



**PERMAJU**  
**INDUSTRIES BERHAD**  
199601006711 (379057-V)

ANNUAL REPORT  
2022



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## CORPORATE INFORMATION

# BOARD OF DIRECTORS

### **Jean-Michel Fink**

*Independent Non-Executive Chairman*

### **Tang Boon Koon**

*Executive Director*

### **Patrick Ting**

*Executive Director*

### **Mark Chew Shin Yong**

*Independent Non-Executive Director*

### **Ho Pui Hold**

*Independent Non-Executive Director*

### NOMINATION COMMITTEE

#### **Mark Chew Shin Yong**

*Independent Non-Executive Director  
Chairman*

#### **Jean-Michel Fink**

*Independent Non-Executive Chairman  
Member*

#### **Ho Pui Hold**

*Independent Non-Executive Director  
Member*

### EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

#### **TANG BOON KOON**

*Chairman*

#### **CHAI WOON YUN**

*Member*

#### **YEE YIT YANG**

*Member*

### COMPANY SECRETARY

#### **Tan Tong Lang**

*(MAICSA 7045482/ SSM PC No. 202208000250)*

### AUDIT AND RISK MANAGEMENT COMMITTEE

#### **Ho Pui Hold**

*Independent Non-Executive Director  
Chairman*

#### **Jean-Michel Fink**

*Independent Non-Executive Chairman  
Member*

#### **Mark Chew Shin Yong**

*Independent Non-Executive Director  
Member*

### REMUNERATION COMMITTEE

#### **Mark Chew Shin Yong**

*Independent Non-Executive Director  
Chairman*

#### **Jean-Michel Fink**

*Independent Non-Executive Chairman  
Member*

#### **Ho Pui Hold**

*Independent Non-Executive Director  
Member*

### REGISTERED OFFICE

Level 5, Block B, Dataran PHB  
Saujana Resort, Section U2  
40150 Shah Alam  
Selangor  
Tel No.: +603-7890 0638  
Fax No.: +603-7890 1032





## CORPORATE INFORMATION

(CONT'D)

### HEAD OFFICE/PRINCIPAL PLACE OF BUSINESS

Wisma Cergaz  
Lot 45182, Sungai Penchala  
Off Jalan Damansara  
60000 Kuala Lumpur  
Wilayah Persekutuan  
Tel No. : +603-7725 8855  
Fax No. : +603-7725 6127

### SHARE REGISTRAR

ShareWorks Sdn. Bhd.  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan  
Tel No. : +603-6201 1120  
Fax No. : +603-6201 3121

### AUDITORS

Messrs. Al Jafree Salihin Kuzaimi PLT (AF1522)  
Chartered Accountants  
No. 555, Jalan Samudra Utara 1  
Taman Samudra  
68100 Batu Caves  
Selangor Darul Ehsan  
Tel No. : +603-6185 9970  
Fax No. : +603-6184 2524

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock name : PERMAJU  
Stock code : 7080

### WEBSITE

[www.permaju.com.my](http://www.permaju.com.my)

### PRINCIPAL BANKERS

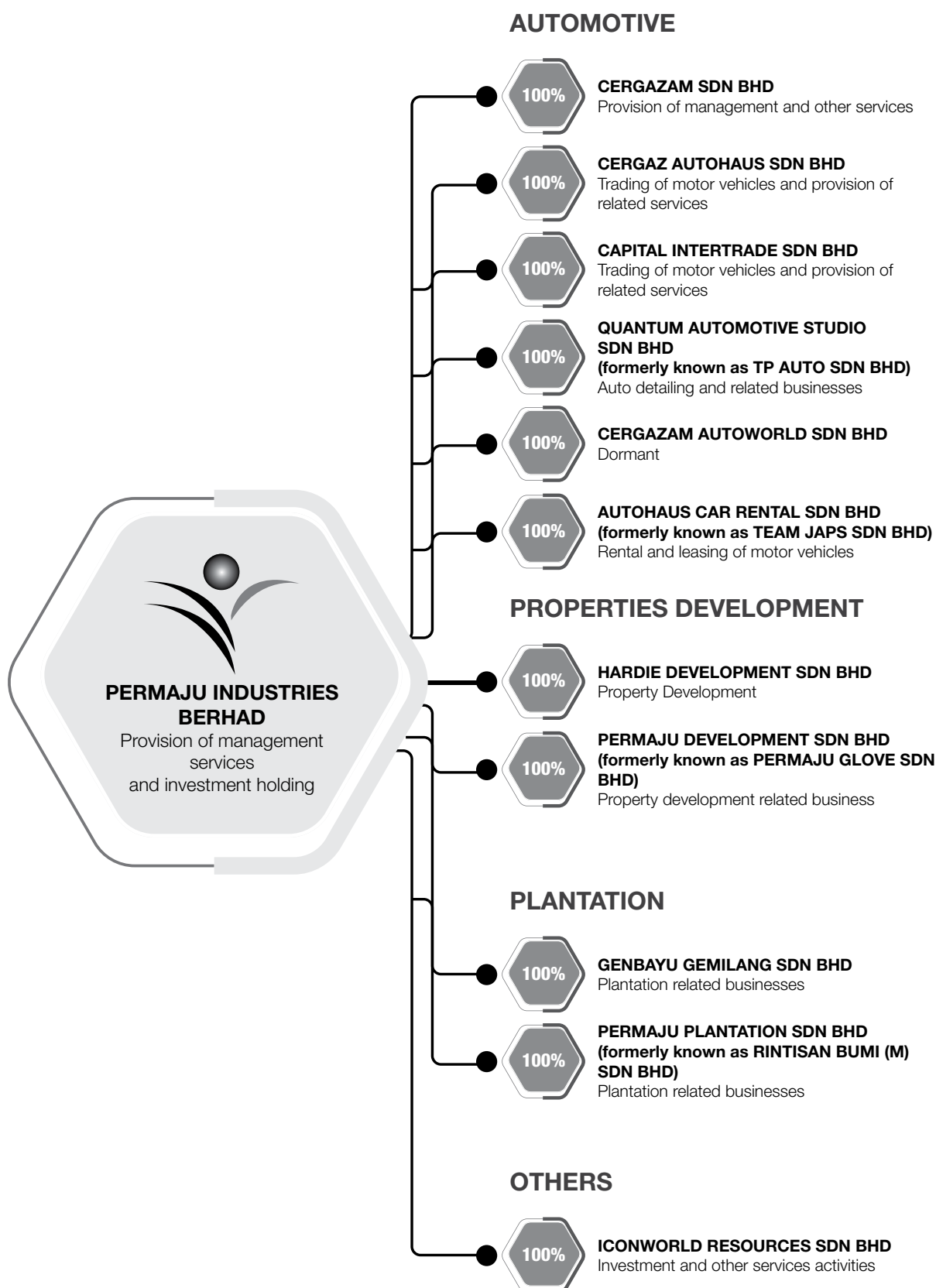
Hong Leong Bank Berhad  
United Overseas Bank (Malaysia) Berhad  
RHB Bank Berhad  
Public Bank Berhad  
Malayan Banking Berhad

### INVESTOR RELATIONS

Email : [investor@permaju.com.my](mailto:investor@permaju.com.my)  
Tel No. : +603 7725 8855



## CORPORATE STRUCTURE



## DIRECTORS' PROFILE

### JEAN-MICHEL FINK

- 38 years of age, German, Male
- Independent Non-Executive Chairman
- Member of Audit and Risk Management Committee, Remuneration Committee and Nomination Committee

.....  
**Mr Jean-Michel Fink** was appointed to the Board of Directors of Permaju Industries Berhad ("Permaju" or the "Company") ("Board") as the Independent Non-Executive Chairman of the Company on 30 November 2017. He holds a degree as a Master of Engineering from the Jade University in Wilhelmshaven and a degree as Bachelor of Engineering from the University of Applied Sciences in Hannover.

He started his career in the machine building industry in 2005, followed by the electronics and automation industry in 2010. After fruitful years of experience as a Product Manager, he currently is a Marketing Manager for a multinational company. He is leading the marketing team of his segment to establish and expand the global product portfolio.

He does not hold directorships in any other public companies. He has no relationship with any director and/or major shareholder of the Company and no conflict of interest with the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 June 2022.

### TANG BOON KOON

- 52 years of age, Malaysian, Male
- Executive Director
- Chairman of Employees' Share Option Scheme Committee

.....  
**Mr Tang Boon Koon ("Mr Tang")** was appointed to the Board on 5 June 2020 as an Executive Director of the Company. He has more than 30 years of direct experience in various industries, specifically in Information, Communication & Technology Industry. Mr Tang brings with him a diverse and superior knowledge in leading technologies, and excelling in corporate finance and managing complexities in products, people and business.

He graduated from Wawasan Open University with a Commonwealth Executive Master of Business Administration (CeMBA) degree and has also obtained Diploma in Electronics and Electrical Engineering from Federal College of Technology.

He has held a number of senior management positions in various public listed companies in Malaysia, Hong Kong and New Zealand with business activities covering a wide range of industries. He currently sits on the Board of Mtouch Technology Berhad, Meridian Berhad and Pasukhas Group Berhad as the Executive Director and Joe Holding Berhad as the Senior Independent Non-Executive Director.

He has no relationship with any director and/or major shareholder of the Company and no conflict of interest with the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 June 2022.

## DIRECTORS' PROFILE

(CONT'D)

### PATRICK TING

- 60 years of age, Singaporean, Male
- Executive Director

.....  
**Mr Patrick Ting ("Mr Patrick")** was appointed as an Executive Director of the Company on 1 July 2022. In 1988, Mr Patrick graduated from University of Maryland in the United States with a Bachelor of Science (Degree) in Decision Management System. He then obtained a Master of Business Administration (MBA) from George Washington University, also in the United States.

He started his career in the United States of America in IT at one of the major Telco Company in USA and at Morgan Stanley NYC before moving back to Asia in the early 90s to start a career in new start-ups, corporate re-structuring, change and strategic management, management consulting and M&A in a wide range of industries across Asia Pacific and Indo China.

He has held a number of senior management positions in various companies. He currently appointed as Chief Executive Officer of Saudee Group Berhad.

He does not hold directorships in any other public companies. He has no relationship with any director and/or major shareholder of the Company and no conflict of interest with the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 June 2022.

### MARK CHEW SHIN YONG

- 54 years of age, Singaporean, Male
- Independent Non-Executive Director
- Chairman of Remuneration Committee and Nomination Committee
- Member of Audit and Risk Management Committee

.....  
**Mr Mark Chew Shin Yong ("Mr Mark")** was appointed as an Independent Non-Executive Director of the Company on 4 October 2017. In 1996, Mr Mark graduated from Kingston University in United Kingdom (UK) with a Bachelor of Science (Degree) in Computer Information Systems Design. He then obtained a Master of Business Administration (BA) from the University of Surrey, also in UK.

In 1997, he joined the Malahon Group of Companies in their stockbroking division, Malahon Securities Limited. He was then appointed as their Director in 2002, having been a registered dealer with the Hong Kong Exchanges and the Securities and Futures Commission of Hong Kong. He currently sits on the Board of Malahon Credit Company Limited, which invests primarily in properties.

He co-founded Mejority Capital Limited in 2012 and as a Principal, is actively involved in the firm's public equity business via Mejority Securities Limited, a participant of the Stock Exchange of Hong Kong.

He was appointed as the Executive Chairman of XOX Technology Berhad (formerly known as M3 Technologies (Asia) Berhad) and he also has interest in various private limited companies in countries outside Malaysia which were involved in various businesses. He was also responsible for setting up Messaging Technologies (H.K.) Limited which is a subsidiary of XOX Technology Berhad (formerly known as M3 Technologies (Asia) Berhad) and is involved in its daily operations. Mr Mark is currently a Director of Meridian Berhad and Fintec Global Berhad. He also holds directorship in several private limited companies.

He has no relationship with any director and/or major shareholder of the Company and no conflict of interest with the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 June 2022.

## DIRECTORS' PROFILE

(CONT'D)

### HO PUI HOLD

- 40 years of age, Malaysian, Male
- Independent Non-Executive Director
- Chairman of Audit and Risk Management Committee
- Member of Remuneration Committee and Nomination Committee

.....  
**Mr Ho Pui Hold** was appointed as an Independent Non-Executive Director of the Company on 1 February 2019. He is an Accountant by profession, a fellow member of the Association of Chartered Certified Accountants (FCCA), United Kingdom, a member of Malaysian Institute of Accountants (MIA) and a member of Asean Chartered Professional Accountant (ACPA).

He has years of professional experience in auditing, banking and corporate finance. He started his career in 2004 by joining a Singapore advisory firm as IPO consultant where he participated in a few successful listing of companies in SGX. He then joined Ernst & Young as Senior Audit Associate until 2009 before he left to join AmBank (M) Berhad Corporate & Institutional Banking. During his career with AmBank (M) Berhad, he was responsible in client credit evaluation and marketing of the bank's products mainly in debt capital market, offshore loan syndication, corporate finance advisory and treasury products. To further advance his career, he took up the Chief Financial Officer position in a Bursa Malaysia listed foreign company until 2013. He now sits on the board of Milux Corporation Berhad, HB Global Limited, China Automobile Parts Holdings Limited and Xidelang Holdings Ltd.

He has no relationship with any director and/or major shareholder of the Company and no conflict of interest with the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 June 2022.





## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The Group's principal activities remained unchanged from the previous year where our business activities include:

- (i) Automobile distribution and retailing of the Ford franchises and provision of related support services;
- (ii) Property development; and
- (iii) Timber plantation.

We aim to enhance profitability and strengthen our present position in the industries we operate in, in order to support our long-term sustainability and growth.

### YEAR-ON-YEAR FINANCIAL REVIEW

Financial indicators pertaining to our financial performance and financial position for the financial year ended 30 June 2022 ("FYE 2022") vis-à-vis the financial year ended 30 June 2021 ("FYE 2021") are as follows:-

	Audited FYE 2022 RM	Audited FYE 2021 RM
<b>Our financial performance</b>		
Revenue	22,369,439	30,132,058
Loss before tax ("LBT")	(31,374,911)	(43,518,950)
Net loss ("LAT")	(34,454,158)	(42,795,613)

	As at 30 June 2022 RM	As at 30 June 2021 RM
<b>Our financial position</b>		
Non-current asset	246,060,666	196,174,956
Current assets	62,363,351	110,353,330
Non-current liabilities	13,774,759	14,103,450
Current liabilities	12,367,018	21,593,052

For the FYE 2022, the Group recorded a 19.49% decrease in net loss of RM8.34 million, as compared to a net loss of RM42.8 million in FYE 2021. The drastic decrease net losses were mainly reduction from administrative expenses and fair value loss on marketable securities.

The Group's revenue declined from RM30.1 million in FYE 2021 to RM22.4 million in FYE 2022. The new dealership with Ford contributes the major income to the automotive division whereby 99 units of Ford Ranger were sold during the financial year. The decrease in automotive division was mainly affected by Covid-19 pandemic and cessation on the operation of Volkswagen Taman Tun Dr Ismail (TTDI) outlet on 30 November 2020. Despite the decrease in automotive division, there was a contribution of RM4.03 million from the Property Division during the financial year, representing 25.36% decrease as compared to previous financial year.

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

### YEAR-ON-YEAR FINANCIAL REVIEW (CONT'D)

The Group still experienced a fall in revenue from the automotive segment. The lower revenues from the automotive segment in FYE 2022 were caused by the following factors:

- (i) The imposition of the Recovery Movement Control Order (RMCO), operation must adhere to a strict set of standard operating procedures, which had adversely affected the after sales. Likewise, the Group also experienced lower sales during the period against the backdrop of an economic slowdown which was caused by the COVID-19 pandemic; and
- (ii) Automotive industry experienced lower sales due to softer demand as a result of the Covid – 19 pandemic as well as stiff competitions from other automotive brands.

Non-current assets comprising property, plant and equipment, right of use assets, biological assets, land held for property development, other investment and deferred tax assets experienced an increase from RM196.2 million in FYE 2021 to RM246.1 million in FYE 2022. This was mainly due to the reclassification of property development cost from current assets to non-current assets.

Non-current liabilities comprising lease liabilities and deferred tax liabilities decreased by 2.33%. Current liabilities, comprising loan and borrowings, lease liabilities, trade and other payables and income tax payables, fell by 42.73%. In particular, trade payables as at 30 June 2022 decreased by 46.55% as compared to that of 30 June 2021. Other payables decreased by 40.77% mainly due to sundry payables and lower amount due to Directors and related company during the financial year.

Our business operations are financed by a combination of internal and external sources of funds. Internal sources of funds comprise mainly shareholders' equity and cash generated from our operations, while external source of funds comprise credit terms granted by our suppliers. Credit terms granted to us by our suppliers range from 30 to 90 days.

The management believes that after taking into account our cash and bank balances as well as the funds envisaged to be generated from our business operations, we will have adequate working capital to meet our present and foreseeable day-to-day business operation requirements.

### FORWARD-LOOKING STATEMENT

This sustained growth underpins our prospects for the coming years, and we aim to capture the opportunities in the local market. The Group has taken various initiatives to improve our financial performance and we expect growth to stem from the following key areas:-

#### (i) **Development of Princess Heights project and Mydin hypermarket**

The Group diversified into property development through the acquisition of 70.0% equity interest in Hardie in 2010. At present, the Group has completed Phase 1A and 1B of our Princess Heights development in Kota Kinabalu, Sabah, which mainly comprise commercial properties. Moving forward, the Group is in the midst of developing a 4-storey hypermarket and intends to develop 6 additional phases of residential properties in the same development. On 2 July 2021, the Group had completed the acquisition of the 30% equity interest in Hardie. In turn, this will allow the Group to own Hardie wholly and fully recognise the future earnings and cash flow from the ongoing development of the Princess Height Project which is expected to enhance the future profitability and cash flow of the Group, once the said project is completed in future.

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

### FORWARD-LOOKING STATEMENT (CONT'D)

#### (ii) Venturing into luxury car rental business

The Group is in the midst to develop its luxury car rental business, which is complementing to its existing automobile business. Furthermore, the Group intends to leverage on its existing resources and expertise in the automotive business to ensure the success of the new luxury car rental business.

The target markets for the luxury car rental business are expected to be corporate users, high net worth individuals as well as those conducting corporate and special events.

“Smith Zander International Sdn Bhd anticipates that in the longer term, after the crisis of the Covid-19 pandemic ends and after the recovery of economic condition, the luxury car rental market is expected to be supported by the rise of more affluent population and high – income households, growth of the meetings, incentives, conventions and exhibitions (“MICE”) industry as well as increasing awareness of the sharing economy”.

In the foreseeable future, the luxury car rental business is expected to kick off in the third quarter of financial year ending 2023.

#### (iii) Venturing in sales of luxury and premium Electricity Vehicles (“EVs”)

The Group has completed renounceable right issue on 6 December 2021, which had raised a total of RM67.187million. This proceed are intended to expand its automotive business by venturing into the sale of luxury and premium EVs. This is aimed at tapping into a new market segment comprising mainly high – income consumers and capitalise on the rise in environmental awareness among consumers.

EVs are an alternative mode of transportation for environmentally conscious consumers as it has lower carbon dioxide emissions and carbon footprint, and is thus considered a more environmentally friendly option as compared to a traditional combustion engine vehicle that uses fossil fuel to power its engine.

The EV market in Malaysia is at nascent stage as the attractiveness of EV is limited by relatively high prices, low resale value and limited supporting infrastructure. Nevertheless, with the approval and implementation of the new EV policy under NAP 2020, demand of EV car is expected to increase as EV becomes more affordable and the EV supporting infrastructure becomes more accessible in Malaysia.

#### (iv) Venturing in Cocoa Smart Farming

The Group announced on its intention to venture into Cocoa Plantation through Smart Farming.

Smart farming is a management concept focused on providing the agricultural industry with the infrastructure to leverage advanced technology including big data, the cloud and the internet of things (IoT) for tracking, monitoring, automating and analysing operations.

Smart Farming also minimized or site-specific application of inputs, such as fertilizers and pesticides, in precision agriculture systems will mitigate leaching problems as well as the emission of greenhouse gases. The Group expected to derive some positive impacts arising from this venture moving forward.

# **CORPORATE** **SUSTAINABILITY STATEMENT**

## **INTRODUCTION**

The Group and its Board of Directors understand the importance and value of ensuring that our on-going business and growth is done in a sustainable and responsible manner. Sustainability and corporate responsibility are integral to our business. We drive sustainability efforts through our 3-pillar approach – Environment, Economics and Social – which strive to deliver value and positive impact to the ecosystem and society at large. We are fully committed to fulfilling the expectations of stakeholders and driving business performance in line with current sustainability requirements.

## **ENVIRONMENT**

The Group's subsidiaries carry out the marketing and distribution of Ford vehicles, including the provision of related services at our aftersales service centres.

The Group supports Ford's commitment to introducing sustainable efforts throughout their manufacturing, procurement, and facilities management operations. Their commitment to green vehicle technologies will continue to improve fuel economy for our customers and overall reduced Co<sub>2</sub> emissions. Since 2000, Ford has successfully reduced its operational energy use by 30% and Co<sub>2</sub> emissions from its facilities by 39%. To help reduce the Co<sub>2</sub> emissions, offering new generation of lower carbon powertrains and fuels, including hybrids and electric vehicles (EVs). Ford had set goal to achieve carbon neutrality globally by 2050. In addition, our intention to venture into sales of premium EVs further underlines our commitment towards environmental issues.

The Group's aftersales service centres operate in line with the sustainable efforts of our partners. We ensure responsible waste disposal at our centres to minimize the impact of our operations on the environment and reduce overall contributions to land and water pollution. Chemical or hazardous wastes are stored at designated area, transported, and disposed of with utmost care through our disposal contractors licenced by the Department of Environment, Ministry of Natural Resources. We also practice the collection and categorisation of recyclable waste materials and ensure that these reach the appropriate recycling facilities.

Our commitment to the environment includes the enforcement of environmentally friendly work practices across the Group's activities and operations. We focus on the efficient use of natural resources, reducing the Group's overall consumption of electricity, water and paper products. This includes procedures and regular reminders to minimize usage of lighting, air-conditioning, electrical appliances, and paper products. The Group also upgrades its facilities such as air-conditioning and lighting systems of its showrooms or workshop for better energy efficiency. The Group constantly monitors and implement initiative that help improve water usage and efficiencies. For examples, use of rainwater, ensure the use of pressure washers for car – washing and conduct regular checks for leaks and water wastage to ensure efficient use of water resources. Besides, the Group has equipped with oil interceptor to properly process waste water in compliance with relevant laws and regulations.

Driven by the 'new normal' of COVID-19 and increasing movement towards digitization, the Group is seeking to implement measures to integrate our business activities to a digital landscape. This will help our efforts to reduce dependency on printing and photocopying. It will also serve to increase the efficiency of our internal communications and that of our overall business.

## **ECONOMICS**

Our commitment to maintain a proper framework within the Group's business makes certain that our operations are run in an efficient and transparent manner to service the interests of stakeholders. The Board of Directors ensures that business is conducted with respect to the principles of fairness, transparency, and professionalism.

Following these principles, we strive to deliver quality products and services of to our customers, with focus on providing excellent customer service and stakeholder engagement. Our teams manage, monitor and address any customer complaints promptly and respectfully, making sure to escalate issues to principals when the need arises. The Group is in constant communication with our Principal and Suppliers, to handle and manage technical and products issue. Our customer care units comply with internal recall process and standard guideline issued by Principal whenever the Group received a recall announcement from Principal.



## CORPORATE SUSTAINABILITY STATEMENT

(CONT'D)

### ECONOMICS (CONT'D)

It is imperative that our people conduct business in accordance with the Group's policies, business rules and guidelines, which highlights the importance of honesty, ethics, and integrity in all our dealings. We maintain this by training our employees regularly on the Group's Code of Conduct and Anti-Corruption policies, and ensure our suppliers and vendors are aware of the standards expected of them. The Group's whistle blowing function is available at Group's website, which allow open to all public.

The Group's principal business is centred on the automotive industry, sales of luxury and premium EVs, property development and more recently, plantation.

The automotive industry is a major contributor to the economic growth of Malaysia and drives development of other industrial sectors as well as providing mobility, safety and comfort to individuals and communities in the country. The Group's automotive business contributes significant tax revenues to the government and provides employment opportunities wherever we operate.

The Group proposes to venture into cocoa plantation through the development of Cocoa Smart Farming. Smart farming is a management concept focused on providing the agricultural industry with the infrastructure to leverage advanced technology including big data, the cloud and the internet of things (IoT) for tracking, monitoring, automating and analysing operations. Smart Farming also minimized or site-specific application of inputs, such as fertilizers and pesticides, in precision agriculture systems will mitigate leaching problems as well as the emission of greenhouse gases. The Group believes Smart farming reduces the ecological footprint of farming and maximized growth through this Agri-Precision method.

### SOCIAL

The Group acknowledges that our economic success and continued growth depends on the talent and dedication of our employees. Our employees are invaluable assets that can lead the Group to long term and sustainable organisational success. It is thus imperative that we create a conducive work environment and continue to build the capacity and skillsets of this valued resource.

