
Benua Mutiara Sdn. Bhd. (BMSB)	28 September 1990 Malaysia	Cultivation of oil palm.
Pioneer Glow Sdn. Bhd. (PGSB)	20 August 1997 Malaysia	Cultivation of oil palm.
Scope Global Distributor Pte. Ltd. (SGDPL)	15 October 2020 Singapore	Trading in electrical and electronic products.
Scope Realty Sdn. Bhd. (SRSB)	2 August 2022 Malaysia	Property investments and provision of dormitory accomodation and services.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS AND OPERATIONS OVERVIEW

Scope Industries Berhad (“Scope” or “the Company”) is principally an investment holding company with its subsidiaries (“the Group”) engage in the manufacturing and assembling of electrical and electronics components and products, cultivation of oil palms and trading of electrical and electronic products.

The Group’s core business consist of three (3) key segments:

**i) Manufacturing Division**  
**- Manufacture and assembly of electrical and electronic components and products**

Scope Manufacturers (M) Sdn. Bhd. (“SMSB”) is the Group’s largest business division which began its operation for more than three (3) decades in the assembly of printed circuit board (“PCBA”). Through effective business network, SMSB has established itself in the electronic industry as a reliable and high quality service provider for PCBA and complete box-build to reputable Original Equipment Manufacturing (“OEM”) companies. The main plant of SMSB is strategically located at Parit Buntar industrial area in Perak, which is a state in close proximity to Penang.

**ii) Plantation Division**  
**- Cultivation of oil palms**

This division involves in cultivation of oil palms by two (2) subsidiaries: Pioneer Glow Sdn. Bhd. (“PGSB”) and Benua Mutiara Sdn. Bhd. (“BMSB”). As at 30 June 2023, the division has a total land area of approximately 1,736 hectares in Sabah, Malaysia.

**iii) Trading Division**  
**- Trading in electrical and electronic products**

Scope Global Distributor Pte. Ltd. (“SGDPL”) is an operating company located in Singapore, a country in Southeast Asia having a strategic position at the confluence of the East and West and serve as an important global business hub.

The principal activities of SGDPL are to carry on the business of traders in electrical and electronics products. As part of the Group effort to boost sales, SGDPL also involves in the trading of Information and Communications Technology (“ICT”) products. A surge in demand of ICT products was driven by an accelerating reliance on digital technologies and market trend.

## FINANCIAL PERFORMANCE REVIEW OF THE GROUP

**i) Revenue**

The Group revenue for the financial year ended 30 June 2023 (“FY 2023”) increased slightly by 1% to RM172.8 million, from RM171.0 million in the financial year ended 30 June 2022 (“FY 2022”). It was mainly due to higher revenue from Manufacturing Division.

**ii) Gross Profit**

The cost of sales increased by 3.73%, from RM157.2 million in FY 2022 to RM163.1 million in FY 2023. It was largely attributable to higher operational costs in Manufacturing Division such as direct labour costs and factory overhead.

The Group recorded lower gross profit at RM9.70 million for FY 2023 (FY 2022: RM13.81 million) mainly due to higher operational costs in Manufacturing Division as well as significant decrease in average Fresh Fruit Bunches (“FFB”) price for Plantation Division.

# MANAGEMENT DISCUSSION AND ANALYSIS



## FINANCIAL PERFORMANCE REVIEW OF THE GROUP (Cont'd)

### iii) Operating Profit

Operating profit for FY 2023 was RM0.74 million, a decrease of 89.4% compared with FY 2022 mainly due to following reasons:

- a) Lower gross profit generated for both Manufacturing and Plantation Division; and
- b) Higher administrative expenses in FY 2023 due to recording of impairment loss on goodwill at group level amounted to RM2.83 million. This was in relation to the goodwill allocated to one of our subsidiary, BMSB's cash-generating unit ("CGU"). The recoverable amount of this CGU for FY 2023 has been determined based on value-in-use method. After making an assessment on goodwill impairment and having regard to commencement of replanting activities of the estate in BMSB, the current recoverable amount is lesser than the carrying value of CGU. As such, impairment loss on goodwill has been recognised in administrative expenses.

### iv) Profit

Profit before tax ("PBT") declined by 77.7% from RM7.68 million in FY 2022 to RM1.72 million in FY 2023. Profit after tax ("PAT") for the Group was RM1.35 million (FY 2022: RM6.94 million).

### v) Liquidity and Capital Management

Total equity as at 30 June 2023 were RM207.85 million, an increase of 1.8% from RM204.27 million in the last financial year. Earnings per share for FY 2023 was 0.07 sen in FY 2023, as compared to 0.54 sen in FY 2022.

The borrowings merely comprise hire purchase facility relating to manufacturing division, which was reduced to RM0.07 million as at 30 June 2023 (30 June 2022: RM1.64 million).

As at 30 June 2023, cash and cash equivalents stood at RM30.52 million, representing a decrease of RM19.56 million or 39.1%, compared with RM50.08 million in the last financial year. It was largely attributable to the capital expenditures on the purchase of property, plant and equipment for expansion of manufacturing facility. Nonetheless, the Group will be prudent in managing the cash hoard. This is to ensure the Group has ample financial resources for implementing its business strategies, current and future operations and capital requirements.

## BUSINESS PERFORMANCE BY SEGMENTS

### i) Manufacturing Division

Despite an increase of revenue to RM41.38 million in FY 2023 (FY 2022: RM36.25 million), the manufacturing division posted lower operational PAT at RM1.27 million, as compared to RM3.19 million in FY 2022. It was mainly due to decrease in average selling price and higher operational costs, particularly in direct labour and factory overhead.

Following the expansion and investment in our manufacturing facilities, we continuously focus on operating our core business of PCBA as well as manufacture of complete box-build products, which complements PCBA business.

In view of the supply and demand dynamics, we have been closely monitoring and evaluating our production schedule for achieving optimal operating condition, which is crucial to meet deadline of product delivery. Efficiency in production process remains the key area of focus for the manufacturing division. In addition, we are committed to maintaining profitable performance for the Group by securing more orders from customers.

### ii) Plantation Division

This year, the plantation division recorded revenue of RM11.05 million, a decrease of 25.9% as compared to RM14.92 million in FY 2022. It was due to decrease in average FFB price by 32.6%, despite increase in FFB production by 10.0%.

The PAT of the plantation division decreased to RM1.03 million compared to RM3.60 million in FY 2022, mainly due to decrease in average FFB price.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS PERFORMANCE BY SEGMENTS (Cont'd)

### ii) Plantation Division (cont'd)

The FFB production volume and its average selling price together with the changes in percentage are as tabulated below:

Production volume and Price	FY 2023	FY 2022	Changes in Percentage
FFB Production (MT)	14,902	13,545 ↑	+ 10.0%
Average FFB Price (RM)	742	1,101 ↓	- 32.6%

As at 30 June 2023, total plantation land stands at approximately 1,736 hectares of which 82.8% or 1,437 hectares are planted with oil palms. All of the planted area comprising mature trees. The average yield for this year was higher at 10.37MT/hectare compared to 8.94MT/hectare in the previous year.

The age profile of developed areas is shown below:

Particulars	Hectare	%
4 - 7 years	79	5.5%
8 - 19 years	799	55.6%
> 19 years	559	38.9%
	<b>1,437</b>	<b>100.0%</b>

The management will strive to improve FFB production and manage the costs for achieving better profitability.

### iii) Trading Division

Our subsidiary in Singapore, SGDPL continued its steady growth. It contributed a revenue of RM120.4 million to the Group in FY 2023 (FY 2022: RM119.8 million).

This division posted higher PAT at RM1.07 million in FY 2023 (FY 2022: RM0.96 million).

## OUTLOOK AND PROSPECT

### i) Manufacturing Division

The electronic and electrical (“E&E”) industry remains soft and challenging for the new financial year. Geopolitical uncertainty, Ukraine-Russia war, and high inflation are negatively impacting the consumer spending. The Group expects a slowdown in E&E industry due to a decline in orders resulting from the lower consumer demand and slower order flow.

The Group remains focused on exploring new business opportunities and improving its operational efficiency to ride out this uncertainty and difficult period. We are continuously working tirelessly to keep the momentum going in order to maximise our shareholders’ value.







## OUTLOOK AND PROSPECT (Cont'd)

### ii) Plantation Division

The performance of this division is fundamentally contingent on FFB production and the movement of crude palm oil ("CPO") price which has a direct impact on FFB price. Apart from that, price volatilities, inflationary pressures on cost, unpredictable weather conditions, labour shortages and biofuel policy changes in Indonesia are amongst the key factors affecting Plantation Division.

The entire oil palms in one of our plantation estates have reached commercial lifespan of more than 28 years. The replanting activities have started during the financial year. Our plan is to take an estimated timeframe of 5 years to replant this entire plantation estate. On the other hand, for another oil palm estate, the management is closely monitoring the FFB production and taking action to improve harvesting yield.

### iii) Trading Division

Trading division remains generating profitable results to the Group's earnings during the FY 2023.

The management anticipated that this division will continue its path in generating revenue and profit to the Group. Moving forward, the management will continuously build on existing customer relationships, develop new customers and identify business opportunities for this Division.

## DIVIDEND

The Company does not have a dividend payout policy.

The Board of Directors is taking a conservative stance to maintain a strong cash flow in order to ensure the Group remains resilient amid the present economic uncertainties. The Group will re-invest the earnings to grow its business to enhance shareholders' value in the long run.

Nonetheless, the Company will consider to declare a dividend after taking into consideration of its earnings, capital expenditure and working capital requirements.



Scope Industries Berhad (“Scope” or “the Company”) and its subsidiaries (“the Group”) recognise the importance of sustainability as a key driver for long-term business growth, where success is not merely judged by its business profitability performance, but also fulfillment of the Group’s responsibilities to create value for the stakeholders and community. We are mindful of the need to develop businesses in a sustainable and responsible manner, and endeavour to practice, preserve and promote activities contributing benefit and adding value across the main pillars of the economic, environmental and social aspect.

The Group continues to pursue business sustainability by managing its economic, environmental, and social risks and opportunities.

## **Economic**

During the financial year ended 30 June 2023, the Group attained a revenue of RM172.8 million and posted a profit before tax of RM1.7 million. As Malaysia transitions to the endemic phase of COVID-19, the economy is on an upwards track to recovery from the pandemic and business activities have started to pick up.

Given the global economic uncertainties affecting the business environment, we will continuously adopt a more prudent approach and cost control for the Group operations.

- **Customer Relations**

The Group recognises the importance of maintaining strong customer relationship as it affects the Group’s business. We are committed to provide high quality products and services in meeting our customers’ expectation through continuous upgrading of our technology, process and service.

A customer survey is conducted on an annual basis. We sincerely accept opinions, requests, and suggestions from customers on various occasions and strive to use these for development and improvement of our products and services, thereby achieving our customer satisfaction.

- **Supplier Relations**

We build fair, ethical and lasting relationships with our suppliers. It is essential to have a sustainable supply chain. We review the suppliers based on the price and payment terms, product and service quality, operation scale and geographical proximity to the production facilities. We also regularly monitor the performance of the suppliers. Quotations from various suppliers are obtained to ensure the competitiveness of the pricing. In order to ensure the quality of our finished products, a supplier who fails to fulfill the requirements on product and services quality, may be removed from our approved vendor list.

- **Investor Relations**

We recognise the importance of being transparent and accountable to the Company’s investors. As such, we ensure proper corporate governance practices are in place and monitored closely and reviewed periodically. The Company’s website, [www.scope.com.my](http://www.scope.com.my) provides pertinent information and announcements concerning the Group with the objective to foster and maintain a good relationship and provide timely information to the investors.

Furthermore, Annual General Meeting serves as a platform for the shareholders to engage directly with the Board and key senior management.

In term of ethical business, the Group recognises that upholding high standards of integrity and ethical corporate conducts in all business activities is necessary to strengthen its corporate reputation and maintain the trust and confidence of all our stakeholders. The Directors are always guided by a Code of Ethics whilst a Code of Conduct spells out the guiding principles for all the employees to do what is right and behave with integrity and honesty. It requires the employees to have stringent obligation as to how they deal with the issues including compliance of law, conflict of interest, confidentiality, insider trading and fair dealing.

In line with the Section 17A of the Malaysian Anti-Corruption Commission Act 2009 on corporate liability for corruption, the Board has adopted an Anti-Bribery and Corruption Policy to prevent the occurrence of bribery and corrupt practices in relation to the Group’s businesses.

# SUSTAINABILITY STATEMENT



## **Environmental**

Scope Manufacturers (M) Sdn. Bhd. (“SMSB”) obtained an accreditation of ISO 14001:2015 on 2 April 2020. This is a foundation for the Group’s Environmental Management System which aims to monitor, control and improve overall environmental performance throughout operation and supply chain.

- Environmental Compliance

Scope has always committed to comply with the legal and regulatory requirements of the Malaysian Department of Environment (“DOE”) and other regulators and authorities. To this end, environmental protection measures and considerations have long been embedded in our manufacturing processes and day-to-day operations.

- Waste Management

We emphasize on managing manufacturing waste in line with the Group’s focus on cost efficiency. Our factory has implemented measures to segregate, reduce and recycle our waste to minimize the environment impact. We keep track of the materials that we use, aiming to minimize unnecessary waste of materials from the printed circuit board (“PCB”) assembly and other related manufacturing process.

Solid waste produced in the manufacturing area is disposed in a responsible manner. A reliable authorised solid waste disposal company, which is registered under DOE, has been contracted to handle all waste disposal.

- Energy Efficiency

Efforts have been made to conserve energy by ensuring all the lights and air-conditioning are only operating when the need arises.

As at the end of financial year under review, solar panel installation has been completed for two phases. The rooftop solar panels have been installed in our manufacturing plants. It has a capacity of 868.855 kWp (2 phases). Energy generated during current financial year is 1,112,775 kWh. It is estimated to save approximately 16.4% of total yearly energy consumption, resulting in annual energy saving of 1,112 MWh.

- Paper Consumption

In order to reduce the paper consumption, we promote the use of electronic reporting via internet and emails within the Group. The employees are also encouraged to play a part in protecting the environment by promoting recycle paper usage in workplace.

## **Social**

The Group acknowledges that human capital is the most valuable asset. We take good care of the welfare of our employees and employ them under fair and equitable terms. We are committed to ensure equal opportunity for career advancement according to performance, qualifications and experience.

We continue to focus on recruiting and developing our talent pool to support the business sustainability and growth. As such, training programme is provided to upgrade the competency, skills sets, knowledge and technical expertise of the employees.

An industrial safety training such as firefighting and emergency response by fire brigade is regularly conducted for the employees to increase awareness and ensure emergency preparedness at all times. The office premises are equipped with relevant fitting and equipment in case of fire. It includes fire alarms, fire extinguisher and fire proof door. We also ensure that the office security is strictly maintained at all times through CCTV surveillance and thumbprint access control. In addition to that, security guards are hired to safeguard the entrance of our main plant.

The Group’s social responsibility extended to the community it operates in. We regularly recruit interns from various universities and polytechnics. A practical training is useful for them to gain working experience and develop their job skills.



## PROFILE OF DIRECTORS

### LEE MIN HUAT

Age : 66

Nationality : Malaysian

Gender : Male



**Lee Min Huat**, a Malaysian, male, aged 66, was appointed as the Executive Director of Scope on 15 July 2003 and subsequently re-designated as Chairman of the Board on 24 February 2021.

Mr. Lee graduated with a Diploma in Aircraft Maintenance Engineering from Confederation College, Canada in 1979.

Upon graduation, he worked as a Manager at Kalayaan Sdn. Bhd., a property developer, from 1980 to 1984. For the past 20 years, he has been involved in property development and commodity trading.

Mr. Lee is responsible for the formulation of corporate strategies, business plans for the Group and overseeing the Group's operation and financial management function. Besides, he also sits on the board of several other subsidiaries of Scope.

Mr. Lee has no family relationship with any Director or major shareholders of the Company.

Presently, he is also an Executive Director of Menang Corporation (M) Berhad.

### LIM CHIUW HOO

Age : 60

Nationality : Malaysian

Gender : Male

**Lim Chiow Hoo**, a Malaysian, male, aged 60, was appointed as the Managing Director of Scope on 15 July 2003. He is a businessman by profession and is the founder of the Group.

After completing his Higher School Certificate, he started his career as a Treasurer at Hup Hin Chan Rice Mill Sdn. Bhd. from 1984 to 1990. In 1990, he became a sole-proprietor setting up the business of assembling printed circuit board ("PCB") for office equipments. In 1991, he found Scope Manufacturers (M) Sdn. Bhd. ("SMSB") and subsequently transferred his business in the sole proprietorship to SMSB. SMSB expanded its operations to the assembly of PCB for telecommunication products. Being the founder, Mr. Lim directly involved in the growth and development of SMSB since its inception in 1991. Under his stewardship, SMSB's operations further expanded to the assembly of PCB for various electronic products specializing in audio and telecommunication equipment.

Backed by more than 27 years of experience in the electronics industry, Mr. Lim possesses in-depth knowledge on the overall operations of SMSB. His functional roles include overseeing the Group's operations, sales and marketing, securing new business and maintaining good relationships with customers.

He has no family relationship with any Director or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

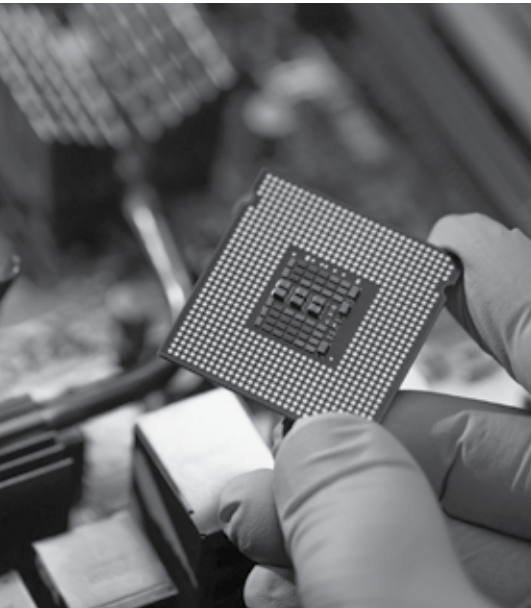


# PROFILE OF DIRECTORS



## LIM EE TATT

Age : 53  
Nationality : Malaysian  
Gender : Male



**Lim Ee Tatt**, a Malaysian, male, aged 53, was appointed as the Non-Independent Non-Executive Director of Scope on 2 December 2013. He is a member of the Audit Committee and Remuneration Committee.

Mr. Lim is a graduate of University of South Australia where he holds his bachelor's degree in Mechanical Engineer majoring in Thermodynamics. He furthered his studies in business and management where he completed a post graduate diploma in Business Administration at the same university. He is also a member of the Australian Institute of Engineers.

Mr. Lim Ee Tatt has worked as an engineer in Australia and Malaysia where he has acquired his expertise in solid materials handling. He designed, and commissioned automated delivery and handling systems for powder and granular materials for various industries in Malaysia as well as overseas. After 5 years working in this specialized field, he entered the business in oil palm development and investment with Wah Len Enterprise Sdn. Bhd. Mr. Lim is now actively involved in Wah Len Enterprise Sdn. Bhd., an established oil palm plantation base company in which he holds the position as Managing Director.

He is also the Managing Director and major shareholder of Wah Len Enterprise Sdn. Bhd., which is a major shareholder of the Company. Save for the disclosed relationship, he has no any family relationship with any Director or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

## HSU, CHING-CHEN

Age : 65  
Nationality : Taiwanese  
Gender : Male

**Hsu, Ching-Chen**, a Taiwanese, male, aged 65, was appointed to the Board as a Non-Independent Non-Executive Director on 25 August 2021.

He graduated from Tamkang University, Taiwan with a Professional Qualification of Mechanical Engineering in 1986.

Mr. Hsu started his career with Inventec Corporation, Taiwan in 1983. In 1989, he was attached to Supercom Electric Industrial Co. Ltd. as Factory Director. From 1990 to 1997, Mr. Hsu set up a company providing Original Equipment Manufacturers ("OEM") services for electronic products. In 1997, he joined Q-Run Technology Corporation as Material Manager. From 1999 to 2002, he re-joined Inventec Appliances (Shanghai) Co. Ltd. as Vice President and he was responsible for the factory management. In 2003, he was a General Manager of Amtek SysteM (Shanghai) Co. Ltd. prior to joining Quanta Shanghai Manufacturing City as a Director.

In 2016, he re-joined Inventec Appliances (Pudong) Corporation until his current position as Vice President in Production Engineering Division.

He has no family relationship with any Director or major shareholders of the Company.

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

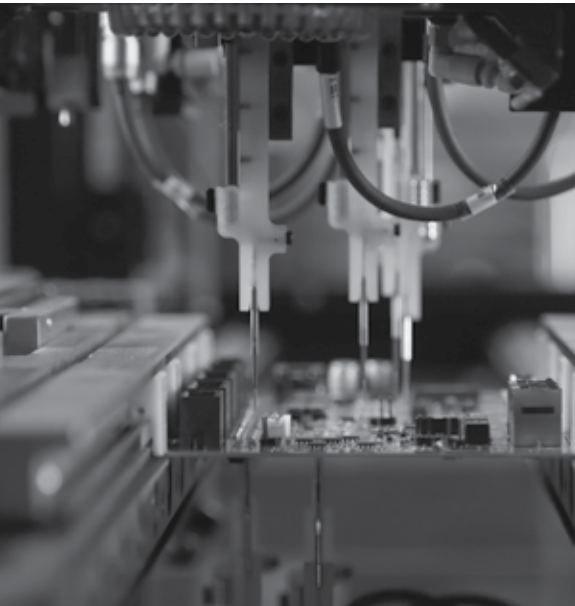


## LAW KIM FATT

Age : 41

Nationality : Malaysian

Gender : Male



**Law Kim Fatt**, a Malaysian, Male, aged 41, was appointed as Independent Non-Executive Director of Scope on 26 October 2021. He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee.

He is a Fellow member of Association of Chartered Certified Accountants, a Member of Malaysian Institute of Accountants and a Capital Markets Services Representative's Licence holder.

He has 21 years of working experience in audit, accounting and corporate finance advisory. For the past 15 years, he was involved in corporate finance advisory where he advised on initial public offerings, mergers and acquisitions, corporate restructurings and fundraising exercises. Currently, he is a Senior Vice President of a securities firm in Malaysia.

He has no family relationship with any Director or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

## YAP EE SEONG

Age : 56

Nationality : Malaysian

Gender : Male

**Yap Ee Seong**, a Malaysian, Male, aged 56, was appointed as Independent Non-Executive Director of Scope on 29 November 2022. On the same day, he was appointed as the Chairman of the Nomination Committee and Remuneration Committee, and a member of the Audit Committee.

He is a Chartered Accountant registered with the Malaysian Institute of Accountants and a Certified Practising Accountant, Australia.

