LATITUDE TREE HOLDINGS BERHAD

(REGISTRATION NO.: 199401017151 (302829-W))

ANNUAL REPORT 2021

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Dr Norraesah Binti Haji Mohamad
Chairman/Independent Non-Executive Director

Mdm Lin Chen, Jui-Fen
Deputy Executive Chairman/
Executive Director

Mr Lin, Chin-Hung
Managing Director

Mr Toh Seng Thong
Independent Non-Executive Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

COMPANY SECRETARIES

Mr Yeoh Joe Son (MIA 9238)
(SSM PC No.: 202008004222)

Ms Tai Yit Chan (MAICSA 7009143)
(SSM PC No.: 202008001023)

Ms Wong Siew Yeen (MAICSA 7018749)
(SSM PC No.: 202008001471)

AUDIT COMMITTEE

Mr Toh Seng Thong (Chairman)
Independent Non-Executive Director

Dato' Dr Norraesah Binti Haji Mohamad
Independent Non-Executive Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Dato' Dr Norraesah Binti Haji Mohamad (Chairman)
Independent Non-Executive Director

Mr Toh Seng Thong
Independent Non-Executive Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Dato' Dr Norraesah Binti Haji Mohamad (Chairman)
Independent Non-Executive Director

Mr Toh Seng Thong
Independent Non-Executive Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

EMPLOYEES' SHARE SCHEME COMMITTEE

Mr Toh Seng Thong (Chairman)
Independent Non-Executive Director

Mr Lin, Chin-Hung
Managing Director

Mr Yeoh Joe Son
Group Finance Director

Mr Fong Toh Wai
Group Financial Controller

PLACE OF INCORPORATION AND DOMICILE

Malaysia

STOCK EXCHANGE LISTING/STOCK NAME

Main Market of Bursa Malaysia Securities Berhad
Stock Short Name : LATITUD
Stock Code : 7006

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Telephone : +603-7890 4800
Facsimile : +603-7890 4650
Website : www.lattree.com

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
197701005827 (36869 T)
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights, 50490 Kuala Lumpur
Wilayah Persekutuan
Telephone : +603-2084 9000
Facsimile : +603-2094 9940

AUDITORS

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights, 50490 Kuala Lumpur
Wilayah Persekutuan

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Alliance Bank Malaysia Berhad
Citibank Berhad
OCBC Bank Malaysia Berhad
CTBC Bank Co. Ltd.
Indovina Bank Ltd.
Bank Sinopac

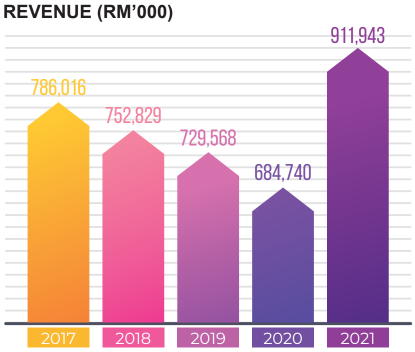
FINANCIAL HIGHLIGHTS

Five Years Financial Highlights	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
REVENUE	911,943	684,740	729,568	752,829	786,016
PROFIT FOR THE YEAR	53,791	16,789	19,352	12,077	69,065
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	53,791	16,789	19,352	12,077	69,065
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	610,240	578,001	564,435	545,571	560,450
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (RM)	3.14	3.03[#]	2.91[#]	2.81[#]	2.88[#]
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (SEN)	27.84	8.80[#]	9.98[#]	6.22[#]	35.52[#]
DIVIDEND PER SHARE (SEN)	10.90	3.00[#]	2.98[#]	3.00[#]	6.00[#]
DIVIDEND AMOUNT (RM'000)	21,187*	5,715	5,768	5,816	11,665

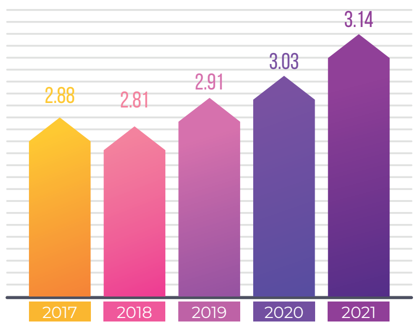
* The Company had on 29 January 2021 distributed special dividend via share dividend distribution of 1,905,000 treasury shares on the basis of 1 treasury share for every 50 existing ordinary shares held. On 12 May 2021, the Company had paid the first interim single-tier dividend of 5.0 sen per ordinary share. The final single-tier dividend of 3.0 sen per ordinary share was recommended by the Board of Directors and is subject to shareholders' approval at the forthcoming Annual General Meeting.