We invest in our employees through regular staff training and capacity building activities. Our principals personally manage and conduct online training programs to enhance the knowledge and skills of our employees. Staff training and activities not only provide opportunity for professional growth, it also serves to motivate employees to form better work relationships, thus enhancing teamwork and their work environment.

The Group is also committed to ensuring equal opportunity within both the hiring process and in organisational decisions. This includes a policy of zero tolerance for racial, religious and gender discrimination. We understand the importance of promoting greater gender diversity and are proud to report that 51.0% of the workforces of the Group are female. The Group also promotes employment locally, with its entire workforce consisting of local employees. The Group respect the basic human rights of individuals and does not tolerate the use of children or forced labour in the organization operation.

The COVID-19 pandemic has posed a threat to the health and safety of communities and individuals across the globe. Thus we are dedicated to ensuring that our response to the ongoing pandemic is both timely and in the best interest of our employees. Following government guidance and regulations, we ensure that proper SOPs are in place to protect our employees from the spread of COVID-19. We enforce strict rules on social distancing, data collection for the purposes of contact tracing, regular sanitation procedures and the use of face masks within our facilities and offices. Furthermore, we implemented return to work protocols including standard of procedure and self-test kits, whenever resume operation upon uplift of MCO, promoting social distancing and control in the number of gavage throughput, enforce fully disinfect vehicles surface before delivery for sales and aftersales and set up air purify equipment in showroom.

The Group acknowledges that it has a key role to play in contributing towards the welfare of the community in which it operates and continues to identify opportunities to support charitable causes and initiatives in community development projects. We continue to develop and assess relevant actions to build our corporate responsibility framework.

## **CORPORATE GOVERNANCE**

### **OVERVIEW STATEMENT**

This Corporate Governance Overview Statement (“Statement”) outlines the corporate governance framework of Permaju Industries Berhad (“Permaju” or the “Company”) and its subsidiaries (collectively referred to as the “Group”), including a summary of its corporate governance practices with reference to the Malaysian Code on Corporate Governance 2021 (“MCCG”).

This Statement is made in accordance with Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR” or “Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the principles and recommendations set out in the MCCG along with the Companies Act, 2016 and the Corporate Governance Guide (4th Edition) issued by Bursa Securities.

The Board of Directors (“the Board”) is pleased to present this Statement and explain how the Company has applied the three (3) principles as set out in the MCCG: -

- Principle A: Board leadership and effectiveness;
- Principle B: Effective audit and risk management; and
- Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement outlines the principles and recommendations which the Company has adopted and applied, and where there are gaps in the Company’s observation of any of the recommendations, they were disclosed herein with explanations.

This Statement should be read together with the Corporate Governance Report (“CG Report”) and in conjunction with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report and Sustainability Statement) which provides stakeholders with a comprehensive view of the Group’s corporate governance practices in relation to the MCCG. The CG Report, which is prepared in the format prescribed by Bursa Securities, is made available via annual announcement on the website of Bursa Securities and is also available on the Company’s website: [www.permaju.com.my](http://www.permaju.com.my).

#### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

##### **PART I - BOARD RESPONSIBILITIES**

###### **Strategic Aims, Values and Standards for the Company**

The Board is primarily responsible for the Group’s overall strategic plans for business performance, overseeing the proper conduct of business, succession planning, risk management, internal control, management information systems and communication with shareholders and stakeholders. The Board, apart from the Executive Directors, is not involved in the day-to-day management of the business.

The Board is supported by the Management who has the responsibilities in planning and formulating business strategies, finance, operating policies and in monitoring the achievement of the business strategies of the Group. The Management of the Company is also entrusted with the responsibility and authority to examine particular issues and reports back to the Board with its recommendations.

All Directors exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied through compliance with relevant rules and regulations, directives and guidelines including the MCCG and the requirements of Bursa Securities. The Directors are attentive to applying high ethical standards in their decision-making, taking into account the interests of the Group and its stakeholders.

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to respective Board Committees with each operating within its clearly defined Terms of Reference (“TOR”). The Chairman of each Committee will report to the Board on the outcome of the Committee’s meetings which also include the key issues deliberated at the Committee’s meetings.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### **PART I - BOARD RESPONSIBILITIES (CONT'D)**

##### **Strategic Aims, Values and Standards for the Company (Cont'd)**

The Board has put in place the following Board Committees to assist in carrying out its fiduciary duties:

- (a) Audit and Risk Management Committee ("ARMC");
- (b) Nomination Committee ("NC");
- (c) Remuneration Committee ("RC"); and
- (d) Employees' Share Option Scheme Committee ("ESOSC").

The ARMC, NC and RC have their written TOR clearly outlining their objectives, duties and powers. The final decisions on all matters are determined by the Board as a whole. The ESOSC operates in accordance with the By-Laws. The number and proportion of the Company's shares to be issued shall be determined at the sole discretion of the ESOSC.

##### **Independent Chairman**

The Board is chaired by Jean-Michel Fink, who is an Independent Non-Executive Chairman and is primarily responsible for matters pertaining to the Board and ensures the orderly conduct and performance of the Board. The Chairman is committed to good corporate governance practices and has been leading the Board towards a high performing culture.

The key responsibilities of the Chairman, amongst others, are as follows:-

- Leading the Board in setting its values and ethical standards of the Company;
- Chairing meetings of the Board and stimulating debates on issues and encouraging positive contributions from each Board Member;
- The Chairman should consult with the Managing Director and Company Secretary in setting agenda for the Board Meetings and ensures all relevant issues are on the agenda;
- Ensuring Board proceedings are in compliance with good conduct and best practices;
- Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- Ensuring accurate, timely and clear information to Directors are provided;
- Ensuring effective communication with shareholders and relevant stakeholders;
- Arranging for regular evaluation of performance of Board Members, its committees and individual Directors;
- Facilitating effective contribution of Non-Executive Directors and ensuring constructive discussions at board meetings;
- In determining policies matters, the Chairman should ensure that the following are carried out: -
  - i. All directors are properly briefed on issues arising at board meetings;
  - ii. There is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arranging for informal meetings beforehand to enable thorough preparations;
- The Chairman should allow every board resolution to be voted on and ensure the will of the majority prevails;
- The Chairman shall cast his votes in accordance with the Constitution of the Company;
- In conjunction with the Executive Director, to represent the Company and/or Group to external parties such as major shareholders, creditors, consumer groups and other stakeholders; and
- Ensuring that all Board members, when taking up office, are fully briefed on the terms of their appointment, time commitment, duties and responsibilities, and the business of the Group.

The Chairman being an Independent Non-Executive Director, is not involved in the day-to-day management of the Group's business and has no relationship that could materially interfere with his judgment.

The Board therefore believes that balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **PART I - BOARD RESPONSIBILITIES (CONT'D)**

##### **Separation in the Roles of Chairman and Executive Director**

The Company has complied with the recommendation of the MCCG where the positions of Chairman of the Board and Executive Director shall be held by different individuals, and the Chairman must be a non-executive member of the Board. Their roles have been clearly defined to ensure accountability and clear division of responsibilities.

The Group has documented clear policies for identifying and separating the functions and responsibilities of the Chairman, Board and management in ensuring the smooth running of the Group's business and operations. These are enshrined in the Board Charter, which has been reviewed and updated to be in line with the practices of MCCG and the Companies Act, 2016 which is made available in the Company's website [www.permaju.com.my](http://www.permaju.com.my).

The roles of the Chairman of the Board, Executive Director and the Non-Executive Directors are kept separate with a clear division of responsibilities in line with best practices. The functions and responsibilities are clearly segregated to ensure that there is a balance of power and authority.

##### **No Chairman on Board Committee**

The Chairman does not assume the position of chairman of the Board Committees but as a member of the ARMC, NC and RC respectively. Nevertheless, the Chairman does not chair these Board Committees. Through his participation and corporate experience, it is believed that the Board's objectivity in receiving or reviewing the committees' reports has not been diminished in any way.

##### **Qualified and Competent Company Secretary**

In compliance with MCCG, the Board is supported by a qualified and competent Company Secretary. The Company Secretary of the Company is qualified to act as Company Secretary under Section 235 of the Companies Act, 2016 ("the Act").

The Company Secretary attend all Board and Board Committees meetings and ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed were recorded and maintained in the statutory register. The Company Secretary also keeps abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training and updates the Board regularly on the latest regulatory updates.

The Board has ready and unrestricted access to the advice and services of the Company Secretary, who is considered capable of carrying out the duties to which the post entails.

The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary in discharge of his functions.

##### **Meeting materials**

Agendas and discussion papers are circulated at least seven (7) days prior to the Board and Board Committees meetings to allow the Directors and Board Committee Members to study, evaluate the matters to be discussed and subsequently make effective decisions. Procedures have been established concerning the content, presentation and timely delivery of the discussion papers for each meeting of the Board and Board Committee meetings as well as matters arising from such meetings. Actions or updates on all matters arising from any meetings are reported in the subsequent meetings.

In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of Directors' circular resolutions enclosing all the relevant information to enable the Board to make informed decisions. All Directors' circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting. The Board also perused the decisions deliberated by the Board Committees through minutes of these Board Committees meetings. The Chairman of the respective Board Committees is responsible for informing the Board at the Directors' Meetings of any salient matters noted by the Board Committees and which may require the Board's direction.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### **PART I - BOARD RESPONSIBILITIES (CONT'D)**

##### **Meeting materials (Cont'd)**

When necessary, the Board may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

##### **Board Charter**

The Board Charter is intended to identify the role, structure and processes related to key governance activities of the Board. It also serves as a reference point for Board activities. It is designed to provide guidance and clarity for Directors and Management with regard to the roles of the Board and its Committees, the role of the Executive Directors, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.

The Board Charter clearly delineates relevant matters and applicable limits, including those reserved for the Board's approval and those which the Board may delegate to the Board Committees, Executive Directors and the Management.

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available for reference at the Company's website at [www.permaju.com.my](http://www.permaju.com.my).

##### **Code of Conduct and Ethics**

The Company has in place a Code of Conduct and Ethics for Directors and employees of the Group incorporated in Part 5 of the Board Charter.

The Board will review the Code of Conduct and Ethics regularly to ensure that it continues to remain relevant and appropriate with the prescribed requirements and best corporate governance practices. The details of the Code of Conduct and Ethics are available for reference at the Company's website at [www.permaju.com.my](http://www.permaju.com.my).

The Board is committed in maintaining a corporate culture that engenders ethical conduct. All Directors and employees of the Group are to adhere to the Code of Conduct and Ethics and make a necessary declaration if there is any conflict of interests.

##### **Whistle-blowing Policy**

The Group has put in place a Whistleblowing Policy that fosters an environment in which integrity and ethical behavior are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing within the Group. The Chairman of the Board and/or the Chairman of the ARMC is committed to investigate and address all cases of reported misconduct and recommend action to be taken by the Board (if any).

The Whistleblowing Policy provides an avenue for employees to report any misconduct, breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner. The Whistleblowing Policy is published on the Company's website at [www.permaju.com.my](http://www.permaju.com.my).

##### **Anti-Bribery and Anti-Corruption Policy**

In line with the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), the Company has adopted an Anti-Bribery and Anti-Corruption Policy to prevent corruption and unethical practices within the Group. The Anti-Bribery and Anti-Corruption Policy is available on the Company's website at [www.permaju.com.my](http://www.permaju.com.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **PART I - BOARD RESPONSIBILITIES (CONT'D)**

##### **Governing Sustainability**

The Board believes that sustainable business practices are essential to the creation of long-term value, and that running the business in a responsible manner is intrinsically tied to achieving operational excellence.

In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to Environmental, Social and Governance into their investment decision-making process and the Group's overall strategy and operations in order to promote and build sustainability momentum within the Group.

As fiduciary to the Company's shareholders, the Board is focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility. The Board also ensures the Company's internal and external stakeholders are well informed on the sustainability strategies, priorities, targets as well as overall performance in which the Sustainability Statement has provided a detailed articulation in this Annual Report.

The Board reviewed, revised and approved the relevant amendments by incorporating the assessment of the Board's understanding on sustainability issues in the annual performance evaluation that are critical to the Company's performance.

#### **PART II - BOARD COMPOSITION**

##### **Composition and Balance of the Board**

The Board of Permaju presently consists of five (5) members comprising an Independent Non-Executive Chairman, two (2) Executive Directors and two (2) Independent Non-Executive Directors. The composition of the Board complies with Paragraph 15.02 of the MMLR of Bursa Securities whereby at least two (2) or one third (1/3) of its Board members are independent directors as well as the recommendation of Practice 5.2 of the MCCG whereby at least half of the Board comprising Independent Non-Executive Directors.

The Board has examined its size and is of the view that the current Board size is appropriate and facilitates effective decision-making, taking into consideration the scope and nature of the Company's operation. The current Board composition are persons of high calibre, experienced and are professionals in their respective fields. Together, this brings a wide range of mix of industry specific knowledge, broad based business and commercial experience that are vital to the Board's successful stewardship of the Group.

The profiles of the Board are as set out on the Directors' Profile section of this Annual Report. The Board recognises the importance of independence and objectivity in the decision-making process as advocated in the MCCG. The Board is committed to ensure that the Independent Directors are capable to exercise independent judgment and act in the best interests of the Company. The Board via the NC conducted an independent assessment of the Independent Directors. The NC is satisfied with the results whereby all the Independent Directors fulfilled the criteria of "Independence" as prescribed under the MMLR of Bursa Securities.

There is a clear separation of functions between the Board and the Management. The Executive Directors have the responsibility to manage the day-to-day operations of the business, implementation of Board policies and making strategic decisions for the expansion of the business. The Non-Executive Directors contribute their expertise and experiences to give independent judgment to the Board on issues of strategy, performance and resources, including major policies, key directions and standards of conduct.

The procedures on annual re-election of directors are set out in the Company's Constitution. In accordance with the Company's Constitution, one-third (1/3) of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to one-third (1/3) with minimum of one (1), shall retire from office and an election of Directors shall take place. The Constitution further provides that each Director shall retire once in every three (3) years but shall be eligible for re-election.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### **PART II - BOARD COMPOSITION (CONT'D)**

##### **Composition and Balance of the Board (Cont'd)**

Newly appointed directors shall hold office only until the next Annual General Meeting ("AGM") and shall be eligible for re-election. The re-election of each director is voted separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and their shareholdings in the Group of each Director/ person standing for re-election/ election are furnished in the Annual Report.

At the upcoming AGM, Mr Jean-Michel Fink will retire by rotation pursuant to Clause 100 of the Company's Constitution. Mr Jean-Michel Fink, being eligible, has offered himself for re-election. The profile of Mr Jean-Michel Fink is set out on page 5 of the Annual Report 2022.

Mr Patrick Ting will retire pursuant to Clause 97 of the Company's Constitution and being eligible, has offered himself for re-election. The profile of Mr Patrick Ting is set out on page 6 of the Annual Report 2022.

##### **Tenure of Independent Directors**

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) years term, an Independent Director may continue to serve on the Board subject to the said Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall make a recommendation and provide justification to shareholders in general meeting to obtain their approval through a two-tier voting process on annual basis.

Currently, none of the Independent Non-Executive Directors had served the Company for more than nine (9) years since their appointment as per the recommendation of MCCG.

##### **Policy which limits the tenure of Independent Directors**

The Company has not adopted a policy which limits the tenure of its Independent Directors to nine (9) years. Notwithstanding that, the assessment of independence of Independent Directors was conducted annually via Annual Evaluation of Independence of Director to ensure that they were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

##### **Diverse Board and Senior Management Team**

The Board is supportive of the diversity of the Board and Senior Management Team. The Group strictly adheres to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, including the selection of Board members and Senior Management. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Group.

In the event that a vacancy in the Board arises, the Board, through the NC, will consider the female representation when suitable candidates are identified. However, the appointment of a new Board member will not be guided solely by gender but will also take into account the skill sets, experience and knowledge of the candidate. The Company's prime responsibility in new appointments is always to select the best candidates available. Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

The NC is responsible for screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board on the new appointment. For the appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements of independence as defined in MMLR and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and AGM.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### **PART II - BOARD COMPOSITION (CONT'D)**

##### **Gender Diversity Policy**

The Board is supportive of the recommendation of MCCG and recognizes the importance of boardroom diversity to the establishment of gender diversity policy. However, the Group does not have the workforce gender policy and the Board does not have any female Director on Board currently. In line with the country's aspirational target of 30% representation of women on boards, the Board may consider appointing more females onto the Board in future to bring about a more diverse perspective.

##### **New Candidates for Board Appointment**

The Board believes that individuals who are nominated to be a Director should have demonstrated notable or significant achievements in business, education or public service; should possess the requisite intelligence, education and experience to make a significant contribution to the Board and bring a range of skills, diverse perspectives and backgrounds to its deliberations and should have the highest ethical standards, a strong sense of professionalism and intense dedication to serve the interests of the shareholders. In identifying candidates for appointment to the Board, the Board may rely on recommendations from existing Board members, major shareholders, the Management or independent sources.

The Board appoints its members through a formal and transparent selection process which is consistent with Terms of Reference of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

The Board acknowledges the importance of having women's representatives on the Board. The Board endeavours to consider suitable female candidates for appointment to the Board whenever a vacancy arises.

##### **Nomination Committee**

The NC is chaired by Mark Chew Shin Yong, an Independent Non-Executive Director and the members of the NC comprising exclusively of Independent Non-Executive Directors. The present members of the NC are as follows:

<b>Name of Directors</b>	<b>Designations</b>
Mark Chew Shin Yong (Chairman)	Independent Non-Executive Director
Jean-Michel Fink (Member)	Independent Non-Executive Chairman
Ho Pui Hold (Member)	Independent Non-Executive Director

The NC is responsible for identifying and recommending suitable candidates for Board membership and for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment of the Directors. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine a skills matrix to support the strategic direction and needs of the Company.

The NC has written Terms of Reference dealing with its authority and duties which include the selection and assessment of directors. The Terms of Reference of the NC can be viewed at the Company's website at [www.permaju.com.my](http://www.permaju.com.my).



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### **PART II - BOARD COMPOSITION (CONT'D)**

##### **Nomination Committee (Cont'd)**

During the financial year ended 30 June 2022, the NC had assisted the Board on the following functions:

- a. Evaluated the contribution and performance of each individual Director;
- b. Reviewed the performance of the Board and Board Committees;
- c. Reviewed the Board's representation and the required mix of skills and experience and assessed the effectiveness of the Board as a whole;
- d. Reviewed the terms of office and performance of the ARMC and each of its members;
- e. Assessed the independence of the Independent Directors, with each Director abstaining from deliberation on their own assessment;
- f. Recommended the re-election of Directors who are due to retire pursuant to the Company's Constitution and to be put forward for re-election; and
- g. Reviewed the independence, experience, and skills set of the proposed candidate(s) and recommended to the Board the appointment(s) of the same for the position of Director(s) of the Company.

##### **Annual Evaluation of Effectiveness of the Board, Board Committees and Directors**

The Board has through the NC, carried out an annual self-assessment of the following, with the assistance of Company Secretary, taking the form of comprehensive evaluation questionnaires which provide all Directors with an opportunity to score their opinion on a series of questions in relation to their performance on the Board as a whole and the three (3) Board Committees, and to comment on procedures or any relevant matters:-

- i. Performance of Executive Directors;
- ii. Performance of Independent Non-Executive Directors;
- iii. The Independence of the Independent Directors; and
- iv. Effectiveness of the Board and Board committees as a whole.

The Board Committees are assessed based on efficiency and effectiveness of each Committee and its member's continuous contribution to the Board and commitment to their roles and responsibilities in discharging their duties. Likewise, the NC is able to assess the contribution of each individual Director to the effectiveness of the Board.

The completed evaluation forms were submitted to Company Secretary for collation and consolidated responses were presented to the NC for review before being shared with the Board for discussion and are taken into accounts when the NC assesses the Board effectiveness.

The Board also assesses the independence of the Independent Directors annually, taking into account the individual Director's ability to exercise its independent judgement at all times and to contribute to the effective functioning of the Board.

Based on the assessment carried out during the financial year review, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review, and that each of them continues to fulfill the definition of independence as set out in the MMLR of Bursa Securities.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### **PART II - BOARD COMPOSITION (CONT'D)**

##### **Time Commitment and Directorship in Other Public Listed Companies**

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of MMLR.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out in the section below.

##### **Board Meetings and Attendance**

During the financial year ended 30 June 2022, the Board conducted four (4) Board meetings and each Board member fulfilled the required attendance of Board meetings as required under Paragraph 15.05 of MMLR. The summary of attendance at the Board meetings is as follows:

<b>Name of Directors</b>	<b>Meeting Attendance</b>	<b>Percentage of Attendance</b>
Jean-Michel Fink	4/4	100%
Tang Boon Koon	4/4	100%
Mark Chew Shin Yong	4/4	100%
Ho Pui Hold	4/4	100%
Patrick Ting (appointed w.e.f 1 July 2022)	N/A	N/A

During the financial year ended 30 June 2022, four (4) Board meetings were held to review and deliberate on the key activities and strategy of the Group, such as financial performance and to endorse the release of the quarterly financial results.

The dates scheduled for Board meetings, Board Committee meetings and meeting of members are scheduled in advance and in consultation with the Directors to facilitate the Directors' time planning to ensure maximum attendance. At the end of each Board and Committee meetings, the date of the next meetings is to be re-confirmed. Each Board member is expected to achieve at least 50% attendance of total Board meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretary, where applicable.

In addition to holding meetings, important matters regarding the Group are also put to the Board for decision making by way of circular resolutions. The resolutions passed by way of such circular resolutions are then noted in the next Board Meeting.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### **PART II - BOARD COMPOSITION (CONT'D)**

##### **Directors' Trainings**

Relevant guidelines on statutory and regulatory requirements were circulated to the Board from time to time for Board reference. During the financial year ended 30 June 2022, all Directors had attended the following training programmes in compliance with Paragraph 15.08 of the Listing Requirements of the Bursa Securities:-

Name of Director	Seminars/Conferences/Training Programmes Attended
Jean-Michel Fink	<ul style="list-style-type: none"> <li>Fair Behavior in Competition- Antitrust Law, Compliance and Dealing with Competitors</li> <li>Information Security – Dealing with IT Systems, External Disks and Emails</li> </ul>
Tang Boon Koon	<ul style="list-style-type: none"> <li>Anti-Money Laundering and Anti Bribery</li> </ul>
Mark Chew Shin Yong	<ul style="list-style-type: none"> <li>Transaction and Related Party Transaction Rules, Simplified</li> </ul>
Ho Pui Hold	<ul style="list-style-type: none"> <li>Deferred Tax Under MFRS 112</li> <li>Contract with Customer, Experiencing Sharing on Revenue Recognition – IFRS 15</li> <li>MFRS Updates 2021</li> <li>Roles and Responsibilities of Directors in Respect of Financial Reporting</li> <li>Awareness of Sustainability and Circular Economic</li> <li>Audit Oversight Board Conversation with Audit Committees</li> <li>Awareness Anti-Bribery and Corruption Policy</li> <li>Audit Oversight Board Conversation with Audit Committees</li> </ul>
Patrick Ting (appointed w.e.f 1 July 2022)	<ul style="list-style-type: none"> <li>N/A</li> </ul>

The Directors are also being updated on a continuing basis in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretary during the Committees and/or Board meetings.

The Board has continuously, evaluated and assessed the training needs of each Director to keep them abreast with the state of the economy, technological advances, regulatory updates, management strategies and development in various aspects of the business environment to enhance the Board's skills and knowledge in discharging its responsibilities.

#### **PART III - REMUNERATION**

##### **Remuneration Committee**

The Board has set up a RC which comprising exclusively of Independent Non-Executive Directors in order to assist the Board for determining the Director's remuneration. The present members of the RC are as follow:

Name of Directors	Designations
Mark Chew Shin Yong (Chairman)	Independent Non-Executive Director
Jean-Michel Fink (Member)	Independent Non-Executive Chairman
Ho Pui Hold (Member)	Independent Non-Executive Director

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **PART III - REMUNERATION (CONT'D)**

##### **Remuneration Committee (Cont'd)**

The RC is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the RC. The Board as a whole, with the assistance of RC, determines the fees for Non-Executive Directors, with each Director concerned abstaining from any decision with regards to his own remuneration.

The Terms of Reference of the RC can be viewed at the Company's website at [www.permaju.com.my](http://www.permaju.com.my).

During the financial year ended 30 June 2022, the RC reviewed the payment of Directors' fees and other benefits payable to Directors and made its recommendation to the Board.

##### **Remuneration Policy**

The Board, through the RC, had established a formal and transparent remuneration policies and procedures which set out the principle and guideline for Board and RC to determine the remuneration of Directors and/or Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required.

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The RC's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The RC also recommends the Executive Director's remuneration and benefits based on their individual performances and that of the Group.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the AGM based on recommendations of the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART III - REMUNERATION (CONT'D)

##### Details of Directors' Remuneration

The details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the financial year ended 30 June 2022 are as follows:

Director	Company		Group	
	Fees (RM)	Salaries and other emoluments (RM)	Fees (RM)	Salaries and other emoluments (RM)
Jean-Michel Fink	50,000	2,100	50,000	2,100
Chai Woon Yun (resigned w.e.f 29 December 2021)	25,000	600	25,000	315,123
Tang Boon Koon	50,000	1,200	50,000	1,200
Mark Chew Shin Yong	50,000	1,800	50,000	1,800
Ho Pui Hold	60,000	1,950	60,000	1,950
Patrick Ting (appointed w.e.f 1 July 2022)	–	–	–	–
<b>TOTAL</b>	<b>235,000</b>	<b>7,650</b>	<b>235,000</b>	<b>322,173</b>

The Director's fees are endorsed by the Board for approval by the shareholders of the Company at the AGM. The Directors do not participate in the decisions regarding their own fees, benefits and/or remuneration packages.