Mr. Yap has more than 31 years of experience in audit, tax, financial, operational and administration experience in trading, manufacturing, engineering, credit and charge cards, property development, property investment, hospitality, oil and gas supply & services industries. He started his career in a public accounting firm, Coopers and Lybrand (now known as PriceWaterhouseCoopers). He then served for 18 years with Johan Holdings Berhad before joining Propel Global Berhad (formerly known as Daya Materials Berhad) ("PGB Group") as the Acting Chief Financial Officer ("CFO") in August 2015. He subsequently assumed the role of CFO in January 2016. Presently, he is an Executive Vice President of PGB Group.

Mr. Yap is also an Independent Non-Executive Director of Lotus KFM Berhad and holds directorship in Kemajuan Builders Sdn. Bhd., a subsidiary of Propel Global Berhad.

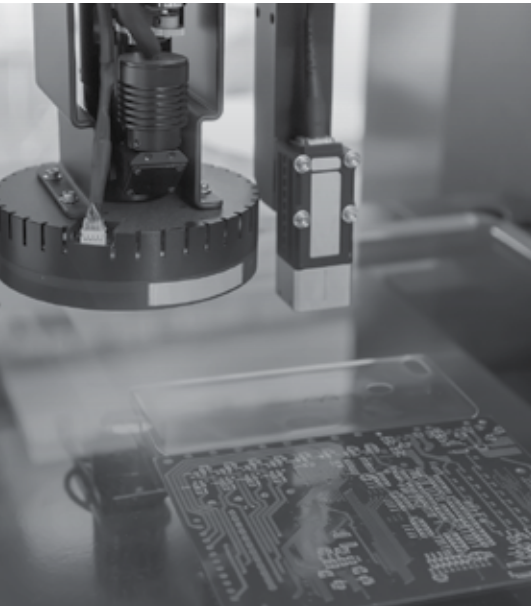
He has no family relationship with any Director or major shareholders of the Company.

# PROFILE OF DIRECTORS



## YAU KHAI LING

Age : 40  
Nationality : Malaysian  
Gender : Female



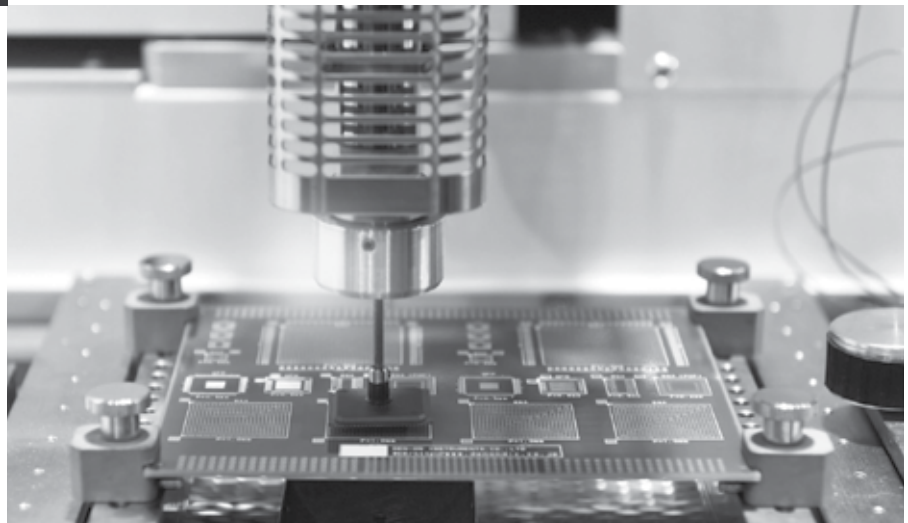
**Yau Khai Ling**, a Malaysian, Female, aged 40, was appointed as Independent Non-Executive Director of Scope on 1 June 2023.

Ms. Yau has over 13 years of experience in the legal field. She was admitted as an advocate and solicitor in the High Court in Malaya in July 2009.

Presently, she is the principal partner of KhaiLing Yau Chambers (“KLYC”), a boutique corporate legal firm which she founded in June 2020 in Malaysia. She is also a counsel of Insights Law LLC, a Singapore law firm closely affiliated with KLYC. Ms. Yau counsels corporate clients on a wide range of corporate matters, including mergers and acquisitions, capital markets, cross-border corporate and commercial transactions, as well as fintech and digital assets related matters. Prior to founding KLYC, Ms. Yau was a director of a regional law firm specialised in Singapore capital markets and corporate commercial work. Prior to that, Ms. Yau practised in the corporate and M&A practice group in a Singapore-based international law firm.

She has no family relationship with any Director or major shareholders of the Company.

She does not hold any directorships in any other public companies and listed issuers.



### Notes:

1. All the above Directors do not have any conflict of interest with the Company.
2. Other than traffic offences, none of the Directors of the Company have any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
3. The Directors’ shareholdings are as disclosed in this Annual Report.

# PROFILE OF KEY SENIOR MANAGEMENT

## ONG LAI CHOON

Age : 51

Nationality : Malaysian

Gender : Female

**Ong Lai Choon**, a Malaysian, female, aged 51, is the Chief Operation Officer of Scope Manufacturers (M) Sdn. Bhd. ("SMSB"). She is responsible for planning, coordinating and monitoring the manufacturing process in the factory. She also oversees the procurement and human resources departments.

Ms. Ong has more than 20 years of working experience in manufacturing field of which 18 years was with electronic manufacturing service companies. She joined SMSB in 2006 as production planner and was subsequently promoted to Head of Purchasing cum Planning department in 2009. She assumed the role of Chief Operation Officer on 16 March 2011.

Ms. Ong holds a Diploma in Management from Malaysian Institute of Management.

Ms. Ong has no family relationship with any Directors and/or major shareholders of the Company.

She does not hold any directorships in any other public companies and listed issuers.



## HAN SIEW KING

Age : 76

Nationality : Malaysian

Gender : Male

**Han Siew King**, a Malaysian, male, aged 76, was appointed as Managing Director of Pioneer Glow Sdn. Bhd., a subsidiary of the Group on 30 April 2015.

He graduated from the University of Malaya in 1972 with a Bachelor of Agricultural Science degree. In 1978, he completed a course leading to a Certificate in Plant Protection, in the International Agricultural Centre, Wageningen, The Netherlands.

Upon his graduation in 1972, he started his career as an Agricultural Officer in the University of Malaya Faculty of Agriculture's farm in Puchong before joining Sime Darby Plantations as an Agronomist in September of the same year. He worked as an Agronomist for rubber, oil palms and cocoa in Sime Darby Plantations.

In January 1980, he moved on to join Eastern Plantations Agency (J) Sdn. Bhd., a management company of Kulim Malaysia Bhd as Senior Agronomist and established advisory and research division for the company.

There he stayed for only one and half years before moving on to set up his own consultancy services and plantation contracting business in May 1981. He has since 2005 retired from the contracting business. Currently, he involves in the provision of consultancy services upon request.

He is a member of several professional bodies, namely Malaysian Society of Soil Science, International Society of Oil Palm Agronomists and Society of Agricultural Scientist, Sabah.

He has no family relationship with any Director or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

### Notes:

1. All the above Key Senior Management do not have any conflict of interest with the Company.
2. Other than traffic offences, none of the Key Senior Management of the Company have any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Board of Directors of Scope Industries Berhad (“**Scope**” or “**the Company**”) (“**the Board**”) is committed to maintain high standards of corporate governance within the Company and its subsidiaries (“**Group**”) as a fundamental part of its responsibilities in managing the business and affairs of the Group. The Board operates within the Company’s governance framework towards enhancing integrity, transparency and corporate accountability to protect the interests of its shareholders and stakeholders.

Scope has complied substantially with the relevant principles and recommendation of Malaysian Code on Corporate Governance (“**the Code**”) so far as applicable and described herein.

This Statement is prepared in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**AMLR**”) and it is to be read together with the Corporate Governance Report of the Company which is available on the Company’s website at [www.scope.com.my](http://www.scope.com.my).

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### I) Board Responsibilities

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:-

- Reviewing and adopting strategic plans for the Group which will enhance the future growth of the Group while addressing sustainability of the Group’s business;
- Overseeing the conduct of the Group’s businesses to evaluate whether the business are being properly managed;
- Identifying principal risks of the business and ensuring the implementation of appropriate systems to manage these risks;
- Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems; and
- To consider and implement plans for effective appointments to senior management positions and Board members which includes appropriate and adequate training and ensuring orderly succession of senior management.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

The Executive Chairman is responsible for leadership, governance and effectiveness of the Board in discharging its duties and responsibilities. The Managing Director has overall responsibility for the day-to-day management of the business, implementation of the Board’s policies and decisions, and execution of strategic goals.

The positions of Chairman and Managing Director are held by two different individuals. Separation of these positions promotes accountability and facilitates division of responsibilities between them.

All decisions of the Board are made based on decision of the majority and no single Board member can make any decision on behalf of the Board, unless duly authorised by the Board. As such, no single individual or a group of individuals dominates the decision-making process.

### Board Charter

The Board has overall responsibility for the proper conduct of the Group. Scope adopted a Board Charter that clearly sets out the respective roles and responsibilities of the Board to ensure accountability.

The Board Charter will be reviewed periodically to ensure it remains consistent with the Board’s objective and to take into consideration any development in rules and regulations that may have an impact on the discharge of the Board’s duties and responsibilities. The Board Charter is made publicly available on the Company’s website at [www.scope.com.my](http://www.scope.com.my) in line with Practice 2.1 of the Code.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### I) Board Responsibilities (cont'd)

#### Code of Ethics

The Directors observed the code in accordance with the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. The Code of Ethics is made publicly available on the Company's website at [www.scope.com.my](http://www.scope.com.my) in line with Practice 3.1 of the Code.

#### Code of Conduct

In order to enhance the standard of corporate governance and behaviour, the Board observed the Company's code of conduct which set out the standards of business and ethical conduct for all Directors and employees in the conduct of their business.

In line with the provisions of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 on corporate liability for corruption, the Board has adopted an Anti-Bribery and Corruption Policy ("ABC Policy") to prevent the occurrence of bribery and corrupt practices in relation to the Group's businesses.

#### Whistle Blowing Policy

The Board has adopted a Whistle Blowing Policy for the Group as a measure to promote the highest standard of corporate governance. The Whistle Blowing Policy outlines the avenues for the employees and stakeholders to raise concerns or discloses in good faith any improper conduct within the Group and to enable prompt corrective action and measures to resolve them effectively.

#### Sustainability

The Group recognises the economic, environmental, social and governance aspects of sustainability as key elements in formulation of its objectives and strategies. The Group also recognises the need to safeguard and develop the workforce, strengthen stakeholders' relationship and protect the interest of shareholders. A Sustainability Statement is set out in this Annual Report.

#### Supply of and Access to Information

The Board members have full and unrestricted access to information on the Group's business and affairs in discharging their duties. Prior to the meetings, all Directors are provided with sufficient and timely reports and supporting documents which are circulated in advance of each meeting to ensure sufficient time is given to understand the key issues and contents. In addition, the Board is kept informed of the updates and requirements issued by Bursa Securities and various regulatory authorities.

Where necessary, the Directors may obtain independent professional advice at the Company's expense on specific issues to enable the Board to discharge their duties on the matters being deliberated.

#### Company Secretaries

The Board is of the view that current Company Secretaries are suitably qualified, competent and can support the Board in carrying out its roles and responsibilities. The Board obtained appropriate advice and services, if necessary, from Company Secretaries to ensure adherence to Board meeting procedures and compliance with regulatory requirements.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT



## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### I) Board Responsibilities (cont'd)

#### Functions of the Board and Management

The Board is responsible for the overall corporate governance of the Group, including the strategic direction, risk management and establishes the vision and strategic objectives of the Group for development. It includes management development, succession planning and policies to ensure all procedures within the Group are carried out in a systematic and orderly manner to ease the decision-making process.

The Senior Management carries out the role of managing the business of the Group under the direction and delegations of the Executive Directors.

#### Board Meetings and Time Commitment

Board Meetings are held on quarterly basis and additional meetings are convened as and when required. Key matters reserved for Board's approval include quarterly results, financial statements, major acquisitions and disposals, major capital expenditure and corporate proposal on fund raising.

The Board met four (4) times during the financial year ended 30 June 2023. The Board is satisfied with the time commitment expected of all Directors in discharging their duties. All Directors devote sufficient time to carry out their responsibilities.

Any proposals for new appointments to the Board are reviewed by the Nomination Committee and presented to the Board for approval. The Nomination Committee is responsible for recommending the right candidates with required skills, experience and attributes to the Board for appointment.

The Directors' attendance at Board Meetings held during the financial year is as follows:

Directors	Attendance
Mr. Lim Chiow Hoo	4/4
Mr. Lee Min Huat	4/4
Mr. Lim Ee Tatt	4/4
Mr. Hsu, Ching-Chen	3/4
Mr. Law Kim Fatt	4/4
Mr. Yap Ee Seong <sup>(a)</sup>	3/3
Ms. Yau Khai Leng <sup>(b)</sup>	-
Mr. Tan Poh Heng <sup>(c)</sup>	1/1

Note:

(a) Appointed to the Board on 29 November 2022

(b) Appointed to the Board on 1 June 2023

(c) Retired on 29 November 2022

The Directors are in compliance with the provision of the AMLR on the restriction of not holding more than five (5) directorships in listed issuers.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### I) Board Responsibilities (cont'd)

#### Directors' Training

The Directors are encouraged to attend other relevant training programmes, courses and seminars to enhance their knowledge and professionalism in discharging their duties.

The training attended by the Directors during the financial year 2023 are as follow:

No.	Director	Seminar/Training Course Attended
1.	Lim Chiow Hoo	• Journey towards Sustainability via ESG
2.	Lee Min Huat	• Meeting the standards on corporate disclosure • ESG and Sustainability Reporting
3.	Lim Ee Tatt	• Latest Tax Developments affecting Investors in Malaysia & Indonesia
4.	Hsu Ching-Chen	• Latest Tax Developments affecting Investors in Malaysia & Indonesia
5.	Law Kim Fatt	• Latest Tax Developments affecting Investors in Malaysia & Indonesia
6.	Yap Ee Seong	• Latest Tax Developments affecting Investors in Malaysia & Indonesia

The newly appointed Director, Yau Khai Ling had on 26 and 27 September 2023, attended the Mandatory Accreditation Programme.

### II) Board Composition

The Board currently consists of seven (7) members, comprising two (2) Executive Directors, three (3) Independent Directors and two (2) Non-Independent Non-Executive Directors.

The Board is led by an Executive Chairman. Further, the complementary role of Non-Executive Directors is to ensure an effective Board with a mix of industry-specific knowledge, skill, expertise and commercial experience. There is a clear division of responsibilities among directors to ensure a balance of power and authority. The number of Independent Directors is in compliance with AMLR of Bursa Securities which requires at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are independent directors and at least one (1) woman director on Board.

The Nomination Committee and the Board assesses the independence of the Independent Non-Executive Directors annually as well as prior to the appointment as Independent Director, taking into account the individual Director's ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board. The Nomination Committee had reviewed and assessed independence of Independent Non-Executive Directors during the financial year and is satisfied with the level of independence demonstrated by the respective Directors.

The Company is in compliance with Practice 1.4 of the Code whereby the Chairman of the Board is not a member of the Audit Committee, Nomination Committee or Remuneration Committee. In addition, the Board has refrained from appointing an active politician as a director thus aligning with the Code.

Pursuant to the Company's Constitution, re-election of Directors shall take place each year and, at the Annual General Meeting ("AGM"), one-third (1/3) of the Directors shall retire from the office and be eligible for re-election. If their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election.

All Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been the longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT



## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### II) Board Composition (cont'd)

A Director who is subject to re-election at next AGM will be assessed by the Nomination Committee before recommendation is made to the Board and shareholders for re-election. Appropriate assessment and recommendation by the Nomination Committee is based on the annual assessment conducted with reference to the Directors' Fit and Proper Policy.

At the forthcoming AGM, Mr. Lim Chiow Hoo, Mr. Lim Ee Tatt, Mr. Yap Ee Seong and Ms. Yau Khai Ling (collectively referred to as "Retiring Directors") will retire by rotation pursuant to Article 95 and Article 102 of the Company's Constitution. They are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the forthcoming AGM. The Nomination Committee has carried out the necessary assessment of the Retiring Directors and concluded that the Retiring Directors met the criteria as prescribed under Fit and Proper Policy of the Company on character, experience, integrity, competence and time commitment to effectively discharge their role as Directors.

The brief profile of each Board member is presented under Directors' Profile of this Annual Report.

#### Nomination Committee

The Nomination Committee of Scope was set up on 19 November 2003. Details of the members of the Committee are as follow:

Nomination Committee Members	Position in Nomination Committee	Directorate	Attendance
Mr. Yap Ee Seong	Chairman	Independent Non-Executive Director	1/1
Mr. Law Kim Fatt	Member	Independent Non-Executive Director	1/1

The duties and responsibilities of the Nomination Committee are guided by its terms of reference, which is available on the Company's website at [www.scope.com.my](http://www.scope.com.my). The main responsibilities of the Nomination Committee included the following:-

- Nominate the right candidates with the required skills, knowledge and experience in relation to new appointment of Board member.
- Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes.
- Review and recommend the membership of the Audit and Remuneration Committees, in consultation with the chairman of those committees.
- Assess and review the effectiveness of the Board and the contribution of each individual director and the independence of Independent Directors.
- To develop, maintain and review the criteria to be used in the annual assessment of directors and recruitment process.

The Nomination Committee has developed criteria to assess the effectiveness of the Board, the Board committees and individual Director. The evaluation on the Board's effectiveness is divided into four sections on the following key areas:-

- Adding value
- Conformance
- Stakeholder Relationship
- Performance management

The process also assesses the competencies of each Director in the areas of integrity and ethics, governance, strategic perspective, business acumen, judgement and decision making, teamwork, communication and leadership.



## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### II) Board Composition (cont'd)

#### Nomination Committee (cont'd)

The Nomination Committee also undertakes annual assessment of the independence of its independent directors based on required mix skills, criteria of independence as per AMLR, meeting attendance, ability to ensure effective checks and balances on the Board's decision making process, constructively challenge business propositions and contributes to the development of business strategy and direction of the Company, ensures that adequate systems and controls to safeguard the interests of the Company are in place and continuous updating of knowledge and enhancing of skills through attendance of business related trainings.

When considering new appointment, the Nomination Committee shall evaluate the character and integrity, experience and competence as well as time and commitment as prescribed under Directors' Fit and Proper Policy of the Company.

The Nomination Committee meets at least once a year and as and when necessary. The Nomination Committee had met one (1) time during the financial year and the activities of the Nomination Committee are summarised as follows:-

- (a) Assessed the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director, including Independent Non-Executive Directors.
- (b) Reviewed and recommended the re-election of Director who was retiring and seeking for re-election at Twentieth AGM.
- (c) Reviewed and recommended the appointment of new Directors.
- (d) Assessed the performance of Independent Non-Executive Directors.
- (e) Reviewed the term of office and performance of an Audit Committee and each of its members.
- (f) Reviewed the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities.

#### Gender, Ethnicity and Age Diversity Policy

The Board does not adopt any formal workforce diversity policy as the Board adheres to the practice of non-discrimination of any form, whether based on age, race, religion or gender, throughout the Group. The Company believes in, and provides equal opportunity to candidates with merit.

The Board acknowledges the best practice of the Code that the Board should comprise at least 30% women directors. For the financial year ended 30 June 2023, there was one (1) woman serving as member of the Board. With the composition, the Board views that its members have the necessary knowledge, experience, diverse range of skills and competencies to enable them to discharge their duties and responsibilities effectively.

#### Remuneration Committee

The Remuneration Committee was formed on 19 November 2003. The Committee comprises mainly of Non-Executive Directors. The members and their attendance of meetings during the financial year 2023 are as follows:

Remuneration Committee Members	Position in Remuneration Committee	Directorate	Attendance
Mr. Yap Ee Seong <sup>(a)</sup>	Chairman	Independent Non-Executive Director	-
Mr. Lim Ee Tatt	Member	Non-Independent Non-Executive Director	1/1
Mr. Law Kim Fatt	Member	Independent Non-Executive Director	1/1
Mr. Tan Poh Heng <sup>(b)</sup>	Chairman	Senior Independent Non-Executive Director	1/1

Note:

(a) Appointed as Chairman of Remuneration Committee on 29 November 2022

(b) Retired as Chairman of Remuneration Committee on 29 November 2022

# CORPORATE GOVERNANCE OVERVIEW STATEMENT



## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### II) Board Composition (cont'd)

#### Remuneration Committee (cont'd)

The Remuneration Committee is governed by its terms of reference and its primary function is responsible for recommending to the Board from time to time, the remuneration framework and package of the Executive Directors in all forms to commensurate with the respective contributions of the Executive Directors. The Executive Directors are to abstain from deliberations and voting on the decision in respect of their own remuneration packages. The Board as a whole decides on the remuneration of the Non-Executive Directors, including the Executive Chairman. The individual concerned should abstain from deliberations of their own remuneration packages. Directors' fees are subject to shareholders' approval at the forthcoming AGM.

The Committee held one (1) meeting during the financial year 2023 to review remuneration package for Executive Directors and directors' fee for all Directors. The Directors are satisfied with the current levels of remuneration, which are in line with the responsibilities expected by the Company. In general, the remuneration is structured so as to link reward to corporate and individual performance, as in the case of the Executive Directors and senior management. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Directors concerned.

The remuneration of the Directors for the financial year 2023 is set out below:

	Company (RM'000)						Total
	Fee	Allowance	Salary	Bonus	Benefits-in-Kind	Other Emoluments	
<b>Executive Directors</b>							
Lee Min Huat	30	2	-	-	-	-	32
Lim Chiow Hoo	30	2	-	-	-	-	32
<b>Non-Executive Directors</b>							
Lim Ee Tatt	30	2	-	-	-	-	32
Hsu, Ching-Chen	30	2	-	-	-	-	32
Law Kim Fatt	30	2	-	-	-	-	32
Yap Ee Seong <sup>(a)</sup>	17.5	1.5	-	-	-	-	19
Yau Khai Ling <sup>(b)</sup>	2.5	-	-	-	-	-	2.5
Tan Poh Heng <sup>(c)</sup>	15	0.5	-	-	-	-	15.5
<b>Total:</b>	<b>185</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197</b>



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### II) Board Composition (cont'd)

#### Remuneration Committee (cont'd)

The remuneration of the Directors for the financial year 2023 is set out below: (Cont'd)

	Group (RM'000)						Total
	Fee	Allowance	Salary	Bonus	Benefits-in-Kind	Other Emoluments	
<b>Executive Directors</b>							
Lee Min Huat	30	2	540	325	-	83.7	980.7
Lim Chiow Hoo	30	2	540	225	-	83.7	880.7
<b>Non-Executive Directors</b>							
Lim Ee Tatt	220	2	-	-	-	-	222
Hsu, Ching-Chen	30	2	-	-	-	-	32
Law Kim Fatt	30	2	-	-	-	-	32
Yap Ee Seong <sup>(a)</sup>	17.5	1.5	-	-	-	-	19
Yau Khai Ling <sup>(b)</sup>	2.5	-	-	-	-	-	2.5
Tan Poh Heng <sup>(c)</sup>	15	0.5	-	-	-	-	15.5
Total:	375	12	1,080	550	-	167.4	2,184.4

Note:

(a) Appointed on 29 November 2022

(b) Appointed on 1 June 2023

(c) Retired on 29 November 2022

## PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising majority Independent Non-Executive Directors, with Mr. Law Kim Fatt as the Chairman. The composition of the Audit Committee, including its roles and responsibilities, and a summary of the activities during the financial year are set out in the Audit Committee Report of this Annual Report.