For comparative purpose, net assets and earnings per share attributable to owners of the parent and dividend per share have been adjusted to reflect the bonus issue of 1 bonus share for every 1 existing ordinary share which was completed on 16 March 2021.

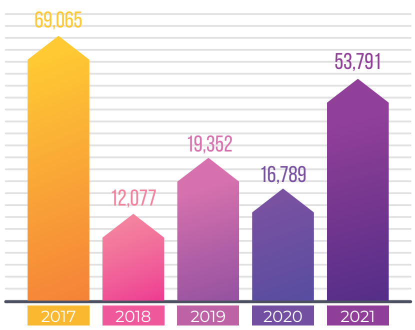
REVENUE (RM'000)



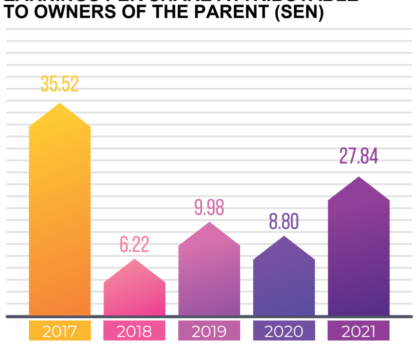
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (RM)



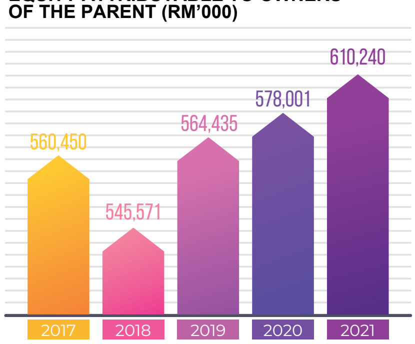
PROFIT FOR THE YEAR (RM'000)



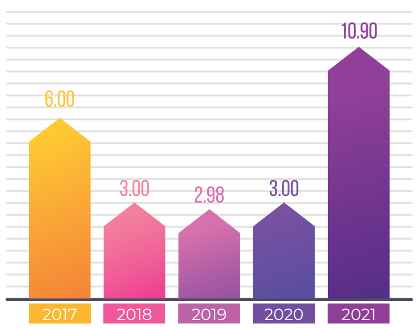
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (SEN)



EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)



DIVIDEND PER SHARE (SEN)



MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis compares the Group's financial condition and results of operations for the financial year 2021 ("FY2021") with financial year 2020 ("FY2020").

1) Overview of the Group's Business and Operations

Latitude Tree Holdings Berhad ("the Group" or "the Company" or "LTHB") is an integrated household furniture manufacturer specialises in the manufacturing and sale of wooden household furniture and components particularly rubber-wood furniture for export markets. About 50% of raw materials of the Group are rubber-wood-based with the remaining being poplar, pine wood and other wood-based materials. The Group's manufacturing activities are operated from its three (3) factories in Malaysia, two (2) factories in Vietnam and one (1) factory in Thailand.

Name of subsidiaries	Country of incorporation	Principal activities	Total floor area (square feet)	Total workers as at 30 June 2021
Latitude Tree Furniture Sdn. Bhd.	Malaysia	Manufacture and sale of wooden furniture and components	507,751	635
Rhong Khen Timbers Sdn. Bhd.	Malaysia	Manufacture and sale of wooden furniture parts and components	1,545,324	407
Rhong Khen Industries Sdn. Bhd.	Malaysia	Manufacture and sale of decorative wood panels and papers	332,939	108
Latitude Tree Vietnam Joint Stock Company	Vietnam	Manufacture and sale of wooden furniture and components	889,120	1,826
RK Resources Co., Ltd.	Vietnam	Manufacture and sale of wooden furniture and components	3,943,757	2,772
Grob Holz Company Limited	Thailand	Manufacture and sale of wooden furniture parts and components	869,024	276
Total			8,087,915	6,024

The past year was a recovery year for the Group due to sudden surge on the demand of furniture as mostly are working or attending school from home. The global travel restriction also contributed to the increase in sales of furniture as many will upgrade their furniture to have a better and comfortable ambience at home for dining, working and studying. As a result, the Group recorded all-time high revenue surpasses RM900 million mark for the first time in FY2021 since its debut on Bursa Malaysia Securities Berhad in year 1997.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