##### Remuneration of Senior Management

The Company understands the need for transparency in the disclosure of its key senior management remuneration, and is of the opinion that the disclosure of remuneration details may be detrimental to its business interests, given the competitive landscape for key personnel with the requisite knowledge, technical expertise and working experience in the Company's business activities, where intense headhunting is a common industry challenge. Accordingly, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.

The remuneration of the one (1) senior management of the Company disclosed above is on an aggregate basis. At this particular juncture, the Board is of the opinion that the disclosure of the Senior Management personnel's names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.

The total remuneration received by the only top senior management of the Group including salary, bonus, benefits in-kind and other emoluments in bands width of RM50,000 for the financial year ended 30 June 2022 are as follows:

Range of Remuneration	Number of Senior Management
Below RM100,000	–
RM100,001 – RM150,000	–
RM150,001 – RM200,000	1
RM200,001 – RM250,000	–
RM250,001 – RM300,000	–

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**

#### **PART I - AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")**

##### **Chairman of ARMC**

Mr Ho Pui Hold, an Independent Non-Executive Director, is the Chairman of ARMC. The Chairman of the ARMC is not the Chairman of the Board. Details on the composition and other pertinent facts of the ARMC is outlined under the ARMC Report in this Annual Report.

##### **Former Audit Partner**

None of the members of the Board were former audit partners. Hence, no former audit partner is appointed to the ARMC. As such, there was no need to establish such policy presently. Such a policy would be established when the need arises in future.

The Board will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the ARMC was a audit partner.

##### **Assessment of Suitability and Independence of External Auditors**

The Company has established a transparent and appropriate relationship with the Company's External Auditors. The Auditors will highlight to the ARMC and the Board on matters that require the Board's attention.

The ARMC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The ARMC has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the ARMC prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the ARMC.

To assess or determine the suitability and independence of the External Auditors, the ARMC has taken into consideration of the following:

- i) the adequacy of the experience and resources of the External Auditors;
- ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the AGM on the recommendation of the Board. The External Auditors are being invited to attend the AGM of the Company to response and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the ARMC will meet with the External Auditors without the presence of Executive Director and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the ARMC are duly recorded by the Company Secretary.

In presenting the Audit Planning Memorandum to the ARMC, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### **PART I - AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC") (CONT'D)**

##### **Assessment of Suitability and Independence of External Auditors (Cont'd)**

The ARMC is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the ARMC's recommendation for the shareholders' approval to be sought at the AGM on the re-appointment of Messrs Al Jafree Salihin Kuzaimi PLT as the External Auditors of the Company for the financial year ending 30 June 2023.

##### **Composition of the Audit and Risk Management Committee**

The present members of the ARMC are as follow:

<b>Name of Directors</b>	<b>Designations</b>
Ho Pui Hold (Member)	Independent Non-Executive Director
Jean-Michel Fink (Member)	Independent Non-Executive Chairman
Mark Chew Shin Yong (Chairman)	Independent Non-Executive Director

The ARMC comprised solely of three (3) Independent Non-Executive Directors, which comply with the following prescribed requirements:-

- Paragraph 15.09(1)(b) of the MMLR which stipulates that "all the audit committee members must be non-executive directors, with a majority of them being independent directors"; and
- Step Up Practice 9.4 of the MCCG which recommends that the Audit Committee should comprise solely of Independent Directors.

##### **Qualification of the Audit and Risk Management Committee**

The Board ensures that the ARMC as a whole is financially literate and has sufficient understanding of the Group's business. The ARMC would also review and provide advices on the financial statements which give a true and fair view of our financial position, financial performance and cash flows position.

The Board provides the shareholders with the Audited Consolidated Financial Statements and quarterly reports (interim reports) on a timely basis. The ARMC reviews the quarterly reports and Audited Consolidated Financial Statements, before the approval by the Board, focusing particularly on:-

- financial performance and financial position of the Company and its subsidiaries;
- changes in or implementation of major accounting policy to the financial statements;
- key audit matters of the Auditors' Report;
- significant and unusual events; and
- compliance with accounting standards and other legal requirements.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

#### **PART I - AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC") (CONT'D)**

##### **Effective Risk Management and Internal Control Framework**

###### **Risk Management Committee**

The Audit Committee was merged together with the Risk Management Committee to form the ARMC and the ARMC is comprised of entirely Independent Non-Executive Directors. The function of audit and risk management is currently overseen by the ARMC to better manage the Group's risk in order to continue to grow the Group.

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal controls, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks and respond appropriately to the risks encountered.

As an effort to enhance the system of internal controls, the Board together with the assistance of external professional Internal Audit firm adopted on-going monitoring and review the existing of risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the ARMC and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given to the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The information on the Group's internal control is further presented in the Statement on Risk Management and Internal Control set out in the Annual Report.

##### **Features of Risk Management and Internal Control Framework**

The Board has engaged a professional service provider to assume the Internal Audit Function of the Group. The Internal Auditors conducted regular audit reviews and assess the effectiveness and adequacy of the governance, risk management and internal controls in the Group. These reviews were reported to the ARMC directly by the Internal Auditors.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control of the Annual Report 2022.

###### **Internal Audit Function**

The internal audit function of the Group is outsourced to an independent professional firm to assist the Board and the ARMC in providing independent assessment of the adequacy, efficiency and effectiveness of the Groups' system of internal controls. Scheduled internal audits are carried out by the internal auditors and the findings are reported directly to the ARMC. The information on the Group's Risk Management and Internal Control is presented in the Statement on Risk Management and Internal Control as set out in this Annual Report.

The internal audit functions and activities carried out during the financial year ended 30 June 2022 are as disclosed in the ARMC Report of the Annual Report 2022.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

#### **PART I – COMMUNICATION WITH STAKEHOLDERS**

##### **Continuous Communication between Company and Stakeholders**

The Group is committed to maintaining a regular, transparent, coherent, timely and equitable dissemination of relevant and material information on the development of the Group to shareholders and stakeholders whilst balancing commercial confidentiality and regulatory considerations.

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

In addition, the Board and Management welcome visits by investors, fund managers and analysts and conduct briefings to them when required, as the Board believes that this will give investors and interested parties on one hand, a better appreciation and understanding of the Group's performance and on the other, awareness of the expectations and concerns of investors and such interested parties.

Besides, the Company also maintains an official website at [www.permaju.com.my](http://www.permaju.com.my) that provides an easy and convenient avenue for public to gain access to more information of the Group. However, in any circumstances, while the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to all shareholders and stakeholders.

The Board is committed under its corporate governance obligation to have an effective channel of communication with shareholders and the investing public. It affirms that the primary channel to engage and communicate with its shareholders is during the general meetings.

The Group disseminates information in relation to its financial performance, operations and corporate developments through the annual reports, quarterly reports, circulars and various announcements. The information is available via Bursa Securities websites and also the Company's website at [www.permaju.com.my](http://www.permaju.com.my) with a tab marked as "Investor Relations" which contains vital information, including annual reports, quarterly reports and official announcements made to Bursa Securities, concerning the Group which is updated on a regular basis.

All material announcements are reviewed and endorsed by the ARMC (as applicable) and the Board prior to release to the public through Bursa Securities. Shareholders and the public in general may also obtain announcements and financial results of the Company from Bursa Securities' website.

#### **PART II- CONDUCT OF GENERAL MEETINGS**

##### **Annual General Meeting ("AGM")**

The Board encourages shareholders' participation and as such, the AGM is an important event as the Board is given the opportunity to have a dialogue with the shareholders following presentation of annual audited financial statements and to address any questions that may arise.

The notice of AGM was sent to the shareholders at least twenty-eight (28) days prior to the meeting date as recommended by the MCGG and published in a major local newspaper. Items of special business included in the notice of AGM were accompanied by explanation of the proposed resolutions. All suggestions and comments put forth by shareholders will be noted by the Board for consideration.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

#### **PART II- CONDUCT OF GENERAL MEETINGS (CONT'D)**

##### **Annual General Meeting (“AGM”) (Cont'd)**

The Board recognises the importance of accountability to its shareholders and investors through proper communication. The Board acknowledges that shareholders should be informed of all material business matters which influence the Group. Timely release of quarterly financial results to Bursa Securities and other information and corporate actions taken by the Group that warrant an announcement to Bursa Securities under the MMLR will provide shareholders with a current overview of the Group's performance.

##### **Attendance of Directors at General Meetings**

The tentative date of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make necessary arrangement to attend the planned AGM.

At the Twenty-Fifth (25th) AGM of the Company held on 29 December 2021, all the Directors were present in person to engage directly with shareholders and be accountable for their stewardship of the Company.

##### **Leverage on Information Technology for Effective Dissemination of Information**

In view of the National Recovery Plan as imposed by the Government to contain the spread of the COVID-19 outbreak in Malaysia, the Company has hold its 25th AGM on a fully virtual basis and entirely via remote participation and voting. This allows the shareholders to participate (including posing questions to the Company/Board) and vote remotely at the AGM without being physically present at the broadcast venue.

Shareholders who are unable to attend the AGM may appoint proxy(ies) to participate on his/her behalf by submitting the duly executed proxy form to the Company's share registrar in hard copy or by electronic means. Alternatively, they may exercise their voting rights by appointing the Chairman of the meeting as his/her proxy with a pre-determined proxy form.

Shareholders will be allowed to cast their votes via an online platform at the time of the meeting until a time when the Chairman of the meeting announces the completion of the voting session.

##### **Shareholders Engagement**

All Directors and senior management, Company Secretary and external auditors were present during the Extraordinary General Meeting and AGM to engage with shareholders (physically and virtually) to address any areas of interest or concerned brought up by the shareholders.

Shareholders are provided with avenue to post their queries to the Company whether virtually or physically.

##### **Infrastructure for Virtual AGM**

The system used to handle virtual AGM was tested prior to the AGM and it could support interactions between the Board and senior management team with the shareholders. Questions raised by shareholders could be posted on the meeting platform or read out by the host of the meeting before the Board is invited to respond to the questions.

##### **Minutes of General Meeting**

Minutes of the General Meeting was posted on the Company's website within 30 business days from the date of the General Meeting.

## **CORPORATE GOVERNANCE OVERVIEW STATEMENT**

(CONT'D)

### **COMPLIANCE STATEMENT**

The Board will continue to strive for sound standards of corporate governance throughout the Group. Presently, the Board is of the view that the Company has, in all material aspects, satisfactorily complied with the principles and practices set out in the MCCG, except for the departures set out in the Corporate Governance Report.

This Statement was approved by the Board of Directors of the Company on 14 October 2022.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance requires the Board of Directors ("Board") to establish a sound risk management framework and internal controls system to safeguard shareholders' investments and the assets of Permaju Industries Berhad and its subsidiaries ("Group"). Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, the Board of listed issuers are required to include in their Annual Report, a statement on the Group's state of internal control and risk management.

The Board recognises its responsibilities and the importance of a sound system of risk management and internal controls. The Board continues with its commitment to maintain sound systems of risk management and internal control throughout the Group and in compliance with the MMLR and guided by the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) ("Guidelines").

The Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 30 June 2022.

## BOARD'S RESPONSIBILITIES

The Board acknowledges its responsibility for maintaining a sound system of internal controls and in seeking regular assurance on the adequacy, effectiveness and integrity of the risk management and internal control system to meet the Group's objectives and strategies, safeguard shareholders' investments and the Group's assets.

Board meetings are conducted on a periodic basis to review the Group's risk management and internal control activities. The Board through its Audit and Risk Management Committee ("ARMC") supported by the internal auditor which is independent of the activities it audits, conducted periodic assessments as to whether risks that may hinder the Group from achieving its objectives are being adequately evaluated, managed and controlled. Issues as well as actions agreed by the Management to address them were tabled and deliberated during the ARMC meetings, the minutes of which are then presented to the Board. The Board recognises the need to embed risk management in all aspects of the Company's activities and set levels of acceptable risk to aid decision-making and governance processes.

The Board of Directors acknowledges the need for a more formal risk management framework and process that is capable of providing a reasonable assurance that risk is managed within tolerable ranges. The Board have received assurance from the Executive Directors that the Group will continuously improve and maintain a sound and effective system of risk management and internal control. In pursuing objectives, the role of Management is to implement the Board's policies, decisions and guidelines on risks and controls that include the identification, evaluation and treatment of risks with appropriate counter measures.

The Board also acknowledges that due to the limitations that are inherent in any system of internal controls, the internal control system can only reduce but cannot totally eliminate risks that impede the achievement of the Group's business objective. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss or fraud.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

### KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements that have been established in the Group's risk management and internal control system are described below:-

#### 1. Risk Management System

The Board recognises that risk management is an integral part of the Group's business operations and that the identification and management of risks will affect the achievement of the Group's business objectives. The Board confirms there is an ongoing process of identifying, evaluating, monitoring and managing risks to achieve the objectives of the Group for the financial year under review. In discharging its responsibilities, the Board has taken into account the guidance of the Malaysian Code on Corporate Governance ("MCCG") 2021.

##### a. Establish the context of risk in relation to the Group's risk appetite

The number of risks, on a broader level, acceptable to the Group in pursuing the various business objectives is determined by the senior management.

##### b. Risk identification in relation to the objectives of every business function

The risks are identified through a series of interviews and discussions with the risk owners, i.e. respective heads of operating units/departments, key personnel and management of the Group. The risk identification process includes consideration of both internal and external environmental factors. External environmental factors include economic and political changes, changes in the behavior of competitors, new regulations or legislation and technological developments. Internal environmental include changes in key personnel, introduction of new or revision of existing policies and procedures.

##### c. Assess the potential impact and likelihood of the risks identified and hence their risk levels

The impact of the risk is rated on a scale of A to E (A to indicate the lowest impact and E to indicate the highest impact). Whereas the likelihood of the risk is rated on a scale of 1 to 5 (1 to indicate the lowest probability and 5 to indicate the highest probability). The risk level shall be rated low, medium and high according to the Risk Analysis Matrix.

##### d. Ongoing monitoring and review of risk mitigating measures, risk levels and emerging risks

All the identified risks and mitigating measures are documented in a "Business Risk Profile". The Business Risk Profile of the Group is updated on an ongoing basis and approved by the Board.

The Business Risk Profile serves as a tool for the heads of operating units/departments to manage key risks applicable to their areas of business. All key risks and issues are reviewed and resolved by the Management team during the monthly management meeting. Through these mechanisms, key risks identified in the Business Risk Profile are assessed in a timely manner and control procedures are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

The Internal Audit Function reviews the effectiveness and adequacy of control procedures adopted by the Group on half-yearly basis in mitigating the key risks identified in the Business Risk Profile. Any weaknesses noted during the audit review are reported to the Audit Committee. Through these mechanisms, the Audit Committee can be assured that the key risks of the Group are reviewed quarterly and appropriately managed to an acceptable level.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

### KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

#### 2. Internal Control System

- (i) An organisational structure with clear lines of accountability and responsibilities provides a sound framework within the organisation in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board's approval;
- (ii) The ARMC and the Board of Directors meet at least once on a quarterly basis to review and deliberate on financial reports, annual financial statements, internal audit reports and etc. Discussions with management were held to deliberate on the actions that are required to be taken to address the internal control issues identified;
- (iii) The ARMC and the Board review findings of the internal and external audit on accounting and internal control issues, and hold discussions with management on actions to be taken in resolving them;
- (iv) Internal policies and procedures had been established for key business units within the Group;
- (v) The internal auditor reports directly to the ARMC. Findings are communicated to Management and the ARMC with recommendations for improvements and follow-up to confirm all agreed recommendations are implemented. The internal audit plan is reviewed and approved by the ARMC; and
- (vi) Regular interactive meetings between the external and internal auditors to identify and rectify any weakness in the system of internal controls.

#### 3. Internal Audit Function

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls that provides assurance of effective and efficient operations and compliance with laws and regulations including its internal procedures and guidelines. The size and complexity of the operations may give rise to risks of unanticipated or unavoidable losses.

The internal audit function is outsourced to an independent professional firm, Messrs. GovernanceAdvisory.com Sdn Bhd. The firm was appointed by ARMC to assist the Board and ARMC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system. The management is responsible for ensuring that corrective actions are taken on reported weaknesses and the internal audit function will carry out subsequent follow-up reviews to ensure the identified areas are rectified for control improvement.

Internal audits were conducted on the internal control system of sales management and payment management during the financial year under review.

The Board has reviewed the adequacy and effectiveness of the Group's risk management activities and internal control framework and ensured that necessary actions have been or are being taken to rectify weaknesses identified. The Board concludes that continual improvement on the effective system of risk management and internal control is in place to safeguard the shareholders' investment and the Group's assets.

Based on the internal audit review conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

### BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing systems of risk management and internal control are effective and there were no losses resulting from significant control weakness.

The Board acknowledges that the risk management and internal control systems should be continuously improved. However, stakeholders should note that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the external auditors shall review this Statement on Risk Management and Internal Control. The review should be guided by the Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountants.

Based on AAPG3, the external auditors have reviewed this Statement and have reported to the Board that nothing has come to their attention that causes them to believe that the explanation disclosed in this Statement is inconsistent with their understanding of the processes adopted by the Board and management in their risk management and internal control systems of the Group.

### CONCLUSION

The Board is satisfied that the existing system of internal controls and risk management is sound and adequate to safeguard the Group's assets at the existing level of operations of the Group for the financial year under review, and up to the date of approval of this Statement. The Board recognizes that the development of internal control system is an ongoing process. Therefore, in striving for continuous improvement, the Board will continue to take appropriate action plans to further enhance the Group's system of internal control.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors is pleased to present the report of the Audit and Risk Management Committee ("ARMC") for the financial year ended 30 June 2022.

The primary objective of the ARMC is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to the corporate accounting and financial reporting practices for the Company and all its subsidiaries ("Group") and to ensure the adequacy and effectiveness of the Group's system of internal controls, providing oversight of both external and internal audit functions.

### COMPOSITION AND MEETINGS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The present ARMC comprises of three (3) members who are all Independent Non-Executive Directors. The Chairman, Mr Ho Pui Hold is a member of the Malaysian Institute of Accountants. The foregoing meets the requirements of Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The ARMC held four (4) meetings during the financial year ended 30 June 2022 which were attended by the members as tabulated below:-

Name of Directors	Status of Directorship	Number of Meetings Attended
Ho Pui Hold	Independent Non-Executive Director	4/4
Jean-Michel Fink	Independent Non-Executive Chairman	4/4
Mark Chew Shin Yong	Independent Non-Executive Director	4/4

A full agenda and comprehensive set of meeting papers were circulated to each ARMC members with sufficient notification prior to each meeting. The Internal and External Auditors were called in when relevant.

The representatives from the Management attended the meetings by invitation for the purposes of briefing the ARMC on reports presented at the meeting and to clarify on issues that the ARMC may have with regard to the activities involving their areas of responsibilities.

The Internal Auditors attended two (2) meetings during the financial year ended 30 June 2022 at the invitation of the committee. At the said meetings the Internal Auditors briefed the ARMC on the audit plan and the audit findings in relation to Hardie Development Sdn Bhd focusing on sales management review, and Capital Intertrade Sdn Bhd focusing on trade payment management review.

The External Auditors also attended two (2) meetings during the financial year ended 30 June 2022 at the invitation of the Committee to brief the ARMC on annual audit issues. During the financial year ended 30 June 2022, the ARMC has met on one (1) occasion with the External Auditors without the presence of the Management.

Minutes of each ARMC meeting were recorded and tabled for confirmation at the next following ARMC meeting and subsequently presented to the Board at Board meeting for information. The Company Secretary is the Secretary to the ARMC.

### AUTHORITY AND DUTIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC is governed by its Terms of Reference which is available on the Company's website at [www.permaju.com.my](http://www.permaju.com.my). In accordance with its Terms of Reference, the works undertaken by the ARMC during the financial year ended 30 June 2022 included the deliberation and review of the following:

- a) Reviewed the quarterly unaudited financial results and audited financial statements of the Group and the Company including the announcements pertaining thereto. Upon review and satisfied with the clarification and justification provided by the Management, the ARMC recommended the financial results to the Board for consideration and approval and release of the Group's results to Bursa Securities;

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

### AUTHORITY AND DUTIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

- b) Reviewed and discussed with External Auditors on their audit planning memorandum outlining their scope of work including audit risk areas, approach emphasis and timeline;
- c) Reviewed and discussed with the External Auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;
- d) Evaluated the performance of the External Auditors for the financial year ended 30 June 2022 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the External Auditors ;
- e) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
- f) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;
- g) Reviewed the effectiveness of the Group's system of internal control;
- h) Reviewed the proposed fees for the External Auditors and internal auditors in respect of their audit of the Company and the Group;
- i) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- j) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- k) Reviewed the ARMC Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and
- l) Report to the Board on its activities and significant findings and results.

### FINANCIAL LITERACY OF THE AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS

The members of the ARMC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the ARMC. The qualification and experience of the individual ARMC member are disclosed in the Directors' Profile in the Annual Report.

All members of the ARMC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

The Board of Directors ("Board") has reviewed the terms of office and performance of the ARMC's members and based on the results of its review, the Board was satisfied that the ARMC and its members have discharged their functions, duties and responsibilities in accordance with the ARMC's Terms of Reference and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

### INDEPENDENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Company recognises the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the ARMC of the Company were former audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of ARMC was a former audit partner of the external auditors of the Group.

### INTERNAL AUDIT FUNCTIONS AND ACTIVITIES

The Group's internal audit function, is outsourced to a professional services firm, named Messrs Governance Advisory, com Sdn Bhd ("GA"), which has adequate resources and appropriate standing to undertake its work independently and objectively to provide reasonable assurance to the ARMC regarding the adequacy and effectiveness of internal control systems.

The personnel conducting and carrying out the internal audit function are free from any relationship or conflict of interest or undue influence of others which could impair their independence. GA reports directly to the ARMC.

The total cost incurred for the internal audit function of the Group in respect of the financial year ended 30 June 2022 amounted to RM17,000.00.

The summary of the works undertaken by the Internal Auditors during the period under review are as follows:-

- Evaluate the adequacy of the internal control environment and ensure the controls and compliance are generally in place with some continuous improvement recommended.
- Evaluate the key management's responsibility and awareness in maintaining a sound internal control system to safeguard shareholder's investment and assets.
- Control weaknesses and control improvement recommended has been brought up to management attention and immediate rectification.
- Follow-up assessment was carried out to ensure that the remedial action has been adequately addressed by the management.

Further details of the internal audit function and its activities are provided in the Statement on Risk Management and Internal Control, set out in page 31 to 34 of this Annual Report.

## STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

The Directors are required by the Companies Act, 2016 to prepare the financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of each financial year and of their results and cash flows of the Group and of the Company for the financial year ended 30 June 2022.

The Directors are also responsible for ensuring that the financial statements of the Group are prepared with reasonable accuracy from the accounting records of the Group to give a true and fair view of the financial position of the Group as of 30 June 2022 and of their financial performance and cash flows for the year then ended.

In preparing the financial statements, the Directors have:

- i. adopted appropriate accounting policies and applied them consistently;
- ii. made judgements and estimates that are prudent and reasonable;
- iii. ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- iv. applied the going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

## ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

### 1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISES

#### (i) Renounceable of Irredeemable Convertible Preference Shares ("ICPS")

A renounceable rights issue of up to 936,309,855 new ICPS on the basis of 10 Rights ICPS together with 1 free warrant for every 2 existing ordinary shares in Permaju Industries Berhad held by the entitled shareholders on the entitlement date at an issue of RM0.05 per rights was completed on 21 August 2020 and successfully listed on Bursa Malaysia Securities Berhad ("Bursa Securities") on 4 September 2020.