The Group maintains a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with appropriate accounting standards.

The Audit Committee discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement. It is also the practice of the Audit Committee to respond to auditors' enquiries and recommendations, if any, to ensure compliance with various approved accounting standards in the preparation of the Group's financial statements.

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of external auditors. The Audit Committee has also assessed the suitability and independence of the external auditors. The external auditors have confirmed that they are independent throughout the conduct of audit engagement in accordance with terms of professional and regulatory requirements.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT



## **PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)**

### **Directors' Responsibility Statement in relation to the compliance with applicable Financial Reporting Standards**

The Board aims to present a true and fair assessment of the Group's position and prospects primarily through the annual and quarterly financial statements to shareholders as well as Management Discussion and Analysis in the Annual Report. The Audit Committee assists the Board to oversee the Group's financial reporting process, ensures its compliance with applicable financial reporting standards and regulatory requirements as well as the quality of financial reporting.

The Directors are responsible for the preparation of financial statements in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia. The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have selected and applied appropriate accounting policies, and made reasonable and prudent judgment and estimates. The Directors also have a general responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

### **Sound framework to manage risks**

An overview of the state of internal controls and risk management within the Group is set out in this Annual Report under the Statement on Risk Management and Internal Control.

### **Internal audit function**

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with the internal procedures and guidelines. Details of the Company's internal control framework are set out under the Statement on Risk Management and Internal Control and Audit Committee Report in this Annual Report.

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

### **Corporate Disclosure Policies and Procedures**

Along with good corporate governance practices, the Company is committed to provide the investors and public with comprehensive, accurate and material information on a timely basis.

In line with this commitment and in order to enhance transparency and accountability, the Board has adopted a Corporate Disclosure Policies and Procedures to facilitate the handling and disclosure of material information in a timely and accurate manner. The Corporate Disclosure Policies and Procedures is published on the Company's website at [www.scope.com.my](http://www.scope.com.my).

### **Effective Dissemination of Information**

The Board recognises the value of investor relations and endeavours to maintain constant and effective communication with shareholders through timely and comprehensive announcements.

Information of the Group is also accessible through the Company's website ([www.scope.com.my](http://www.scope.com.my)) which is updated on a regular basis. Information available in the website includes among others the Group's annual report, quarterly financial announcements, circulars, major and significant announcements, press release and latest corporate developments of the Group.





# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

### **Conduct of General Meeting**

The AGM is the principal forum dialogue with all shareholders. The participation of shareholders and investors, both individual and institutional, at general meeting is encouraged whilst requests for briefings from the press and investment analysts are usually a matter of course.

Notice of AGM and the Annual Report are sent to shareholders at least 21 days before the date of the meeting. Whilst the Annual Report provides comprehensive source of information, the Board members readily avail themselves to answer any questions that may arise as shareholders may seek more information.

In compliance with the AMLR of Bursa Securities, all resolutions set out in the notice of any general meeting or notice of resolution will be voted by poll. It also stipulates that an independent scrutineer shall be appointed to validate the votes cast during polling process.

### **COMPLIANCE STATEMENT**

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to create trust and confidence amongst stakeholders.

The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the Code has been applied and obligation are fulfilled under the Code and AMLR of Bursa Securities. The Board will continue to strive for sound standards of corporate governance throughout the Group.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 26 October 2023.





## 1. Material Contracts Involving Directors, Chief Executive or Major Shareholders' Interest

There were no material contracts entered into by the Company and its subsidiaries, involving the interests of the Directors, chief executive who is not a director and/or major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

## 2. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The Company is seeking approval from shareholders for the proposed renewal of existing shareholders' mandate for the Group to enter into RRPT(s) of a revenue or trading nature pursuant at the forthcoming Annual General Meeting to be held on 29 November 2023.

The details of RRPTs of a revenue or trading nature of the Group for the financial year ended 30 June 2023 were as follows:-

Related Party	Scope Group - Transacting Party	Nature of Transaction with Scope Group	Value of Transaction (RM'000)	Nature of relationship between Scope Group and the Related Party
Inventec Appliances Corp.	Scope Manufacturers (M) Sdn. Bhd. ("SMSB")	sales of electrical and electronics products by SMSB to Inventec Appliances Corp.	40,838	<ul style="list-style-type: none"> <li>Inventec Appliances Corp. is a Substantial Shareholder of Scope, with direct holdings of 7.32% of the total number of issued Shares of Scope as at 2 October 2023.</li> <li>Inventec Corporation is a Substantial Shareholder of Scope, with indirect holdings of 7.32% of the total number of issued Shares of Scope as at 2 October 2023, through its wholly-owned subsidiary, Inventec Appliances Corp.</li> <li>Mr. Hsu, Ching-Chen, the Non-Independent Non-Executive Director of Scope, was nominated by Inventec Appliances Corp. to sit on the Board of Scope. As such, Mr. Hsu, Ching-Chen is deemed interested in the above-mentioned RRPTs.</li> </ul>

## 3. Audit and Non-Audit Fees

During the financial year, the amount of audit and non-audit fees paid and payable to the external auditors and its affiliates by the Company and the Group respectively are as follows:-

	Company Level (RM)	Group Level (RM)
Audit Fee	30,000	92,000
Non-Audit Fee		
• Review of Statement on Risk Management and Internal Control	3,000	3,000
• Review of other auditors' work in accordance with ISA 600	7,000	7,000

## 4. Utilisation of Proceeds

### Rights Issue

The renounceable rights issue of up to 384,557,653 new ordinary shares in the Company (“Scope Shares”) at an issue price of RM0.175 per rights share on the basis of 1 rights share for every 2 existing Scope Shares (“Right Issue”), was completed following the listing of and quotation for 384,557,653 Scope Shares on the ACE Market of Bursa Malaysia Securities Berhad on 27 July 2021. The total gross proceeds raised from the Rights Issue were amounted to RM67.3 million.

As at 2 October 2023, the details and status of the utilisation of proceeds from the Rights Issue are as follows:-

Description	Proposed utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Timeframe for Utilisation
Construction of a new manufacturing plant	31,000	27,264	3,736	Within 36 months
Expansion of electronic business	19,000	19,000	-	Within 36 months
Working capital	16,298	16,453	*(155)	Within 24 months
Expenses for the Rights Issue	1,000	845	*155	Within 6 months
<b>Total</b>	<b>67,298</b>	<b>63,562</b>	<b>3,736</b>	

#### Note:

\* The unutilised portion in category of Expenses for the Rights Issue amounted to RM155,000 has been re-allocated to Working Capital category and this was fully utilised.

## 5. Employees' Share Scheme

The Employees' Share Scheme (“ESS”) was approved by the shareholders of the Company at an Extraordinary General Meeting held on 19 May 2021.

The Company had on 16 July 2021 implemented the ESS. It shall be in force for a duration of five (5) years until 15 July 2026. However, the Board of Directors shall have the discretion upon recommendation of the ESS Committee, be extended provided always that the initial ESS period stipulated above and such extension made pursuant to the By-Laws shall not in aggregate exceed a duration of ten (10) years.

The ESS entails the granting to selected eligible persons the right to receive award of ordinary shares of the Company (“Scope Shares”), which comprises award of Scope Shares (“Share Grant”) and options to subscribe for the Scope Shares (“ESS Options”) under ESS.

The information in relation to the ESS as at 30 June 2023 is as follows:

Share Grant	Total Number	Aggregate for Directors
Granted	1,479,800	Nil
Exercised	-	-
Total shares outstanding	1,479,800	Nil

ESS Options	Total Number	Aggregate for Directors
Granted	42,754,900	20,000,000
Exercised	-	-
Total shares outstanding	42,754,900	20,000,000

ESS Granted to Directors and Senior Management	During the Financial Year	Since commencement up to 30 June 2023
Aggregate maximum allocation in percentage	80%	80%
Actual percentage granted	-	21%

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



The Malaysian Code on Corporate Governance (“MCCG” or “Code”) stipulates that listed companies should maintain a sound system of risk management and internal control to safeguard shareholders’ investment and the Group’s assets. Guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board is pleased to provide the Statement on Risk Management and Internal Control which is prepared in compliance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

## Board Responsibility

The Board affirms its overall responsibility for the Group’s system of risk management and internal control which includes the establishment of appropriate control framework, and for reviewing the adequacy and integrity of the system. Because of the limitations that are inherent in any system of internal control, those systems are designed to manage rather than eliminate the risk that may impede the achievement of the Group’s business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The process of identifying, evaluating and managing risks has been continuously reviewed by the Board with the assistance and support from management.

## Risk Management

The Board acknowledges that the business operations are ran within some degree of risks that may affect successful achievement of the Group’s business objectives. The Board also recognises that an effective risk management system is part of good business management practice.

The Board has delegated its authority to the management to review and determine the level of risk tolerance. The senior management, head of department and key personnel from the major business units are responsible to identify and assess all types of risks in terms of likelihood and magnitude of impact. The key business, operational and financial issues faced by the Group are discussed during the weekly management meeting. Remedial actions are formulated and taken to ensure significant risks are addressed appropriately. As and when necessary, summary of the key findings would be presented to the Audit Committee and Board of Directors.

## Key Elements of Internal Control

The Group has established internal control structure to ensure effective control over the business operations and to safeguard the Group’s assets. Key elements in the system of internal controls and procedures are as follows:

- (a) An organisation structure with clear lines of accountability and responsibility.
- (b) An organisation chart that delineates reporting lines with delegation of authority to the various levels, thus ensuring an adequate system of checks and balance.
- (c) Documented standard operating policies and procedures to ensure compliance with internal controls, law and regulations which are subjected to regular reviews, have been communicated to all levels.
- (d) Regular and comprehensive information are provided to the management, covering finance, operations and key business indicators for effective monitoring and decision making.
- (e) Meetings for all business units are conducted regularly to consider business development, financial and operational performance, and to rectify area of discrepancies.
- (f) Annual budget for each business are reviewed and approved by the Directors.
- (g) The Board is briefed on any exceptions or deviation to the Group’s policies, and the weakness on internal control system.
- (h) Limits of authorities are implemented for capital expenditure for all operating units to keep potential exposure under control.

## Internal Audit Function

The Group has outsourced its internal audit work to a professional internal audit service provider firm, JWC Consulting Sdn. Bhd. (“JWC”) to provide the Board with independent and objective reports on the adequacy and integrity of the system of internal control of the business units within the Group.

The Engagement Director is Ms. Joyce Wong, who has diverse professional experience in internal audit, external audit, risk management and corporate governance. She graduated from University of Tasmania with a Bachelor of Commerce, majoring in Accounting and Finance. She is an Accountant by profession and a member of the Malaysian Institute of Accountants and Certified Practising Accountants, Australia.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## **Internal Audit Function (cont'd)**

The number of staff deployed for the internal audit reviews is normally two. The staff involved in the internal audit reviews possesses accounting qualifications or a university degree. The internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence.

The internal auditors report directly to the Audit Committee and has direct access to the Chairman of the Audit Committee on all the internal control and internal audit issues.

Regular internal audits are carried out yearly to review the internal control system in the key activities of business units, as per the internal audit plan approved by the Audit Committee. The internal audit team recommends to the executive and operational management on areas of improvement and subsequently initiates follow-up review to determine the extent of implementation of those recommendations by the management. The findings arising from internal audits and the management's responses were reported by the internal auditors at the Audit Committee meeting.

## **Review of Statement by External Auditors**

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in this Annual Report of the Group for the financial year ended 30 June 2023, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process adopted by the Board in the review of the adequacy and integrity of the system of internal control of the Group.

## **Conclusion**

The Board has received assurance from the Executive Chairman and Managing Director that the Group's risk management and internal control system are operating adequately and effectively in all material aspects.

The Board is of the view that the risk management and internal control system are satisfactory and effective and there were no material losses incurred during the year under review as a result of internal control weaknesses or non-compliance events.

This Statement is made in accordance with a resolution of the Board of Directors dated 26 October 2023.





# AUDIT COMMITTEE REPORT



The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

## COMPOSITION OF AUDIT COMMITTEE

- Chairman : Mr. Law Kim Fatt, Independent Non-Executive Director
- Members : Mr. Yap Ee Seong, Independent Non-Executive Director  
Mr. Lim Ee Tatt, Non-Independent Non-Executive Director

There were six (6) Audit Committee meetings held during the financial year ended 30 June 2023. The record of attendance is as follow:-

Name of Committee Members	Attendance
Mr. Law Kim Fatt	6/6
Mr. Yap Ee Seong <sup>(a)</sup>	3/3
Mr. Lim Ee Tatt	6/6
Mr. Tan Poh Heng <sup>(b)</sup>	3/3

Note:

(a) Appointed as member of the Audit Committee on 29 November 2022.

(b) Retired on 29 November 2022.

In carrying out its duties, the Audit Committee reported to and updated the Board on significant issues and concerns discussed during the Committee's meetings and where appropriate, made necessary recommendations to the Board. The Secretary was responsible to record all proceedings and minutes of all meetings of the Audit Committee.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms and reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 30 June 2023 in discharging its functions and duties:-

### (i) Financial Reporting

- Reviewed the unaudited quarterly financial results with the management and thereafter recommended to the Board for approval, for announcement to Bursa Malaysia Securities Berhad.
- Reviewed the annual audited financial statements with the external auditors and the management.
- Reviewed and approved the Group's related party transactions and recurrent related party transactions.

### (ii) External Audit

- Discussed and reviewed the audit plan, scope of work and proposed audit fee for the year under review with the external auditors.
- Reviewed the audit findings of the external auditors, focusing on the management's comment in response to the audits to ensure appropriate action is taken.
- The Audit Committee met twice with the external auditors without the presence of the Executive Directors and management staff to discuss any issues of concern arising from the annual statutory audit.
- Reviewed the performance and independence of the external auditors, considered and recommended to the Board for the re-appointment of Grant Thornton Malaysia PLT for the ensuing financial year.



## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (Cont'd)

### (iii) Internal Audit

- a) Reviewed and approved the internal audit plan for the financial year 2023 as tabled by the internal auditors.
- b) Reviewed the internal audit report from internal auditors and assessed their findings, recommendations together with the management's comments.
- c) Assessed the internal audit function of the Company covering the adequacy of scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.

### (iv) Other matter considered by committee

- a) Verified the allocation of Employees' Share Scheme ("ESS") Shares to eligible participants pursuant to the Company's ESS. The allocation was made in accordance with the criteria as set out in By-Laws of ESS.
- b) Reviewed the Audit Committee Report for inclusion in the Annual Report.
- c) Reviewed the Circular to Shareholders in relation to Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature.

## INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent professional firm, namely JWC Consulting Sdn. Bhd. to assist the Audit Committee in discharging their responsibilities and duties.

The internal audit function is primarily responsible to undertake regular and systematic reviews of the business units, processes and procedures so as to provide reasonable assurance that the system of internal control continues to operate adequately and effectively.

The Audit Committee approved the internal audit plan proposed by the internal auditors before the commencement of audit. The internal audit plan is derived based on the risk-based assessment of all units and operations of the Group. The internal audit reports highlight any deficiencies of findings which were discussed with the management and relevant action plans agreed to be implemented. Significant findings are presented in the Audit Committee Meetings for consideration and reported to the Board. An audit review is also conducted to determine whether the recommendations made by internal auditor are implemented.

Further details on the internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

The total costs of the internal audit function incurred for the financial year ended 30 June 2023 amounted to RM9,000.

The Board is of the view that there is no significant breakdown or weakness in the systems of internal controls of the Group that may result in material losses incurred by the Group for the financial year ended 30 June 2023.



# DIRECTORS' REPORT

for the Financial Year Ended 30 June 2023



The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended **30 June 2023**.

## PRINCIPAL ACTIVITIES

The principal activity of the Company consists of investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

## RESULTS

	GROUP RM	COMPANY RM
Profit for the financial year	<u>1,345,170</u>	<u>7,369,501</u>
Attributable to:		
Owners of the Company	824,275	7,369,501
Non-controlling interests	<u>520,895</u>	-
	<u>1,345,170</u>	<u>7,369,501</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **30 June 2023** have not been substantially affected by any item, transaction or event of a material and unusual nature other than the impairment loss on goodwill on consolidation recognised in profit or loss of the Group amounting to RM2,828,842.

## DIVIDENDS

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

The directors do not recommend any dividend payment for the financial year.

## RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the notes to the financial statements.

## SHARE CAPITAL AND DEBENTURE

There were no changes to the issued and paid-up capital of the Company during the financial year.

## WARRANTS B 2021/2024

During the financial year, no Warrants B 2021/2024 ("warrant") were exercised. As at 30 June 2023, there was a total of 346,101,878 unexercised warrants.

The salient terms of the warrants are disclosed in Note 33 to the financial statements.

Details of warrants issued to directors are disclosed in the Directors' Interests section of this report.



# DIRECTORS' REPORT

for the Financial Year Ended 30 June 2023

## EMPLOYEE'S SHARE SCHEME ("ESS")

The Company's ESS is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on 19 May 2021. The ESS comprises of ESS Share and ESS Option for eligible directors and employees of the Group and will be in force for a period of five (5) years commencing from 16 July 2021 and will expire on 15 July 2026.

The movement of ESS options and ESS shares are as follows:

Offer date	Exercise price RM	Number of ESS options			Balance at 30.6.2023
		Balance at 1.7.2022	Granted	Exercised	
27.7.2021	0.225	42,754,900	-	-	42,754,900

Offer date	Number of ESS shares			Balance at 30.6.2023
	Balance at 1.7.2022	Granted	Exercised	
27.7.2021	1,479,800	-	-	1,479,800

The salient features of the ESS are disclosed in Note 32 to the financial statements.

Details of options granted to directors are disclosed in the section on directors' interests in shares in this report.

## DIRECTORS

The directors in office since the beginning of the financial year to the date of this report are:

### *Directors of the Company:*

Lee Min Huat \*  
Lim Chiow Hoo \*  
Lim Ee Tatt  
Hsu, Ching-Chen  
Law Kim Fatt  
Yap Ee Seong (appointed on 29.11.2022)  
Yau Khai Ling (appointed on 1.6.2023)  
Tan Poh Heng (retired on 29.11.2022)

\* Directors of the Company and certain subsidiaries

### *Directors of the Subsidiaries:*

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries in office during the financial year and during the period from the end of the financial year to the date of this report are as follows:

Han Siew King  
Tan Eng Siang  
Ong Lai Choon  
Lee Yung Ming

# DIRECTORS' REPORT

for the Financial Year Ended 30 June 2023



## DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares, warrants and ESS of the Company and of its related corporations during the financial year are as follows:

	Number of ordinary shares			Balance at 30.6.2023
	Balance at 1.7.2022	Bought	Sold	

### The Company Direct Interest:

Lee Min Huat	92,098,800	-	-	92,098,800
Lim Chiow Hoo	70,113,100	-	-	70,113,100
Lim Ee Tatt	4,519,500	-	-	4,519,500

### Deemed Interest:

Lim Ee Tatt *	98,412,600	-	-	98,412,600
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	Number of warrants			Balance at 30.6.2023
	Balance at 1.7.2022	Bought	Sold	

### The Company Direct Interest:

Lim Chiow Hoo	14,118,930	-	-	14,118,930
Lee Min Huat	27,629,640	-	-	27,629,640
Lim Ee Tatt	1,355,850	-	-	1,355,850

### Deemed Interest:

Lim Ee Tatt *	29,523,780	-	-	29,523,780
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\* Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of shares and warrants held through Wah Len Enterprise Sdn. Bhd.

	Number of ESS options			Balance at 30.6.2023
	Balance at 1.7.2022	Granted	Exercised/ Lapsed	

### The Company Direct Interest:

Lee Min Huat	10,000,000	-	-	10,000,000
Lim Chiow Hoo	10,000,000	-	-	10,000,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporation during the financial year.





# DIRECTORS' REPORT

for the Financial Year Ended 30 June 2023

## DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Company are as follows:

	COMPANY RM	SUBSIDIARIES RM	GROUP RM
Salaries, bonus and allowances	12,000	1,630,000	1,642,000
EPF	-	167,400	167,400
ESS options	-	350,416	350,416
Fees	185,000	190,000	375,000
	<u>197,000</u>	<u>2,337,816</u>	<u>2,534,816</u>

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the ESS options pursuant to the ESS.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown above) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interests, other than those related party transactions disclosed in the notes to the financial statements.

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

No indemnity has been given to or insurance effected for any of the directors and officers of the Group and of the Company during the financial year.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (I) 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 there were no bad debts to be written off and that no provision for doubtful debts was required; and
- (II) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (I) which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Group and of the Company; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which would render any amount stated in the financial statements of the Group and the Company misleading; or
- (iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

# DIRECTORS' REPORT

for the Financial Year Ended 30 June 2023



## OTHER STATUTORY INFORMATION (Cont'd)

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

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

In the opinion of the directors:

- (i) no contingent liability 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 will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
- (ii) 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 to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

## AUDITORS

The auditors, **Grant Thornton Malaysia PLT**, have expressed their willingness to continue in office.

The total amount of fees paid to or receivable by the auditors and its affiliate as remuneration for their services to the Group and the Company for the financial year ended 30 June 2023 are as follows:

	GROUP RM	COMPANY RM
Statutory audit	92,000	30,000
Assurance related and non-audit services	10,000	10,000
Total	<u>102,000</u>	<u>40,000</u>

The Group and the Company have agreed to indemnify the auditors to the extent permissible under the provisions of the Companies Act 2016 in Malaysia. However, no payment has been made under this indemnity for the financial year.

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

.....  
**Lee Min Huat**

.....  
**Lim Chiow Hoo**

Penang,

Date: 26 October 2023



# DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 43 to 113 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **30 June 2023** and of their financial performance and cash flows for the financial year then ended.

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

.....  
**Lee Min Huat**

.....  
**Lim Chiow Hoo**

**Date: 26 October 2023**

## STATUTORY DECLARATION

I, **Lee Min Huat**, the director primarily responsible for the financial management of **Scope Industries Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 43 to 113 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Penang, this **26th** )  
day of **October 2023**. )

.....  
**Lee Min Huat**

**Before me,**

.....  
**Commissioner for Oaths**



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOPE INDUSTRIES BERHAD



## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Scope Industries Berhad**, which comprise the statements of financial position as at **30 June 2023** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of accounting policies, as set out on pages 43 to 113.