2) Financial Performance Review

	FY2021 (RM'000)	FY2020 (RM'000)	Variance (RM'000)	Variance (%)
Items of Statements of Comprehensive Income:				
Revenue	911,943	684,740	227,203	33.2
Gross profit	125,875	73,276	52,599	71.8
Other income	11,490	6,143	5,347	87.0
Operating costs	(64,535)	(55,498)	9,037	16.3
Finance costs	(2,954)	(3,978)	(1,024)	(25.7)
Profit before tax	71,584	22,975	48,609	211.6
Profit for the year	53,791	16,789	37,002	220.4
Items of Statements of Financial Position:				
Non-current assets	346,295	361,525	(15,230)	(4.2)
Current assets	547,260	438,631	108,629	24.8
Total liabilities	283,315	222,155	61,160	27.5
Items of Statements of Cash Flows:				
Net cash flows generated from operating activities	80,471	49,572	30,899	62.3
Net cash flows used in investing activities	(18,343)	(67,999)	(49,656)	(73.0)
Net cash flows generated from/(used in) financing activities	22,963	(24,865)	47,828	192.4
Cash and cash equivalents as at 30 June	184,960	101,426	83,534	82.4

2.1) Review of Items of Statements of Comprehensive Income

Revenue information based on the geographical location of the operations of the Group is as follows:

	FY2021 (RM'000)	FY2020 (RM'000)	Variance (RM'000)	Variance (%)
Malaysia	159,194	126,823	32,371	25.5
Vietnam	736,885	540,999	195,886	36.2
Thailand	15,864	16,918	(1,054)	(6.2)
Total	911,943	684,740	227,203	33.2

The Group recorded all-time high revenue of RM911.9 million for FY2021, representing an increase of 33.2% as compared to FY2020.

The substantial increase in the Group's revenue in FY2021 as compared to FY2020 was mainly attributable to higher sales recorded by furniture plants due to strong demand for furniture in US and higher local sales recorded by Malaysia sawmill plant and panel board lamination plant due to pent up demand from Malaysia market. However, this was cushioned off with the weakening of the United States Dollar ("USD") against the Ringgit Malaysia ("RM") by 1.9% in FY2021 as compared to FY2020.

2) Financial Performance Review (cont'd)

2.1) Review of Items of Statements of Comprehensive Income (cont'd)

Correspondingly, the Group's gross profit increased substantially by 71.8% from RM73.3 million in FY2020 to RM125.9 million in FY2021. The increase in gross profit was due to furniture plants recorded higher average selling prices and lower production costs due to higher production output across all divisions.

Other income increased by 87.0% from RM6.1 million in FY2020 to RM11.5 million in FY2021 mainly due to final insurance compensation of RM7.7 million received by a furniture plant in Vietnam in FY2021 for a fire incident occurred in FY2018 as compared to only RM2.7 million interim insurance compensation received in FY2020.

The Group's operating costs comprised selling and distribution expenses, administrative expenses and other expenses. The Group's total operating costs amounted to RM64.5 million in FY2021 and were 16.3% higher than FY2020 mainly due to higher selling and distribution expenses as a result of increase in logistic and shipping costs and higher foreign exchange losses of RM2.4 million recorded.

Finance costs decreased by 25.7% from RM4.0 million in FY2020 to RM3.0 million in FY2021. The decrease was due to reduction in interest rates by global banks to stimulate gloomy global economy resulted by Covid-19 pandemic.

Profit before tax of the Group amounted to RM71.6 million in FY2021, representing a significant increase of 211.6% from RM23.0 million in FY2020. The increase was in line with the increase in gross profit offset with higher selling and distribution expenses due to increase in logistic and shipping costs.

Profit for the year of the Group amounted to RM53.8 million in FY2021, representing a substantial increase of 220.4% from RM16.8 million in FY2020 was in line with increase in profit before tax offset with current year tax provision.

2.2) Review of Items of Statements of Financial Position

Non-current assets decreased by 4.2% to RM346.3 million as at 30 June 2021 from RM361.5 million as at 30 June 2020. The decrease was mainly due to reclassification of investment securities of RM10.1 million to current asset in FY2021 due to maturity less than 12 months.

Current assets increased by 24.8% to RM547.3 million as at 30 June 2021 as compared to RM438.6 million as at 30 June 2020. The increase was mainly attributable to the increase in inventories and cash and bank balances. The increase in inventories by 17.5% was mainly due to finished goods and raw materials inventories increased by RM24.4 million and RM14.9 million respectively from RM61.5 million and RM85.7 million as at 30 June 2020 to RM85.9 million and RM100.6 million as at 30 June 2021. The increase was due to shipment issues encountered by our customers and Malaysia operations were shut down during Full Movement Control Order. Higher cash and bank balance was mainly due to higher cash flows generated from operating activities, lesser cash flows used in investing activities and higher cash flows generated from financing activities.