The total proceeds raised from the ICPS was RM46,815,492.75 and the current utilisation status is set out as follows:-

Purpose	Intended Timeframe for Utilisation from Completion Date	Proposed Utilisation RM'000	Actual Utilisation as at 30 September 2022 (RM'000)	Balance Utilisation (RM'000)
Development of the Mydin Project	Within 36 months	38,470	(18,005)	20,465
Funding for automotive division	Within 12 months	5,000	(5,000)	–
Repayment of bank borrowings	Within 3 months	1,995	(1,995)	–
Estimated expenses for the Corporate Exercises	Immediate	1,350	(1,350)	–
<b>TOTAL</b>		<b>46,815</b>	<b>(26,350)</b>	<b>20,465</b>

#### (ii) Private Placement of up to 10% of the total number of issued shares

On 21 October 2020, the Company proposed to undertake private placement of up to 10% of total number of issued shares of the Company to independent third party investors ("Private Placement 2020 - 10%"). The Private Placement 2020 - 10% was completed on 18 November 2020 following the listing and quotation of 49,331,502 placement shares on the Bursa Securities, raising RM7.95 million for the Company. The summary of the utilisation of proceeds were as follows:-

Purpose	Intended Timeframe for Utilisation from Completion Date	Actual proceeds raised RM'000	Actual Utilisation as at 30 September 2022 (RM'000)	Balance Utilisation (RM'000)
Development of an online platform for luxury car rentals	Within 9 months	2,500	(530)	1,970
Acquisition of new cars for the Group's luxury car rental business	Within 24 months	3,950	(3,950)	–
Working capital	Within 24 months	1,062	(1,062)	–
Expenses for the Private Placement 2020 - 10%	Immediate	440	(440)	–
<b>TOTAL</b>		<b>7,952</b>	<b>(5,982)</b>	<b>1,970</b>



## ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

(CONT'D)

### 1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISES (CONT'D)

#### (iii) Rights Issue

The Company has undertaken renounceable rights issue which was completed on 6 December 2021 following the listing and quotation of 959,813,224 Rights Shares on the Main Market of Bursa Securities ("Rights Issue"). The Rights Issue has raised total gross proceeds of RM67.187 million. Status of the utilisation of proceeds derived from the Rights Issue by the Company are as follows:-

Purpose	Intended Timeframe for Utilisation from Completion Date	Actual proceeds raised RM'000	Actual Utilisation as at 30 September 2022 (RM'000)	Balance Utilisation (RM'000)
Importation of luxury and premium EVs	Within 24 months	25,000	(6,512)	18,488
Establishment of an EV showroom and after-sales service centre	Within 15 months	29,000	–	29,000
Advertising and promotional activities to promote EVs	Within 24 months	8,000	–	8,000
Working capital	Within 24 months	4,437	(2,351)	2,350
Estimated expenses for the Proposed Rights Issue	immediate	750	(750)	–
<b>TOTAL</b>		<b>67,187</b>	<b>(9,613)</b>	<b>57,574</b>

### 2. AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

The audit fees and non-audit fees payable to the external auditors during the financial year ended 30 June 2022 were as follows:

Type of Fees	Company (RM)	Group (RM)
Audit fees	50,000	152,000
Non-audit fees	–	–

### 3. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of the Directors, chief executive who is not a director or Major Shareholders either still subsisting as at 30 June 2022 or entered into since the end of the previous financial year.

### 4. CONTRACTS RELATING TO LOAN

During the financial year, there were no contracts relating to loans entered into by the Company involving Directors and major shareholders.

## ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

(CONT'D)

### 5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE

There was no material Recurrent Related Party Transactions of a revenue or trading nature during the financial year.

### 6. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 30 November 2020, the Company's shareholders approved the establishment of an ESOS of not more than 15% of the issue and paid up shares of the Company for eligible Directors and employees of the Company and its Subsidiaries. The ESOS was implemented on 24 December 2020 and shall be in force for a period of five (5) years and may be extended for such further period, at the sole and absolute discretion of the Board upon recommendation by the ESOS Committee, provided always that the Initial Scheme period above and such extension of the scheme made pursuant to the Bylaws shall not in aggregate exceed a duration of ten (10) years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the effective date of the ESOS.

The details of the ESOS are set out as follows:

<b>Employees</b>	<b>As At 30 June 2022</b>
Total number of options or shares granted	139,106,873
Total number of options exercised	139,106,873
Total number of options vested	–
Total options outstanding	150,921,857
<b>Granted to the Directors and Chief Executive</b>	<b>As At 30 June 2022</b>
Aggregate options granted	–
Aggregate options exercised	–
Aggregate options vested	–
Aggregate options outstanding	–

<b>Granted to the directors and senior management</b>	<b>During the financial year ended 30 June 2022</b>	<b>Since commencement of the ESOS on 24 December 2020</b>
Aggregate maximum allocation	–	–
Actual Granted	–	–

(% of the options under the scheme)

Pursuant to the ESOS By-Law, the aggregate maximum allocation to Directors and Senior Management under the ESOS Scheme shall not be more than 80% of the options allocated.

There were no options offered to and exercised by, or shares granted to and vested in Non-Executive Directors pursuant to ESOS during the financial year.

## DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of management services and investment holding.

The principal activities and other information of the subsidiaries are stated in Note 16 to the financial statements.

### FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the year	<u>(34,454,158)</u>	<u>(1,215,054)</u>

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the financial statements.

### DIVIDENDS

There were no dividends proposed, paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend any dividend in respect of the financial year ended 30 June 2022.

### RESERVES AND PROVISIONS

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

**DIRECTORS' REPORT**

(CONT'D)

**ISSUE OF SHARES AND DEBENTURES**

During the financial year, the Company:

- (a) exercised the issuance of 41,856,950 new ordinary shares at an issue price range from RM0.22 to RM0.25 each for a total cash consideration of RM10,061,069 via Conversion of Irredeemable Convertible Preference Shares.
- (b) exercise the issuance of 4,475,547 new ESOS Shares at an issue price of RM0.1150 each for a total cash consideration of RM514,688.
- (c) exercise the issuance of 959,813,224 new ICPS at an issue price of RM0.07 each for a total cash consideration of RM67,186,926.

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

The Company has not issued any debentures during the financial year.

**DIRECTORS**

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Chew Shin Yong, Mark  
Jean-Michel Fink  
Ho Pui Hold  
Tang Boon Koon\*\*  
Patrick Ting  
Chai Woon Yun\*\*

(Appointed on 1 July 2022)  
(Retired on 29 December 2021)

\*\* This Director is also a Director of the Company's subsidiaries.

The name of the Director of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) is:

Yee Yit Yang

## DIRECTORS' REPORT

(CONT'D)

### DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of Directors in office at the end of financial year in shares in the Company during the financial year was as follows:

Name of director	Number of ordinary shares		
	1 July 2021	Acquired	Sold
			30 June 2022
<i>Direct Interest:</i>			
<i>Ordinary shares of</i>			
<i>the Company</i>			
Chai Woon Yun	1,000,000	-	-
			1,000,000

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 corporations during the financial year.

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other corporate body.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as disclosed below) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 10 to the financial statements.

The Directors' remuneration of the Group and of the Company are as follows:

	Group RM	Company RM
- Directors' remuneration	557,173	242,650

### INDEMNIFYING DIRECTORS AND OFFICERS

No indemnities have been given to or insurance effected for, during or since the end of the financial year, any person who is or has been the Director and officer of the Group and of the Company.

**DIRECTORS' REPORT**

(CONT'D)

**OTHER STATUTORY INFORMATION**

- (a) Before the statements of comprehensive income and statements of financial position 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 allowance for expected credit losses and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for expected credit losses; and
  - (ii) to ensure that any current assets which were unlikely to realise their values 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.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) the amounts written off for bad debts or the amounts of the allowance for expected credit losses made in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

## DIRECTORS' REPORT

(CONT'D)

### OTHER STATUTORY INFORMATION (CONT'D.)

(f) In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### AUDITORS

The auditors, Al Jafree Salihin Kuzaimi PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	<b>Group RM</b>	<b>Company RM</b>
Al Jafree Salihin Kuzaimi PLT	<u>152,000</u>	<u>50,000</u>

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

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

**Tang Boon Koon**  
Director

**Patrick Ting**  
Director



## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, **Tang Boon Koon** and **Patrick Ting**, being two of the Directors of **Permaju Industries Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements of the Group and of the Company are drawn up in accordance with the 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 2022 and of its financial performance and cash flows for the year then ended.

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

**Tang Boon Koon**  
Director

**Patrick Ting**  
Director

## STATUTORY DECLARATION

PURSUANT TO SECTION 251 (1)(B) OF THE COMPANIES ACT, 2016

I, **Tang Boon Koon**, being the Director primarily responsible for the financial management of **Permaju Industries Berhad**, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by       )  
the above named at **Kuala Lumpur**       )  
in the state of **Federal Territory**       )  
on 14 October 2022       )

**Tang Boon Koon**  
Director

Before me,

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERMAJU INDUSTRIES BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Permaju Industries Berhad, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and 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 significant accounting policies, as set out on accompanying pages.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, and of their financial performance and their cash flows for the year then ended in accordance with the 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 audit 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 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. For each of the following matter, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITORS' REPORT

(CONT'D)

**Key Audit Matters (Cont'd.)**

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matters
<p>1) Revenue recognition</p> <p>Revenue from sales of motor vehicles, sales of spare parts, repair and maintenance services as well as sales of completed properties recognised by the Group amounted to approximately RM16.1 million (2021: RM18.5 million), RM2.3 million (2021: RM6.2 million) and RM4.0 million (2021: RM5.4 million) respectively.</p> <p>Given its magnitude and significant volume of transactions involved, revenue recognition is identified as an area of focus in our audit.</p> <p>Refer to Note 4 to the financial statements.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We walked through the process and test the Group's internal controls on the revenue recognition and tested the operating effectiveness of the controls;</li> <li>• We have reviewed sales transactions, on a sample basis, to ensure that the revenue recognised are in line with the relevant accounting standards, MFRS 15, Revenue from Contract with Customers;</li> <li>• Inspected the terms of significant sales contracts to determine the point of transfer of control to customers;</li> <li>• We have inspected documents evidencing the delivery of goods or services to customers;</li> <li>• We have performed cut-off tests to ensure revenue recognised for the financial year are recognised in the correct period; and</li> <li>• We have assessed the adequacy of the disclosure in the financial statements in accordance with the requirements of MFRS 15, Revenue from Contract with Customers.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

(CONT'D)

## Key Audit Matters (Cont'd.)

Key audit matters	How our audit addressed the key audit matters
<p>2) Valuation of property development costs and land held for property development.</p> <p>The Group's land held for property development and property development costs as at 30 June 2022 are amounting to approximately RM106.3 million and RM Nil derived from the Group's property development segment respectively.</p> <p>We considered this to be a key audit matter given the level of judgements involved in determining the carrying amount for the purpose of measurement at lower of cost and net realisable value in accordance to MFRS 102, Inventories and the magnitude of the balances.</p> <p>Refer to Note 18 to the financial statements.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Tested the Group's controls by inspecting for evidence of reviews and approvals over the cost and recording of actual costs incurred;</li> <li>• Performed substantive procedures, agreed a sample of costs incurred to date to invoice, review that they were allocated to the appropriate construction project, and meet the definition of development costs;</li> <li>• Reviewed and assessed significant assumptions used, including selling price of future development project and estimates used in determining the estimated gross margin for development activities, as well as tested the mathematical accuracy of all calculations included within the feasibility study;</li> <li>• Reviewed future property development plans of the management;</li> <li>• Evaluated estimated selling prices of future development projects, expected take up rate for each development phase and the estimated gross margin from development activities that form the key assumptions of impairment assessments;</li> <li>• Ascertained that no development activities have been carried out or development activities are not expected to be completed on land held for property development within the normal operating cycle; and</li> </ul>

INDEPENDENT AUDITORS' REPORT

(CONT'D)

**Key Audit Matters (Cont'd.)**

Key audit matters	How our audit addressed the key audit matters
2) Valuation of property development costs and land held for property development. (Cont'd.)	<ul style="list-style-type: none"> <li>We have assessed the adequacy of the disclosure in the financial statements in accordance with the requirements of MFRS 102, Inventories.</li> </ul>

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report 2022, which is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report 2022, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

## INDEPENDENT AUDITORS' REPORT

(CONT'D)

### **Responsibilities of the Directors 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 that give a true and fair view in accordance with the 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 and the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

INDEPENDENT AUDITORS' REPORT

(CONT'D)

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd.)**

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: (Cont'd.)

- 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 and 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 and 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 identify during our audit.

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

## INDEPENDENT AUDITORS' REPORT

(CONT'D)

### **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 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.

### **Other Matters**

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

**AL JAFREE SALIHIN KUZAIMI PLT**  
201506002872 (LLP0006652-LCA) & AF 1522  
CHARTERED ACCOUNTANTS

**SALIHIN BIN ABANG**  
No. 02230/02/2024 J  
CHARTERED ACCOUNTANT

Dated: 14 October 2022

Selangor, Malaysia



## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	4	22,369,439	30,132,058	-	-
Cost of sales		(20,787,717)	(28,022,306)	-	-
<b>Gross profit</b>		<b>1,581,722</b>	<b>2,109,752</b>	<b>-</b>	<b>-</b>
<b>Other operating income</b>					
Interest income	5	1,065,650	318,401	1,016,485	287,116
Other income	6	2,071,503	3,825,212	-	510
<b>Other items of expense</b>					
Selling and marketing expenses		(1,122,837)	(2,202,988)	-	-
Administrative expenses		(7,801,008)	(13,479,321)	(2,231,539)	(18,868,576)
Other operating expenses		(26,613,784)	(33,674,064)	-	-
<b>Loss from operation</b>		<b>(30,818,754)</b>	<b>(43,103,008)</b>	<b>(1,215,054)</b>	<b>(18,580,950)</b>
Finance costs	7	(556,157)	(415,942)	-	-
<b>Loss before taxation</b>	9	<b>(31,374,911)</b>	<b>(43,518,950)</b>	<b>(1,215,054)</b>	<b>(18,580,950)</b>
Income tax (expense)/ credit	11	(3,079,247)	723,337	-	(48,929)
<b>Net loss for the year, representing total comprehensive loss for the year</b>		<b>(34,454,158)</b>	<b>(42,795,613)</b>	<b>(1,215,054)</b>	<b>(18,629,879)</b>

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

STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022  
(CONT'D)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>Loss net of tax attributable to:</b>					
Owner of the Company		(34,454,158)	(41,099,089)	(1,215,054)	(18,629,879)
Non-controlling interest		-	(1,696,524)	-	-
		<u>(34,454,158)</u>	<u>(42,795,613)</u>	<u>(1,215,054)</u>	<u>(18,629,879)</u>
<b>Total comprehensive loss attributable to:</b>					
Owner of the Company		(34,454,158)	(41,099,089)	(1,215,054)	(18,629,879)
Non-controlling interest		-	(1,696,524)	-	-
		<u>(34,454,158)</u>	<u>(42,795,613)</u>	<u>(1,215,054)</u>	<u>(18,629,879)</u>
<b>Loss per share attributable to owners of the Company (sen per share):</b>					
Basic	12	<u>(2.29)</u>	<u>(4.43)</u>		
Diluted	12	<u>(2.27)</u>	<u>(4.43)</u>		

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

## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	56,210,807	56,769,588	5,386	613
Right-of-use assets	14	6,557,183	7,058,375	-	-
Biological assets	15	5,203,531	5,442,587	-	-
Investment in subsidiaries	16	-	-	56,916,076	35,119,076
Other investment	17	71,692,922	59,998,397	45,400,647	20,142,897
Land held for property development	18	106,267,631	63,727,478	-	-
Deferred tax assets	28	128,592	3,178,531	-	-
Other receivables	20	-	-	198,829,340	168,700,761
		<u>246,060,666</u>	<u>196,174,956</u>	<u>301,151,449</u>	<u>223,963,347</u>
<b>Current assets</b>					
Property development costs	18	-	42,540,153	-	-
Inventories	19	1,310,890	6,880,389	-	-
Trade and other receivables	20	22,757,967	26,549,285	137,295	21,874,486
Other current assets	21	-	12,397	-	-
Income tax refundable		301,782	233,810	-	-
Cash and cash equivalents	22	37,992,712	34,137,296	34,797,110	24,025,104
		<u>62,363,351</u>	<u>110,353,330</u>	<u>34,934,405</u>	<u>45,899,590</u>
<b>Total assets</b>		<u>308,424,017</u>	<u>306,528,286</u>	<u>336,085,854</u>	<u>269,862,937</u>

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

(CONT'D)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	23	441,688,588	363,925,905	441,688,588	363,925,905
Treasury share	23	-	-	-	-
Merger deficit		-	(629,211)	-	-
Revaluation reserve	24	21,551,759	21,551,759	-	-
Irredeemable convertible preference shares ("ICPS")	25	41,791,149	51,852,218	41,791,149	51,852,218
Other reserve	24	(53,539,998)	(53,539,998)	(53,539,998)	(53,539,998)
Warrant reserve	24	53,539,998	53,539,998	53,539,998	53,539,998
Accumulated losses		(222,749,256)	(176,904,472)	(151,658,537)	(150,443,483)
		<u>282,282,240</u>	<u>259,796,199</u>	<u>331,821,200</u>	<u>265,334,640</u>
Non-controlling interest		-	11,035,585	-	-
<b>Total equity</b>		<u>282,282,240</u>	<u>270,831,784</u>	<u>331,821,200</u>	<u>265,334,640</u>
<b>Non-current liabilities</b>					
Lease liability	27	6,458,713	6,816,712	-	-
Deferred tax liabilities	28	7,316,046	7,286,738	-	-
		<u>13,774,759</u>	<u>14,103,450</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade and other payables	26	11,948,127	21,174,161	4,259,106	4,522,749
Lease liability	27	413,343	413,343	-	-
Income tax payable		5,548	5,548	5,548	5,548
		<u>12,367,018</u>	<u>21,593,052</u>	<u>4,264,654</u>	<u>4,528,297</u>
<b>Total liabilities</b>		<u>26,141,777</u>	<u>35,696,502</u>	<u>4,264,654</u>	<u>4,528,297</u>
<b>Total equity and liabilities</b>		<u>308,424,017</u>	<u>306,528,286</u>	<u>336,085,854</u>	<u>269,862,937</u>

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Group	Note	Total equity RM	Equity attributable to owners of the Company RM	Share capital RM	Merger deficit RM	Revaluation reserve RM	Irredeemable convertible preference shares ("ICPS") RM	Other reserve RM	Warrant reserve RM	Accumulated losses RM	Non- controlling interest RM
<b>As at 1 July 2021</b>		270,831,784	259,796,199	363,925,905	(629,211)	21,551,759	51,852,218	(53,539,998)	53,539,998	(176,904,472)	11,035,585
Right issue of ICPS		67,186,926	67,186,926	67,186,926							
Issuance of ordinary shares pursuant to:											
- Conversion of ICPS	25	-	-	10,061,069	-	-	(10,061,069)	-	-	-	-
- ESOS	25	514,688	514,688	514,688	-	-	-	-	-	-	-
Changes in ownership interest in the subsidiary		(21,797,000)	(10,761,415)	-	-	-	-	-	-	(10,761,415)	(11,035,585)
Reversal of merger deficit		-	-	-	629,211	-	-	-	-	(629,211)	-
Net loss for the year representing total comprehensive loss for the year		(34,454,158)	(34,454,158)	-	-	-	-	-	-	(34,454,158)	-
<b>As at 30 June 2022</b>		282,282,240	282,282,240	441,688,588	-	21,551,759	41,791,149	(53,539,998)	53,539,998	(222,749,256)	-

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

STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(CONT'D)

Group	Total equity RM	Equity attributable to owners of the Company RM	Share capital RM	Treasury shares RM	Merger deficit RM	Revaluation reserve RM	Irredeemable convertible preference shares ("ICPS") RM	Other reserve RM	Warrant reserve RM	Accumulated losses RM	Non- controlling interest RM
<b>As at 1 July 2020</b>	124,551,263	111,819,154	228,310,253	(3,279,648)	(629,211)	21,551,759	-	-	-	(134,133,999)	12,732,109
Rights issue of ICPS	51,852,218	51,852,218	-	-	-	-	51,852,218	-	-	-	-
Issuance of ordinary shares pursuant to:											
- Conversion of ICPS	77,619,212	77,619,212	77,619,212	-	-	-	-	-	-	-	-
- Exercise of warrants	23,750	23,750	23,750	-	-	-	-	-	-	-	-
- Private placement	37,794,061	37,794,061	37,794,061	-	-	-	-	-	-	-	-
- ESOS	20,178,629	20,178,629	20,178,629	-	-	-	-	-	-	-	-
Issuance of warrant	-	-	-	-	-	-	-	(53,594,376)	53,594,376	-	-
Reversal of warrant reserve	-	-	-	-	-	-	-	54,378	(54,378)	-	-
Disposal	1,608,264	1,608,264	-	3,279,648	-	-	-	-	-	(1,671,384)	-
Net loss for the year representing total comprehensive loss for the year	(42,795,613)	(41,099,089)	-	-	-	-	-	-	-	(41,099,089)	(1,696,524)
<b>As at 30 June 2021</b>	<b>270,831,784</b>	<b>259,796,199</b>	<b>363,925,905</b>	<b>-</b>	<b>(629,211)</b>	<b>21,551,759</b>	<b>51,852,218</b>	<b>(53,539,998)</b>	<b>53,539,998</b>	<b>(176,904,472)</b>	<b>11,035,585</b>

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

STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(CONT'D)

Company	Total equity RM	Share capital RM	Treasury shares RM	Irredeemable convertible preference shares ("ICPS") RM	Accumulated losses RM
<b>As at 1 July 2021</b>	265,334,640	363,925,905	-	51,852,218	(150,443,483)
Additional	67,701,614	67,701,614	-	-	-
Conversion	-	10,061,069	-	(10,061,069)	-
Net loss for the year representing, total comprehensive loss for the year	(1,215,054)	-	-	-	(1,215,054)
<b>As at 30 June 2022</b>	<b>331,821,200</b>	<b>441,688,588</b>	<b>-</b>	<b>41,791,149</b>	<b>(151,658,537)</b>
<b>As at 1 July 2020</b>	94,888,385	228,310,253	(3,279,648)	-	(130,142,220)
Additional	187,467,870	135,615,652	-	51,852,218	-
Disposal	1,608,264	-	3,279,648	-	(1,671,384)
Net loss for the year representing, total comprehensive loss for the year	(18,629,879)	-	-	-	(18,629,879)
<b>As at 30 June 2021</b>	<b>265,334,640</b>	<b>363,925,905</b>	<b>-</b>	<b>51,852,218</b>	<b>(150,443,483)</b>

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Operating activities</b>				
Loss before taxation	(31,374,911)	(43,518,950)	(1,215,054)	(18,580,950)
<u>Adjustments for:</u>				
Depreciation of:				
- property, plant and equipment	424,539	462,748	626	973
- right-of-use assets	501,192	494,928	-	-
Interest income	(1,065,650)	(318,401)	(1,016,485)	(287,116)
Interest expenses	556,157	415,942	-	-
Gain on disposal of property, plant and equipment, net	(51,417)	(10,483)	-	-
Unrealised fair value loss on marketable securities	25,391,266	31,709,834	-	-
Realised gain on marketable securities	(310,200)	(1,986,814)	-	-
Impairment loss on:				
- amount due from subsidiaries	-	-	-	16,128,401
- trade receivables	39,641	65,937	-	-
- other receivables	-	-	-	-
- inventories	202,056	76,367	-	-
Fair value changes of biological assets recognised in profit or loss	882,333	822,527	-	-
Reversal of impairment on:				
- trade and other receivables	(63,320)	(376,849)	-	-
Write off on:				
- property, plant and equipment	-	151,161	-	-
- trade and other receivables	-	88,462	-	-
- inventories	9,566	899,548	-	-
Total adjustments	26,516,163	32,494,907	(1,015,859)	15,842,258
Operating cash flows before changes in working capital	<u>(4,858,748)</u>	<u>(11,024,043)</u>	<u>(2,230,913)</u>	<u>(2,738,692)</u>

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



STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(CONT'D)

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
<u>Changes in working capital</u>				
Decrease in inventories	5,357,877	6,090,424	-	-
Decrease/(Increase) in trade and other receivables	3,821,175	(19,771,293)	(8,391,388)	(21,796,529)
Decrease in other current assets	12,397	112,457	-	-
Increase in amount due from subsidiaries	-	-	-	(119,965,726)
Decrease in trade and other payables	(9,226,034)	(31,746,257)	(263,643)	(653,242)
Total changes in working capital	(34,585)	(45,314,669)	(8,655,031)	(142,415,497)
Cash flows used in operations	(4,893,333)	(56,338,712)	(10,885,944)	(145,154,189)
Interest received	1,065,650	318,401	1,016,485	287,116
Interest paid	(194,156)	(35,609)	-	-
Income tax paid	(67,972)	(165,272)	-	(48,930)
<b>Net cash flows used in operating activities</b>	<b>(4,089,811)</b>	<b>(56,221,192)</b>	<b>(9,869,459)</b>	<b>(144,916,003)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(557,618)	(3,971,640)	(5,399)	-
Proceeds from disposal of property, plant and equipment	100,000	60,792	-	-
Placement in licensed banks	(25,257,750)	(20,142,897)	(25,257,750)	(20,142,897)
Purchase of marketable securities	(16,008,041)	(71,565,250)	-	-
Acquisition of shares from non-controlling interest of a subsidiary	(21,797,000)	-	(21,797,000)	-
Proceeds from disposal of marketable securities	4,490,200	-	-	-
Placement of fixed deposit	(103,089)	(200,000)	-	-
<b>Net cash flows used in investing activities</b>	<b>(59,133,298)</b>	<b>(95,818,995)</b>	<b>(47,060,149)</b>	<b>(20,142,897)</b>

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(CONT'D)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Financing activities</b>				
Repayment of loans and borrowings, net	-	(2,007,353)	-	-
Repayment of lease liability	(720,000)	(759,504)	-	-
Proceeds from issuance of ICPS Equity	-	51,852,218	-	51,852,218
Proceeds from issuance of ordinary shares:				
- Conversion of ICPS	-	77,619,212	-	77,619,212
- Exercise of warrants	-	23,750	-	23,750
- Private placement	-	37,794,061	-	37,794,061
- ESOS	514,688	20,178,629	514,688	20,178,629
- Right issue	67,186,926	-	67,186,926	-
Proceed from disposal of treasury share	-	1,608,264	-	1,608,264
Deposits with a licensed bank pledged	-	(16,835)	-	-
<b>Net cash flows generated from financing activities</b>	<b>66,981,614</b>	<b>186,292,442</b>	<b>67,701,614</b>	<b>189,076,134</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,758,505</b>	<b>34,252,255</b>	<b>10,772,006</b>	<b>24,017,234</b>
<b>Cash and cash equivalents at 1 July</b>	<b>33,374,476</b>	<b>(877,779)</b>	<b>24,025,104</b>	<b>7,870</b>
<b>Cash and cash equivalents at 30 June (Note 22)</b>	<b>37,132,981</b>	<b>33,374,476</b>	<b>34,797,110</b>	<b>24,025,104</b>

(a) Reconciliation of liabilities arising from financing activities excluding bank overdrafts are as follows:

Group	1 July 2021 RM	Cash flows RM	Non-cash changes RM	30 June 2022 RM
Lease liability	7,230,055	(720,000)	362,001	6,872,056

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

# NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

## 1. CORPORATE INFORMATION

Permaju Industries Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is situated at Level 5, Block B Dataran PHB, Saujana Resort Section U2, 40150 Shah Alam, Selangor Darul Ehsan. The principal place of business is situated at Wisma Cergaz, Lot 45182, Sungai Penchala, Off Jalan Damansara, 60000 Kuala Lumpur.