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

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOPE INDUSTRIES BERHAD

## Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Impairment assessment of goodwill</b> <i>(Note 7 to the financial statements)</i></p> <p>As at 30 June 2023, the Group has goodwill amounting to RM11.74 million which has been allocated to its plantation operation as the cash-generating unit ("CGU").</p> <p>The management performs an annual impairment assessment for its goodwill. This requires management to estimate the recoverable amount for the CGU and management has applied the value-in-use method for both Pioneer Glow Sdn. Bhd. and Benua Mutiara Sdn. Bhd. This involves significant assumptions which are inherently judgemental. As management has no intention to cease or dispose the operations of both companies at the point of assessment, thus value-in-use method is used to assess the recoverable amount for the CGU.</p> <p>We focused on the recoverability of the carrying amount of goodwill in both of the CGUs due to the significant amount and significant management estimates involved in determining key assumptions used in deriving the recoverable amounts as disclosed in Note 7 to the financial statements.</p> <p>For the financial year ended 30 June 2023, management has recognised an impairment loss on goodwill amounting to RM2.83 million which was in relation to the CGU of Benua Mutiara Sdn. Bhd.</p>	<p>Our audit procedures in relation to assessment of impairment of the goodwill included:</p> <ul style="list-style-type: none"><li>• Evaluate the method (value-in-use or fair value less costs to sell) used by the management to estimate the recoverable amount for the CGU and its appropriateness.</li><li>• Review and assess the reasonableness of the key assumptions used by management in the approved cash flow projections by comparing the fresh fruit bunches ("FFB") yields and FFB selling prices to historical FFB yield results, forecasted commodity prices and industry data where appropriate.</li><li>• Assess the reliability of management's cash flow projections by comparing their prior years' forecasted results against past actual results and determine that the cash flow projections are updated and guided by findings of past results as well as current developments.</li><li>• Performing sensitivity analysis on the key assumptions inputted to the cash flow projections model and understand the impact on the overall goodwill allocated to the CGU with the alterations to these key assumptions.</li><li>• Involving our internal valuation expert to review the appropriateness of the valuation method used in determining the value-in-use and key assumptions such as discount and growth rate applied.</li><li>• Assessing the adequacy of disclosures in the financial statements.</li></ul>



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOPE INDUSTRIES BERHAD



## Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Revenue recognition</b> <i>(Note 21 to the financial statements)</i></p> <p>The Group's revenue stream is derived mainly from sale of electrical components/products and fresh fruit bunches ("FFB").</p> <p>Revenue is recognised at the point in time when control of the components/products and FFB has been transferred to customer, generally upon delivery of the components/products and FFB to location specified by customer and acceptance of the components/products and FFB by the customer.</p> <p>We focus on this area as the management may take an aggressive approach to the recognition of revenue, including improper 5-steps of revenue recognition under MFRS 15 Revenue from Contract with Customers.</p>	<p>Our audit procedures in relation to revenue recognition included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the Group's revenue recognition process and application. Thereafter review compliance to the revenue recognition policies in accordance with MFRS 15 Revenue from contracts with customers.</li> <li>• Performing analytical procedures on the trend of revenue recognised to identify for any abnormalities.</li> <li>• Reviewing controls over the recognition of revenue including evaluating the design and operating effectiveness of the system automated controls, manual controls surrounding the revenue cycle and restricted access of key functions.</li> <li>• Verifying revenue on a sample basis to available evidence and to ensure that revenue is recognised in accordance with the Group's accounting policy on revenue recognition and MFRS 15 Revenue from Contract with Customers.</li> <li>• Reviewing any revenue transactions posted using journal entries to identify for any abnormalities.</li> <li>• Assessing the reliability of the cut-off system in place through assessing sales transactions taking place before and after the financial year end.</li> <li>• Reviewing subsequent to year end credit notes issued and investigate if it pertains to sales recorded for the financial year.</li> </ul>

There are no key audit matters to be communicated 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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors report thereon.

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

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

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





# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOPE INDUSTRIES BERHAD

## Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOPE INDUSTRIES BERHAD



## **Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

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

## **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 6 to the financial statements.

## **Other Matter**

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

**Grant Thornton Malaysia PLT**  
**AF: 0737**  
**201906003682 (LLP0022494-LCA)**  
**Chartered Accountants**

**Terence Lau Han Wen**  
**No. 03298/04/2025 J**  
**Chartered Accountant**

**Penang**

**Date: 26 October 2023**



# STATEMENTS OF FINANCIAL POSITION

as at 30 June 2023

		GROUP		COMPANY	
	NOTE	2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	67,247,775	53,757,537	-	-
Right-of-use assets	5	67,322,667	64,600,744	-	-
Investment in subsidiaries	6	-	-	76,656,272	75,797,326
Goodwill	7	11,736,954	14,565,796	-	-
Amount due from subsidiaries	8	-	-	27,544,869	34,730,076
		<u>146,307,396</u>	<u>132,924,077</u>	<u>104,201,141</u>	<u>110,527,402</u>
<b>Current assets</b>					
Inventories	9	1,450,229	2,043,408	-	-
Biological assets	10	377,499	406,188	-	-
Trade receivables	11	47,083,369	46,411,891	-	-
Other receivables, deposits and prepayments	12	670,673	1,677,449	-	-
Amount due from subsidiaries	8	-	-	69,425,002	40,152,176
Investment securities	13	193,190	198,890	193,190	198,890
Current tax assets		333,411	111,664	82,294	5,126
Cash and cash equivalents	14	30,516,237	50,082,570	27,698,845	41,932,901
		<u>80,624,608</u>	<u>100,932,060</u>	<u>97,399,331</u>	<u>82,289,093</u>
<b>TOTAL ASSETS</b>		<u>226,932,004</u>	<u>233,856,137</u>	<u>201,600,472</u>	<u>192,816,495</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	15	191,988,509	191,988,509	191,988,509	191,988,509
Other reserves	16	34,377,668	31,241,076	2,262,847	1,417,226
(Accumulated losses)/Retained profits		<u>(28,500,234)</u>	<u>(29,482,023)</u>	<u>4,427,503</u>	<u>(2,941,998)</u>
		197,865,943	193,747,562	198,678,859	190,463,737
Non-controlling interests		<u>9,983,225</u>	<u>10,519,835</u>	-	-
<b>Total equity</b>		<u>207,849,168</u>	<u>204,267,397</u>	<u>198,678,859</u>	<u>190,463,737</u>

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

# STATEMENTS OF FINANCIAL POSITION

as at 30 June 2023



	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current liabilities</b>					
Borrowings	17	-	71,127	-	-
Lease liabilities	5	232,788	435,184	-	-
Deferred tax liabilities	18	13,621,529	13,515,693	311,737	-
		<u>13,854,317</u>	<u>14,022,004</u>	<u>311,737</u>	<u>-</u>
<b>Current liabilities</b>					
Trade payables	19	649,072	6,894,890	-	-
Other payables and accruals	20	4,147,016	6,513,502	240,496	283,378
Amount due to a subsidiary	8	-	-	2,369,380	2,069,380
Borrowings	17	71,127	1,565,826	-	-
Lease liabilities	5	240,014	216,265	-	-
Current tax liabilities		121,290	376,253	-	-
		<u>5,228,519</u>	<u>15,566,736</u>	<u>2,609,876</u>	<u>2,352,758</u>
<b>Total liabilities</b>		<u>19,082,836</u>	<u>29,588,740</u>	<u>2,921,613</u>	<u>2,352,758</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>226,932,004</u>	<u>233,856,137</u>	<u>201,600,472</u>	<u>192,816,495</u>

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

# STATEMENTS OF COMPREHENSIVE INCOME

for the Financial Year Ended 30 June 2023

	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	21	172,795,683	171,040,611	1,334,070	1,512,300
Cost of sales		(163,090,822)	(157,225,844)	-	-
<b>Gross profit</b>		<b>9,704,861</b>	<b>13,814,767</b>	<b>1,334,070</b>	<b>1,512,300</b>
Other income		1,351,562	1,742,399	4,597,282	7,642,915
Administrative expenses		(10,314,344)	(8,537,302)	(555,451)	(1,651,097)
Reversal of allowance for expected credit losses on receivables		-	-	-	6,637,929
<b>Operating profit</b>		<b>742,079</b>	<b>7,019,864</b>	<b>5,375,901</b>	<b>14,142,047</b>
Finance income	22	1,027,484	820,854	2,295,489	1,670,372
Finance costs		(53,639)	(161,844)	-	-
<b>Profit before tax</b>	23	<b>1,715,924</b>	<b>7,678,874</b>	<b>7,671,390</b>	<b>15,812,419</b>
Taxation	24	(370,754)	(738,638)	(301,889)	(26,830)
<b>Profit for the financial year</b>		<b>1,345,170</b>	<b>6,940,236</b>	<b>7,369,501</b>	<b>15,785,589</b>
<b>Total other comprehensive income, net of tax:</b>					
<b>Item that will be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences for foreign operation		2,288,376	1,630,456	-	-
<b>Total comprehensive income for the financial year</b>		<b>3,633,546</b>	<b>8,570,692</b>	<b>7,369,501</b>	<b>15,785,589</b>

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

# STATEMENTS OF COMPREHENSIVE INCOME

for the Financial Year Ended 30 June 2023



	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Profit attributable to:</b>					
Owners of the Company		<b>824,275</b>	6,093,411	<b>7,369,501</b>	15,785,589
Non-controlling interests		<b>520,895</b>	846,825	-	-
		<b>1,345,170</b>	6,940,236	<b>7,369,501</b>	15,785,589
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>3,115,246</b>	7,677,284	<b>7,369,501</b>	15,785,589
Non-controlling interests		<b>518,300</b>	893,408	-	-
		<b>3,633,546</b>	8,570,692	<b>7,369,501</b>	15,785,589
<b>Earning per share attributable to owners of the Company (sen)</b>					
- Basic	25	<b>0.07</b>	0.54		
- Diluted	25	<b>0.07</b>	0.53		

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Financial Year Ended 30 June 2023

NOTE	Attributable to Owners of the Company							Total Equity RM
	Share Capital RM	Capital Reserve RM	Foreign Currency Translation Reserve RM	ESS Reserve RM	Accumulated Losses RM	Non-controlling Interests RM	Total RM	
2023								
	191,988,509	28,002,381	1,821,469	1,417,226	(29,482,023)	10,519,835	193,747,562	204,267,397
Balance at beginning								
Profit for the financial year	-	-	-	-	824,275	520,895	824,275	1,345,170
Other comprehensive income/(loss) for the financial year	-	-	2,290,971	-	-	(2,595)	2,290,971	2,288,376
Total comprehensive income for the financial year	-	-	2,290,971	-	824,275	518,300	3,115,246	3,633,546
<i>Transaction with owners of the Company:</i>								
Effects of change in shareholding	6	-	-	-	157,514	(170,830)	157,514	(13,316)
ESS options to employees	16	-	-	845,621	-	-	845,621	845,621
Dividend paid to non-controlling interest	6	-	-	-	-	(884,080)	-	(884,080)
Total transactions with owners		-	-	845,621	157,514	(1,054,910)	1,003,135	(51,775)
Balance at end	191,988,509	28,002,381	4,112,440	2,262,847	(28,500,234)	9,983,225	197,865,943	207,849,168

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Financial Year Ended 30 June 2023

NOTE	Attributable to Owners of the Company							Total Equity RM
	Share Capital RM	Capital Reserve RM	Foreign Currency Translation Reserve RM	ESS Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	
2022								
	124,690,920	28,002,381	237,596	-	(35,575,434)	117,355,463	9,626,427	126,981,890
	-	-	-	-	6,093,411	6,093,411	846,825	6,940,236
	-	-	1,583,873	-	-	1,583,873	46,583	1,630,456
	-	-	1,583,873	-	6,093,411	7,677,284	893,408	8,570,692
	67,297,589	-	-	-	-	67,297,589	-	67,297,589
	-	-	-	1,417,226	-	1,417,226	-	1,417,226
	67,297,589	-	-	1,417,226	-	68,714,815	-	68,714,815
	191,988,509	28,002,381	1,821,469	1,417,226	(29,482,023)	193,747,562	10,519,835	204,267,397

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



# STATEMENT OF CHANGES IN EQUITY

for the Financial Year Ended 30 June 2023

		Non-distributable		Distributable	
		Share	ESS	Retained	Total
	NOTE	Capital	Reserve	(Accumulated	Equity
		RM	RM	Losses)	RM
				RM	RM
<b>2023</b>					
Balance at beginning		191,988,509	1,417,226	(2,941,998)	190,463,737
Total comprehensive income for the financial year		-	-	7,369,501	7,369,501
<i>Transaction with owners of the Company:</i>					
ESS options to employees	16	-	845,621	-	845,621
Balance at end		191,988,509	2,262,847	4,427,503	198,678,859
<b>2022</b>					
Balance at beginning		124,690,920	-	(18,727,587)	105,963,333
Total comprehensive income for the financial year		-	-	15,785,589	15,785,589
<i>Transaction with owners of the Company:</i>					
Issuance of shares pursuant to rights issue	15	67,297,589	-	-	67,297,589
ESS options to employees	16	-	1,417,226	-	1,417,226
Total transactions with owners		67,297,589	1,417,226	-	68,714,815
Balance at end		191,988,509	1,417,226	(2,941,998)	190,463,737

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

# STATEMENTS OF CASH FLOWS

for the Financial Year Ended 30 June 2023



	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	1,715,924	7,678,874	7,671,390	15,812,419
Adjustments for:				
Accretion of interest on lease liability	12,222	689	-	-
Depreciation - property, plant and equipment	6,375,946	4,888,110	-	-
Depreciation - right-of-use assets	1,330,298	1,140,816	-	-
Dividend income	(7,950)	(12,300)	(1,334,070)	(1,512,300)
ESS expenses	845,621	1,417,226	-	-
Fair value loss/(gain) on biological assets	28,689	(36,729)	-	-
Fair value loss on investment securities	5,700	38,999	5,700	38,999
Gain on disposal of property, plant and equipment	(3,006)	(35,745)	-	-
Impairment loss on goodwill	2,828,842	-	-	-
Interest expense	53,639	161,844	-	-
Interest income	(1,027,484)	(820,854)	(2,295,489)	(1,670,372)
Inventories written off	2,155	3,974	-	-
Property, plant and equipment written off	35,068	25,056	-	-
Reversal of allowance for slow moving inventories	(454)	(2,580)	-	-
Reversal of allowance for impairment loss on amount due from a subsidiary	-	-	-	(6,637,929)
Unrealised loss/(gain) on foreign exchange	89,040	(102,201)	(2,227,030)	(1,592,893)
Unwinding of discount on amount due from a subsidiary to net present value	-	-	(2,083,805)	(3,547,845)
Operating profit/(loss) before working capital changes	12,284,250	14,345,179	(263,304)	890,079
Net changes in:				
Inventories	591,478	(1,141,242)	-	-
Receivables	343,613	(11,407,137)	-	-
Payables	(8,612,304)	(3,455,806)	(42,882)	(3,097,985)
Cash generated from/(used in) operations	4,607,037	(1,659,006)	(306,186)	(2,207,906)
Income tax paid	(849,640)	(991,129)	(67,320)	(23,180)
Income tax refunded	108,012	-	-	-
Interest paid	(53,639)	(161,844)	-	-
Net cash from/(used in) operating activities	3,811,770	(2,811,979)	(373,506)	(2,231,086)

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



# STATEMENTS OF CASH FLOWS

for the Financial Year Ended 30 June 2023

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of non-controlling interest of a subsidiary	(13,316)	-	(13,325)	-
Acquisition of right-of-use assets	(4,052,221)	-	-	-
Acquisition of property, plant and equipment	(19,904,646)	(18,045,466)	-	-
Dividend received from quoted shares	7,950	12,300	7,950	12,300
Dividend received from a subsidiary	-	-	1,326,120	1,500,000
Interest received	1,027,484	820,854	2,295,489	1,670,372
Proceeds from disposal of property, plant and equipment	6,400	49,500	-	-
Net cash (used in)/from investing activities	<u>(22,928,349)</u>	<u>(17,162,812)</u>	<u>3,616,234</u>	<u>(3,182,672)</u>
Balance carried forward	(19,116,579)	(19,974,791)	3,242,728	951,586

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

# STATEMENTS OF CASH FLOWS

for the Financial Year Ended 30 June 2023



	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
Balance brought forward		(19,116,579)	(19,974,791)	3,242,728	951,586
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid to non-controlling interest		(884,080)	-	-	-
Net changes in subsidiaries' balance		-	-	(17,247,480)	(27,487,555)
Repayment of hire purchase	A	(1,565,826)	(2,009,509)	-	-
Repayment of lease liability	A	(190,869)	(11,384)	-	-
Proceeds from issuance of shares		-	67,297,589	-	67,297,589
Net cash (used in)/from financing activities		(2,640,775)	65,276,696	(17,247,480)	39,810,034
<b>NET (DECREASE)/INCREASE IN CASH AND CASHEQUIVALENTS</b>		(21,757,354)	45,301,905	(14,004,752)	40,761,620
Effects of foreign currency translation differences for foreign operations		2,288,376	1,630,456	-	-
Effects of foreign exchange rate changes		(97,355)	73,190	(229,304)	74,321
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>		<u>50,082,570</u>	<u>3,077,019</u>	<u>41,932,901</u>	<u>1,096,960</u>
<b>CASH AND CASH EQUIVALENTS AT END</b>		<u>30,516,237</u>	<u>50,082,570</u>	<u>27,698,845</u>	<u>41,932,901</u>
<b>Represented by:</b>					
Short-term funds with licensed financial institutions		27,419,577	41,312,737	27,419,577	41,312,737
Cash and bank balances		3,096,660	8,769,833	279,268	620,164
		<u>30,516,237</u>	<u>50,082,570</u>	<u>27,698,845</u>	<u>41,932,901</u>

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



# STATEMENTS OF CASH FLOWS

for the Financial Year Ended 30 June 2023

## Note A: Reconciliation of liabilities arising from financing activities

GROUP	Balance at beginning RM	Net Cash flows RM	Others RM	Balance at end RM
<b>2023</b>				
Hire purchase	1,636,953	(1,565,826)	-	71,127
Lease liabilities	651,449	(190,869)	12,222*	472,802
	<u>2,288,402</u>	<u>(1,756,695)</u>	<u>12,222</u>	<u>543,929</u>
<b>2022</b>				
Hire purchase	3,646,462	(2,009,509)	-	1,636,953
Lease liabilities	-	(11,384)	662,833*	651,449
	<u>3,646,462</u>	<u>(2,020,893)</u>	<u>662,833</u>	<u>2,288,402</u>

\*The amount represents the additions and the accretion of interest during the year.

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





# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 1. CORPORATE INFORMATION

### General

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The registered office of the Company is located at 48 Jalan Chow Thye, 10050 George Town, Penang.

The principal place of business of the Company is located at Lot 6181, Jalan Perusahaan 2, Kawasan Perindustrian Parit Buntar, 34200 Parit Buntar, Perak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 October 2023.

### Principal Activities

The principal activity of the Company consists of investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

### 2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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.



## 2. BASIS OF PREPARATION (Cont'd)

### 2.2 Basis of Measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

### 2.3 Functional and Presentation Currency

Ringgit Malaysia ("RM") is the presentation currency of the Group and of the Company.

RM is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operation has different functional currency.

### 2.4 Adoption of Amendments to MFRSs

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following amendments to MFRSs that are mandatory for the current financial year:

#### **Effective for annual periods beginning on or after 1 January 2022**

*Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework*

*Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use*

*Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract*

*Annual Improvements to MFRS Standards 2018 - 2020*

Initial application for the above amendments to MFRSs did not have any material impact to the financial statements of the Group and of the Company upon adoption.

### 2.5 Standards Issued But Not Yet Effective

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:

#### **Effective for annual periods beginning on or after 1 January 2023**

*MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts*

*Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information*

*Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies*

*Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*

*Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

*Amendments to MFRS 112 Income Taxes: International Tax Reform - Pillar Two Model Rules*



## 2. BASIS OF PREPARATION (Cont'd)

### 2.5 Standards Issued But Not Yet Effective (cont'd)

#### **Effective for annual periods beginning on or after 1 January 2024**

*Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback*

*Amendments to MFRS 101 Presentation of Financial Statements: Non-Current Liabilities with Covenants*

*Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*

*Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements*

#### **Effective for annual period beginning on or after 1 January 2025**

*Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*

#### **Effective date yet to be confirmed**

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

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption.

### 2.6 Significant Accounting Estimates and Judgements

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

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

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

#### 2.6.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) Useful lives of depreciable assets

###### **Plant and machinery**

Plant and machinery are depreciated on a straight-line basis over their estimated useful lives. Management estimates that the useful lives of the plant and machinery to be between 8 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and machinery. Therefore, the future depreciation charges could be revised.

The carrying amount and depreciation charges of plant and machinery is disclosed in Note 4 to the financial statements.



## 2. BASIS OF PREPARATION (Cont'd)

### 2.6 Significant Accounting Estimates and Judgements (cont'd)

#### 2.6.1 Key sources of estimation uncertainty (cont'd)

##### (i) Useful lives of depreciable assets (cont'd)

###### **Bearer plants**

The costs of bearer plants are amortised on a straight-line basis over the assets' estimated economic useful lives of 20 to 25 years. The useful lives are within the commercial life span of oil palms.

Changes in the conditions of the bearer plants could impact the productivity of the produce which could ultimately impact the economic useful lives and residual value of the bearer plants. Therefore, the future amortisation charges could be revised.

The carrying amount and depreciation charges of bearer plants is disclosed in Note 4 to the financial statements.

##### (ii) Impairment of plant and equipment and bearer plants

The Group and the Company perform an impairment review as and when there are impairment indicators to ensure that the carrying value of the plant and machinery and bearer plants does not exceed their recoverable amounts. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

The carrying amount of plant and equipment and bearer plants is disclosed in Note 4 to the financial statements. No impairment losses are provided for plant and equipment and bearer plants during the financial year.

##### (iii) Impairment of goodwill relating to oil palm plantation

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management assess the higher of the fair value less costs to sell and value in use. The value in use is determined by estimating expected future cash flows from each cash-generating unit using a suitable interest rate in order to calculate the present value of those cash flows. During the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Details of the carrying value, key assumptions applied in the impairment assessment and sensitivity analysis to changes in the assumptions are disclosed in Note 7 to the financial statements.

##### (iv) Inventories

The Group provides allowance for slow moving or obsolete inventories based on an assessment of the net realisable value of the inventories. When estimating the net realisable value of inventories, management considers all of the facts relating to the inventories including the operating environment at the time the estimates are made. Where the expectation is different from the original estimate, such difference will impact the net realisable value of the inventories in the period in which such estimate has changed.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 9 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 2. BASIS OF PREPARATION (Cont'd)

### 2.6 Significant Accounting Estimates and Judgements (cont'd)

#### 2.6.1 Key sources of estimation uncertainty (cont'd)

##### (v) Fair value of biological assets

Biological assets comprise of fresh fruit bunches (“FFB”) prior to harvest. The fair value of the biological assets is measured at present value of the net cash flows expected to be generated from the sale of FFB.

Management considered the oil content of the unripe FFB and derived the assumption that only unripe FFB on bearer plants which are within 15 days of harvest will only be used for valuation purposes as the net cash flow to be generated from unripe FFB over 15 days to harvest is negligible.

The fair value measurement of the produce growing on bearer plants is determined by using the market approach, which takes into consideration the market price of FFB, adjusted for estimated oil content of unharvested FFB, less harvesting and transport cost.

The carrying amount of the Group’s biological assets are disclosed in Note 10 to the financial statements.

##### (vi) Provision for expected credit loss (“ECL”) of receivables

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of the customer’s actual default in the future.

The information about the ECL on the Group’s trade receivables is disclosed in Note 29.3.1 to the financial statements.

## 3. ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

### 3.1 Basis of Consolidation

#### (i) Subsidiaries

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

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



## 3. ACCOUNTING POLICIES (Cont'd)

### 3.1 Basis of Consolidation (cont'd)

#### (i) Subsidiaries (cont'd)

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

Upon disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

#### (ii) Business combination

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

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

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

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

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

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

#### (iii) Acquisitions of non-controlling interests

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

#### (iv) Loss of control

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



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 3. ACCOUNTING POLICIES (Cont'd)

### 3.1 Basis of Consolidation (cont'd)

#### (v) Non-controlling interests

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

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

#### (vi) Transactions eliminated on consolidation

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

### 3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Bearer plants are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. The bearer plants that are available for use are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting. Bearer plants have an average life cycle of 20 to 25 years with the first 3 years as immature bearer plants and the remaining years as mature bearer plants. The mature bearer plants are depreciated over its remaining useful lives on a straight-line basis. The immature bearer plants are not depreciated until such time when it is available for use.

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to their residual value over their estimated useful life at the following annual rates:

Buildings	2% - 10%
Bearer plants - oil palm	4% - 5%
Plant and machinery	10% - 12.5%
Renovation and electrical installation	10%
Air conditioners	10%
Office equipment, furniture and fittings	10%
Motor vehicles	10% - 20%

Freehold land is not depreciated as it has an infinite life.

Capital expenditure in progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital expenditure in progress is stated at cost and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Capital work-in-progress are not depreciated until the assets are ready for their intended use.



## 3. ACCOUNTING POLICIES (Cont'd)

### 3.2 Property, Plant and Equipment (cont'd)

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Fully depreciated items of property, plant and equipment are retained in the accounts until the items are no longer in use.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the disposed assets and are recognised in profit or loss in the financial year in which the assets are derecognised.

### 3.3 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### 3.3.1 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### 3.3.1.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Leasehold land	Over the lease period of 16 to 87 years
Prepaid land lease payment	Over the lease period of 30 years
Office premises	Over the lease period of 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.





# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 3. ACCOUNTING POLICIES (Cont'd)

### 3.3 Leases (cont'd)

#### 3.3.1 Group as a lessee (cont'd)

##### 3.3.1.2 Lease liabilities (cont'd)

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### 3.3.1.3 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of hostel, warehouse and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that is considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

#### 3.3.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## 3.4 Goodwill

Goodwill acquired through business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but instead is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.



## 3. ACCOUNTING POLICIES (Cont'd)

### 3.5 Impairment of Non-Financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case, the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful life are tested for impairment annually as at the end of each reporting period, either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

### 3.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 3.6.1 Financial assets

##### (i) Initial recognition and measurement

Financial assets are measured at initial recognition at fair value and subsequently measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").





## 3. ACCOUNTING POLICIES (Cont'd)

### 3.6 Financial Instruments (cont'd)

#### 3.6.1 Financial assets (cont'd)

##### (i) Initial recognition and measurement (cont'd)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, its transaction costs.

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at AC are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group or the Company commits to purchase or sell the asset.

##### (ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at AC (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

#### ***Financial assets at AC***

Financial assets at AC are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at AC include cash and cash equivalents, trade receivables, other receivables and refundable deposits and amount due from subsidiaries.

#### ***Financial assets at FVTPL***

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.



## 3. ACCOUNTING POLICIES (Cont'd)

### 3.6 Financial Instruments (cont'd)

#### 3.6.1 Financial assets (cont'd)

##### (ii) Subsequent measurement (cont'd)

###### *Financial assets at FVTPL (cont'd)*

The Group's and the Company's investment in quoted shares fall under this category and are measured at fair value with gain or losses recognised in profit or loss. The fair value of the financial assets are determined by reference to active market transactions.

##### (iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

##### (iv) Impairment

The Group and the Company recognise allowance for expected credit losses ("ECLs") on financial assets measured at AC, debt investments measured at FVOCI, contract assets, and lease receivables. ECLs are a probability-weighted estimate of credit losses.

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

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





## 3. ACCOUNTING POLICIES (Cont'd)

### 3.6 Financial Instruments (cont'd)

#### 3.6.1 Financial assets (cont'd)

##### (iv) Impairment (cont'd)

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

The Group estimates the ECLs on trade receivables using a provision matrix with reference to historical credit loss experience.

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

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

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

#### 3.6.2 Financial liabilities

##### (i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and accruals, amount due to a subsidiary and borrowings.

##### (ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at AC
- Financial liabilities at FVTPL

##### ***Financial liabilities at AC***

This is the category most relevant to the Group and to the Company. After initial recognition, trade and other payables and accruals, amount due to a subsidiary and borrowings are subsequently measured at AC using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. AC is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.



## 3. ACCOUNTING POLICIES (Cont'd)

### 3.6 Financial Instruments (cont'd)

#### 3.6.2 Financial liabilities (cont'd)

##### (iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

#### 3.6.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 3.7 Inventories

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

Costs of all inventories are determined on the first-in, first-out basis.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes direct labour and attributable production overheads.

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

### 3.8 Biological Assets

Biological assets comprise of fresh fruit bunches ("FFB") prior to harvest. Biological assets are measured at fair value less cost to sell. Changes in fair value less cost to sell are recognised in the statement of comprehensive income. Fair value is determined based on the present value of expected net cash flows from sale of the biological assets.

The expected net cash flows are estimated using the market approach, which takes into consideration the market price of FFB, adjusted for the estimated oil content of unharvested FFB, less harvesting and transport cost.

### 3.9 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.



# NOTES TO THE FINANCIAL STATEMENTS

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## 3. ACCOUNTING POLICIES (Cont'd)

### 3.10 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

### 3.11 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred.

Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are interrupted or completed.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

### 3.12 Revenue Recognition

#### Contract with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangement because it typically controls the goods or services before transferring them to the customer.

#### (i) Sale of electrical components/products and fresh fruit bunches (“FFB”)

Revenue from sale of electrical components/products and FFB is recognised at a point in time when control of the components/products and FFB has been transferred to the customers. Generally, control is transferred upon delivery of the components/products and FFB to a location specified by the customer and acceptance of the goods have acknowledged by the customer.

#### (ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

#### (iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

#### (iv) Interest income

Interest income is recognised on a time proportion basis using the effective interest method in profit or loss.



## 3. ACCOUNTING POLICIES (Cont'd)

### 3.12 Revenue Recognition (cont'd)

#### Contract with customers (cont'd)

##### 3.12.1 Contract balances

###### *Trade receivables*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 3.6 to the financial statements.

### 3.13 Employee Benefits

#### Short-term benefits

Wages, salaries, bonuses, social security contributions ("SOCSO") and employment insurance ("EIS") are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

#### Employee's Share Scheme ("ESS")

Employees of the Group received incentive in the form of shares and share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the subsidiaries' best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon market or non-vesting condition, which are tested as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained profits/accumulated losses upon expiry of the share options.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

### 3.14 Income Tax

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

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





# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 3. ACCOUNTING POLICIES (Cont'd)

### 3.14 Income Tax (cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

### 3.15 Sales and Service Tax (“SST”)

SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

The net SST payable to the taxation authority is included as part of payables in the statements of financial position. The rate for Sales Tax is fixed at 5% or 10%, while the rate for Service Tax is fixed at 6%.

### 3.16 Foreign Currency Translation

#### Foreign currency transactions

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

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

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.



## 3. ACCOUNTING POLICIES (Cont'd)

### 3.16 Foreign Currency Translation (cont'd)

#### Foreign operations

The assets and liabilities of foreign operations are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

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

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

### 3.17 Equity Instruments

#### 3.17.1 Warrants

Warrants are classified as equity instruments and its value is allocated based on the Black-Scholes model upon issuance. The issuance of the ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of warrants, the proceeds are credited to share capital. The warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed.

#### 3.17.2 Share capital, share issuance costs and dividends

##### Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

##### Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

##### Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared or approved.





## 3. ACCOUNTING POLICIES (Cont'd)

### 3.18 Segment Reporting

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

### 3.19 Contingencies

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

### 3.20 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) Has control or joint control over the Group;
  - (ii) Has significant influence over the Group; or
  - (iii) Is a member of the key management personnel of the Group.
  
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group.
  - (ii) The entity is an associate or joint venture of the Group.
  - (iii) Both the Group and the entity are joint ventures of the same third party.
  - (iv) The Group is a joint venture of a third entity and the other entity is an associate of the same third entity.
  - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity.
  - (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Bearer plants RM	Plant and machinery RM	Renovation and electrical installation RM	Air conditioners RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
<b>GROUP</b>										
<b>2023</b>										
<b>At cost</b>										
Balance at beginning	-	17,632,900	12,431,544	41,740,901	1,977,600	4,353,220	2,838,255	3,288,734	14,609,619	98,872,773
Additions	5,772,865	13,417	394,583	9,540,209	273,558	525,388	367,469	721,199	2,295,958	19,904,646
Disposals	-	-	-	(367,000)	-	-	-	(33,915)	-	(400,915)
Written off	-	-	-	(42,797)	-	-	(45,249)	(146,115)	-	(234,161)
Balance at end	5,772,865	17,646,317	12,826,127	50,871,313	2,251,158	4,878,608	3,160,475	3,829,903	16,905,577	118,142,343
<b>Accumulated depreciation</b>										
Balance at beginning	-	6,628,272	6,244,630	24,555,958	1,191,716	1,811,108	1,727,428	2,956,124	-	45,115,236
Current charge	-	458,058	755,794	4,496,867	128,513	206,360	234,283	96,071	-	6,375,946
Disposals	-	-	-	(366,997)	-	-	-	(30,524)	-	(397,521)
Written off	-	-	-	(13,487)	-	-	(41,459)	(144,147)	-	(199,093)
Balance at end	-	7,086,330	7,000,424	28,672,341	1,320,229	2,017,468	1,920,252	2,877,524	-	50,894,568
Carrying amount	5,772,865	10,559,987	5,825,703	22,198,972	930,929	2,861,140	1,240,223	952,379	16,905,577	67,247,775

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold land RM	Buildings RM	Bearer plants RM	Plant and machinery RM	Renovation and electrical installation RM	Air conditioners RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
2022										
At cost										
Balance at beginning	-	17,632,900	12,431,544	34,454,106	2,873,366	3,071,785	2,774,194	3,363,713	5,669,538	82,271,146
Additions	-	-	-	7,677,778	52,480	1,281,435	93,692	-	8,940,081	18,045,466
Disposals	-	-	-	(273,221)	-	-	-	(74,979)	-	(348,200)
Written off	-	-	-	(117,762)	(948,246)	-	(29,631)	-	-	(1,095,639)
Balance at end	-	17,632,900	12,431,544	41,740,901	1,977,600	4,353,220	2,838,255	3,288,734	14,609,619	98,872,773
Accumulated depreciation										
Balance at beginning	-	6,127,927	5,485,791	21,844,436	2,037,710	1,629,886	1,534,545	2,971,859	-	41,632,154
Current charge	-	500,345	758,839	3,068,186	102,224	181,222	218,051	59,243	-	4,888,110
Disposals	-	-	-	(259,467)	-	-	-	(74,978)	-	(334,445)
Written off	-	-	-	(97,197)	(948,218)	-	(25,168)	-	-	(1,070,583)
Balance at end	-	6,628,272	6,244,630	24,555,958	1,191,716	1,811,108	1,727,428	2,956,124	-	45,115,236
Carrying amount	-	11,004,628	6,186,914	17,184,943	785,884	2,542,112	1,110,827	332,610	14,609,619	53,757,537

### GROUP

Included in the net carrying amount of plant and machinery is an amount of **RM3,978,298** (2022: RM5,079,817) that are pledged to financial institutions to secure against the hire purchase of the Group.

## 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

The Group recognised prepaid land lease payment and leasehold land as right-of-use assets with lease period of 16 years and 37 to 87 years respectively.

The Group has lease contracts for the rental of office premises used in its operations. The lease term is for a period of 2 years with the option to extend the lease for another 1 year. The Group expects that it is reasonably certain that it will exercise the options to extend the lease and has factored the extension options as part of the lease term for the lease of the office premises. The lease contract restricted the Group from assigning and subleasing the leased asset.

The Group also has certain leases of hostel, warehouse and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases such lease payments are charged to profit or loss as lease rentals on the straight-line basis over the lease term.

Set out below are the carrying amounts of right-of-use assets and lease liability recognised and the movement during the financial year:

### GROUP

#### *Right-of-use assets*

	Prepaid land lease payment RM	Leasehold land RM	Office premises RM	Total RM
<b>2023</b>				
<b>At cost</b>				
Balance at beginning	1,690,000	72,012,886	662,144	74,365,030
Addition	-	4,052,221	-	4,052,221
Balance at end	<u>1,690,000</u>	<u>76,065,107</u>	<u>662,144</u>	<u>78,417,251</u>
<b>Accumulated depreciation</b>				
Balance at beginning	448,000	9,305,248	11,038	9,764,286
Depreciation	54,000	1,075,780	200,518	1,330,298
Balance at end	<u>502,000</u>	<u>10,381,028</u>	<u>211,556</u>	<u>11,094,584</u>
<b>Carrying amount</b>	<u>1,188,000</u>	<u>65,684,079</u>	<u>450,588</u>	<u>67,322,667</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITY (Cont'd)

	Prepaid land lease payment RM	Leasehold land RM	Office premises RM	Total RM
2022				
At cost				
Balance at beginning	1,690,000	72,012,886	-	73,702,886
Additions	-	-	662,144	662,144
Balance at end	<u>1,690,000</u>	<u>72,012,886</u>	<u>662,144</u>	<u>74,365,030</u>
Accumulated depreciation				
Balance at beginning	394,000	8,229,470	-	8,623,470
Depreciation	54,000	1,075,778	11,038	1,140,816
Balance at end	<u>448,000</u>	<u>9,305,248</u>	<u>11,038</u>	<u>9,764,286</u>
Carrying amount	<u>1,242,000</u>	<u>62,707,638</u>	<u>651,106</u>	<u>64,600,744</u>

### GROUP

#### *Lease liability*

	Office Premises	
	2023 RM	2022 RM
Balance at beginning	651,449	-
Additions	-	662,144
Accretion of interest	12,222	689
Payment	<u>(190,869)</u>	<u>(11,384)</u>
Balance at end	<u>472,802</u>	<u>651,449</u>
Represented by:		
Non-current liabilities	232,788	435,184
Current liabilities	<u>240,014</u>	<u>216,265</u>
	<u>472,802</u>	<u>651,449</u>

The lease liability is denominated in Singapore dollar.

The maturity analysis of lease liability is disclosed in Note 29.4 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITY (Cont'd)

The following amounts are recognised in profit or loss:

	GROUP	
	2023 RM	2022 RM
Depreciation of right-of-use assets	1,330,298	1,140,816
Expense relating to short-term leases	172,824	223,100
Expense relating to lease of low value assets	93,032	69,622
Interest expense on lease liability	12,222	689
<b>Total amount recognised in profit or loss</b>	<b>1,608,376</b>	<b>1,434,227</b>

The Group's total cash outflows for lease is amounted to **RM456,725** (2022 : RM304,106).

## 6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2023 RM	2022 RM
<b>Unquoted shares, at cost</b>		
Balance at beginning	75,797,326	65,827,020
Additions of:		
- investments	13,325	-
- contributions *	-	8,553,080
Allocation of ESS expenses in respect of share awarded/option granted to employees of a subsidiary	845,621	1,417,226
Balance at end	<b>76,656,272</b>	<b>75,797,326</b>

\* Being the present value effect of discounting the amount due from a subsidiary which was recognised as additional contribution by the Company.

The details of the subsidiaries, all of which were incorporated in Malaysia, except where indicated are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2023	2022	
<b>Direct</b>			
Scope Manufacturers (M) Sdn. Bhd.	100%	100%	Manufacturing and assembling of electrical and electronic components and products.
Pioneer Glow Sdn. Bhd. ("PGSB")	70%	70%	Cultivation of oil palm.
Benua Mutiara Sdn. Bhd. ("BMSB")	100%	100%	Cultivation of oil palm.
* Scope Global Distributor Pte. Ltd. (Incorporated in Singapore) ("SGDPL")	80%	60%	Trading in electrical and electronic products.
Scope Realty Sdn. Bhd.	100%	-	Property investments and provision of dormitory accommodation and services.

\* This subsidiary is not audited by Grant Thornton Malaysia PLT.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

### (i) Acquisition of subsidiary

On 2 August 2022, the Company had incorporated a new subsidiary by the name of Scope Realty Sdn. Bhd. for a total cash consideration RM10.

### (ii) Non-controlling interests ("NCI") in subsidiaries

On 23 February 2023, the Company acquired an additional 20% equity interest in SGDPL for a total cash consideration of RM13,316, increasing its ownership from 60% to 80%. The Group recognised a decrease in NCI of RM170,830 and an increase in accumulated losses of RM157,514.

The following summarises the effect of changes in the equity interest in SGDPL that is attributable to owners of the Company:

	RM
Equity interest as at 1 July 2022	933,535
Effects of increase in the Company's ownership interest	(170,830)
Dividend paid to NCI	(884,080)
Share of comprehensive income	<u>358,413</u>
Equity interest as at 30 June 2023	<u>237,038</u>

The Group's subsidiaries that have material NCI are as follows:

	PGSB	SGDPL	Total
<b>2023</b>			
Percentage of ownership interest and voting interest	30%	20%	
Carrying amount of non-controlling interests (RM)	<u>9,746,187</u>	<u>237,038</u>	<u>9,983,225</u>
Profit allocated to non-controlling interests (RM)	<u>159,887</u>	<u>361,008</u>	<u>520,895</u>
<b>2022</b>			
Percentage of ownership interest and voting interest	30%	40%	
Carrying amount of non-controlling interests (RM)	<u>9,586,300</u>	<u>933,535</u>	<u>10,519,835</u>
Profit allocated to non-controlling interests (RM)	<u>464,130</u>	<u>382,695</u>	<u>846,825</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

### (ii) Non-controlling interests ("NCI") in subsidiaries (cont'd)

The summarised of financial information before intra-group elimination for the Group's subsidiary that have material NCI is as below:

#### GROUP

	PGSB RM	SGDPL RM
<b>2023</b>		
<b>Financial position</b>		
Non-current assets	42,099,431	450,588
Current assets	1,370,568	43,410,435
Non-current liabilities	(7,979,688)	(232,786)
Current liabilities	<u>(3,003,022)</u>	<u>(42,443,049)</u>
Net assets	<u>32,487,289</u>	<u>1,185,188</u>
<b>Financial performance for the financial year ended 30 June</b>		
Revenue	7,571,286	120,355,849
Net profit, representing total comprehensive income for the financial year	<u>532,955</u>	<u>1,074,518</u>
<b>Cash flows for the financial year ended 30 June</b>		
Net cash inflow/(outflow) from operating activities	2,199,152	(5,497,139)
Net cash outflow from investing activity	(21,405)	-
Net cash (outflow)/inflow from financing activities	<u>(2,106,576)</u>	<u>120,010</u>
Net cash inflow/(outflow)	<u>71,171</u>	<u>(5,377,129)</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

### (ii) Non-controlling interests ("NCI") in subsidiaries (cont'd)

The summarised of financial information before intra-group elimination for the Group's subsidiary that have material NCI is as below: (cont'd)

#### GROUP

	PGSB RM	SGDPL RM
2022		
Financial position		
Non-current assets	43,543,507	651,110
Current assets	1,360,801	43,949,470
Non-current liabilities	(8,082,533)	(435,184)
Current liabilities	<u>(4,867,441)</u>	<u>(41,831,558)</u>
Net assets	<u>31,954,334</u>	<u>2,333,838</u>
Financial performance for the financial year ended 30 June		
Revenue	8,782,056	119,863,055
Net profit, representing total comprehensive income for the financial year	<u>1,547,101</u>	<u>956,738</u>
Cash flows for the financial year ended 30 June		
Net cash inflow/(outflow) from operating activities	3,735,427	(11,599,078)
Net cash inflow from investing activity	29,000	-
Net cash (outflow)/inflow from financing activities	<u>(3,672,932)</u>	<u>17,812,918</u>
Net cash inflow	<u>91,495</u>	<u>6,213,840</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 7. GOODWILL

	GROUP	
	2023 RM	2022 RM
Total amount	34,965,796	34,965,796
Less: Allowance for impairment loss		
Balance at beginning	(20,400,000)	(20,400,000)
Current year	(2,828,842)	-
Balance at end	<u>(23,228,842)</u>	<u>(20,400,000)</u>
	<u>11,736,954</u>	<u>14,565,796</u>

### Impairment assessment of cash-generating units

Goodwill has been allocated to the respective cash-generating unit ("CGU"), which represents the following subsidiaries in the plantation segment:

	GROUP	
	2023 RM	2022 RM
PGSB	11,736,954	11,736,954
BMSB	-	2,828,842
	<u>11,736,954</u>	<u>14,565,796</u>

### PGSB

#### 2023

The recoverable amount of the CGU has been determined based on value-in-use calculations derived from the cash flow projections using the following key assumptions:

(i) Projection period	5 years
(ii) Terminal value	Based on discounted present fair value of the estate
(iii) FFB Price	RM708 to RM797/MT
(iv) Average yield over projection period	15.5 MT/HA
(v) Pre-tax discount rate	11.20%

The FFB price is forecasted based on current market outlook of future CPO prices taking into consideration past historical trend and current market condition.

The yield depends on the age of the palm oil tree.

The pre-tax discount rate reflects the weighted average cost of capital of PGSB.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 7. GOODWILL (Cont'd)

No impairment loss was required for the goodwill in relation to PGSB as its recoverable amount is in excess of its carrying amount.