The principal activities of the Company are the provision of management services and investment holding. The principal activities of the subsidiaries and other information relating to the subsidiaries are stated in Note 16 to the financial statements.

The consolidated financial statements of the Company and its subsidiaries collectively, the Group for the financial year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 14 October 2022.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia (RM).

### 2.2 Changes in accounting policies arising from amendments to MFRS and IC Interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2021, the Company adopted the following new and amended MFRS and Interpretations Committee ("IC") Interpretations mandatory for annual financial periods beginning on or after 1 July 2021.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Changes in accounting policies arising from amendments to MFRS and IC Interpretations (Cont'd.)

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendment to MFRS 16 Leases - Covid-19 - Related Rent Concession beyond 30 June 2021	1 April 2021
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9 Financial Instruments (Annual Improvement to MFRS Standards 2018 - 2020)	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)	1 January 2022

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

### 2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the financial year of initial applications.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Profit or loss within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Basis of consolidation (Cont'd.)

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

#### **Business combinations**

Acquisition of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9, is measured at fair value with the changes in fair value recognised in profit or loss or changes to other comprehensive income in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.4 Basis of consolidation (Cont'd.)**

**Business combinations (Cont'd.)**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control. No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities. No additional goodwill is recognised as a result of the combination.

**Merger Accounting for Common Control Business Combinations**

Acquisitions which result in a business combination involving common control entities, are outside the scope of MFRS 3. Accordingly, merger accounting has been used by the Group to account for such common control business combinations.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Basis of consolidation (Cont'd.)

#### Merger Accounting for Common Control Business Combinations (Cont'd.)

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the interests of the controlling party or parties.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

### 2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.6 Transactions with non-controlling interests**

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

**2.7 Summary of significant accounting policies**

**(a) Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in comprehensive income as incurred.

Leasehold land are measured at fair value less accumulated impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in comprehensive income, in which case the increase is recognised in comprehensive income. A revaluation deficit is recognised in comprehensive income, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Summary of significant accounting policies (Cont'd.)

#### (a) Property, plant and equipment (Cont'd.)

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a straight-line basis over the estimated useful-lives of the assets as follows:

Items	Useful-lives
Leasehold land	Over the remaining period of lease
Plant and machinery	3 to 20 years
Motor vehicles	3 to 10 years
Furniture, fixtures, renovation and equipment	4 to 10 years
Signage	1 to 6 years
Electrical wiring and lighting installation	1 to 6 years
Computer	1 to 10 years
Building	50 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

#### (b) Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. The depreciation policy for investment properties is in accordance with that for depreciable property, plant and equipment as described in Note 2.7(a).

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.7 Summary of significant accounting policies (Cont'd.)**

**(b) Investment properties (Cont'd.)**

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7(a) up to the date of change in use.

**(c) Biological assets**

**Forestry assets**

Owned forestry assets are measured at fair value less cost to sell, calculated by applying expected selling price, less cost to harvest and deliver, to the estimated volume of timber on hand at each reporting date. The fair value less cost to sell is determined using market approach. The estimated volume of timber on hand is determined based on the maturity profile of the area under afforestation, the species, and other environmental consideration. The product of these then adjusted for risk associated with forestry assets.

Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. At point of felling, the carrying value of forestry assets is transferred to inventory.

Directly attributable cost incurred during the year of biological growth and investment in standing timber are capitalised and presented within cash flows from investing activities.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Summary of significant accounting policies (Cont'd.)

#### (d) 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:

- (i) in the principal market for the asset or liability; or
- (ii) 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 by the Group and 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 economic best 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 uses 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.

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 the 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 the fair value measurement is directly or indirectly observable.
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.7 Summary of significant accounting policies (Cont'd.)**

**(d) Fair value measurement (Cont'd.)**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**(e) Impairment of non-financial assets**

The Group and the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Summary of significant accounting policies (Cont'd.)

#### (e) Impairment of non-financial assets (Cont'd.)

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. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

#### (f) Current versus non-current classification

The Group and the Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.7 Summary of significant accounting policies (Cont'd.)**

**(g) Financial assets**

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial statements.

**(i) Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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 has applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables of the Group and of the Company do not contain a significant financing component and therefore are measured at the transaction price determined under MFRS 15 Revenue from Contracts with Customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, 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.

The Group's and the Company's business model for managing financial assets refers to how it manages its 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Summary of significant accounting policies (Cont'd.)

#### (g) Financial assets (Cont'd.)

##### (ii) Subsequent measurement

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

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains or losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains or losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

##### **Financial assets at amortised cost (debt instruments)**

The Group and the Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount due from subsidiary companies, fixed deposits with licensed banks and cash and bank balances.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains or losses are recognised in statements of comprehensive income when the asset is derecognised, modified or impaired.



NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.7 Summary of significant accounting policies (Cont'd.)**

**(g) Financial assets (Cont'd.)**

**(ii) Subsequent measurement (Cont'd.)**

**Financial assets at fair value through OCI (debt instruments)**

The Group and the Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statements of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company has no financial assets at fair value through OCI (debt instruments) at the reporting date.

**Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Summary of significant accounting policies (Cont'd.)

#### (g) Financial assets (Cont'd.)

##### (ii) Subsequent measurement (Cont'd.)

##### **Financial assets designated at fair value through OCI (equity instruments) (Cont'd.)**

Gains or losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statements of comprehensive income when the right of payment has been established, except when the Group and the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company have no financial assets at fair value through OCI (equity instruments) at the reporting date.

##### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss (FVTPL) include financial held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

The Group and the Company financial assets measured at FVTPL include other investment.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.7 Summary of significant accounting policies (Cont'd.)**

**(g) Financial assets (Cont'd.)**

**(ii) Subsequent measurement (Cont'd.)**

**Financial assets at fair value through profit or loss (Contd.)**

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in statements of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statements of comprehensive income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

- the economic characteristics and risks are not closely related to the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in statements of comprehensive income. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Summary of significant accounting policies (Cont'd.)

#### (g) Financial assets (Cont'd.)

##### (iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company has transferred its rights to receive cash flows from the asset or has 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 the Group and the Company has transferred substantially all the risks and rewards of the asset, or the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has 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 continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognises 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 has 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.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.7 Summary of significant accounting policies (Cont'd.)**

**(h) Impairment of financial assets**

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Summary of significant accounting policies (Cont'd.)

#### (i) Financial liabilities

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

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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 lease liability.

##### (ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statements of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.7 Summary of significant accounting policies (Cont'd.)**

**(i) Financial liabilities (Cont'd.)**

**(ii) Subsequent measurement (Cont'd.)**

**Financial liabilities at fair value through profit or loss (Cont'd.)**

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company has not designated any financial liability as at fair value through profit or loss.

**Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in statements of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method ("EIR") amortisation process.

Amortised cost 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 in finance costs in the statements of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

**(iii) Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Summary of significant accounting policies (Cont'd.)

#### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group cash management.

#### (k) Land held for property development and property development costs

##### (i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

##### (ii) Property development costs

Property development costs consist of property being developed principally for sale and is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to complete and applicable variable selling expenses.

Cost comprise all costs that are directly attributable to development activities.

The property development cost for units sold during development stage is recognised in profit or loss using the stage of completion method as Note 2.7(q)(iii). The property development costs of the unsold units are re-classified to "Inventories" when development is completed.



NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.7 Summary of significant accounting policies (Cont'd.)**

**(l) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in and first-out basis. Costs comprised purchase costs and costs incurred in bringing the inventories to their present location and conditions.

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

**(m) Provisions**

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**(n) Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. 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. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period 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.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Summary of significant accounting policies (Cont'd.)

#### (o) Employee benefits

##### (i) Defined contribution plans

The Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

##### (ii) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

##### (iii) Termination benefit

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after reporting date are discounted to present value.

#### (p) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.7 Summary of significant accounting policies (Cont'd.)**

**(p) Leases (Cont'd.)**

**(i) As 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.

**Right-of-use assets**

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

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

**Short-term leases and leases of low-value assets**

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

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Summary of significant accounting policies (Cont'd.)

#### (p) Leases (Cont'd.)

##### (i) As lessee (Cont'd.)

###### Lease liabilities

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. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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.

##### (ii) As 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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.7 Summary of significant accounting policies (Cont'd.)**

**(q) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

**(i) Sale of goods**

Revenue is recognised at point of time, net of sales tax and upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**(ii) Revenue from services**

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are rendered.

**(iii) Sale of properties under development**

The Group develops and sells residential and commercial properties in the state of Sabah. The properties have generally no alternative use for the Group due to contractual restrictions and the Group has an enforceable right to payment for performance completed to date. Accordingly revenue from the sale of properties under development are recognised over time.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Summary of significant accounting policies (Cont'd.)

#### (q) Revenue (Cont'd.)

##### (iii) Sale of properties under development (Cont'd.)

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as contract assets within other current assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as contract liabilities within other current liabilities.

##### (iv) Sale of completed properties

Revenue is recognised when control over the goods has been transferred to the customer.

##### (v) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

##### (vi) Management fees

Management fees are recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.7 Summary of significant accounting policies (Cont'd.)**

**(q) Revenue (Cont'd.)**

**(vii) Dividend income**

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

**(viii) Rental income**

Rental income is recognised on an accrual basis in accordance with the substance of the relevance agreement. accounted for on a straight-line basis over the lease terms.

**(r) Income tax**

**(i) Current tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(ii) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Summary of significant accounting policies (Cont'd.)

#### (r) Income tax (Cont'd.)

##### (ii) Deferred tax (Cont'd.)

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.7 Summary of significant accounting policies (Cont'd.)**

**(r) Income tax (Cont'd.)**

**(ii) Deferred tax (Cont'd.)**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(s) Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Summary of significant accounting policies (Cont'd.)

#### (t) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (u) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

#### (v) Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.7 Summary of significant accounting policies (Cont'd.)**

**(v) Contingencies (Cont'd.)**

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

**(w) Earnings per ordinary shares**

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**3.1 Judgement made in applying accounting policies**

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on amounts recognised in the financial statements:

**(a) Valuation of land held for property development and property development costs**

The Group's land held for property development and property development costs which are reported at fair value are based on valuation performed by independent professional valuer. The independent professional valuer have exercised judgement in determining the discount rates and market value approach.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below. The Group and the Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and of the Company. Such changes are reflected in the assumptions when they occur.

##### (a) Impairment of loans and receivables

The Group and the Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group and of the company loans and receivables at the reporting date is disclosed in Note 20.

##### (b) Impairment of biological assets

During the current financial year, the Group has recognised fair value changes in respect of a subsidiary's biological assets. The Group carried out the impairment test using valuation of the underlying biological assets and market value approach. Changes in the conditions of the biological assets could impact the value of the assets. The fair value of biological assets of the Group as at 30 June 2022 were RM5,203,531 (2021: RM5,442,587). Further details of the fair value changes recognised for the biological assets are disclosed in Note 15.

##### (c) Revaluation of leasehold land

The Group's leasehold land are reported at fair value are based on valuation performed by independent professional valuer. The Group measures its leasehold land at revalued amount with changes in fair value being recognised in other comprehensive income. Leasehold land was valued by reference to market-based evidence, using comparable price adjusted for specific market factors such as nature, location and condition of the leasehold land.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)**

**3.2 Key sources of estimation uncertainty (Cont'd.)**

**(d) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The total carrying value of deferred tax assets of the Group as at 30 June 2022 was RM128,592 (2021: RM3,178,531) and unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences at 30 June 2022 was RM39,361,255 (2021: RM36,312,822).

**4. REVENUE**

Disaggregation of revenue from contracts with customers:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Sale of motor vehicles	16,075,695	18,479,888	-	-
Sales of spare part, income from repair and maintenance services	2,262,744	6,251,780	-	-
Sales of completed properties	4,031,000	5,400,390	-	-
	<u>22,369,439</u>	<u>30,132,058</u>	<u>-</u>	<u>-</u>
Geographical market:				
Malaysia	<u>22,369,439</u>	<u>30,132,058</u>	<u>-</u>	<u>-</u>

All revenue are recognised at a point in time as and when the performance obligations are satisfied.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

### 5. INTEREST INCOME

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Interest income from:				
Fixed deposits	-	16,835	-	-
Bank current accounts	402,032	6	402,027	-
Other	663,618	301,560	614,458	287,116
	<u>1,065,650</u>	<u>318,401</u>	<u>1,016,485</u>	<u>287,116</u>

### 6. OTHER INCOME

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Gain on disposal of property, plant and equipment	51,417	19,183	-	-
Handling fee income	47,700	91,255	-	-
Sundry income	151,585	459,281	-	-
Reversal of impairment on:				
- Trade receivables	63,320	376,849	-	-
- Inventories	10,874	-	-	-
Realised gain on marketable securities	310,200	1,986,814	-	-
SOCOS wage subsidy	90,000	153,600	-	-
Other	369,082	510	-	510
Discount received	950,900	453,471	-	-
Subsidy from insurance company	26,425	43,012	-	-
Reversal of trade receivables - written off	-	241,237	-	-
	<u>2,071,503</u>	<u>3,825,212</u>	<u>-</u>	<u>510</u>

Included in other are income received from profit insurance from insurance company.

### 7. FINANCE COSTS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Interest expenses on:				
- Bank overdrafts	-	28,094	-	-
- Lease liability	362,001	380,333	-	-
- Other	194,156	7,515	-	-
	<u>556,157</u>	<u>415,942</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**8. EMPLOYEE BENEFITS EXPENSE**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Salaries, allowance, bonus, commission, overtime and wages	2,210,328	3,145,739	571,144	347,979
Contribution to defined contribution plan	218,719	310,888	50,355	23,789
Social security contributions	23,193	38,785	2,741	1,718
	<u>2,452,240</u>	<u>3,495,412</u>	<u>624,240</u>	<u>373,486</u>

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM391,323 (2021: RM517,137) and RM76,800 (2021: RM193,653) respectively as further disclosed in Note 10.

**9. LOSS BEFORE TAXATION**

The following items have been included in arriving at loss before tax:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Auditors' remuneration				
- Statutory audit	152,000	149,000	50,000	50,000
- Overprovision in prior year	-	(5,194)	-	(5,194)
- Other services	-	82,500	-	-
Depreciation of property, plant and equipment (Note 13)	424,539	462,748	626	973
Depreciation of right-of-use assets (Note 14)	501,192	494,928	-	-
Fair value changes of biological assets recognised in profit or loss (Note 15)	<u>882,333</u>	<u>822,527</u>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

### 9. LOSS BEFORE TAXATION (CONT'D.)

The following items have been included in arriving at loss before tax: (Cont'd.)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Loss on disposal of property, plant and equipment	-	8,700	-	-
Impairment loss on:				
- Amount due from subsidiaries	-	-	-	16,128,401
- Trade and other receivable	39,641	124,664	-	-
- Inventories	202,056	76,367	-	-
Short term lease	-	39,504	-	-
Employee benefit expense (Note 8)	2,452,240	3,495,412	624,240	373,486
Non-executive Directors' remuneration (Note 10)	165,850	160,000	165,850	160,000
Executive Directors' remuneration (Note 10)	391,323	517,137	76,800	193,653
Disposal of conversion of ICPS	10,061,069	-	10,061,069	-
Write off on:				
- Inventories	9,566	899,548	-	-
- Trade and other receivables	-	88,462	-	-
- Property, plant and equipment	-	151,161	-	-
Unrealised fair value loss on marketable securities	25,391,266	31,709,834	-	-



NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**10. DIRECTORS' REMUNERATION**

The details of remuneration receivable by Directors of the Group and of the Company during the financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Executive:				
Salaries and other emoluments	281,800	358,347	1,800	69,115
Fees	75,000	117,918	75,000	117,918
Contributions to defined contribution plan	34,523	40,872	-	6,620
Total executive Directors' remuneration (Note 8)	<u>391,323</u>	<u>517,137</u>	<u>76,800</u>	<u>193,653</u>
Non-executive:				
Other emoluments	5,850	-	5,850	-
Fees	160,000	160,000	160,000	160,000
Total non-executive Directors' remuneration (Note 9)	<u>165,850</u>	<u>160,000</u>	<u>165,850</u>	<u>160,000</u>
Total Directors' remuneration	<u>557,173</u>	<u>677,137</u>	<u>242,650</u>	<u>353,653</u>



NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

10. DIRECTORS' REMUNERATION (CONT'D.)

The total remuneration of the Directors of the Group and of the Company are as follows: (Cont'd.)

	Group			Company		
	Fee RM	Salaries and other emoluments* RM	Total RM	Fee RM	Salaries and other emoluments* RM	Total RM
<b>30 June 2021</b>						
<b>Executive Directors:</b>						
Chai Woon Yun	50,000	269,724	319,724	50,000	-	50,000
Datuk Andrew Sim	-	53,760	53,760	-	-	-
Teh Foo Hock	17,918	75,735	93,653	17,918	75,735	93,653
Tang Boon Koon	50,000	-	50,000	50,000	-	50,000
	117,918	399,219	517,137	117,918	75,735	193,653
<b>Non-executive Directors:</b>						
Chew Shin Yong, Mark	50,000	-	50,000	50,000	-	50,000
Jean-Michel Fink	50,000	-	50,000	50,000	-	50,000
Ho Pui Hold	60,000	-	60,000	60,000	-	60,000
	160,000	-	160,000	160,000	-	160,000
Total Directors' remuneration	277,918	399,219	677,137	277,918	75,735	353,653

\* Include bonus, contributions to defined contribution plan and social security contributions.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

### 11. INCOME TAX EXPENSE/(CREDIT)

#### Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the financial year ended 30 June 2022 and financial year ended 30 June 2021 are:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Current income tax:</b>				
- Malaysia income tax	-	-	-	48,929
- Underprovision in respect of previous year	-	35,586	-	-
	<u>-</u>	<u>35,586</u>	<u>-</u>	<u>48,929</u>
<b>Deferred income tax (Note 28):</b>				
- Origination and reversal of temporary differences	110,570	(712,988)	-	-
- Overprovision in respect of previous year	(79,756)	(45,935)	-	-
- Deferred tax assets not being recognise	3,048,433	-	-	-
	<u>3,079,247</u>	<u>(758,923)</u>	<u>-</u>	<u>-</u>
Income tax expense/(credit) recognised in profit and loss	<u>3,079,247</u>	<u>(723,337)</u>	<u>-</u>	<u>48,929</u>

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**11. INCOME TAX EXPENSE/(CREDIT) (CONT'D.)**

**Reconciliation between income tax expense/(credit) and accounting loss**

The reconciliation between income tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate for the financial year ended 30 June 2022 and for the financial year ended 30 June 2021 are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Loss before tax	<u>(31,374,911)</u>	<u>(43,518,950)</u>	<u>(1,215,054)</u>	<u>(18,580,950)</u>
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	(7,529,979)	(10,444,548)	(291,613)	(4,459,428)
Effect of expenses not deductible for tax purposes	7,026,310	9,177,440	291,613	4,097,148
Effect of income not subject to tax	(58,714)	(110,449)	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowance	3,641,630	622,847	-	411,209
Utilisation of previously unrecognised deferred tax assets in respect of current year's tax losses and unabsorbed capital allowances	-	41,722	-	-
Underprovision of income tax expenses in respect of previous year	-	35,586	-	-
Overprovision of deferred tax in respect of previous year	<u>-</u>	<u>(45,935)</u>	<u>-</u>	<u>-</u>
Income tax expense/(credit) recognised in profit or loss	<u>3,079,247</u>	<u>(723,337)</u>	<u>-</u>	<u>48,929</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

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### 12. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing loss for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following reflect the loss and share data used in the computation of basic and diluted loss per share for the financial year ended 30 June 2022:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Loss net of tax attributable to owner of the Company used in the computation of basic/diluted loss per share	<u>(34,454,158)</u>	<u>(41,099,089)</u>
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares for:		
- Basic	1,506,889,836	927,379,148
- Diluted*	<u>1,517,702,196</u>	<u>927,379,148</u>
Basic loss per share (sen)	<u>(2.29)</u>	<u>(4.43)</u>
Diluted loss per share (sen)	<u>(2.27)</u>	<u>(4.43)</u>

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the financial year, if any.

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13. PROPERTY, PLANT AND EQUIPMENT

Group	Long-term leasehold land RM	Building RM	Motor vehicles RM	Furniture, fixtures, renovation and equipment RM	Signage RM	Electrical wiring and lighting installation RM	Computer RM	Total RM
	At valuation				At cost			
<b>Cost or valuation:</b>								
<b>At 1 July 2020</b>	55,000,000	-	477,988	16,882,514	349,830	1,424,651	690,419	74,825,402
Additions	-	1,000,000	2,780,000	191,640	-	-	-	3,971,640
Disposals	-	-	(202,880)	(159,678)	-	-	-	(362,558)
Written off	-	-	-	(1,581,882)	(160,151)	(224,343)	(376,784)	(2,343,160)
<b>At 30 June 2021/</b>								
<b>1 July 2021</b>	55,000,000	1,000,000	3,055,108	15,332,594	189,679	1,200,308	313,635	76,091,324
Additions	-	-	489,733	62,407	-	5,478	-	557,618
Disposals	-	-	(190,000)	-	-	-	-	(190,000)
<b>At 30 June 2022</b>	55,000,000	1,000,000	3,354,841	15,395,001	189,679	1,205,786	313,635	76,458,942

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Long-term leasehold land RM	Building RM	Motor vehicles RM	Furniture, fixtures, renovation and equipment RM	At cost			Total RM
					Signage RM	Electrical wiring and lighting installation RM	Computer RM	
	At valuation							
<b>Accumulated depreciation:</b>								
<b>At 1 July 2020</b>	1,608,192	-	384,563	16,434,164	348,574	1,413,169	531,297	20,719,959
Depreciation charge for the year	643,277	10,000	234,974	169,260	270	2,240	46,004	1,106,025
Recognised in profit or loss (Note 9)	-	10,000	234,974	169,260	270	2,240	46,004	462,748
Capitalised in biological assets (Note 15)	643,277	-	-	-	-	-	-	643,277
Disposals	-	-	(191,679)	(120,570)	-	-	-	(312,249)
Written off	-	-	-	(1,504,134)	(159,165)	(220,889)	(307,811)	(2,191,999)
<b>At 30 June 2021/</b>								
<b>1 July 2021</b>	2,251,469	10,000	427,858	14,978,720	189,679	1,194,520	269,490	19,321,736
Depreciation charge for the year	643,277	20,000	303,971	85,183	-	2,435	12,950	1,067,816
Recognised in profit or loss (Note 9)	-	20,000	303,971	85,183	-	2,435	12,950	424,539
Capitalised in biological assets (Note 15)	643,277	-	-	-	-	-	-	643,277
Disposals	-	-	(141,417)	-	-	-	-	(141,417)
<b>At 30 June 2022</b>	2,894,746	30,000	590,412	15,063,903	189,679	1,196,955	282,440	20,248,135



NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Long-term leasehold land RM At valuation	Building RM	Motor vehicles RM	fixtures, renovation and equipment RM	At cost			Total RM
					Signage RM	Electrical wiring and lighting installation RM	Computer RM	
Net carrying amount:								
At 30 June 2021	52,748,531	990,000	2,627,250	353,874	-	5,788	44,145	56,769,588
At 30 June 2022	52,105,254	970,000	2,764,429	331,098	-	8,831	31,195	56,210,807

## NOTES TO THE FINANCIAL STATEMENTS

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### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Furniture, fixture and equipment RM	Motor vehicle RM	Total RM
<b>Cost:</b>			
<b>At 1 July 2020/30 June 2021/1 July 2021</b>	28,241	2,000	30,241
Additions	5,399	-	5,399
<b>At 30 June 2022</b>	<b>33,640</b>	<b>2,000</b>	<b>35,640</b>
<b>Accumulated depreciation:</b>			
<b>At 1 July 2020</b>	26,855	1,800	28,655
Depreciation charge for the year	774	199	973
<b>At 30 June 2021/1 July 2021</b>	<b>27,629</b>	<b>1,999</b>	<b>29,628</b>
Depreciation charge for the year	626	-	626
<b>At 30 June 2022</b>	<b>28,255</b>	<b>1,999</b>	<b>30,254</b>
<b>Net carrying amount:</b>			
At 30 June 2021	612	1	613
At 30 June 2022	5,385	1	5,386

#### Revaluation of leasehold land

The Group's leasehold land are reported at fair value are based on valuation performed by independent professional valuer. The Group measures its leasehold land at revalued amount with changes in fair value being recognised in other comprehensive income. Leasehold land was valued by reference to market-based evidence, using comparable price adjusted for specific market factors such as nature, location and condition of the leasehold land.

The valuation and fair value of leasehold land are disclosed in Note 31.

If the leasehold land was measured using the cost model, the carrying amount would be as follows:

	<b>Group</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Leasehold land at 30 June:		
Cost	28,887,574	28,887,574
Accumulated depreciation	(3,375,121)	(3,014,165)
Net carrying amount	<b>25,512,453</b>	<b>25,873,409</b>

NOTES TO THE FINANCIAL STATEMENTS

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**14. RIGHT-OF-USE ASSETS**

The carrying amount and the movement of right-of-use assets for the financial year ended 30 June 2022 and 30 June 2021 are as follows:

	<b>Group</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
<b>At cost:</b>		
At 1 July	7,705,355	3,463,701
Increase arising from lease term modification and termination	-	4,448,741
Reversal	-	(207,087)
At 30 June	<u>7,705,355</u>	<u>7,705,355</u>
<b>Accumulated depreciation:</b>		
At 1 July	646,980	252,638
Depreciation charge for the financial year	501,192	494,928
Reversal	-	(100,586)
At 30 June	<u>1,148,172</u>	<u>646,980</u>
<b>Net carrying amount</b>	<u>6,557,183</u>	<u>7,058,375</u>

The Group have a lease contract that does not contain any extension and termination option for office space and showroom. Thus, there is no undiscounted potential future rental payment following the exercise date of extension and termination option.

**15. BIOLOGICAL ASSETS**

	<b>Group</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
At 1 July	5,442,587	5,621,837
Capitalised expenditure	643,277	643,277
Fair value changes recognised in profit or loss	(882,333)	(822,527)
At 30 June	<u>5,203,531</u>	<u>5,442,587</u>

Biological assets consist of forestry assets on the three parcels of agricultural land located in Negeri Sembilan Darul Khusus. The expenditure capitalised during the financial year includes amortisation of leasehold land amounting to RM643,277 (2021: RM643,277).

Valuation judgment by an independent professional valuer

External valuer were engaged to issue valuation report on the biological assets, which was classified based on similar specification and characteristics. Further assessment performed to estimate the fair value of the biological assets in reference to the valuation report, taking into consideration of significant factors (amongst others trees' metrics and survival at harvest).

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

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### 15. BIOLOGICAL ASSETS (CONT'D.)

The valuation were carried out by an independent professional valuer and the valuation judgement was derived using the following assumptions:

- Discount rate – 10%
- Survival rate – 75%
- Form factor – 0.70
- Expected harvesting period – 2023 and 2024

The Group biological assets computation is a level 3 fair value estimation.

### 16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
<b>At cost</b>		
At 1 July	255,048,232	255,048,232
Additions	21,797,000	-
At 30 June	<u>276,845,232</u>	<u>255,048,232</u>
<b>Accumulated impairment:</b>		
At 1 July / 30 June	<u>219,929,156</u>	<u>219,929,156</u>
<b>Net carrying amount</b>	<u>56,916,076</u>	<u>35,119,076</u>

(a) Acquisition of remaining shares from non-controlling interest - Hardie Development Sdn. Bhd.

On 1 July 2021, Permaju Industries Berhad ("PIB"), had entered into a share sales agreement to acquire the remaining shares from non-controlling interest of Hardie Development Sdn. Bhd. ("HDSB"), representing the 30% equity in HDSB, for a total cash consideration of RM21,797,000.

Details of the subsidiaries which are all incorporated in Malaysia are as follows:

Name	Principal activities	Effective equity interest (%)	
		2022	2021
Capital Intertrade Sdn. Bhd.	Sales and distribution of motor vehicles and provision of repairs and maintenance services	100	100
Cergaz Autohaus Sdn. Bhd.	Trading of motor vehicles and provision of related services	100	100

NOTES TO THE FINANCIAL STATEMENTS

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**16. INVESTMENTS IN SUBSIDIARIES (CONT'D.)**

Details of the subsidiaries which are all incorporated in Malaysia are as follows:

Cergazam Sdn. Bhd.	Provision of management and other services	100	100
Cergazam Autoworld Sdn. Bhd.	Dormant	100	100
Genbayu Gemilang Sdn. Bhd.	Plantation related businesses	100	100
Hardie Development Sdn. Bhd.	Property development	100	70
Iconworld Resources Sdn. Bhd.	Investment and other service activities	100	100
Permaju Plantation Sdn. Bhd. (f.k.a Rintisan Bumi (M) Sdn. Bhd.)	Plantation related businesses	100	100
Quantum Automotive Studio Sdn. Bhd. (f.k.a TP Auto Sdn. Bhd.)	Auto detailing and related businesses	100	100
Autohaus Car Rental Sdn. Bhd. (f.k.a Team Japs Sdn. Bhd.)	Rental and leasing of motor vehicles	100	100
Permaju Development Sdn. Bhd. (f.k.a Permaju Glove Sdn. Bhd.)	Property development related business	100	100

All subsidiaries are audited by Al Jafree Salihin Kuzaimi PLT.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

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### 16. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

#### Summarised financial information about a subsidiary with material non-controlling interest

Summarised financial information includes amounts attributable to the subsidiary recorded in the consolidated financial statements of the Group after consolidation adjustments but before intercompany eliminations.

#### Summarised statement of financial position

	<b>Hardie Development Sdn. Bhd.</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Non-current assets	66,020,397	40,532,613
Current assets	4,984,832	39,093,855
Total Assets	<u>71,005,229</u>	<u>79,626,468</u>
Equity attributable to owners of the Company	(8,592,258)	(3,452,855)
Non-controlling interest	-	(1,479,795)
	<u>(8,592,258)</u>	<u>(4,932,650)</u>
Current liabilities	79,597,487	84,559,118
Total liabilities	<u>79,597,487</u>	<u>84,559,118</u>
Total equity and liabilities	<u>71,005,229</u>	<u>79,626,468</u>

#### Summarised statement of comprehensive income

Revenue	<u>4,031,000</u>	<u>5,400,390</u>
Loss for the year, net of tax, representing total comprehensive loss for the year, attributable to:		
- owners of the Company	(3,659,608)	(3,607,396)
- non-controlling interest	-	(1,546,027)
	<u>(3,659,608)</u>	<u>(5,153,423)</u>

#### Summarised statement of cash flows

Net cash flows from operating activities	(1,762,185)	10,456,299
Net cash flows from investing activities	-	(1,280,440)
Net cash flows from financing activities	-	(2,046,857)
Net increase in cash and cash equivalents	<u>(1,762,185)</u>	<u>7,129,002</u>
Cash and cash equivalents at beginning of year	6,151,362	(977,640)
Cash and cash equivalents at end of year	<u>4,389,177</u>	<u>6,151,362</u>

NOTES TO THE FINANCIAL STATEMENTS

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**17. OTHER INVESTMENT**

Other investment during the financial year comprises of investment account due from designated financial institutions and fair value of financial instruments of the Group and of the Company during the financial year:

**(a) Investment account due from designated financial institutions**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Licensed banks	<u>71,692,922</u>	<u>20,142,897</u>	<u>45,400,647</u>	<u>20,142,897</u>

**(b) Fair value of financial instruments**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Investment in quoted shares, fair value through profit or loss:</b>		
At 1 July	39,855,500	-
Additions	16,008,041	71,565,250
Disposal of quoted shares	(4,490,200)	(1,986,730)
Realised gain recognised in profit or loss	310,200	1,986,814
Unrealised loss recognised in profit or loss	<u>(25,391,266)</u>	<u>(31,709,834)</u>
At 30 June	<u>26,292,275</u>	<u>39,855,500</u>

Other investment during the financial year comprises of:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Investment account due from designated financial institutions	45,400,647	20,142,897
Fair value of financial instruments (quoted)	<u>26,292,275</u>	<u>39,855,500</u>
Total of other investment as at 30 June	<u>71,692,922</u>	<u>59,998,397</u>

The classification of other investment are disclosed in Note 33.

## NOTES TO THE FINANCIAL STATEMENTS

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### 18. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

#### (a) Land held for property development

Group	Long-term leasehold land RM	Development expenditure RM	Total RM
<b>Cost</b>			
At 1 July 2021	45,229,760	18,497,718	63,727,478
Reclassification	21,019,053	21,521,100	42,540,153
At 30 June 2022	<u>66,248,813</u>	<u>40,018,818</u>	<u>106,267,631</u>

#### (b) Property development costs

	Long-term leasehold land RM	Development expenditure RM	Total RM
At 1 July 2021	21,019,053	21,521,100	42,540,153
Reclassification	<u>(21,019,053)</u>	<u>(21,521,100)</u>	<u>(42,540,153)</u>
At 30 June 2022	<u>-</u>	<u>-</u>	<u>-</u>

As at the reporting date, the long-term leasehold land classified under both land held for property development and property development costs of a subsidiary is registered under the name of a third party. The subsidiary is the beneficial owner of the long-term leasehold land.

Property development cost consist of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development cost at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.



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**19. INVENTORIES**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Cost:</b>		
Completed properties	188,756	3,730,141
Motor vehicles	1,104,056	3,635,972
Spare parts	133,850	262,624
	<u>1,426,662</u>	<u>7,628,737</u>
<b>Net realisable value:</b>		
Spare parts	36,567	227,567
Motor vehicle	59,283	-
	<u>1,522,512</u>	<u>7,856,304</u>
<b>Less:</b>		
Write off on inventories	(9,566)	(899,548)
Provision on obsolete inventories	(202,056)	(76,367)
	<u>1,310,890</u>	<u>6,880,389</u>

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM20,235,851 (2021: RM23,959,923).

**20. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	1,060,716	755,676	-	-
Less: Allowance for expected credit losses	(338,994)	(362,673)	-	-
Total receivables, net	<u>721,722</u>	<u>393,003</u>	<u>-</u>	<u>-</u>
<b>Current</b>				
<b>Other receivables</b>				
Advance payments	2,794,666	21,797,000	-	21,797,000
Amount due from				
Director	-	413,200	-	-
Deposits	18,868,480	3,514,082	-	-
GST recoverable	23,665	23,665	-	-
Sundry receivables	510,090	568,991	137,295	77,486
	<u>22,196,901</u>	<u>26,316,938</u>	<u>137,295</u>	<u>21,874,486</u>
Less: Allowance for expected credit losses	(160,656)	(160,656)	-	-
Other receivables, net	<u>22,036,245</u>	<u>26,156,282</u>	<u>137,295</u>	<u>21,874,486</u>

## NOTES TO THE FINANCIAL STATEMENTS

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### 20. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<b>Non-current</b>				
<b>Other receivables</b>				
Amount due from subsidiaries	-	-	243,435,090	213,306,511
Less: Allowance for expected credit losses	-	-	(44,605,750)	(44,605,750)
Other receivables, net	-	-	198,829,340	168,700,761
Total trade and other receivables	22,757,967	26,549,285	198,966,635	190,575,247

#### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2021: 30 to 120 days).

The movement in the allowance for expected credit losses in respect of trade receivables during the financial year were as follows:

	Group	
	2022	2021
	RM	RM
At 1 July	362,673	673,585
Charged during the financial year	39,641	65,937
Reversal for expected credit losses	(63,320)	(376,849)
At 30 June	338,994	362,673

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

#### (b) Amount due from a close family member of a substantial shareholder

This amount is unsecured, non-interest bearing and is repayable upon demand.

#### (c) Amount due from company related to a former Director

This represent amount due from company in which a former Director of the Company is also a Director. The amount is unsecured, non-interest bearing and is repayable upon demand.

#### (d) Amount due from company related to a Director

This represent amount due from company in which a Director of the Company is also a Director. The amount is unsecured, non-interest bearing and is repayable upon demand.

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**20. TRADE AND OTHER RECEIVABLES (CONT'D.)**

**(e) Amounts due from subsidiaries**

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Individual impaired:				
Other receivables				
- nominal amount	160,656	160,656	243,435,090	213,306,511
Less: Allowance for impairment	(160,656)	(160,656)	(44,605,750)	(44,605,750)
	<u>-</u>	<u>-</u>	<u>198,829,340</u>	<u>168,700,761</u>
Movement in allowance account:				
At 1 July	160,656	101,929	44,605,750	28,477,349
Charge for the financial year	-	58,727	-	16,128,401
At 30 June	<u>160,656</u>	<u>160,656</u>	<u>44,605,750</u>	<u>44,605,750</u>

**21. OTHER CURRENT ASSETS**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Prepayments	<u>-</u>	<u>12,397</u>	<u>-</u>	<u>-</u>

**22. CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash at bank and cash on hand	37,132,981	33,374,476	34,797,110	24,025,104
Deposit with a licensed bank pledged	<u>859,731</u>	<u>762,820</u>	<u>-</u>	<u>-</u>
Cash and bank bank balances	<u>37,992,712</u>	<u>34,137,296</u>	<u>34,797,110</u>	<u>24,025,104</u>

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### 22. CASH AND CASH EQUIVALENTS (CONT'D.)

Cash at banks earn interest at floating rates based on daily bank deposit rates.

Deposits with a licensed bank are made for a period of 12 months (2021: 12 months) and the weighted average effective interest rate as at 30 June 2022 for the Group was 3.10% (2021: 3.10%). These deposits are pledged as security for bank guarantee in favour of a major supplier (2021: as security for banking guarantee).

Included in cash at banks of the Group is an amount of RM3,564,527 (2021: RM3,549,181) held pursuant to Section 8A of the Housing Developers (Control and Licensing) Enactment, 1978 and restricted from use in other operation.

Cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash and bank balances	37,992,712	34,137,296	34,797,110	24,025,104
Deposit with a licensed bank pledged	(859,731)	(762,820)	-	-
Cash and cash equivalent	<u>37,132,981</u>	<u>33,374,476</u>	<u>34,797,110</u>	<u>24,025,104</u>

### 23. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	2022	2021	2022	2021
	units	units	RM	RM
<b>Issued and fully paid up with no par value:</b>				
<b>Ordinary shares</b>				
At 1 July	927,379,148	195,934,471	363,925,905	228,310,253
Additional	1,006,145,721	731,444,677	77,762,683	135,615,652
At 30 June	<u>1,933,524,869</u>	<u>927,379,148</u>	<u>441,688,588</u>	<u>363,925,905</u>

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

	Group and Company			
	Number of shares		Amount	
	2022	2021	2022	2021
	units	units	RM	RM
<b>Treasury shares</b>				
At 1 July	-	8,672,500	-	3,279,648
Disposal	-	(8,672,500)	-	(3,279,648)
At 30 June	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**23. SHARE CAPITAL AND TREASURY SHARES (CONT'D.)**

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

**24. RESERVE**

**(a) Revaluation reserve**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
At 1 July and 30 June	<u>21,551,759</u>	<u>21,551,759</u>

The revaluation reserve represents surplus on revaluation of leasehold land, net of deferred tax effect.

**(b) Warrants reserve**

Warrants reserve represents reserve allocated to free detachable warrants issued with right issue.

**(c) Other reserve**

Other reserve represents the discount on issuance of shares and the value of which is represented by the fair value of the warrants. The other reserve, in substance, form part of the issued and paid-up share capital and is presented separately for better understanding.

**25. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")**

	<b>Group and Company</b>			
	<b>Number of ICPS</b>		<b>Amount</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>units</b>	<b>units</b>	<b>RM</b>	<b>RM</b>
At 1 July	1,037,044,366	-	51,852,218	-
Issued during the financial year	-	1,381,288,215	-	69,064,411
Conversion during the financial year	<u>(201,221,400)</u>	<u>(344,243,849)</u>	<u>(10,061,069)</u>	<u>(17,212,193)</u>
At 30 June	<u>835,822,966</u>	<u>1,037,044,366</u>	<u>41,791,149</u>	<u>51,852,218</u>

## NOTES TO THE FINANCIAL STATEMENTS

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### 25. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") (CONT'D.)

During the financial year, the ICPS of the Company decreased to RM41,791,149 by way of the conversion of:

- (i) 142,090,000 ICPS for 7,104,500 new ordinary shares at a conversion ratio of 5 ICPS for 1 new ordinary shares.
- (ii) 59,131,400 ICPS for 2,956,569 new ordinary shares at a conversion ratio of 22 ICPS for 5 new ordinary shares.

Salient terms of the Irredeemable Convertible Preference Shares ("ICPS") Conversion were as follows:

(a) Conversion period

The ICPS holders may convert the ICPS into new ordinary shares of the Company at any time during the tenure of 10 years commencing from and inclusive the date of issuance. Any outstanding unconverted ICPS at the end of the tenure shall be automatically converted into new ordinary share of the Company at a minimum of 1 ICPS and a maximum of 5 ICPS for every 1 new share.

(b) Conversion mode

The ICPS may be converted into new ordinary shares in the following manner:

- by surrendering for cancellation the ICPS with an aggregate issue price of the ICPS equivalent to the conversion price, subject to a minimum of 1 ICPS and a maximum of 5 ICPS for every 1 new share; and
- by surrendering for cancellation such number of ICPS with an aggregate par value below the conversion price, subject to a minimum of 1 ICPS and a maximum of 5 ICPS, and paying the difference between the aggregate issue price of ICPS surrendered and the conversion price, in cash, for every 1 new ordinary share of the Company.

The conversion mode and conversion price will be subject to adjustment at the determination of the Board, in the event of any alteration to the Company's share capital, whether by way of rights issue, bonus issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital.

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**26. TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current</b>				
<b>Trade payables</b>				
Third parties	5,492,407	9,514,576	-	-
Retention sum payable	-	760,993	-	-
	<u>5,492,407</u>	<u>10,275,569</u>	<u>-</u>	<u>-</u>
<b>Current</b>				
<b>Other payables</b>				
Amount due to Director	-	277,918	-	277,918
Amount due to a close family member of a Director	-	1,740,500	-	-
Amount due to a company related to a former Director	-	5,945	-	-
Amount due to subsidiaries	-	-	2,817,129	2,854,124
Deposits	305,722	300,311	-	-
Accruals	1,667,858	4,593,744	208,753	75,543
GST payable	130,989	131,112	-	-
Sundry payables	4,351,151	3,849,062	1,233,224	1,315,164
	<u>6,455,720</u>	<u>10,898,592</u>	<u>4,259,106</u>	<u>4,522,749</u>
	<u>11,948,127</u>	<u>21,174,161</u>	<u>4,259,106</u>	<u>4,522,749</u>
Total financial liabilities carried at amortised cost	<u>11,948,127</u>	<u>21,174,161</u>	<u>4,259,106</u>	<u>4,522,749</u>

**(a) Trade payables**

These amounts are non-interest bearing. Trade payables are normally settled on terms of 30 to 90 day (2021: 30 to 90 day).

**(b) Amounts due to Directors (current) and a close family member of a Director**

These amounts are unsecured, non-interest bearing and are repayable upon demand.

**(c) Amount due to a former Director**

This amount is unsecured, non-interest bearing and is repayable upon demand.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

### 26. TRADE AND OTHER PAYABLES (CONT'D.)

#### (d) Amount due to company related to a former Director

This represents amount due to company in which a former Director of the Company is a Director. The amount is unsecured, non-interest bearing and is repayable upon demand.

#### (e) Amounts due to subsidiaries

These amounts are unsecured, non-interest bearing and are repayable upon demand.

#### (f) Sundry payables

These amounts are non-interest bearing. Sundry payables are normally settled on terms of 1 to 6 month (2021: 1 to 6 month).

### 27. LEASE LIABILITY

#### As lessee

The carrying amount and the movement of lease liabilities for the financial year ended 30 June 2022 and 30 June 2021 are as follows:

	Group	
	2022 RM	2021 RM
At 1 July	7,230,055	3,266,986
Increase arising from lease term modification and termination	-	4,448,741
Accretion of interest	362,001	380,333
Payments	(720,000)	(759,504)
Reversal	-	(106,501)
At 30 June	<u>6,872,056</u>	<u>7,230,055</u>
Analysed as:		
Current	413,343	413,343
Non-current	<u>6,458,713</u>	<u>6,816,712</u>
	<u>6,872,056</u>	<u>7,230,055</u>

The following are the amounts recognised in profit or loss:

	Group	
	2022 RM	2021 RM
Depreciation expense of right- of-use assets	501,192	494,928
Interest expense on lease liabilities	<u>362,001</u>	<u>380,333</u>



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**28. DEFERRED TAX**

Deferred tax as at 30 June 2022 relates to the followings:

**Deferred tax liabilities**

	<b>Property, plant and equipment RM</b>	<b>Revaluation of leasehold land RM</b>	<b>Total RM</b>
<b>Group</b>			
As at 1 July 2020	841,448	6,571,877	7,413,325
Recognised in profit or loss	878,736	(1,005,323)	(126,587)
As at 30 June 2021	1,720,184	5,566,554	7,286,738
Recognised in profit or loss	29,308	-	29,308
As at 30 June 2022	1,749,492	5,566,554	7,316,046

**Deferred tax assets**

	<b>Unutilised tax losses and unabsorbed capital allowances RM</b>	<b>Other receivables - Allowance for impairment RM</b>	<b>Total RM</b>
As at 1 July 2020	(2,534,312)	(11,883)	(2,546,195)
Recognised in profit or loss	(570,257)	(62,079)	(632,336)
As at 30 June 2021	(3,104,569)	(73,962)	(3,178,531)
Recognised in profit or loss	3,049,939	-	3,049,939
As at 30 June 2022	(54,630)	(73,962)	(128,592)

Presented after appropriate offsetting as follows:

	<b>Group</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Deferred tax assets	(128,592)	(3,178,531)
Deferred tax liabilities	7,316,046	7,286,738
	<u>7,187,454</u>	<u>4,108,207</u>

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

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### 28. DEFERRED TAX (CONT'D.)

Deferred tax assets have not been recognised in respect of the following items due to uncertainty of their recoverability:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Unutilised tax losses	35,725,830	32,604,582
Unabsorbed capital allowances	3,104,458	3,177,374
Other deductible temporary differences	530,967	530,866
	<u>39,361,255</u>	<u>36,312,822</u>

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Unutilised tax losses		
- expiring not more than seven years	<u>35,725,830</u>	<u>32,604,582</u>

The unabsorbed capital allowances of the Group are available indefinitely against future taxable profit of the respective entities within the Group subject to no substantial changes in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profit of other entities in the Group and they have arisen in entities that have a recent history of losses.

Effective from year of assessment 2019 as announced in the Malaysia Annual Budget 2019, the unutilised tax losses of the Group as at 31 March 2019 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised tax losses will be disregarded.

### 29. RELATED PARTY TRANSACTIONS

#### (a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms agreed between the parties during the financial year.

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
Advances received from:		
- Directors	-	(4,111,211)
- a close family member of a Director	<u>(1,740,500)</u>	<u>(6,715,744)</u>

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**29. RELATED PARTY TRANSACTIONS (CONT'D.)**

**(a) Sale and purchase of goods and services (Cont'd.)**

Companies related to a Director/certain Directors

These are companies in which either a Director or certain Directors of the Company is/are also a Director/Directors and a company in which close family members of a Director of the Company are Directors.

Companies related to a former Director/certain former Directors

These are companies in which either a former Director or certain former Directors of the Company is/are also a Director/Directors.

**(b) Compensation of key management personnel**

The key management personnel of the Group and the Company are the Directors of the Company. There are no other key management personnel.

The remuneration of Directors during the year were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Short term employee benefits	522,650	636,265	242,650	347,033
Contribution to defined contribution plan	34,523	40,872	-	6,620
Total Directors' remuneration (Note 10)	<u>557,173</u>	<u>677,137</u>	<u>242,650</u>	<u>353,653</u>

**30. CONTINGENT LIABILITY**

Legal claim

An architect ("the Claimant") filed a civil suit against both the Company and the subsidiary for wrongful termination of his services and claimed outstanding fees with interest and loss of income amounting to RM11.4 million.

The High Court directed that the claim by the Claimant against the subsidiary be referred to arbitration. On 28 March 2013, upon the appointment of the Arbitrator, the High Court struck off the claim against the subsidiary. On 7 November 2014, all parties agreed to withdraw the suit between the Claimant and the Company. Thereafter, the Arbitrator will hear both claims together.

## NOTES TO THE FINANCIAL STATEMENTS

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### 30. CONTINGENT LIABILITY (CONT'D.)

#### Legal claim (Cont'd.)

The Arbitration proceeded with the Claimant and the respondent calling their respective witnesses. The principal issue to be decided by the Arbitrator is on whether there had been a mutual termination or wrongful termination of the Claimant's engagement. Based on the oral and documentary evidences produced in the Arbitration and supported by legal position, the Company's solicitors are of the view that the Company has established on a balance of probability that there was a mutual termination of the Claimant's engagement.