### Sensitivity to changes in key assumptions

The management believes that any reasonable change in the key assumptions would not cause the recoverable amount of the CGU to differ materially from its carrying amounts.

2022

The recoverable amount of the CGU has been determined based on fair value less cost of disposal. The fair value less cost of disposal is a Level 3 fair value measurement based on management estimates having regard to the estimated resale value which is determined by an external, independent professional valuer, having appropriate recognised professional qualification and recent experience in the location and category of assets being valued.

The following table shows the valuation techniques used in measuring significant Level 3 fair values, as well as significant unobservable inputs used.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Direct comparison approach which considers the sales of similar or substitute properties and related market data, and established a value estimated by adjustments made for differences in factors that affect the value including location, land area, tenure and other key relevant factors.	- Transaction prices of comparable properties: RM61,777 to RM85,779 per hectare - FFB yield: 7,987 Metric Ton ("MT") - FFB selling price: RM1,128/MT	The estimated fair value increases/ (decrease) if:  - Higher/(lower) comparable properties prices - FFB yield were higher/(lower) - FFB price were higher/(lower)

Using the current FFB price and actual yield output as benchmark, the Board of Directors of the Company have decided to maintain the assigned fair value from the previous year i.e. RM50,000,000 as the fair value of PGSB's oil palm plantation. Accordingly, no impairment is required during the financial year as the fair value less cost of disposal is higher than the carrying amount of the CGU.

### BMSB

The recoverable amount of the CGU has been determined based on value-in-use calculations derived from the cash flow projections using the following key assumptions:

(i) Projection period	<b>5 years</b> (2022: 5 years)
(ii) Terminal value	Based on discounted present fair value of the estate
(iii) FFB Price	<b>RM715 to RM805/MT</b> (2022: RM770 to RM867/MT)
(iv) Average yield over projection period	<b>13.1MT/HA</b> (2022: 15.3MT/HA)
(v) Pre-tax discount rate	<b>11.20%</b> (2022: 8.71%)

The FFB price is forecasted based on current market outlook of future CPO prices taking into consideration past historical trend and current market condition.

# NOTES TO THE FINANCIAL STATEMENTS

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## 7. GOODWILL (Cont'd)

### BMSB (cont'd)

The yield depends on the age of the palm oil tree.

The pre-tax discount rate reflects the weighted average cost of capital of BMSB.

Based on management's assessment, an impairment loss on goodwill in relation to BMSB amounting to RM2.83 million has been recognised in administrative expenses of the Group during the financial year as the carrying amount of the CGU exceeded its recoverable amount. The primary reason for the impairment was due to the assumptions that lower forecasted yield is expected from the existing plantation due to the age of the trees and lower price/MT of the FFB. The plantation of BMSB is currently undergoing re-planting exercise.

## 8. AMOUNT DUE FROM/TO SUBSIDIARIES

	COMPANY	
	2023 RM	2022 RM
Amount due from subsidiaries stated at net present value	96,969,871	74,882,252
Less: Allowance for expected credit losses		
Balance at beginning	-	(6,637,929)
Reversal	-	6,637,929
Balance at end	-	-
	<u>96,969,871</u>	<u>74,882,252</u>
Represented by:		
Non-current assets	27,544,869	34,730,076
Current assets	69,425,002	40,152,176
	<u>96,969,871</u>	<u>74,882,252</u>
Amount due to a subsidiary:		
Current liabilities	2,369,380	2,069,380

(i) The currency profile of the amount due from subsidiaries is as follows:

	2023 RM	2022 RM
Ringgit Malaysia	55,480,201	38,736,652
US Dollar	41,489,670	36,145,600
	<u>96,969,871</u>	<u>74,882,252</u>

The amount due to a subsidiary is denominated in Ringgit Malaysia.

(ii) The amount due from subsidiaries is non-trade related, unsecured, and classified based on the expected timing of realisation. The US Dollar balance bears interest at **3.50%** (2022: 2.00% to 2.15%) per annum.

(iii) The amount due to a subsidiary is non-trade related, unsecured, non-interest bearing and classified based on the expected timing of realisation.

# NOTES TO THE FINANCIAL STATEMENTS

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## 9. INVENTORIES

	GROUP	
	2023 RM	2022 RM
Raw materials	1,127,588	1,168,332
Less: Allowance for slow moving inventories		
Balance at beginning	(87,002)	(89,582)
Reversal	454	2,580
Balance at end	(86,548)	(87,002)
	1,041,040	1,081,330
Finished goods	203,850	601,039
Consumables	205,339	361,039
	1,450,229	2,043,408
Recognised in profit or loss:		
Inventories recognised as cost of sales	163,089,121	157,224,450
Inventories written off	2,155	3,974
Reversal of allowance for slow moving inventories	(454)	(2,580)

The reversal of allowance for slow moving inventories was made during the financial year when the related inventories were used for production.

## 10. BIOLOGICAL ASSETS

	GROUP	
	2023 RM	2022 RM
<b>At fair value</b>		
Balance at beginning	406,188	369,459
Changes in fair value	(28,689)	36,729
Balance at end	377,499	406,188

The biological assets of the Group comprise of FFB prior to harvest. The fair value of the biological assets is measured at present value of the net cash flows expected to be generated from the sale of FFB. Management considered the oil content of the unripe FFB and derived the assumption that the net cash flows to be generated from FFB prior to more than 15 days to harvest is negligible, therefore quantity of unripe FFB on bearer plant of up to 15 days prior to harvest was used for valuation purpose. The fair value measurement of the produce growing on bearer plants is determined by using the market approach, which takes into consideration the market price of FFB, adjusted for estimated oil content of unharvested FFB, less harvesting and transport cost.

The fair value measurement of the Group's biological assets is categorised within Level 3 of the fair value hierarchy (refer to Note 30.2 to the financial statements). There were no transfers between all 3 levels of the fair value hierarchy during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 11. TRADE RECEIVABLES

The currency profile of trade receivables is as follows:

	GROUP	
	2023 RM	2022 RM
Ringgit Malaysia	860,075	1,017,105
US Dollar	46,223,294	45,394,786
	<u>47,083,369</u>	<u>46,411,891</u>

The trade receivables are non-interest bearing and are generally on **30 to 120 days** (2022: 30 to 100 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

## 12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP	
	2023 RM	2022 RM
Other receivables	53,359	66,068
Deposits		
- Non-refundable	104,734	327,334
- Refundable	213,217	226,974
Prepayments	299,363	1,057,073
	<u>670,673</u>	<u>1,677,449</u>

The Group's non-refundable deposits represents deposit paid for the acquisition of plant and equipment by a subsidiary.

The currency profile of other receivables, deposits and prepayments is as follows:

	GROUP	
	2023 RM	2022 RM
Ringgit Malaysia	627,727	1,638,985
Singapore Dollar	42,946	38,464
	<u>670,673</u>	<u>1,677,449</u>



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 13. INVESTMENT SECURITIES

	GROUP AND COMPANY	
	2023 RM	2022 RM
Fair value through profit or loss:		
- Quoted shares	<u>193,190</u>	<u>198,890</u>

## 14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term funds with licensed financial institutions	27,419,577	41,312,737	27,419,577	41,312,737
Cash and bank balances	<u>3,096,660</u>	<u>8,769,833</u>	<u>279,268</u>	<u>620,164</u>
	<u>30,516,237</u>	<u>50,082,570</u>	<u>27,698,845</u>	<u>41,932,901</u>

The currency profile of cash and cash equivalents is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	29,548,307	35,470,851	27,684,526	33,986,508
US Dollar	957,774	14,588,374	14,319	7,946,393
Singapore Dollar	<u>10,156</u>	<u>23,345</u>	-	-
	<u>30,516,237</u>	<u>50,082,570</u>	<u>27,698,845</u>	<u>41,932,901</u>

The effective interest rate for the short-term investment with a licensed financial institution at the end of reporting range from **2.40% to 3.93%** (2022: 1.60% to 1.61%) per annum and can be redeemed at any time upon one (1) day prior notice given to the financial institution. The short-term investment represents investment in unit trusts. The unit trust invest majority of its funds in fixed income securities and money market instruments with maturity of less than 1 year.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 15. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2023	2022	2023 RM	2022 RM
<b>Issued and fully paid with no par value:</b>				
Balance at beginning	1,153,672,959	769,115,306	191,988,509	124,690,920
Issued, pursuant to rights issue	-	384,557,653	-	67,297,589
Balance at end	<u>1,153,672,959</u>	<u>1,153,672,959</u>	<u>191,988,509</u>	<u>191,988,509</u>

During the previous financial year, the Company increased its issued and fully paid-up ordinary share capital from RM124,690,920 to RM191,988,509 via issuance of 384,557,653 new ordinary shares pursuant to a renounceable rights issue exercise at an issue price of RM0.175 per ordinary shares on the basis of one (1) rights share for every two (2) existing shares held. The rights shares were listed and quoted on the ACE Market of Bursa Malaysia on 27 July 2021.

## 16. OTHER RESERVES

	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-distributable:</b>					
Capital reserve	16.1	28,002,381	28,002,381	-	-
Foreign currency translation reserves	16.2	4,112,440	1,821,469	-	-
ESS reserve	16.3	<u>2,262,847</u>	<u>1,417,226</u>	<u>2,262,847</u>	<u>1,417,226</u>
		<u>34,377,668</u>	<u>31,241,076</u>	<u>2,262,847</u>	<u>1,417,226</u>

### 16.1 Capital reserve

Capital reserve relates to fair value adjustment to the shares issued for the acquisition of subsidiaries.

### 16.2 Foreign currency translation reserve

The foreign currency translation reserve is in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 16. OTHER RESERVES (Cont'd)

### 16.3 Employees' share scheme ("ESS")

The ESS reserve represents the fair value of equity-settled shares/share options granted and accepted by eligible employees and directors of certain subsidiary. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the shares/share options and is reduced by the expiry or exercise of the shares/share options. The salient terms and key assumptions used in deriving the fair value of the ESS options are disclosed in Note 32 to the financial statements.

The movements of ESS reserve are as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance at beginning	1,417,226	-	1,417,226	-
Vested during the year	845,621	1,417,226	845,621	1,417,226
Balance at end	<u>2,262,847</u>	<u>1,417,226</u>	<u>2,262,847</u>	<u>1,417,226</u>

## 17. BORROWINGS

	GROUP	
	2023 RM	2022 RM
<b>Non-current liabilities</b>		
Hire purchase	-	71,127
<b>Current liabilities</b>		
Hire purchase	71,127	1,565,826
Total borrowings	<u>71,127</u>	<u>1,636,953</u>

The hire purchase are secured over the leased assets as disclosed in Note 4 to the financial statement.

A summary of the effective interest rates and the maturities of the hire purchase is as follows:

	Average effective interest rate per annum %	Total RM	Within 1 year RM	More than 1 years and less than 2 years RM
<b>2023</b>				
Hire purchase	3.40	71,127	71,127	-
<b>2022</b>				
Hire purchase	3.00 to 3.40	1,636,953	1,565,826	71,127

# NOTES TO THE FINANCIAL STATEMENTS

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## 18. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities during the year is as follows:

	Revaluation surplus RM	Biological assets RM	Others RM	Total RM
<b>GROUP</b>				
<b>2023</b>				
Balance at beginning	13,396,808	118,885	-	13,515,693
Recognised in profit or loss	(196,483)	(6,885)	309,204	105,836
Balance at end	13,200,325	112,000	309,204	13,621,529
<b>2022</b>				
Balance at beginning	13,593,291	88,670	91,189	13,773,150
Recognised in profit or loss	(196,483)	30,215	(91,189)	(257,457)
Balance at end	13,396,808	118,885	-	13,515,693
<b>COMPANY</b>				
<b>2023</b>				
Recognised in profit or loss/ Balance at end	-	-	311,737	311,737

## 19. TRADE PAYABLES

The currency profile of trade payables is as follows:

	GROUP	
	2023 RM	2022 RM
Ringgit Malaysia	646,272	1,128,166
US Dollar	2,800	5,766,724
	649,072	6,894,890

The trade payables are non-interest bearing and are normally on **7 to 90 days** (2022: 7 to 90 days) credit terms.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 20. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	399,440	2,113,564	15,496	37,378
Accruals	3,745,376	4,397,738	225,000	246,000
Refundable deposits	2,200	2,200	-	-
	<u>4,147,016</u>	<u>6,513,502</u>	<u>240,496</u>	<u>283,378</u>

The currency profile of other payables and accruals is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	3,554,938	6,270,626	240,496	283,378
Singapore Dollar	11,681	104,681	-	-
US Dollar	580,397	138,195	-	-
	<u>4,147,016</u>	<u>6,513,502</u>	<u>240,496</u>	<u>283,378</u>

## 21. REVENUE

### 21.1 Disaggregation of revenue information

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Type of goods or services:</b>				
Gross dividend income from a subsidiary	-	-	1,326,120	1,500,000
Dividend income from quoted shares	7,950	12,300	7,950	12,300
Sales of electronic component/ products	161,735,793	156,109,734	-	-
Sales of fresh fruit bunches	11,051,940	14,918,577	-	-
Total revenue from contracts with customers	<u>172,795,683</u>	<u>171,040,611</u>	<u>1,334,070</u>	<u>1,512,300</u>

Revenue information based on geographical location of customers are disclosed in Note 27 to the financial statements.

### 21.2 Timing of revenue recognition

Revenue is recognised at a point in time upon the satisfaction of performance obligations which is upon the delivery of goods to customers.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 21. REVENUE (Cont'd)

### 21.3 Performance obligation

The performance obligation of the Group and of the Company for each type of goods/services have been disclosed in Note 3.12 to the financial statements.

## 22. FINANCE INCOME

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income from:				
- amount due from a subsidiary	-	-	1,298,904	871,618
- third party financial institution	38,892	36,468	7,993	14,368
- short term funds	988,592	784,386	988,592	784,386
	<u>1,027,484</u>	<u>820,854</u>	<u>2,295,489</u>	<u>1,670,372</u>



# NOTES TO THE FINANCIAL STATEMENTS

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## 23. PROFIT BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Fees for statutory audit:				
Grant Thornton Malaysia PLT				
- current year	92,000	87,000	30,000	30,000
- over provision in prior year	-	(3,000)	-	-
Fees for assurance related service:				
Grant Thornton Malaysia PLT	10,000	48,181	10,000	-
Depreciation of property, plant and equipment	6,375,946	4,888,110	-	-
Depreciation of right-of-use assets	1,330,298	1,140,816	-	-
(i) Directors remuneration for non-executive directors	323,000	705,143	133,000	206,500
Expenses relating to low value assets	93,032	69,622	-	-
Expenses relating to small value assets	172,824	223,100	-	-
Fair value loss on investment securities	5,700	38,999	5,700	38,999
Fair value loss on biological assets	28,689	-	-	-
(ii) Interest expense	53,639	161,844	-	-
Inventories written off	2,155	3,974	-	-
Property, plant and equipment written off	35,068	25,056	-	-
Unrealised loss on foreign exchange	89,040	-	-	-
(iii) Staff costs	24,248,193	19,487,195	64,000	124,000
And crediting:				
Fair value gain on biological assets	-	36,729	-	-
Gain on disposal of property, plant and equipment	3,006	35,745	-	-
Interest income (included under other income):				
- Advance to subsidiaries	-	-	1,298,904	871,618
- Third party financial institution	38,893	22,410	7,993	14,368
Realised gain on foreign exchange	597,552	918,678	286,447	536,325
Rental income	14,400	13,300	-	-
Reversal of allowance for slow moving inventories	454	2,580	-	-
Reversal of expected credit losses on amount due from a subsidiary	-	-	-	6,637,929
Unwinding of discount on amount due from subsidiaries	-	-	2,083,805	3,547,845
Unrealised gain on foreign exchange	-	102,021	2,227,030	1,592,893



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 23. PROFIT BEFORE TAX (Cont'd)

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
(i) <b>Directors remuneration for non-executive directors:</b>				
- Directors' emoluments	8,000	407,143	8,000	8,500
- Directors' fee	315,000	298,000	125,000	198,000
	<u>323,000</u>	<u>705,143</u>	<u>133,000</u>	<u>206,500</u>
(ii) <b>Interest expense</b>				
- Bank overdrafts	150	486	-	-
- Finance lease liabilities	41,181	157,463	-	-
- Lease liability	12,222	689	-	-
- Others	86	3,206	-	-
	<u>53,639</u>	<u>161,844</u>	<u>-</u>	<u>-</u>
(iii) <b>Staff costs</b>				
- Fee, salaries, allowance, bonus and wages	21,438,764	16,458,113	64,000	124,000
- EPF	1,658,093	1,400,015	-	-
- SOCSO and EIS	305,715	211,841	-	-
- ESS	845,621	1,417,226	-	-
	<u>24,248,193</u>	<u>19,487,195</u>	<u>64,000</u>	<u>124,000</u>





# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 23. PROFIT BEFORE TAX (Cont'd)

### Directors' remunerations

Included in the staff costs of the Group and of the Company are executive directors' emoluments as shown below:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Executive directors of the Company:</b>				
- Salaries, bonus and allowance	1,634,000	1,376,506	4,000	4,000
- EPF	167,400	129,600	-	-
- ESS	350,416	564,916	-	-
	<b>2,151,816</b>	<b>2,071,022</b>	<b>4,000</b>	<b>4,000</b>
Directors' fee	60,000	170,000	60,000	120,000
	<b>2,211,816</b>	<b>2,241,022</b>	<b>64,000</b>	<b>124,000</b>
<b>Executive directors of subsidiaries:</b>				
- Salaries, bonus and allowance	547,535	368,397	-	-
- EPF	21,372	13,533	-	-
- ESS	83,962	133,246	-	-
	<b>652,869</b>	<b>515,176</b>	<b>-</b>	<b>-</b>
Director's fee	-	93,793	-	-
	<b>652,869</b>	<b>608,969</b>	<b>-</b>	<b>-</b>
<b>Total executive directors' remunerations</b>	<b>2,864,685</b>	<b>2,849,991</b>	<b>64,000</b>	<b>124,000</b>

The directors' remunerations can be further analysed as:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Present directors:</b>				
- Executive	2,864,685	2,849,991	64,000	124,000
- Non-executive	307,500	281,000	117,500	181,000
	<b>3,172,185</b>	<b>3,130,991</b>	<b>181,500</b>	<b>305,000</b>
<b>Past directors:</b>				
- Non-executive	15,500	424,143	15,500	25,500
	<b>3,187,685</b>	<b>3,555,134</b>	<b>197,000</b>	<b>330,500</b>

# NOTES TO THE FINANCIAL STATEMENTS

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## 24. TAXATION

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Malaysia income tax:				
Based on results for the financial year				
- Current tax	(371,544)	(1,006,745)	(10,000)	(25,000)
- Deferred tax				
Relating to origination and reversal of temporary differences	(309,204)	91,189	(311,737)	-
Crystallisation of revaluation reserve	196,483	196,483	-	-
Relating to fair value adjustment of biological asset	6,885	(30,215)	-	-
	<u>(105,836)</u>	<u>257,457</u>	<u>(311,737)</u>	<u>-</u>
	<b>(477,380)</b>	<b>(749,288)</b>	<b>(321,737)</b>	<b>(25,000)</b>
Over/(Under) provision of current tax in prior year	<u>106,626</u>	<u>10,650</u>	<u>19,848</u>	<u>(1,830)</u>
	<b>(370,754)</b>	<b>(738,638)</b>	<b>(301,889)</b>	<b>(26,830)</b>

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	<u>1,715,924</u>	<u>7,678,874</u>	<u>7,671,390</u>	<u>15,812,419</u>
Income tax at Malaysian statutory tax rate of 24%	(411,822)	(1,842,930)	(1,841,134)	(3,794,981)
Effects of different tax rate in foreign jurisdiction	84,697	139,591	-	-
Effect of tax incentive from special income remittance programme	-	146,865	-	146,865
Income not subject to tax	617,891	159,547	1,646,727	3,978,607
Expenses not deductible for tax purposes	(1,382,616)	(756,985)	(127,330)	(355,491)
Utilisation of unrecognised unabsorbed tax losses and unabsorbed capital and agricultural allowances	<u>614,470</u>	<u>1,404,624</u>	<u>-</u>	<u>-</u>
	<b>(477,380)</b>	<b>(749,288)</b>	<b>(321,737)</b>	<b>(25,000)</b>
Over/(Under) provision of current tax in prior year	<u>106,626</u>	<u>10,650</u>	<u>19,848</u>	<u>(1,830)</u>
	<b>(370,754)</b>	<b>(738,638)</b>	<b>(301,889)</b>	<b>(26,830)</b>

# NOTES TO THE FINANCIAL STATEMENTS

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## 24. TAXATION (Cont'd)

The deferred tax assets which have not been recognised are represented by net temporary differences arising from:

	GROUP	
	2023 RM	2022 RM
<b>Deferred tax recognised:</b>		
Property, plant and equipment	17,102,585	14,062,225
Unabsorbed capital and agricultural allowances	(8,454,081)	(7,527,773)
Unabsorbed reinvestment allowances	<u>(8,648,504)</u>	<u>(6,534,452)</u>
	-	-
<b>Deferred tax assets not recognised:</b>		
Unabsorbed tax losses	(14,363,542)	(14,363,542)
Unabsorbed reinvestment allowances	(6,472,827)	(8,633,190)
Others	<u>(889,228)</u>	<u>(1,289,154)</u>
	<u>(21,725,597)</u>	<u>(24,285,886)</u>

Deferred tax assets have not been recognised on the above temporary differences as it is not probable that taxable profit will be available in the foreseeable future to the extent that the above deductible temporary differences can be utilised.

The amount and future availability of unabsorbed tax losses and unabsorbed capital and agricultural allowances for which the related tax effects have not been accounted for at the end of the reporting period is as follows:

	GROUP	
	2023 RM	2022 RM
Unabsorbed tax losses	14,363,542	14,363,542
Unabsorbed capital and agricultural allowances	8,454,081	7,527,773
Unabsorbed reinvestment allowance	<u>15,167,642</u>	<u>15,167,642</u>

The unabsorbed tax losses can be utilised for ten (10) consecutive years of assessment ("YAs") immediately following that YA of which tax losses was incurred and this is effective from YA 2018. The unabsorbed reinvestment allowance can be utilised for seven (7) consecutive YAs from the expiry of the eligibility period of 15 years while the unabsorbed capital and agricultural allowances can be carried forward indefinitely.