On 21 May 2018, the subsidiary's solicitors have informed that the Arbitrator has given a partial award on the Breach of Contract Arbitration ("Partial Award") and held that the subsidiary had wrongfully terminated the Claimant's for its services and has awarded costs in the cause in the final award to the Claimant. There has been no award made by the Arbitrator in respect of the quantum of damages payable to the Claimant in relation to the Breach of Contract Arbitration and no directions from the Arbitrator in respect of the Permaju Arbitration.

Pursuant to the directions given at the case management on 28 June 2019, the Tribunal had directed parties to submit submissions incorporating previous submissions on the issue of illegality with answers to clarification questions posed by the Tribunal. On 1 August 2019, the subsidiary's solicitors have filed the necessary information to the Tribunal.

On 7 October 2019, the Arbitrator issued Partial Award No.2 which found that the Claimant's services had not been voided by illegality and he had been, wrongfully terminated. The Company is appealing against this decision and the Company's solicitors had filed the necessary application to set aside the Partial Award.

The hearing of the Claimant's claim against the Company and the subsidiary for inducing to breach their contract with the Claimant is fixed for hearing on 6 to 9 April 2021. Apart from the foregoing, in respect of the Partial Award 1 and 2 is fixed for Hearing of Appeal on 21 April 2021.

Both of the matters were adjourned on the grounds that parties are trying for settlement on 21 April 2021. The next hearing is fixed on 1 September 2021 which the Court of Appeal heard arguments from both the Applicant's Counsel and the subsidiary's Counsel and reserved Judgment to 16 November 2021.

Notwithstanding the earlier Directions given by the Learned Arbitrator, the Learned Arbitrator gave Directions for Parties to file Submissions on the issue of quantum. On 17 March 2021, the Arbitrator published Partial Award No. 3. The Award reads as follows:

- (i) The subsidiary to pay the Claimant the net principal sum of RM2,600,724.04 as the amount of outstanding Professional Fees;
- (ii) The subsidiary to pay the Claimant a Pre-Award interest of RM1,943,374.40;
- (iii) The subsidiary shall bear in full the cost of award of Partial Award 1, Partial Award No.2 and Partial Award No.3 Tax by the Tribunal as RM132,000.00;

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**30. CONTINGENT LIABILITY (CONT'D.)**

Legal claim (Cont'd.)

Notwithstanding the earlier Directions given by the Learned Arbitrator, the Learned Arbitrator gave Directions for Parties to file Submissions on the issue of quantum. On 17 March 2021, the Arbitrator published Partial Award No. 3. The Award reads as follows:

- (iv) Cost in reference for the subsidiary and the Company Arbitration shall be reserved until the Final Award;
- (v) Any sum awarded by the Tribunal shall be payable within four (4) weeks from the date of the said Award, failing this David Shen is entitled to impose a further interest at the rate of 5% per annum.

Meanwhile, the Claimant's Solicitors filed an application for the enforcement of Partial Award No.3 at the Kota Kinabalu High Court vide Originating Summons No. BKI-24NCC(ARB)-4/6-2021. The subsidiary's Solicitors filed an application to set aside Partial Award No.3 vide Originating Summons No. BKI-24NCC(ARB)-4/6-2021.

On 26 July 2021, the Judge directed that the application filed by the subsidiary to set aside Partial Award No.3 will be heard first and if the subsidiary's application is allowed, then the Claimant's application would fall. The Court fixed Hardie's application for Hearing on 14 September 2021.

However, in view of the pending decision from the Court of Appeal, both parties by mutual agreement agreed to defer the hearing until the outcome of the Court of Appeal's decision in respect of Partial Award 1 and 2 which is fixed for decision on 16 November 2021.

Meanwhile, the hearing of setting aside Partial Award No.3 and the Application for the enforcement of Partial Award is now fixed for hearing on 23 November 2021.

Notwithstanding the foregoing, as a result of the Partial Award No.3, the subsidiary's Solicitors commenced negotiations with the Claimant's Solicitors and still on-going.

In respect of David Shen's claim against the Company for inducing the subsidiary to breach their contract, the Arbitrator vacated hearing dates pending negotiations in respect of Partial Award No.3. In view of the negotiations, there are no Hearing dates in respect of the Claimant's claim against the Company.

The Court has directed both Originating Summons (3/6-2021 & 4/6-2021) will be heard together and the parties to file their Written Submissions on or before 15th December 2021 while the Submissions for rebuttal are to be filed on or before 31st December 2021. However, the hearing date will be fixed on 12th January.

## NOTES TO THE FINANCIAL STATEMENTS

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### 30. CONTINGENT LIABILITY (CONT'D.)

#### Legal claim (Cont'd.)

The Board of Directors of Permaju informed that decision has been fixed on 28th March 2022 in respect of the following matters:

- (i) Subsidiary's application to set aside Partial Award No.3. (No. BKI-24NCC(ARB)-3/6/6-2021)
- (ii) The Claimant's application to register Partial Award No.3. (No. BKI-24NCC(ARB)-4/6-2021(HC5))

The Court had come up with the Decision of the Originating Summons on 28th March 2022 as follows:

- (i) The Court had set aside the pre-award interest of RM1,943,374.40 as awarded by the Learned Arbitrator. However, the Court has disallowed the application filed by Subsidiary to set aside the rest of the Arbitrator's Award.
- (ii) The Court allowed the application filed by the Claimant's for the registration of Arbitrator's Award as a Court Judgement subject to setting aside the pre-award interest of RM1,943,374.40.

Subsidiary has one(1) month from the date of decision to appeal against the Decision of High Court in respect of the above mentioned Originating Summons.

However, the Arbitration proceedings initiated by the Claimant were in abeyance until the outcome of the Appeals filed by both parties at the Court of Appeal. As at 30 June 2022, the subsidiary has provided the contingent liability amounting to RM4,909,903.36. Further developments pertaining to the above matters will be announced.

### 31. FAIR VALUE OF ASSETS AND LIABILITIES

#### (a) Fair value hierarchy

The Group categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

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**31. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)**

**(a) Fair value hierarchy (Cont'd.)**

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group assessed that the fair values of trade receivables, non-trade receivables, deposits and placements with a licensed bank, cash and short-term funds, settlement obligations, non-trade payables, lease liabilities and amount due to corporate shareholder and amount due to other substantial shareholders approximate their carrying amounts due to the relatively short-term nature of these financial instruments.

The fair value measurement for the Group's quoted, unquoted securities, biological assets and leasehold land amounted to RM98,046,618, and has been categorised under Level 1, Level 2 and Level 3 of the fair value hierarchy.

The following table presents the Group's assets that are measured at fair value as at 30 June 2022 and 2021 respectively:

	Level 1 RM	Group Level 2 RM	Level 3 RM	Total RM
<b>As at 30 June 2022</b>				
<b>Asset disclosed at fair value:</b>				
Leasehold land (Note 13)	-	-	52,105,254	52,105,254
<b>Asset measured at fair value:</b>				
Biological asset (Note 15)	-	-	5,203,531	5,203,531
Financial assets at FVTPL (Note 17):				
- quoted securities	26,292,275	-	-	26,292,275
	26,292,275	-	5,203,531	31,495,806
	26,292,275	-	57,308,785	83,601,060
<b>As at 30 June 2021</b>				
<b>Asset disclosed at fair value:</b>				
Leasehold land (Note 13)	-	-	52,748,531	52,748,531

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### 31. FAIR VALUE OF ASSETS AND LIABILITIES

#### (a) Fair value hierarchy (Cont'd.)

As at 30 June 2021 (Cont'd.)

	Level 1 RM	Group Level 2 RM	Level 3 RM	Total RM
<b>Asset measured at fair value: (Cont'd.)</b>				
Biological asset (Note 15)	-	-	5,442,587	5,442,587
Financial assets at FVTPL (Note 17):				
- quoted securities	39,855,500	-	-	39,855,500
	39,855,500	-	5,442,587	45,298,087
	39,855,500	-	58,191,118	98,046,618

The following table shows a reconciliation of Level 3 fair values:

	Group 2022 RM	2021 RM
At 1 January	58,191,118	59,013,645
Losses recognised in profit or loss:		
Change in fair value	(882,333)	(822,527)
At 31 December	57,308,785	58,191,118

#### (i) Valuation techniques

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include quoted securities and unit trusts.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group then determine fair value based upon valuation techniques that use market parameters including but not limited to yield curves, volatilities and foreign exchange rates as inputs. The majority of valuation techniques employ only observable market data. These would include certain bonds, government bonds, corporate debt securities and derivatives.



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**31. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)**

**(a) Fair value hierarchy (Cont'd.)**

**(i) Valuation techniques (Cont'd.)**

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio-economic reasons, unquoted private equity funds, non-transferable and non-tradable perpetual notes/sukuk, impaired securities and unquoted corporate loan stocks. Fair values for shares held for socio-economic reasons are based on the net tangible assets of the affected companies. Fair values for unquoted private equity funds are based on enterprise valuation method where the main input include earnings before interest, taxes, depreciation and amortisation ('EBITDA'), comparable companies earning multiple and marketable discount. For unquoted corporate loan stocks, discounted cash flow analysis has been performed to determine the recoverability of the instruments.

The fair value of leasehold land and biological assets was substantially arrived at via valuations performed by certified external valuers based on the following valuation techniques depending on the location and types of properties:

**(a) Comparison method**

The market comparison approach is a method whereby the property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. Leasehold land valued using the comparison method with significant adjustments made for differences such as location, size, condition, accessibility and design ("adjustment factors") are categorised as Level 3 in the fair value hierarchy.

The leasehold land valued using this method is categorised as Level 3 in the fair value hierarchy.

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### 31. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

#### (a) Fair value hierarchy (Cont'd.)

##### (i) Valuation techniques (Cont'd.)

##### (a) Comparison method (Cont'd.)

	Valuation techniques	Significant unobservable inputs	Range
Leasehold land	Comparison method	Adjustment factors to prices of comparable properties	5% to 6%

##### (b) Highest and best use

In estimating the fair value of the biological assets, the highest and best use of the biological assets is their current use.

	Valuation techniques	Significant unobservable inputs	Range
Biological assets	Discounted cash flows	Survival rate	75%
		Discount rate	10%
		Form factor	0.70%

#### (b) Financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current and non-current)	20
Cash and cash equivalents	22
Trade and other payables (current)	26

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to the short-term maturities of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

#### Lease obligations and bank loans

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to 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 equity price risk.

The Board of Directors reviews and agrees policies for managing each of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the Group policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of Executive Director.

The Company's exposure to credit risk arises mainly from the amounts due from subsidiary companies.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (a) Credit risk (Cont'd.)

##### Measurement of Expected Credit Loss ("ECL")

##### (i) Trade receivables using simplified approach

The expected loss rates for trade receivables is assessed on an individual debtor basis. The Group measures the loss allowance for trade receivables by estimating the likelihood that the debtor would not be able to repay during the contractual period, the extent of contractual cash flows that will not be collected if default happens and the outstanding amount that is exposed to default risk. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. It considers available reasonable and supportable forward-looking information. No significant changes to estimation techniques or assumptions were made during the reporting period.

The following indicators are incorporated:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations; or
- actual or expected significant changes in the operating results of the debtor.

##### (ii) Inter company balances

##### Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries to be with low credit risk. The Company assumes that there is as significant increase risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's advance is overdue for more than 365 days; or
- The subsidiary's is continuously loss making and is having a deficit shareholders' fund.

##### (iii) Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**

**(a) Credit risk (Cont'd.)**

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the reporting date, approximately:

- 14% (2021: 14%) of the Group trade receivables were due from 2 (2021: 2) major customers, of which 2 (2021: 2) of the major customers are also the main suppliers of the Group, and
- 99% (2021: 99%) of the Company other receivables were due from subsidiaries of the Company.

The Group does not have any other significant exposure to individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions are placed with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The maturities of financial assets and liabilities of the Group and the Company are all within one year.

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the reporting date, approximately Nil% (2021: Nil%) of the Group's borrowings are at fixed rates of interest.

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

#### (d) Equity price risk

Equity price risk is the risk that the value of an equity instrument will fluctuate as a result of changes in market prices. The Group is exposed to equity price risk through the Group's holding in quoted shares.

If the unit prices for quoted 'fair value through profit or loss' financial assets increased by 10%, with all other variables being held constant, the Group's loss before taxation at the end of the reporting period would decrease by approximately RM250,811.

If the unit prices for quoted 'available-for-sale' financial assets decreased by 10%, with all other variables being held constant, it would have the equal but opposite effect on the amounts shown above.

#### (e) Maturity risk

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at reporting date based on undiscounted contractual payments.

Group	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
<b>2022</b>					
Lease liability	6,872,056	9,420,000	720,000	36,000,000	5,100,000
Trade and other payables	11,948,127	11,948,127	11,948,127	-	-
	<u>18,820,183</u>	<u>21,368,127</u>	<u>12,668,127</u>	<u>36,000,000</u>	<u>5,100,000</u>

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**

**(e) Maturity risk (Cont'd.)**

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at reporting date based on undiscounted contractual payments. (cont'd.)

<b>Group</b>	<b>Carrying amount RM</b>	<b>Contractual undiscounted cash flows RM</b>	<b>Within 1 year RM</b>	<b>1 - 5 years RM</b>	<b>Over 5 years RM</b>
<b>2021</b>					
Lease liability	7,230,055	10,140,000	720,000	3,600,000	5,820,000
Trade and other payables	21,174,161	21,174,161	21,174,161	-	-
	<u>28,404,216</u>	<u>31,314,161</u>	<u>21,894,161</u>	<u>3,600,000</u>	<u>5,820,000</u>
<b>Company</b>					
	<b>Carrying amount RM</b>	<b>Contractual undiscounted cash flows RM</b>	<b>Within 1 year RM</b>	<b>1 - 5 years RM</b>	<b>Over 5 years RM</b>
<b>2022</b>					
Trade and other payables	4,259,106	4,259,106	4,259,106	-	-
<b>2021</b>					
Trade and non-trade payables	4,522,749	4,522,749	4,522,749	-	-

**33. FINANCIAL INSTRUMENTS**

**(a) Classification of financial instruments**

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of the financial instruments are measured, and how income and expenses including fair values gain or loss, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

### 33. FINANCIAL INSTRUMENTS (CONT'D.)

#### (a) Classification of financial instruments (Cont'd.)

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets at FVTPL</b>		
Other investments	71,692,922	20,142,897
<b>Financial assets at amortised cost</b>		
Trade and other receivables	22,757,967	26,549,285
Fixed deposits with licensed banks	859,731	762,820
Cash and bank balances	37,132,981	33,374,476
	<u>60,750,679</u>	<u>60,686,581</u>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	11,948,127	21,174,161
Lease liability	6,872,056	7,230,055
	<u>18,820,183</u>	<u>28,404,216</u>
	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets at FVTPL</b>		
Other investments	45,400,647	20,142,897
<b>Financial assets at amortised cost</b>		
Trade and other receivables	198,966,635	190,575,247
Cash and bank balances	34,797,110	24,025,104
	<u>233,763,745</u>	<u>214,600,351</u>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	4,259,106	4,522,749

### 34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2022 and 30 June 2021.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.



NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**34. CAPITAL MANAGEMENT (CONT'D.)**

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2022 and 30 June 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio under 50%. The Group includes within net debt, loans and borrowings, trade and other payables less cash and bank balances. Capital includes equity attributable to the owners of the Company.

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade and other payables	26	11,948,127	21,174,161	4,259,106	4,522,749
Less: Cash and bank balances	22	(37,992,712)	(34,137,296)	(34,797,110)	(24,025,104)
<b>Net debt</b>		<b>(26,044,585)</b>	<b>(12,963,135)</b>	<b>(30,538,004)</b>	<b>(19,502,355)</b>
Equity attributable to the owners of the Company		282,282,240	259,796,199	331,821,200	265,334,640
<b>Total capital</b>		<b>282,282,240</b>	<b>259,796,199</b>	<b>331,821,200</b>	<b>265,334,640</b>
<b>Capital and net debt</b>		<b>256,237,655</b>	<b>246,833,064</b>	<b>301,283,196</b>	<b>245,832,285</b>
<b>Gearing ratio</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**35. SEGMENT INFORMATION**

For management purpose, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- Timber – sale of timber logs and related timber products and holding of timber concession and tree plantation.
- Automotive – sale and distribution of motor vehicles and provision of related services.
- Property – development and construction of property.
- Other – involved in Group-level corporate services and investment holding activity.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

35. SEGMENT INFORMATION (CONT'D.)

At 30 June 2022	Timber RM	Automotive RM	Property RM	Others RM	Adjustments and eliminations RM	Consolidated financial statements RM
<b>Revenue:</b>						
External customers	-	18,806,439	4,031,000	-	(468,000)	22,369,439
<b>Results:</b>						
Interest income	5	-	49,160	1,016,485	-	1,065,650
Depreciation and amortisation	282,954	85,653	41,622	1,178,961	360,956	1,950,146
Other non-cash expenses	521,087	463,019	-	25,413,001	-	26,397,107
Segment loss	(1,110,969)	(1,882,494)	(3,659,608)	(27,382,232)	2,655,392	(31,379,911)
<b>Assets:</b>						
Additions to non-current assets	8,738	440,971	-	107,909	-	557,618
Segment assets	33,472,379	24,629,590	71,005,229	373,845,571	(194,528,752)	308,424,017
<b>Segment liabilities</b>	33,973,146	57,111,363	79,597,487	102,373,899	(246,914,119)	26,141,776

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

35. SEGMENT INFORMATION (CONT'D.)

At 30 June 2021

	Timber RM	Automotive RM	Property RM	Others RM	Adjustments and eliminations RM	Consolidated financial statements RM
<b>Revenue:</b>						
External customers	-	24,731,668	5,400,390	738,000	(738,000)	30,132,058
<b>Results:</b>						
Interest income	6	16,835	14,444	287,116	-	318,401
Depreciation and amortisation	343	155,024	79,507	722,802	-	957,676
Other non-cash expenses	822,527	1,274,265	-	31,775,771	-	33,872,563
Segment loss	(161,592)	(2,712,058)	(5,153,423)	(49,746,538)	14,977,998	(42,795,613)
<b>Assets:</b>						
Additions to non-current assets	-	28,000	1,193,640	2,750,000	-	3,971,640
Segment assets	33,895,223	12,245,677	79,626,468	323,209,916	(142,448,998)	306,528,286
<b>Segment liabilities</b>	33,285,021	42,444,200	84,559,118	92,057,626	(216,649,463)	35,696,502

## NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

### 35. SEGMENT INFORMATION (CONT'D.)

#### Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- (a) Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2022 RM	2021 RM
Impairment loss on biological assets	9	882,333	822,527
Impairment loss on trade and other receivables	9	39,641	124,664
Trade and other receivables written down	9	-	88,462
Inventories written off	9	9,566	899,548
		<u>931,540</u>	<u>1,935,201</u>

- (b) Additions to non-current assets consist of:

	Note	2022 RM	2021 RM
Property, plant and equipment	13	557,618	3,971,640
Biological assets	15	643,277	643,277
		<u>1,200,895</u>	<u>4,614,917</u>

- (c) The following item is deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2022 RM	2021 RM
Inter-segment assets, representing inter-company balances	<u>(194,528,752)</u>	<u>(142,448,998)</u>

- (d) The following item is deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2022 RM	2021 RM
Inter-segment liabilities, representing inter-company balances	<u>(246,914,119)</u>	<u>(216,649,457)</u>

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2022

(CONT'D)

**35. SEGMENT INFORMATION (CONT'D.)**

**Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (Cont'd.)**

Information about major customer

Revenue from two (2021: two) major customers amounting to RM Nil, Nil% of revenue of Automotive segment (2021: RM1,065,438, 4% of revenue of Automotive segment) and RM478,679, 3% of revenue of Automotive segment (2021: RM1,365,049, 5% of revenue of Automotive segment) respectively.

**36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the financial year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 14 October 2022.

## LIST OF PROPERTIES

No.	Address	Description of property and Existing use	Tenure	Expiring Date	Land Area	Net book value as at 30.06.2022 (RM)
1.	HSD 160571 to 160573, Lot PT Nos. 26665 to 26667 respectively, Mukim of Setul, Seremban, Negeri Sembilan	Timber Plantation	99	10.06.2103	299.98 acres	22,444,481
2	Unit No.95, Block K, DBKK No. K-4, Lorong Plaza Permai 2, Alamesra, Sulaiman Coastal Highway, 88400 Kota Kinabalu, Sabah.	3 storey cum office	99	31.12.2098	217.6 square meter	970,000

Note:

Date of acquisition of item 1 : 18 January 2010

Date of acquisition of item 2 : 6 October 2020

## STATISTICS OF ORDINARY SHAREHOLDINGS

AS AT 26 SEPTEMBER 2022

Total Number of Issued Shares	:	1,933,865,778
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

### DISTRIBUTION OF SHAREHOLDINGS (BASED ON RECORD OF DEPOSITORS AS AT 26 SEPTEMBER 2022)

Size of Holding	No. of shareholders	No. of shareholdings	Percentage of Shares (%)
1 – 99	24	945	0.00
100 – 1,000	1,034	816,303	0.04
1,001 – 10,000	2,598	16,946,516	0.88
10,001 – 100,000	4,313	186,669,869	9.65
100,001 to less than 5% of issued shares	1,419	1,409,432,145	72.88
5% and above of issued shares	1	320,000,000	16.55
<b>Total</b>	<b>9,389</b>	<b>1,933,865,778</b>	<b>100.00</b>

### DIRECTORS' INTERESTS IN ORDINARY SHARES (BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 26 SEPTEMBER 2022)

No.	Name of Directors	No. of Shares held		No. of Shares held	
		Direct	Percentage (%)	Indirect	Percentage (%)
1.	Jean-Michel Fink	–	–	–	–
2.	Patrick Ting	–	–	–	–
3.	Tang Boon Koon	100,000	0.01	–	–
4.	Mark Chew Shin Yong	–	–	–	–
5.	Ho Pui Hold	–	–	–	–

### LIST OF SUBSTANTIAL SHAREHOLDERS (BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 26 SEPTEMBER 2022)

No.	Name of Substantial Shareholder	No. of Shares held		No. of Shares held	
		Direct	Percentage (%)	Indirect	Percentage (%)
1.	Cubetech Asia Sdn Bhd	320,000,000	16.55	–	–
2.	Vsolar Group Berhad	–	–	320,000,000	16.55

## STATISTICS OF ORDINARY SHAREHOLDINGS

(CONT'D)

### LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (BASED ON REGISTER OF DEPOSITORS AS AT 26 SEPTEMBER 2022)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	Percentage (%)
1	CUBETECH ASIA SDN BHD	320,000,000	16.55
2	AE MULTI INDUSTRIES SDN BHD	68,855,600	3.56
3	PERUSAHAAN SAUDEE SDN BHD	60,963,500	3.15
4	TAN LI LI	52,300,000	2.70
5	LAI YEE LING	50,050,000	2.59
6	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT)	44,454,300	2.30
7	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	44,308,900	2.29
8	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (HONG KONG) LIMITED (FOREIGN CLIENT)	44,189,300	2.29
9	M & A NOMINEE (TEMPATAN) SDN BHD SANSTON FINANCIAL GROUP LIMITED FOR TAN SIK EEK	39,050,000	2.02
10	M & A NOMINEE (TEMPATAN) SDN BHD SANSTON FINANCIAL GROUP LIMITED FOR YONG KET INN	32,050,000	1.66
11	PASUKHAS PROPERTIES SDN BHD	28,529,400	1.48
12	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS (LONPBCLR-3PTY)	27,649,000	1.43
13	MERCSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JVSACK ASIA LIMITED (CLIENTS)	23,500,000	1.22
14	TOH EAN HAI	20,000,000	1.03
15	CARTABAN NOMINEES (ASING) SDN BHD BARCLAYS BANK PLC (RE EQUITIES)	19,605,800	1.01
16	YONG CHOO KIONG	19,000,000	0.98
17	TAI YOK YEN	15,910,000	0.82
18	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOH CHOH PIAU (M&A)	15,410,000	0.80
19	TAN YOKE CHEONG	14,550,000	0.75
20	CHOONG YEAN YAW	14,507,100	0.75
21	MIDF AMANAH INVESTMENT NOMINEES (ASING) SDN BHD FOR LAZARUS SECURITIES PTY LTD FOR LAZARUS CAPITAL PARTNERS GLOBAL EQUITIES FUND	12,800,000	0.66
22	QUEK YONG WAH	11,700,000	0.61
23	TING KWONG KEONG	11,300,000	0.58
24	QUEK JIA YI	10,900,000	0.56
25	LIM SIEW CHING	9,700,000	0.50



STATISTICS OF ORDINARY SHAREHOLDINGS

(CONT'D)

**LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)**  
**(BASED ON REGISTER OF DEPOSITORS AS AT 26 SEPTEMBER 2022)**

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	Percentage (%)
26	LIM HONG HSIUNG	9,550,000	0.49
27	LEOW HONG YEN	9,300,000	0.48
28	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR KGI SECURITIES (SINGAPORE) PTE. LTD.	9,035,600	0.47
29	PASUKHAS PROPERTIES SDN BHD	9,000,000	0.47
30	WEE KOK CHUAN	8,650,000	0.45

## STATISTICS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (“ICPS”)

AS AT 26 SEPTEMBER 2022

Total Number of Issued ICPS : 834,322,966  
Class of Shares : ICPS

### DISTRIBUTION OF ICPS HOLDINGS (BASED ON RECORD OF DEPOSITORS AS AT 26 SEPTEMBER 2022)

Size of Holding	No. of ICPS Holders	No. of holdings	Percentage of ICPS (%)
1 – 99	2	146	0.00
100 - 1,000	32	13,409	0.00
1,001 - 10,000	174	1,188,600	0.14
10,001 - 100,000	775	45,175,500	5.41
100,001 to less than 5% of issued ICPS	882	787,945,311	94.44
5% and above of issued ICPS	0	0	0.00
<b>Total</b>	<b>1,865</b>	<b>834,322,966</b>	<b>100.00</b>

### DIRECTORS' INTERESTS IN ICPS (BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 26 SEPTEMBER 2022)

No.	Name of Directors	No. of ICPS held		No. of ICPS held	
		Direct	Percentage (%)	Indirect	Percentage (%)
1	Jean-Michel Fink	–	–	–	–
2	Patrick Ting	–	–	–	–
3	Tang Boon Koon	–	–	–	–
4	Mark Chew Shin Yong	–	–	–	–
5	Ho Pui Hold	–	–	–	–

STATISTICS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

(CONT'D)

**LIST OF TOP 30 LARGEST ICPS HOLDERS**  
**(BASED ON REGISTER OF DEPOSITORS AS AT 26 SEPTEMBER 2022)**

NO.	NAME OF SHAREHOLDERS	NO. OF ICPS	Percentage (%)
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO AH SENG (PB)	23,000,000	2.76
2	TOK BOON SEONG	22,857,000	2.74
3	EE KIM CHENG	19,300,000	2.31
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LEE SOI GEK (PB)	18,256,800	2.19
5	TEO AH SENG	18,075,800	2.17
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHOW CHONG CHEK (PB)	17,000,000	2.04
7	DENNISE KHOO YEAP TENG	12,649,100	1.52
8	WONG YOON CHEE	11,535,000	1.38
9	TAN LEE PANG S/O HUM BENG	10,500,000	1.26
10	WONG AH YONG	10,500,000	1.26
11	LOKE PAK JOEN	9,434,000	1.13
12	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOK BOON SEONG	8,892,300	1.07
13	CHAN TIN WAI	8,600,000	1.03
14	AU SHIUN CHOUR	8,500,000	1.02
15	GOH CHIN CHOON	8,000,000	0.96
16	HENG DING DING	6,950,000	0.83
17	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM YAN LING	6,690,000	0.80
18	ANG KOK SEONG	6,069,900	0.73
19	KOH CHUN CHEUK	6,038,000	0.72
20	KOH KING CHIEW	6,000,000	0.72
21	TING SING HONG	6,000,000	0.72
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KONG HWEE (E-KPG/SGK)	5,200,000	0.62
23	LAI WENG CHEE @ LAI KOK CHYE	5,017,700	0.60
24	GOH CHENG CHAI	5,000,000	0.60
25	GOH CHIN LEE	4,500,000	0.54
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN SUN PING	4,500,000	0.54
27	KU MUN FOO	4,416,000	0.53
28	KHOR KENG SAW @ KHAW AH SOAY	4,214,900	0.51
29	PHUA SIM TEAN	4,200,000	0.50
30	ONG SOH KEE	4,050,000	0.49

## STATISTICS OF WARRANT HOLDINGS

AS AT 26 SEPTEMBER 2022

Total Number of Warrants : 93,535,984  
Class of Shares : Warrants

### DISTRIBUTION OF WARRANT HOLDING (BASED ON RECORD OF DEPOSITORS AS AT 26 SEPTEMBER 2022)

Size of Holding	No. of Warrants Holders	No. of holdings	Percentage of Warrants (%)
1 – 99	78	3,935	0.00
100 - 1,000	133	83,918	0.09
1,001 - 10,000	317	1,853,330	1.98
10,001 - 100,000	437	19,539,991	20.89
100,001 to less than 5% of outstanding warrants	152	53,551,110	57.25
5% and above of outstanding warrants	2	18,503,700	19.78
<b>Total</b>	<b>1,119</b>	<b>93,535,984</b>	<b>100.00</b>

### DIRECTORS' INTERESTS IN WARRANTS (BASED ON REGISTER OF DIRECTORS' WARRANT HOLDINGS AS AT 26 SEPTEMBER 2022)

No.	Name of Directors	No. of Warrants held		No. of Warrants held	
		Direct	Percentage (%)	Indirect	Percentage (%)
1	Jean-Michel Fink	–	–	–	–
2	Patrick Ting	–	–	–	–
3	Tang Boon Koon	–	–	–	–
3	Mark Chew Shin Yong	–	–	–	–
4	Ho Pui Hold	–	–	–	–

STATISTICS OF WARRANT HOLDINGS

(CONT'D)

**LIST OF TOP 30 LARGEST WARRANTS HOLDERS  
(BASED ON REGISTER OF DEPOSITORS AS AT 26 SEPTEMBER 2022)**

NO.	NAME OF SHAREHOLDERS	NO. OF ICPS	Percentage (%)
1	YONG CHOO KIONG	10,223,700	10.93
2	TAN TUAN SHEE	8,280,000	8.85
3	PHUA SIM TEAN	2,300,000	2.46
4	TAN KOK CHOON	1,700,000	1.82
5	TAN AH KIM	1,515,000	1.62
6	LIM CHIN HONG	1,499,100	1.60
7	CHEW HEE NGE	1,450,000	1.55
8	TAN KHIAN LEONG	1,400,000	1.50
9	GOH AIK PENG	1,266,700	1.35
10	LEOW THYE YIH	1,250,000	1.34
11	WONG YOON CHEE	1,105,500	1.18
12	WONG LUP MUN @ WONG CHENG HOH	1,098,700	1.17
13	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR ER SOON PUAY	1,000,000	1.07
14	KOH KING CHIEW	1,000,000	1.07
15	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LEE SOI GEK (PB)	995,680	1.06
16	TAN KY-LYN	900,000	0.96
17	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGU TING TONG (LBU)	850,000	0.91
18	SIM SEOW HENG	830,000	0.89
19	NG SING KONG	800,000	0.86
20	QUEK KIAH SONG	752,300	0.80
21	TAN BOOK SOON	740,000	0.79
22	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HAW CHING	686,400	0.73
23	LIM KIAN CHONG	600,000	0.64
24	TING SING HONG	600,000	0.64
25	CHUAH TEONG KHOEY	550,000	0.59
26	ONG KOK LENG	550,000	0.59
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KIAN LEONG (E-KLG)	550,000	0.59
28	TAN GUAN KOK	550,000	0.59
29	CHOW SAI KOW @ CHOW KON LOONG	508,200	0.54
30	MUHAYUDDIN BIN MUSA	500,000	0.53

## NOTICE OF 26TH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Sixth (26th) Annual General Meeting (“AGM”) of **PERMAJU INDUSTRIES BERHAD** (“Permaju” or “the Company”) will be conducted virtually through live streaming and online remote voting from the Online Meeting Platform of Mlabs VGM operated by Mlabs Research Sdn Bhd in Malaysia via the link at <https://rebrand.ly/PermajuAGM> on Monday, 28 November 2022 at 3.00 p.m. or at any adjournment thereof for the transaction of the following businesses:

### AGENDA

#### AS ORDINARY BUSINESS

- |    |   |   |
|----|---|---|
| 1. | To receive the Audited Consolidated Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and Auditors thereon. | <b>Please refer to<br/>Explanatory Notes<br/>to Ordinary Business</b> |
| 2. | To approve the payment of Directors' Fees amounting to RM500,000.00 for the period from the 26th AGM up to the conclusion of 27th AGM of the Company.               | <b>Ordinary Resolution 1</b>  |
| 3. | To approve the payment of Directors' Benefits amounting to RM10,000.00 for the period from the 26th AGM up to the conclusion of 27th AGM of the Company.            | <b>Ordinary Resolution 2</b>  |
| 4. | To re-elect Mr Jean-Michel Fink who is retiring pursuant to Clause 100 of the Company's Constitution and being eligible, has offered himself for re-election.       | <b>Ordinary Resolution 3</b>  |
| 5. | To re-elect Mr Patrick Ting who is retiring pursuant to Clause 97 of the Company's Constitution and being eligible, has offered himself for re-election.            | <b>Ordinary Resolution 4</b>  |
| 6. | To re-appoint Messrs. Al Jafree Salihin Kuzaimi PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.       | <b>Ordinary Resolution 5</b>  |

#### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

- |    |   |                              |
|----|---|------------------------------|
| 7. | <b>Proposed authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016</b>  |                              |
|    | <p>“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental / regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company or such higher percentage as Bursa Malaysia Securities Berhad may from time to time allow and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of 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.</p> <p>AND THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 14 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Companies Act 2016.”</p> | <b>Ordinary Resolution 6</b> |

## NOTICE OF 26TH ANNUAL GENERAL MEETING

(CONT'D)

8. To transact any other business of the Company for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

### By Order of the Board

TAN TONG LANG (MAICSA 7045482 / SSM PC No. 202208000250)  
Company Secretary

Selangor  
28 October 2022

Notes:-

1. *As part of the measures to curb the spread of COVID-19, the AGM of the Company will be conducted as a virtual meeting through live streaming and online remote voting from the Online Meeting Platform of Mlabs VGM operated by Mlabs Research Sdn Bhd in Malaysia via the link at <https://rebrand.ly/PermajuAGM>. The main venue of the 26th AGM for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the Meeting to be at the main venue, is the online meeting platform provided by Mlabs Research Sdn Bhd at its Portal at <https://rebrand.ly/PermajuAGM> in Malaysia. Shareholders/proxies are strongly advised to participate and vote remotely at the 26th AGM through live streaming and online remote voting through the RPV facilities. Please refer to the Administrative Guide for Shareholders for the procedures to register, participate and vote remotely through the Remote Participation and Voting facilities.*
2. *A member entitled to attend and vote at the general meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead.*
3. *Where a member appoints two (2) proxies, the appointment of such proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each such proxy. There is no restriction to the qualification of the proxy.*
4. *Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A (1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.*
6. *The Form of Proxy must be deposited at the Share Registrar Office of the Company at No.2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or e-mailed to [ir@shareworks.com.my](mailto:ir@shareworks.com.my) not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*
7. *For the purposes of determining a member who shall be entitled to attend, speak and vote at the 26th AGM, the Company shall be requesting the Record of Depositors as at 21 November 2022. Only a depositor whose name appears on the Record of Depositors as at 21 November 2022 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her stead.*

## NOTICE OF 26TH ANNUAL GENERAL MEETING

(CONT'D)

### Explanatory Notes to Ordinary Business

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2022

This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

2. Ordinary Resolution 1 – Directors' Fees

Pursuant to Section 230(1) of the Companies Act 2016 ("Act"), the fees and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the Twenty-Sixth Annual General Meeting ("26th AGM") on the Directors' fees and benefits.

The Board will seek shareholders' approval at the next AGM in the event the amount of the Directors' fee and benefits are insufficient due to an increase in Board/Board Committee meetings and/or increase in Board size.

For information, the shareholders at the Twenty-Fifth (25th) AGM had approved the payment of Directors' fees and benefits of up to RM500,000.00 to Non-Executive Directors for the period from 25th AGM until the conclusion of the 26th AGM.

3. Ordinary Resolution 2 – Directors' Benefits

The proposed benefits of RM10,000 from the 26th AGM up to the conclusion of the 27th AGM of the Company payable to the Independent Non-Executive Directors comprises meeting allowances.

In the event that the amount proposed is insufficient (due to enlarged Board size and additional number of meetings), approval will be sought at the next Annual General Meeting for the shortfall.

4. Ordinary Resolutions 3 & 4 – Re-election of Directors

Clause 100 of the Constitution of the Company provides that one-third of the Directors for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election provided always that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

For the purpose of determining the eligibility of the Director to stand for re-election at this AGM, the Board through its Nomination Committee had assessed the performance and contribution of each of the retiring Director. Based on the results of the respective Directors' performance evaluation conducted, the Board is satisfied with the Directors' performance and the level of contribution to the Board through their knowledge, skills and commitment as well as their abilities to act in the best interest of the Company. In addition, each of the Independent Directors has also provided his/her annual declaration/confirmation of independence.

The retiring Director, Mr Jean-Michel Fink had abstained from deliberations and decisions on his own eligibility to stand for re-election at the relevant Board and Committee meetings.

Clause 97 of the Constitution of the Company provides that any Director appointed during the year shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election.

Mr Patrick Ting, who was appointed on 1 July 2022 is standing for re-election as Director of the Company.

Mr Patrick had abstained from deliberations and decision on his own eligibility to stand for election at the relevant Board and Committee Meetings.



## NOTICE OF 26TH ANNUAL GENERAL MEETING

(CONT'D)

### **Explanatory Notes to Ordinary Business (Cont'd)**

#### 5. Ordinary Resolution 5 – Re-appointment of Auditors

The Audit and Risk Management Committee ("ARMC") has on 14 October 2022 carried out an assessment of the suitability and independence of the External Auditors, Messrs Al Jafree Salihin Kuzaimi PLT ("Salihin") and was satisfied with the suitability of Salihin based on the quality of audit, performance, competency, and sufficiency of resources of the external audit team provided to the Group.

The ARMC in its assessment also found Salihin to be sufficiently objective and independent. The Board therefore approved the ARMC's recommendation on the re-appointment of Salihin as External Auditors of the Company for the financial year ending 30 June 2023 be put forward for the shareholders' approval at the 26th AGM.

### **Explanatory Note to Special Business**

#### 1. Ordinary Resolution 6 – Renewal of authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016.

The proposed Ordinary Resolution 6 if passed, is a renewal of general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being or such higher percentage as Bursa Securities may from time to time allow for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

As at the date of this notice, the Company did not issue any new shares pursuant to the general mandate granted to the Directors at the last AGM held on 29 December 2021.

## STATEMENT ACCOMPANYING NOTICE OF 26TH ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

**1. DETAILS OF INDIVIDUAL WHO ARE STANDING FOR ELECTION AS DIRECTORS (EXCLUDING DIRECTORS FOR RE-ELECTION)**

No individual is seeking election as a Director at the 26th AGM of the Company.

**2. GENERAL MANDATE FOR ISSUE OF SECURITIES IN ACCORDANCE WITH PARAGRAPH 6.03 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD.**

The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out under Explanatory Note.

# INFORMATION TO SHAREHOLDERS

## 26TH ANNUAL GENERAL MEETING

### ADMINISTRATIVE GUIDE

Date	Time	Online Meeting Platform
<b>28 November 2022, Monday</b>	<b>3.00 p.m.</b>	<b><a href="https://rebrand.ly/PermajuAGM">https://rebrand.ly/PermajuAGM</a></b> operated by Mlabs VGM as operated by Mlabs Research Sdn Bhd in Malaysia

### MODE OF MEETING

The 26th Annual General Meeting ("26th AGM") of the Company will be held virtually through live streaming and online remote voting from the Online Meeting Platform of Mlabs VGM operated by Mlabs Research Sdn Bhd in Malaysia via <https://rebrand.ly/PermajuAGM>. With the online meeting platform, shareholders may exercise their rights as a member to participate (including to pose questions to the Board and/or Management of the Company) and vote at the 26th AGM, safely from their home.

The Online Meeting Platform is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 and the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia which was further revised on 7 April 2022. Shareholders or proxies or attorneys or authorized representatives **WILL NOT BE ALLOWED** to attend the 26th AGM in person on the day of the meeting. With the Remote Participation and Voting ("RPV") facilities, you may exercise your right as a member of the Company to participate (including the right to pose questions to the Board of Directors ("Board") and/or Management of the Company) and vote at the 26th AGM. Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the EGM.

This is also in line with Practices 12.1 and 13.3 of the Malaysian Code on Corporate Governance 2021 where boards are encouraged to have effective, transparent and regular communication with shareholders, including leveraging technology to promote shareholder participation.

### RPV Facilities

1. The AGM will be conducted entirely through live streaming and online remote voting. Should you wish to attend the AGM you will be required to do so by registering yourself using the RPV Facilities in accordance with the instructions set out under Section 4 below.

With the RPV Platform, you may exercise your rights as a Shareholder to participate (including to pose questions to the Board of Directors ("**Board**") and vote at the AGM.

2. If a shareholder is unable to attend the AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.
3. For proxies or corporate representatives / authorised nominees / exempt authorised nominees who wishes to use the RPV Facilities at the AGM, please ensure the duly executed proxy forms or the original certificate of appointment of its corporate representative are submitted to ShareWorks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or e-mailed to [ir@shareworks.com.my](mailto:ir@shareworks.com.my) not later than 26 November 2022 at 3.00 p.m.

## INFORMATION TO SHAREHOLDERS

(CONT'D)

4. The procedures for the RPV in respect of the live streaming and remote voting at the AGM is as follows:

Procedures		Action
<b>Before AGM</b>		
1.	Register as participant in Virtual AGM 	<ul style="list-style-type: none"> <li>Using your computer, access the registration website at <a href="https://rebrand.ly/PermajuAGM">https://rebrand.ly/PermajuAGM</a></li> <li>Click on the <b>Register</b> link to register for the AGM session.</li> <li>If you are using mobile devices, you can also scan the QR provided on the left to access the registration page. Click <b>Register</b> and enter your email followed by <b>Next</b> to fill in your details to register for the AGM session.</li> <li>Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification.</li> <li>The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Refer to the tutorial guide posted on the same page for assistance.</li> </ul>
2.	Submit your online registration	<ul style="list-style-type: none"> <li>Shareholders who wish to participate and vote remotely at the AGM via RPV Facilities are required to register prior to the meeting. The registration will be open from <b>5.00 p.m. on 28 October 2022</b> and the registration will close at <b>3.00 p.m. on 27 November 2022</b>.</li> <li>Clicking on the link mentioned in item 1 will redirect you to the AGM event page. Click on the <b>Register</b> link for the online registration form.</li> <li>Complete your particulars in the registration page. Your name <b>MUST</b> match your CDS account name (not applicable for proxy).</li> <li>Insert your CDS account number(s) and indicate the number of shares you hold.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declarations.</li> <li>Please ensure all information given is accurate before you click <b>Submit</b> to register your remote participation. Failure to do so will result in your registration being rejected.</li> <li>System will send an email to notify that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors of the Company as at <b>21 November 2022</b>, the system will send you an email to notify you if your registration is approved or rejected after 21 November 2022.</li> <li>If your registration is rejected, you can contact the Company's Poll Administrator or the Company for clarifications or to appeal.</li> </ul>
<b>On the day of AGM</b>		
3.	Attending Virtual AGM	<ul style="list-style-type: none"> <li>Two reminder emails will be sent to your inbox. First is one day before the AGM day, while the 2nd will be sent 1 hour before the AGM session.</li> <li>Click <b>Join Event</b> in the reminder email to participate the RPV.</li> </ul>
4.	Participate with live video	<ul style="list-style-type: none"> <li>You will be given a short brief about the system.</li> <li>Your microphone is muted throughout the whole session.</li> <li>If you have any questions for the Chairman/Board, you may use the <b>Q&amp;A panel</b> to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email.</li> <li>The session will be recorded.</li> <li>Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.</li> </ul>

## INFORMATION TO SHAREHOLDERS

(CONT'D)

Procedures		Action
<b>On the day of AGM</b>		
5.	Online Remote Voting	<ul style="list-style-type: none"> <li>The Chairman will announce the commencement of the Voting session and the duration allowed at the respective AGM.</li> <li>The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given stipulated time frame.</li> <li>Click on the <b>Submit</b> button when you have completed.</li> <li>Votes cannot be changed once it is submitted.</li> </ul>
6.	End of remote participation	Upon the announcement by the Chairman on the closure of the AGM, the live session will end.

### **Revocation of Proxy**

Please note that if a Shareholder has submitted his/her Form of Proxy prior to the AGM and subsequently decides to personally attend and participate in the AGM via RPV Facilities, the Shareholder must contact ShareWorks Sdn. Bhd. to revoke the appointment of his/her proxy no later than 3.00 p.m. on 26 November 2022.

### **Poll Voting**

The voting at the AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed ShareWorks Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic means and SharePoll Sdn. Bhd. as Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting. The Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed or otherwise.

The results of the voting for all resolutions will be announced at the AGM and on Bursa Malaysia website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

### **No Recording or Photography**

Strictly NO recording or photography of the proceedings of the AGM is allowed.

### **No Breakfast/Lunch Packs, Door Gifts or Food Vouchers**

There will be no distribution of breakfast / lunch packs, door gifts or food vouchers.

### **Enquiry**

If you have any enquiry prior to the meeting, please contact the following officers during office hours (from 9.00 a.m. to 5.30 p.m. (Monday to Friday)):

#### **For Registration, logging in and system related: MLABS Research Sdn. Bhd.**

Name: Ms. Eris / Ms. Jey  
Telephone No: +603 7688 1013  
Email: [vgm@mlabs.com](mailto:vgm@mlabs.com)

#### **For Proxy matters: ShareWorks Sdn. Bhd.**

Name: Mr. Kou / Ms. Stacy  
Telephone No: +603 6201 1120  
Email: [ir@shareworks.com.my](mailto:ir@shareworks.com.my)

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**Permaju Industries Berhad**  
[Registration No. 199601006711 (379057-V)]

# PROXY FORM

(Before completing this form please refer to the notes below)

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

I / We (Full Name in Block Letters) \_\_\_\_\_

NRIC No./Passport No./Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member / members of Permaju Industries Berhad [Registration No. 199601006711 (379057-V)], hereby appoint :-

Name of Proxy	NRIC No./ Passport No.	% of Shareholdings to be Represented
Address		
Email	Contact No.:	

and / or failing him/her

Name of Proxy	NRIC No./ Passport No.	% of Shareholdings to be Represented
Address		
Email	Contact No.:	

or failing \*him/her, the Chairman of the Meeting as \*my/our proxy to attend and vote for \*me/us and on \*my/our behalf at the Twenty-Sixth (26th) Annual General Meeting of the Company to be conducted on virtually through live streaming and online remote voting from the Online Meeting Platform of Mlabs VGM operated by Mlabs Research Sdn Bhd in Malaysia via the link at <https://rebrand.ly/PermajuAGM> on Monday, 28 November 2022 at 3.00 p.m. or at any adjournment thereof in the manner as indicate below:

Resolutions	Agenda	For	Against
Ordinary Resolution 1	To approve the payment of Directors' Fees amounting to RM500,000.00 for the period from the 26th AGM up to the conclusion of 27th AGM of the Company		
Ordinary Resolution 2	To approve the payment of Directors' Benefits amounting to RM10,000.00 for the period from the 26th AGM up to the conclusion of 27th AGM of the Company		
Ordinary Resolution 3	To re-elect Mr Jean-Michel Fink as Director of the Company		
Ordinary Resolution 4	To re-elect Mr Patrick Ting as Director of the Company		
Ordinary Resolution 5	To re-appoint Messrs. Al Jafree Salihin Kuzaimi PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration		
Ordinary Resolution 6	To approve the authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his/ her discretion)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Signature: \_\_\_\_\_

(If shareholder is a corporation, this form should be executed under seal)

Notes:-

- As part of the measures to curb the spread of COVID-19, the AGM of the Company will be conducted as a virtual meeting through live streaming and online remote voting from the Online Meeting Platform of Mlabs VGM operated by Mlabs Research Sdn Bhd in Malaysia via the link at <https://rebrand.ly/PermajuAGM>. The main venue of the 26th AGM for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the Meeting to be at the main venue, is the online meeting platform provided by Mlabs Research Sdn Bhd at its Portal at <https://rebrand.ly/PermajuAGM> in Malaysia. Shareholders/proxies are strongly advised to participate and vote remotely at the 26th AGM through live streaming and online remote voting through the RPV facilities. Please refer to the Administrative Guide for Shareholders for the procedures to register, participate and vote remotely through the Remote Participation and Voting facilities.
- A member entitled to attend and vote at the general meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead.
- Where a member appoints two (2) proxies, the appointment of such proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each such proxy. There is no restriction to the qualification of the proxy.
- Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A (1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.
- The Form of Proxy must be deposited at the Share Registrar Office of the Company at No.2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or e-mailed to [ir@shareworks.com.my](mailto:ir@shareworks.com.my) not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
- For the purposes of determining a member who shall be entitled to attend, speak and vote at the 26th AGM, the Company shall be requesting the Record of Depositors as at 21 November 2022. Only a depositor whose name appears on the Record of Depositors as at 21 November 2022 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her stead.



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AFFIX  
STAMP

**THE SHARE REGISTRAR OF  
PERMAJU INDUSTRIES BERHAD**  
[Registration No. 199601006711 (379057-V)]  
ShareWorks Sdn. Bhd.  
No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas  
50480 Kuala Lumpur, Wilayah Persekutuan  
Tel No.: +603-6201 1120  
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**Permaju Industries Berhad** Company No. 199601006711 (379057-V)

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