# NOTES TO THE FINANCIAL STATEMENTS

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## 24. TAXATION (Cont'd)

The unabsorbed tax losses and unabsorbed reinvestment allowance will be disregarded in the following YA:

	GROUP	
	2023 RM	2022 RM
<b>Unabsorbed tax losses</b>		
YA 2030	9,870,304	9,870,304
YA 2031	2,199,900	2,199,900
YA 2032	2,293,338	2,293,338
	<u>14,363,542</u>	<u>14,363,542</u>
<b>Unabsorbed reinvestment allowance</b>		
YA 2027	<u>15,167,642</u>	<u>15,167,642</u>

## 25. EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2023	2022
Profit attributable to owners of the Company (RM)	<u>824,275</u>	<u>6,093,411</u>
Weighted average number of ordinary shares in issue	<u>1,153,672,959</u>	<u>1,125,226,229</u>
Basic earnings per share (sen)	<u>0.07</u>	<u>0.54</u>

### (b) Diluted earnings per share

The calculation of diluted earnings per share was based on profit attributable to owners of the Company and to the weighted average number of shares outstanding after adjusting the effects of all dilutive potential ordinary shares as follows:

	GROUP	
	2023	2022
Profit attributable to owners of the Company (RM)	<u>824,275</u>	<u>6,093,411</u>
Weighted average number of ordinary shares in issue	<u>1,153,672,959</u>	<u>1,125,226,229</u>
Adjustment for dilutive effects of ESS	<u>-</u>	<u>16,447,126</u>
Weighted average number of shares assumed to be issue at 30 June 2023	<u>1,153,672,959</u>	<u>1,141,673,355</u>
Diluted earnings per share (sen)	<u>0.07</u>	<u>0.53</u>

As at reporting period, the issued ESS and Warrants B 2021/2024 were anti-dilutive as the exercise price was higher than the prevailing mother share price.

# NOTES TO THE FINANCIAL STATEMENTS

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## 26. CAPITAL COMMITMENTS

	GROUP	
	2023 RM	2022 RM
Property, plant and equipment		
- Contracted but not provided for	<u>3,121,065</u>	<u>12,426,538</u>
Analysis of capital commitments:		
Buildings	498,457	1,749,153
Property and machinery	2,622,608	9,916,935
Air conditioners	-	220,450
Motor vehicles	-	540,000
	<u>3,121,065</u>	<u>12,426,538</u>

## 27. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments. The primary format and business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group is organised into business units based on their products and services, which comprise the following:

- (i) Manufacturing and assembling of electronics;
- (ii) Cultivation of oil palm;
- (iii) Wholesale, trading and dealing in all kinds of electronic product; and
- (iv) Others which consist of investment holding.

No other business segments have been aggregated to form the above reportable segments. Performance is reviewed by the Chief Operating Decision Maker ("CODM"), i.e the Group's executive directors, up to profit before tax (excluding interest expense and interest income) as management believes that such information is the most appropriate and relevant in evaluating and comparing the results of each segment against other entities that operate within these operating segments.

Segment assets and liabilities information excluding current tax positions, cash and cash equivalents and borrowings are included in the internal management reports by business segments for CODM's analysis on the financial position of each reportable business segment.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 27. SEGMENTAL INFORMATION (Cont'd)

### By business segments

2023	Manufacturing RM	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Note	Total RM
Revenue from external customers	41,379,944	11,051,940	120,355,849	7,950			172,795,683
Inter-segment revenue	-	-	-	1,326,120	(1,326,120)	A	-
<b>Total revenue</b>	<b>41,379,944</b>	<b>11,051,940</b>	<b>120,355,849</b>	<b>1,334,070</b>	<b>(1,326,120)</b>		<b>172,795,683</b>
<b>Segment results</b>	<b>452,298</b>	<b>945,691</b>	<b>2,519,972</b>	<b>5,364,236</b>	<b>(8,540,118)</b>		<b>742,079</b>
Interest expense							(53,639)
Interest income							1,027,484
Profit before tax							1,715,924
Taxation							(370,754)
<b>Profit for the financial year</b>							<b>1,345,170</b>
<b>Assets</b>							
Segment assets	69,095,163	68,621,098	42,947,367	179,592,198	(164,173,470)		196,082,356
Current tax assets							333,411
Cash and cash equivalents							30,516,237
<b>Total assets</b>							<b>226,932,004</b>
<b>Liabilities</b>							
Segment liabilities	50,157,936	16,562,362	42,554,549	8,706,133	(99,090,561)		18,890,419
Borrowings							71,127
Current tax liabilities							121,290
<b>Total liabilities</b>							<b>19,082,836</b>
<b>Other information</b>							
Capital expenditure	17,718,107	465,895	-	5,772,865	-	B	23,956,867
Depreciation							
- property, plant and equipment	5,394,799	981,147	-	-	-		6,375,946
- right-of-use assets	186,634	943,146	200,518	-	-		1,330,298
Other non-cash expenses/(income)	19,495	57,676	-	(2,221,330)	2,301,351	C	157,192

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 27. SEGMENTAL INFORMATION (Cont'd)

### By business segments

2022	Manufacturing RM	Plantation RM	Trading RM	Investment holding RM	Elimination RM	Note	Total RM
Revenue from external customers	36,246,679	14,918,577	119,863,055	12,300	-		171,040,611
Inter-segment revenue	-	-	-	2,371,618	(2,371,618)	A	-
Total revenue	36,246,679	14,918,577	119,863,055	2,383,918	(2,371,618)		171,040,611
Segment results	1,926,067	4,215,239	1,924,695	15,013,664	(16,037,702)		7,041,963
Interest expense							(161,844)
Interest income							1,742,399
Profit before tax							7,678,874
Taxation							(738,638)
Profit for the financial year							6,940,236
Assets							
Segment assets	62,538,369	70,190,554	38,152,575	150,878,468	(138,098,063)		183,661,903
Current tax assets							111,664
Cash and cash equivalents							50,082,570
Total assets							233,856,137
Liabilities							
Segment liabilities	40,924,263	18,830,968	42,170,489	2,352,758	(76,702,944)		27,575,534
Borrowings							1,636,953
Current tax liabilities							376,253
Total liabilities							29,588,740
Other information							
Capital expenditure	18,045,466	-	-	-	-	B	18,045,466
Depreciation							
- property, plant and equipment	3,855,225	1,032,885	-	-	-		4,888,110
- right-of-use assets	186,634	943,144	11,038	-	-		1,140,816
Other non-cash (income)/expenses	(13,281)	(61,754)	5,425	(1,553,894)	1,514,458	C	(109,046)

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 27. SEGMENTAL INFORMATION (Cont'd)

Notes to segment information:

A Inter-segment revenue are eliminated on consolidation.

B Additions to non-current assets consist of:

	2023 RM	2022 RM
Property, plant and equipment	19,904,646	18,045,466
Right-of-use asset	<u>4,052,221</u>	<u>662,144</u>

C Other material non-cash expenses/(income) consist of the following items:

	2023 RM	2022 RM
Fair value gain on biological assets	28,689	(36,729)
Fair value loss on investment securities	5,700	38,999
Gain on disposal of property, plant and equipment	(3,006)	(35,745)
Inventories written off	2,155	3,974
Property, plant and equipment written off	35,068	25,056
Reversal of allowance for slow moving inventories	(454)	(2,580)
Unrealised loss/(gain) on foreign exchange	<u>89,040</u>	<u>(102,021)</u>
	<u>157,192</u>	<u>(109,046)</u>

### By geographical segments

Revenue and non-current assets (excluding goodwill) information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2023 RM	2022 RM	2023 RM	2022 RM
Malaysia	13,772,109	16,509,551	134,119,854	117,707,175
Taiwan	38,667,725	34,537,002	-	-
Hong Kong	120,355,849	119,863,055	-	-
Singapore	-	41,705	450,588	651,106
Europe	-	89,298	-	-
	<u>172,795,683</u>	<u>171,040,611</u>	<u>134,570,442</u>	<u>118,358,281</u>



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 27. SEGMENTAL INFORMATION (Cont'd)

### Information about major customers

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

	Revenue		Segments
	2023 RM	2022 RM	
Customer A	40,838,349	35,355,942	Manufacturing
Customer B	120,355,849	20,488,163	Trading
Customer C	-	29,394,920	Trading
Customer D	-	46,835,922	Trading
	<u>161,194,198</u>	<u>132,074,947</u>	

## 28. RELATED PARTY DISCLOSURES

### (i) Identify related parties

The Group has related party relationship with its subsidiaries, key management personnel and the following party:

Related party	Relationship
Inventec Appliances Corp. ("IAC")	: A substantial shareholder of the Company

### (ii) Related party transactions

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Advances to subsidiaries	-	-	(10,686,178)	(37,552,726)
Amount due from a subsidiary:				
- reversal of impairment loss	-	-	-	6,637,929
Gross dividend income from a subsidiary	-	-	1,326,120	1,500,000
Interest income received from a subsidiary	-	-	1,298,904	871,618
Repayment from subsidiaries	-	-	2,123,707	14,898,381
Sales to IAC and its related company	<u>40,838,349</u>	<u>35,355,942</u>	<u>-</u>	<u>-</u>



# NOTES TO THE FINANCIAL STATEMENTS

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## 28. RELATED PARTY DISCLOSURES (Cont'd)

### (iii) Compensation of key management personnel

The Group and the Company have no other members of key management personnel apart from the Board of Directors which compensation has been disclosed in Note 23 to the financial statement.

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

## 29. FINANCIAL INSTRUMENTS

### 29.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as AC and FVTPL.

	Carrying amount RM	AC RM	FVTPL RM
<b>GROUP</b>			
<b>2023</b>			
<b>Financial assets</b>			
Trade receivables	47,083,369	47,083,369	-
Other receivables and refundable deposits	266,576	266,576	-
Investment securities	193,190	-	193,190
Cash and cash equivalents	30,516,237	30,516,237	-
	<u>78,059,372</u>	<u>77,866,182</u>	<u>193,190</u>
<b>Financial liabilities</b>			
Trade payables	649,072	649,072	-
Other payable and accruals	4,147,016	4,147,016	-
Borrowings	71,127	71,127	-
	<u>4,867,215</u>	<u>4,867,525</u>	<u>-</u>
<b>COMPANY</b>			
<b>Financial assets</b>			
Amount due from subsidiaries	96,969,871	96,969,871	-
Investment securities	193,190	-	193,190
Cash and cash equivalents	27,698,845	27,698,845	-
	<u>124,861,906</u>	<u>124,668,716</u>	<u>193,190</u>
<b>Financial liabilities</b>			
Other payable and accruals	240,496	240,496	-
Amount due to a subsidiary	2,369,380	2,369,380	-
	<u>2,609,876</u>	<u>2,609,876</u>	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 29. FINANCIAL INSTRUMENTS (Cont'd)

### 29.1 Categories of financial instruments (cont'd)

	Carrying amount RM	AC RM	FVTPL RM
GROUP			
2022			
Financial assets			
Trade receivables	46,411,891	46,411,891	-
Other receivables and refundable deposits	293,042	293,042	-
Investment securities	198,890	-	198,890
Cash and cash equivalents	50,082,570	50,082,570	-
	<u>96,986,393</u>	<u>96,787,503</u>	<u>198,890</u>
Financial liabilities			
Trade payables	6,894,890	6,894,890	-
Other payables and accruals	6,513,502	6,513,502	-
Borrowings	1,636,953	1,636,953	-
	<u>15,045,345</u>	<u>15,045,345</u>	<u>-</u>
COMPANY			
Financial assets			
Amount due from subsidiaries	74,882,252	74,882,252	-
Investment securities	198,890	-	198,890
Cash and cash equivalents	41,932,901	41,932,901	-
	<u>117,014,043</u>	<u>116,815,153</u>	<u>198,890</u>
Financial liabilities			
Other payables and accruals	283,378	283,378	-
Amount due to subsidiaries	2,069,380	2,069,380	-
	<u>2,352,758</u>	<u>2,352,758</u>	<u>-</u>

### 29.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency exchange risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.



## 29. FINANCIAL INSTRUMENTS (Cont'd)

### 29.3 Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

The Group's exposure to credit risk arises principally from its trade receivables whilst the Company's exposure to credit risk arises principally from advances to its subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to the subsidiaries.

#### 29.3.1 Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group extends to existing customers credit terms that range between **30 to 120 days** (2022: 30 to 100 days). In deciding whether credit terms shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

A majority of these trade receivables are regular customers that have been transacting with the Group and none of these customers' balances have been written off or are credit-impaired as at the end of the reporting period. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

The Group has concentration of credit risk on **1 customer** (2022: 1 customer) which represent 90% (2022: 97%) of total trade receivables.

The exposure of credit risk for trade receivables as at the end of the reporting period is as follows:

	2023 RM	2022 RM
<b>By geographical region:</b>		
Malaysia	4,629,536	8,948,890
Hong Kong	42,453,833	37,463,001
	<u>47,083,369</u>	<u>46,411,891</u>

	2023		2022	
	RM	% of total	RM	% of total
<b>By industry segments:</b>				
- Trading	42,453,833	90.2	37,463,001	80.7
- Manufacturing	3,881,146	8.2	7,962,341	17.2
- Plantations	748,390	1.6	986,549	2.1
	<u>47,083,369</u>	<u>100.0</u>	<u>46,411,891</u>	<u>100.0</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 29. FINANCIAL INSTRUMENTS (Cont'd)

### 29.3 Credit risk (cont'd)

#### 29.3.1 Trade receivables (cont'd)

The Group assesses ECL on trade receivables based on a provision matrix, the expected loss rates are based on the payment profile for sales in the past as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomics factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. The Group's ECL allowance computed using provision matrix is not material thus was not provided for.

The ageing analysis of trade receivables of the Group as at the end of the reporting period is as follows:

	2023 RM	2022 RM
Not past due	47,041,666	46,294,349
1 to 30 days past due	41,703	84,306
More 30 days past due	-	33,236
	41,703	117,542
	47,083,369	46,411,891

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to **RM41,703** (2022: RM117,542) that are past due as at the end of the reporting period but not impaired as the management is of the view that these past due amounts will be collected in due course.

#### 29.3.2 Intercompany balances

The Company provides advances to its subsidiaries and monitors the result of the subsidiaries regularly.

The maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

#### 29.3.3 Financial guarantees

The Company provides unsecured corporate guarantees to financial institutions in respect of credit facilities granted to its subsidiary up to a limit of **RM2,000,000** (2022: RM2,000,000) of which none of the said credit facilities have been utilised as at the end of the reporting period.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 29. FINANCIAL INSTRUMENTS (Cont'd)

### 29.4 Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met.

As part of its overall prudent liquidity management, the Group and the Company maintain sufficient level of cash and cash equivalents to meet its working capital requirements.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
<b>GROUP</b>					
<b>2023</b>					
Trade payables	649,072	649,072	649,072	-	-
Other payables and accruals	4,147,016	4,147,016	4,147,016	-	-
Interest bearing borrowings	71,127	72,185	72,185	-	-
Lease liabilities	472,802	483,120	247,754	235,366	-
Total undiscounted financial liabilities	5,340,017	5,351,393	5,116,027	235,366	-
<b>2022</b>					
Trade payables	6,894,890	6,894,890	6,894,890	-	-
Other payables and accruals	6,513,502	6,513,502	6,513,502	-	-
Interest bearing borrowings	1,636,953	1,679,192	1,607,007	72,185	-
Lease liabilities	651,449	673,243	228,218	228,218	216,807
Total undiscounted financial liabilities	15,696,794	15,760,827	15,243,617	300,403	216,807

# NOTES TO THE FINANCIAL STATEMENTS

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## 29. FINANCIAL INSTRUMENTS (Cont'd)

### 29.4 Liquidity risk

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM
<b>COMPANY</b>			
<b>2023</b>			
Other payables and accruals	240,496	240,496	240,496
Amount due to subsidiaries	2,369,380	2,369,380	2,369,380
Total undiscounted financial liabilities	<u>2,609,876</u>	<u>2,609,876</u>	<u>2,609,876</u>
<b>2022</b>			
Other payables and accruals	283,378	283,378	283,378
Amount due to subsidiaries	2,069,380	2,069,380	2,069,380
Total undiscounted financial liabilities	<u>2,352,758</u>	<u>2,352,758</u>	<u>2,352,758</u>

### 29.5 Interest rate risk

The Group's and the Company's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Fixed rate instruments</b>				
Financial assets	27,419,577	41,312,737	66,124,952	77,458,337
Financial liabilities	<u>71,127</u>	<u>1,636,953</u>	<u>-</u>	<u>-</u>

#### Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

## 29. FINANCIAL INSTRUMENTS (Cont'd)

### 29.6 Foreign currency risk

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in currencies other than the functional currency of the Group entities. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies principally giving rise to the risk are US Dollar ("USD") and Singapore Dollar ("SGD").

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax. A 10% strengthening of RM against the following currencies at the end of the reporting period would have decreased or increased profit before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect.

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
USD	4,381,358	5,407,824	4,150,399	4,413,046
SGD	4,142	(4,287)	-	-
Decrease in profit before tax	<u>4,385,500</u>	<u>5,403,537</u>	<u>4,150,399</u>	<u>4,413,046</u>
Decrease in equity	<u>3,332,980</u>	<u>4,106,688</u>	<u>3,154,303</u>	<u>3,353,915</u>

## 30. FAIR VALUE MEASUREMENT

### 30.1 Fair value measurement of financial instruments

The carrying amounts of financial assets and financial liabilities (other than those disclosed below) of the Group and of the Company as at the end of the reporting period approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. The carrying amounts of the non-current portion of hire purchase are reasonable approximation of fair values due to the insignificant impact of discounting.

The table below analyses financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable (refer to Note 2.2 to the financial statements for definition of Level 1 to 3 fair value hierarchy).



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 30. FAIR VALUE MEASUREMENT (Cont'd)

### 30.1 Fair value measurement of financial instruments (cont'd)

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
<b>GROUP</b>					
<b>2023</b>					
<b>Financial asset</b>					
Quoted shares	193,190	-	-	193,190	193,190
<b>2022</b>					
<b>Financial asset</b>					
Quoted shares	198,890	-	-	198,890	198,890

### 30.2 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
<b>GROUP</b>					
<b>2023</b>					
<b>Non-financial asset</b>					
Biological assets	-	-	377,499	377,499	377,499
<b>2022</b>					
<b>Non-financial asset</b>					
Biological assets	-	-	406,188	406,188	406,188

The amount included in profit or loss of the Group for fair value gain or loss on level 3 assets are disclosed in Note 23 to the financial statements.

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between all 3 levels during the financial year.

#### Fair value measurement

##### Quoted shares

Fair value of the quoted shares is determined by reference to published price quoted in an active market.

##### Biological assets

The valuation techniques used in the determination of fair value of biological assets have been disclosed in Note 10 to the financial statements.



## 31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

The capital structure of the Group consists of equity attributable to owners of the Company, excluding reserves, details of which are disclosed in Note 15 and Note 16 to the financial statements.

As at the end of the reporting period, the Group has not breached any of the debt covenants imposed by its lenders.

## 32. EMPLOYEES' SHARE SCHEME ("ESS")

The Company's ESS is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on 19 May 2021. The ESS comprises of ESS Share and ESS Option for eligible directors and employees of the Group and will be in force for a period of five (5) years commencing from 16 July 2021 and will expire on 15 July 2025.

The salient features of the ESS are as follows:

- (i) The total number of new ordinary shares which are available to be issued under the ESS shall not exceed 15% of the total issued and fully paid-up share capital of the Company (excluding treasury shares) at any time throughout the duration of the ESS.
- (ii) Any employee or director of any company comprised in the Group shall be eligible to participate in the ESS if, as at the date of offer, the employee is at least eighteen (18) years of age or above; and is employed on a continuous full-time basis and must be a confirmed employee.
- (iii) The director and senior management of the Group shall not participate in the deliberation or discussion of their respective allocation.
- (iv) The new ordinary shares of the Company allocated to the directors and senior management of the Company and of its subsidiaries shall not exceed 80% of the total number of new ordinary shares to be issued under the ESS.
- (v) The new ordinary shares of the Company allocated to a director of the Company and of its subsidiaries shall not exceed 10% of the total number of new ordinary shares to be issued under the ESS.
- (vi) The number of new ordinary shares of the Company allocated to any employee or director ("Eligible Persons") of the Group, either singly or collectively through persons connected with such Eligible Persons who holds 20% or more of the issued and paid-up share capital of the Company (excluding any treasury shares) does not exceed 10% of the total number of new ordinary shares to be issued under the ESS.
- (vii) The option price shall be determined at a discount of not more than 10% from the weighted average market quotation of the Company's shares as quoted on the ACE Market of Bursa Malaysia for the five (5) market days immediately preceding the date of the offer.
- (viii) The shares under options shall remain unissued until the options are exercised and shall, on allotment, rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the options.
- (ix) The Board of Directors has the absolute discretion, without the approval of the Company's shareholders in the general meeting to extend the duration of the ESS for up to a further five (5) years.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023



## 32. EMPLOYEES' SHARE SCHEME ("ESS") (Cont'd)

The movements of ESS options and ESS shares during the financial year are as follows:

Offer date	Exercise price RM	Number of ESS options			Balance at 30.6.2023
		Balance at 1.7.2022	Granted	Exercised	
27.7.2021	0.225	42,754,900	-	-	42,754,900

Offer date	Number of ESS shares			Balance at 30.6.2023
	Balance at 1.7.22	Granted	Exercised	
27.7.2021	1,479,800	-	-	1,479,800

The fair value of the share options granted was estimated at the grant date using Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted.

The following table are inputs relevant in deriving the fair value of the share options:

Weighted average share price (RM)	0.235
Weighted average exercise price (RM)	0.225
Expected volatility (%)	30.00
Risk-free interest rate (% p.a.)	2.547
Dividend yield (%)	Nil
Expected life of option (years)	4.00

The ESS options and ESS shares have a vesting condition of 25% of the options/shares for each calendar year.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

## 33. WARRANTS B 2021/2024

The salient features of the Warrants B 2021/2024 (“Warrants”) are as follows:

Terms	Details
Form	The Warrants will be issue in registered form and constituted by the Deed Poll.
Expiry date	Three (3) years from the date of issuance of the Warrants.
Exercise price	RM0.30 payable upon exercise of each Warrant.
Exercise period	The Warrants may be exercised at any time within the period commencing the date of issue of the Warrants and will be expiring on 5 December 2024. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Exercise rights	Each Warrants carries the entitlement, at any time during the Exercise Period, to subscribe for one (1) new ordinary share in the Company at the Exercise Price.
Governing law	Laws and regulations of Malaysia.
Participating rights	The Warrant holders are not entitled to vote in any general meetings of the Company or participation in any form of distribution other than on winding-up, compromise or arrangement of Company and/or in any offer of further securities in the Company until and unless the Warrant holder becomes a shareholder of Company by exercising his/her Warrants into new Company’s shares or unless otherwise resolved by Company in a general meeting.
Ranking of new Company’s shares	The new Company’s shares to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing Company’s shares, save and except that the new Company’s shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions, that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new Company’s shares.

During the financial year, no Warrants were exercised. As at 30 June 2023, there was a total of 346,101,878 unexercised warrants.



# NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN THAT the Twenty-First (“21<sup>st</sup>”) Annual General Meeting of the Company will be held at Conference Room, O&G Hotel, 1-L1-5 and 1-L1-6, Jalan Wawasan 4, Taman Wawasan Jaya, 34200 Parit Buntar, Perak on Wednesday, 29 November 2023 at 10.30 a.m. for the following purposes:-

## AGENDA

### AS ORDINARY BUSINESS :

- |  |  |
|--|--|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon.                         | <b>Please refer to the Explanatory Notes</b> |
| 2. To approve the payment of Directors’ fees and Directors’ benefits of RM387,000.00 for the financial year ended 30 June 2023.  | <b>Ordinary Resolution 1</b>                 |
| 3. To re-elect Mr. Lim Chiow Hoo as a Director who retires in accordance with Article 95 of the Company’s Constitution.  | <b>Ordinary Resolution 2</b>                 |
| 4. To re-elect Mr. Lim Ee Tatt as a Director who retires in accordance with Article 95 of the Company’s Constitution.  | <b>Ordinary Resolution 3</b>                 |
| 5. To re-elect Mr. Yap Ee Seong as a Director who retires in accordance with Article 102 of the Company’s Constitution.  | <b>Ordinary Resolution 4</b>                 |
| 6. To re-elect Ms. Yau Khai Ling as a Director who retires in accordance with Article 102 of the Company’s Constitution.   | <b>Ordinary Resolution 5</b>                 |
| 7. To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | <b>Ordinary Resolution 6</b>                 |

### AS SPECIAL BUSINESS :

To consider and if thought fit, to pass with or without modifications the following resolutions:-

#### 8. ORDINARY RESOLUTION

##### AUTHORITY TO ISSUE SHARES

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (the “Act”), ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”)(“**Listing Requirements**”) and/or the approvals of the relevant regulatory authorities, where required, the Directors be and are hereby empowered to issue and allot shares in the Company, at such time and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT the existing shareholders of the Company hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company pursuant to Section 85 of the Act read together with Article 57 of the Constitution of the Company arising from any issuance of new shares of the Company pursuant to Sections 75 and 76 of the Act.”

**Ordinary Resolution 7**

# NOTICE OF ANNUAL GENERAL MEETING

## 9. ORDINARY RESOLUTION

### PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

"THAT subject always to the Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries ("**Scope Group**") to enter into and give effect to specific recurrent related party transactions of a revenue or trading nature of Scope Group with specified classes of Related Parties (as defined in the Listing Requirements of Bursa Securities) as set out in Section 2.4 of the Circular to Shareholders dated 31 October 2023, which are necessary for the day-to-day operations of Scope Group provided that transactions are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public as well as are not detrimental to the minority shareholders of the Company and such approval, shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time the mandate will lapse, unless the mandate is renewed by a resolution passed at that meeting;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier.

AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

**Ordinary  
Resolution 8**

10. To transact any other business of which due notices shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

**CHEE WAI HONG (BC/C/1470)**  
**SSM PC No. 202008001804**  
**TAN SHE CHIA (MAICSA 7055087)**  
**SSM PC No. 202008001923**  
Company Secretaries

Penang

Date : 31 October 2023

# NOTICE OF ANNUAL GENERAL MEETING



## Notes :

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company at No. 48, Jalan Chow Thye, 10050 George Town, Pulau Pinang not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Any authority pursuant to such appointment is made by a power of attorney must be deposited at the the Registered Office of the Company at No. 48, Jalan Chow Thye, 10050 George Town, Pulau Pinang not less than 48 hours before the time of holding the meeting.
7. For a corporate member who has appointed an authorised representative, please deposit the original/duly signed certificate of appointment of authorised representative at the Registered Office of the Company at No. 48, Jalan Chow Thye, 10050 George Town, Pulau Pinang.
8. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
9. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
10. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to the Article 69 of the Company's Constitution and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at 22 November 2023 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
11. All the resolutions as set out in this notice of Annual General Meeting will be put to vote by poll.

## Explanatory Notes on Ordinary Business

### Item 1 of the Agenda

#### To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon

The item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

### Ordinary Resolutions 2, 3, 4, 5 – Re-election of Directors

The following Directors are standing for re-election as Directors of the Company pursuant to Article 95 and Article 102 of the Company's Constitution respectively at the Twenty-First Annual General Meeting of the Company and being eligible have offered themselves for re-election in accordance with the Company's Constitution:-

- a) Mr. Lim Chiow Hoo (Article 95)
  - b) Mr. Lim Ee Tatt (Article 95)
  - c) Mr. Yap Ee Seong (Article 102)
  - d) Ms. Yau Khai Ling (Article 102)
- (collectively referred to as "**Retiring Directors**")

The Board has through the Nomination Committee ("**NC**") carried out the necessary assessment of the Retiring Directors and concluded that the Retiring Directors met the criteria as prescribed under Fit and Proper Policy of the Company on character, experience, integrity, competence and time commitment to effectively discharge their role as Directors.

The Board has also through the NC carried out assessment on the independence of the Independent Non-Executive Directors ("**INEDs**") and is satisfied with the independence and performance of the INEDs.

The Board has endorsed the NC's recommendation to seek shareholders' approval for the re-election of the Retiring Directors. The details and profiles of the Retiring Directors are provided in the Profile of Directors of the Annual Report 2023.



# NOTICE OF ANNUAL GENERAL MEETING

## **Explanatory Notes on Special Business**

### **Ordinary Resolution 7 – Authority to issue shares**

#### **Renewal of authority to allot and issue shares pursuant to Sections 75 and Section 76 of the Companies Act 2016**

The proposed Ordinary Resolution 7, if passed, primarily to renew the mandate to give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this Notice, the Company has not issued any new shares pursuant to the general authority granted to the Directors at the Twentieth Annual General Meeting held on 29 November 2022 and which will lapse at the conclusion of the 21<sup>st</sup> Annual General Meeting to be held on 29 November 2023.

A renewal of this authority is being sought at the 21<sup>st</sup> Annual General Meeting under proposed Ordinary Resolution 7.

The renewal mandate if granted will provide flexibility to the Company for the allotment of shares for the purpose of fund raising activities including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Pursuant to Section 85 of the Companies Act 2016 read together with Article 57 of the Constitution of the Company, the shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company.

The proposed Ordinary Resolution 7, if passed, would allow the Directors to issue new shares to any person under the said mandate without having to offer the new shares in the Company to be issued equally to all existing shareholders of the Company prior to issuance.

### **Ordinary Resolution 8 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature**

The proposed Ordinary Resolution 8, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties which are necessary for the Group's day-to-day operations and are in the ordinary course of business which carried out on an arm's length basis based on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. The details of the proposal are set out in the Circular to Shareholders dated 31 October 2023.

### **PERSONAL DATA POLICY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with the Rule 6.04(3) of the Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 7 as stated in the Notice of Annual General Meeting of the Company for the details.

# LIST OF PROPERTIES

Registered Owner / Location	Date of Acquisition	Description	Tenure	Age of building (Years)	Land Area	Built up Area	Existing Use	Audited Net Carrying Amount as at 30 June 2023 RM
1 Scope Manufacturers (M) Sdn Bhd HS(D) 8228 PT 4149, Lot 6181 Jalan Perusahaan 2 Kawasan Perindustrian Parit Buntar 34200 Parit Buntar Perak, Malaysia	27.02.1998	Industrial Land & Building	Leasehold for 60 years (expiring on 16.02.2049)	22	65,340 Sq. ft	79,200 Sq. ft	Double storey factory and office for use as factory and office.	6,426,012
2 Scope Manufacturers (M) Sdn Bhd HS(D) 2841 PT 1803, Lot 10123 Jalan Perusahaan 2 Kawasan Perindustrian Parit Buntar 34200 Parit Buntar Perak, Malaysia	14.11.2002	Industrial Land & Building	Leasehold for 60 years (expiring on 13.03.2039)	16	87,120 Sq. ft	66,000 Sq. ft	Double storey office with annexed single storey factory building for use as office and factory	4,641,896
3 Scope Manufacturers (M) Sdn Bhd PN 343873, Lot 11455 Jalan Perusahaan 3 Kawasan Perindustrian Parit Buntar 34200 Parit Buntar Perak, Malaysia	12.01.2021	Industrial Land	Leasehold for 60 years (expiring on 16.02.2049)	N/A	2.5 acres	N/A	Construction in progress for manufacturing plant	3,310,018 (for land portion) 15,973,737 (Capital expenditure in progress)
4 Scope Manufacturers (M) Sdn Bhd PN 160492, Lot 10124 (Previously known as H.S.(D) 2842) Mukim Parit Buntar Daerah Kerian Perak, Malaysia	03.03.2023	Industrial Land	Leasehold for 60 years (expiring on 13.03.2039)	N/A	87,145 Sq. ft	N/A	Warehousing	4,052,221
5 Pioneer Glow Sdn Bhd Title No. CL 095331801 District of Kinabatangan (Tongod) Locality of Sungai Milian Sabah	19.7.2012	Plantation land	Leasehold for 99 years (expiring on 31.12.2094)	N/A	3,496.47 acres	N/A	Plantation land	35,533,330

# LIST OF PROPERTIES



Registered Owner / Location	Date of Acquisition	Description	Tenure	Age of building (Years)	Land Area	Built up Area	Existing Use	Audited Net Carrying Amount as at 30 June 2023 RM
6 Pioneer Glow Sdn Bhd Title No. CL 095331801 District of Kinabatangan (Tongod) Locality of Sungai Milian Sabah	19.7.2012	Estate building	Leasehold for 99 years (expiring on 31.12.2094)	N/A	N/A	N/A	Estate office, warehouse, workshop and labour quarters	122,776
7 Benua Mutiara Sdn Bhd Title No. CL 095311167 District of Kinabatangan Locality of Segaliud-Lokan Off KM 83 Sandakan-Lahad Datu Highway Sabah	20.6.2013	Plantation land	Leasehold for 99 years (expiring on 31.12.2079)	N/A	793.2 acres	N/A	Plantation land	22,157,811
8 Scope Realty Sdn Bhd GM 1645, Lot 7410 GM 1646, Lot 7411 GM 1647, Lot 7412 and GM 1648, Lot 7413 Mukim Parit Buntar Daerah Kerian Perak, Malaysia	31.10.2022	Vacant land	Freehold	N/A	7.45 acres	N/A	Vacant	5,772,866
								97,990,667

# ANALYSIS OF SHAREHOLDINGS

AS AT 2 OCTOBER 2023

- A. Class of Shares : Ordinary Shares  
Voting Rights : On show of hands – One vote for one person  
On a poll – One vote for one ordinary share

## B. ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of holdings	No. of holders	%	No. of shares	%
1 – 99	68	0.88	2,738	0.00
100 – 1,000	467	6.07	315,426	0.03
1,001 – 10,000	2,158	28.06	14,462,576	1.25
10,001 – 100,000	3,825	49.73	156,843,200	13.60
100,001 – 57,683,647(*)	1,171	15.22	735,082,719	63.72
57,683,648 and above (**)	3	0.04	246,966,300	21.41
Total	7,692	100.00	1,153,672,959	100.00

Remark : \* - Less than 5% of Issued Holdings  
\*\* - 5% and above of Issued Holdings

## C. SUBSTANTIAL SHAREHOLDERS

Name	Number of Ordinary Shares			
	Direct	%	Indirect	%
Lim Chiow Hoo	72,113,100	6.25	-	-
Lee Min Huat	92,098,800	7.98	-	-
Wah Len Enterprise Sdn Bhd	98,412,600	8.53	-	-
Dato' Lim Chee Wah	-	-	98,412,600*	8.53
Lim Ee Tatt	4,519,500	0.39	98,412,600*	8.53
Lim Ee Keong	-	-	98,412,600*	8.53
Lim Saw Khim	-	-	98,412,600*	8.53
Inventec Appliances Corp.	84,444,400	7.32	-	-
Inventec Corporation	-	-	84,444,400^	7.32

Notes:

\* Deemed interested in the shares held by Wah Len Enterprise Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

^ Deemed interest through its wholly-owned subsidiary, Inventec Appliances Corp.

# ANALYSIS OF SHAREHOLDINGS

AS AT 2 OCTOBER 2023



## D. DIRECTORS' SHAREHOLDINGS

Name	Number of Ordinary Shares			
	Direct	%	Indirect	%
Lim Chiow Hoo	72,113,100	6.25	-	-
Lee Min Huat	92,098,800	7.98	-	-
Lim Ee Tatt	4,519,500	0.39	98,412,600*	8.53
Hsu, Ching-Chen	-	-	-	-
Law Kim Fatt	-	-	-	-
Yap Ee Seong	-	-	-	-
Yau Khai Ling	-	-	-	-

Notes:

\* Deemed interested in the shares held by Wah Len Enterprise Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

## E. THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	% of total issued shares
1. Wah Len Enterprise Sdn Bhd	98,412,600	8.53%
2. Inventec Appliances Corp	84,444,400	7.32%
3. Lee Min Huat	64,109,300	5.56%
4. Lim Chiow Hoo	48,063,100	4.17%
5. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An for Standard Chartered Bank Singapore Branch (BJSSSGBR-CL FR)</i>	35,162,700	3.05%
6. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Min Huat (7005950)</i>	27,989,500	2.43%
7. Lim Chiow Hoo	24,050,000	2.08%
8. Lee Tack Chong	15,548,440	1.35%
9. Agriculturists Incorporated Development Sdn Bhd	14,950,074	1.30%
10. CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tay Hock Soon (MY1055)</i>	12,500,000	1.08%
11. Teoh Kee Peng	8,020,000	0.70%
12. Ang Ee Zhuan	7,111,100	0.62%
13. Tang Boon Hiap	6,500,000	0.56%
14. Tan Ai Fung	6,330,000	0.55%
15. Fontern Holdings (M) Sdn Bhd	5,000,000	0.43%
16. Lee Chong Chat	4,800,000	0.42%
17. Lim Ee Tatt	4,519,500	0.39%
18. Tay Hock Soon	4,500,200	0.39%



# ANALYSIS OF SHAREHOLDINGS

AS AT 2 OCTOBER 2023

## E. THIRTY LARGEST SHAREHOLDERS (Cont'd)

Name of Shareholders	No. of Shares	% of total issued shares
19. Lee Sep Pian	4,417,500	0.38%
20. Tay Hock Soon	4,100,000	0.36%
21. Lee Meow Lim @ Lee Meow Yee	4,014,500	0.35%
22. Phillip Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lin Chee Seng</i>	4,000,000	0.35%
23. Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Cha Chin Hong (E-PPG)</i>	3,958,000	0.34%
24. Ong Kar Fatt	3,700,000	0.32%
25. Lee Chong Loo	3,620,500	0.31%
26. Getaria Realty Sdn Bhd	3,600,000	0.31%
27. Ong Chuan Wooi	3,500,000	0.30%
28. Gan Sook Peng	3,492,300	0.30%
29. Siew Lee Ying @ Siew Lee Yong	3,484,865	0.30%
30. Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Doh Jee Ming</i>	3,476,200	0.30%



# ANALYSIS OF WARRANT HOLDINGS

AS AT 2 OCTOBER 2023



- A.** Number of outstanding Warrants B 2021/2024 (“Warrants”) : 346,101,878  
 Exercise Price Per Warrant : RM0.30 each

**B. ANALYSIS BY SIZE OF WARRANT HOLDINGS**

Size of holdings	No. of holders	%	No. of Warrants	%
1 – 99	616	12.10	27,663	0.01
100 – 1,000	681	13.37	335,906	0.10
1,001 – 10,000	2,124	41.71	8,993,255	2.60
10,001 – 100,000	1,254	24.63	44,342,455	12.81
100,001 – 17,305,093 (*)	414	8.13	218,312,709	63.08
17,305,094 and above (**)	3	0.06	74,089,890	21.41
<b>Total</b>	<b>5,092</b>	<b>100.00</b>	<b>346,101,878</b>	<b>100.00</b>

Remark : \* - Less than 5% of Issued Holdings  
 \*\* - 5% and above of Issued Holdings

**C. DIRECTORS’ WARRANT HOLDINGS**

Name	Number of Warrants			
	Direct	%	Indirect	%
Lim Chiow Hoo	14,118,930	4.08	-	-
Lee Min Huat	27,629,640	7.98	-	-
Lim Ee Tatt	1,355,850	0.39	29,523,780*	8.53
Hsu, Ching-Chen	-	-	-	-
Law Kim Fatt	-	-	-	-
Yap Ee Seong	-	-	-	-
Yau Khai Ling	-	-	-	-

Notes:

- \* Deemed interested in the warrants held by Wah Len Enterprise Sdn Bhd pursuant to Section 8 of the Companies Act 2016



# ANALYSIS OF WARRANT HOLDINGS

AS AT 2 OCTOBER 2023

## D. THIRTY LARGEST WARRANT HOLDERS

Name of Warrant holders	No. of Warrants	% of total issued Warrants
1. Wah Len Enterprise Sdn Bhd	29,523,780	8.53%
2. Inventec Appliances Corp	25,333,320	7.32%
3. Lee Min Huat	19,232,790	5.56%
4. Lim Chiow Hoo	14,118,930	4.08%
5. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An for Standard Chartered Bank Singapore Branch (BJSSSGBR-CL FR)</i>	10,548,810	3.05%
6. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Min Huat (7005950)</i>	8,396,850	2.43%
7. Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Cha Chin Hong (E-PPG)</i>	5,575,100	1.61%
8. Lee Tack Chong	4,664,532	1.35%
9. Agriculturists Incorporated Development Sdn Bhd	4,330,022	1.25%
10. Ong Kar Fatt	4,000,000	1.16%
11. Soo Yoke Mun	3,538,300	1.02%
12. Lee Chong Loo	3,100,000	0.90%
13. AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - Ambank (M) Berhad for Yee Wei Meng (SMART)</i>	2,715,396	0.79%
14. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Thung Kee (7000418)</i>	2,600,000	0.75%
15. Tan Kheak Geai	2,500,000	0.72%
16. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ang Kiat Siong (6000791)</i>	2,451,600	0.71%
17. Maybank Nominees (Tempatan) Sdn Bhd <i>Khoo Boo Wui</i>	2,330,000	0.67%
18. Khoo Boo Wui	2,128,700	0.62%
19. Chia Tee Peng	2,050,000	0.59%
20. Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Goh Chin Ewe (E-BMM)</i>	2,000,000	0.58%
21. Chai Chi Ling	1,800,000	0.52%
22. Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Soo Yoke Mun</i>	1,700,000	0.49%
23. CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Yee Kan (A KEROH-CL)</i>	1,648,300	0.48%
24. Chong Kim Choon	1,595,000	0.46%
25. Lim Chee Hong	1,580,000	0.46%
26. Lim Yau Chong	1,500,000	0.43%
27. CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Oon Min Hoon (MY2593)</i>	1,488,000	0.43%
28. Muhammad Ashraf Bin Muhammad Amir	1,450,000	0.42%
29. Lionel Koh Kok Peng	1,421,200	0.41%
30. Thaw Chee Hou	1,400,000	0.40%



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## Proxy Form

<b>CDS ACCOUNT NO.</b>																				
<b>NO. OF SHARES HELD</b>																				
<b>TELEPHONE NO.</b>																				
<b>EMAIL ADDRESS</b>																				

**SCOPE**  
**SCOPE INDUSTRIES BERHAD**  
 [Registration No.: 200201023713 (591376-D)]  
 (Incorporated in Malaysia)

\*I / We.....  
 (Full Name in Block Letters)

(NRIC No./Passport No./Registration No .....)

of .....  
 (Full Address)

being a \*member/members of **Scope Industries Berhad** hereby appoint

<b>Name of Proxy</b>	<b>NRIC No./Passport No.</b>	<b>Proportion of Shareholdings Represented</b>	
		<b>No. of Shares</b>	<b>%</b>
<b>Address</b>			
<b>E-mail</b>	<b>Contact No.</b>		

\* and

<b>Name of Proxy</b>	<b>NRIC No./Passport No.</b>	<b>Proportion of Shareholdings Represented</b>	
		<b>No. of Shares</b>	<b>%</b>
<b>Address</b>			
<b>E-mail</b>	<b>Contact No.</b>		

to attend and vote for \*me/ us and on \*my/ our behalf at the Twenty-First Annual General Meeting of the Company to be held at Conference Room, O&G Hotel, 1-L1-5 and 1-L1-6, Jalan Wawasan 4, Taman Wawasan Jaya, 34200 Parit Buntar, Perak on Wednesday, 29 November 2023 at 10:30 a.m., and at any adjournment thereof to vote as indicated below:

No. of Resolution	Resolutions	For	Against
Ordinary Resolution 1	Approval of payment of Directors' fees and Directors' benefits for the financial year ended 30 June 2023		
Ordinary Resolution 2	Re-election of Mr. Lim Chiow Hoo as Director		
Ordinary Resolution 3	Re-election of Mr. Lim Ee Tatt as Director		
Ordinary Resolution 4	Re-election of Mr. Yap Ee Seong as Director		
Ordinary Resolution 5	Re-election of Ms. Yau Khai Ling as Director		
Ordinary Resolution 6	Re-appointment of Messrs Grant Thornton Malaysia PLT as Auditors and to authorise the Directors to fix Auditor's remuneration		
Ordinary Resolution 7	Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to issue shares		
Ordinary Resolution 8	Proposed Renewal of Shareholders' Mandate for the Recurrent Related Party Transactions of a revenue or trading nature		

(Please indicate with an "X" in the spaces provided above to how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/ her discretion)

In case of a vote taken by a show of hands, the First Proxy shall vote on \*my/ our behalf.

As witness my hand this ..... day of ..... 2023.

.....  
 Signature of Member(s)/ Common Seal

\* Strike out whichever is not desired



Notes :

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company at No. 48, Jalan Chow Thye, 10050 George Town, Pulau Pinang not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Any authority pursuant to such appointment is made by a power of attorney must be deposited at the the Registered Office of the Company at No. 48, Jalan Chow Thye, 10050 George Town, Pulau Pinang not less than 48 hours before the time of holding the meeting.
7. For a corporate member who has appointed an authorised representative, please deposit the original/duly signed certificate of appointment of authorised representative at the Registered Office of the Company at No. 48, Jalan Chow Thye, 10050 George Town, Pulau Pinang.
8. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
9. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
10. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to the Article 69 of the Company's Constitution and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at 22 November 2023 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
11. All the resolutions as set out in this notice of Annual General Meeting will be put to vote by poll.

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**AFFIX  
STAMP**

The Company Secretaries  
**SCOPE INDUSTRIES BERHAD**  
200201023713 (591376-D)  
48, Jalan Chow Thye  
10050 George Town  
Pulau Pinang

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## **SCOPE INDUSTRIES BERHAD**

[Registration No.: 200201023713 (591376-D)]

(Incorporated in Malaysia)

Lot 6181 Jalan Perusahaan 2  
Kawasan Perindustrian Parit Buntar  
34200 Parit Buntar, Perak  
Tel : 05-716 9605 Fax : 05-716 6606  
Email : sales@scope.com.my / account@scope.com.my

[www.scope.com.my](http://www.scope.com.my)