As at 30 June 2021, total liabilities increased by 27.5% to RM283.3 million from RM222.2 million as at 30 June 2020. The increase was mainly attributable to the increase in loans and borrowings and trade and other payables. Loans and borrowings increased by RM25.2 million due to net drawdown of loans and borrowings of RM28.0 million offset with effect of foreign exchange differences arising from translation of foreign currency loans and borrowings of RM2.8 million. Trade and other payables increased by RM33.3 million mainly due higher trade payables from RM54.3 million as at 30 June 2020 to RM87.7 million as at 30 June 2021. The increase was in tandem with increase in purchases of raw materials in FY2021 as compared to FY2020.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

2) Financial Performance Review (cont'd)

2.3) Review of Items of Statements of Cash Flows

The Group registered net cash flows generated from operating activities of RM80.5 million for FY2021 as compared to RM49.6 million for FY2020.

Net cash flows used in investing activities was RM18.3 million for FY2021, mainly resulting from the purchase of property, plant and equipment ("PPE") of RM22.1 million and net purchase of investment securities of RM2.1 million offset with withdrawal of deposits with licensed banks of RM4.7 million and proceeds from disposal of right-of-use assets of RM0.9 million.

Net cash flows generated from financing activities of RM23.0 million for FY2021 was due to net drawdown of loans and borrowings of RM28.0 million and withdrawal of deposits placed as securities for bank borrowings and guarantees of RM8.4 million offset with payment of dividends amounting to RM12.5 million and repayments of principal portion of lease liabilities of RM0.9 million.

Overall, cash and cash equivalents increased by RM83.5 million to RM185.0 million as at 30 June 2021, mainly attributable to net cash flows generated from operating and financing activities which were offset by net cash flows used in investing activities.

2.4) Capital Expenditure

In FY2021, total purchases of PPE by the Group was RM22.1 million. The breakdown of the additions during the financial year is as follows:

Category of PPE	RM'000
Plant and machinery	10,680
Buildings	8,290
Buildings under construction	1,983
Others	1,126
Total	22,079

Addition of RM10.7 million was incurred to upgrade our existing production lines with advanced and automated machinery to further enhance production efficiency and to reduce workers. RM8.3 million was spent to rebuild a factory building of a Vietnam plant destroyed in a fire incident in FY2018. Buildings under construction amounting to RM1.5 million was mainly related to upgrading work of upholstery factory building built in year 2019 at one of our Vietnam plant.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

3) Risks relating to Our Business

3.1) Exposure to Credit Risk

The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimises credit risk by dealing exclusively with established counterparties. Trade receivables are monitored on an ongoing basis via the Group's management reports.

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 resulted the Group's exposure to bad debts is not significant.

3.2) Exposure to Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposure arising from sales or purchases that are denominated in a currency other than the functional currency of the Group, i.e. RM. The foreign currencies in which these transactions are denominated are mainly USD, Vietnam Dong, Thai Baht, Singapore Dollar and China Renminbi.

3.3) Exposure to Shortage of Raw Materials

Wood is one of the main raw materials used in manufacturing of our products. The wood or wood-based raw materials used in our products include rubber wood, poplar wood, pine wood, oak wood, particle boards, MDF, plywood and veneer boards. Total cost of wood or wood-based raw materials accounted for 40% to 55% of our total costs of sales.

As the Group does not have long-term supply arrangements with our vendors, there can be no assurance that we will continue to be able to obtain sufficient supply of raw materials, at competitive prices and in a timely manner from our vendors. The Group has been working closely with our vendors to secure sufficient supply for our production needs by providing cash advances to certain wood-based raw materials vendors.

3.4) Exposure to Over-Dependent on our Sub-Contractors

Generally, the Group sub-contracts the manufacture of certain furniture components, semi-finished products, other parts and accessories required for our products, such as chair legs, chair seats, lathe and bentwood to sub-contractors.

The Group is dependent on the availability of sub-contractors who have the relevant skills to fulfill our production requirements. In the event that we face a shortage of sub-contractors with relevant skills or should our sub-contractors default on their delivery obligations or work specifications or provide products or services which do not meet our quality standards or requirements, we may not be able to deliver our products on a timely basis or may have to incur higher costs. If any of such events occurs, our revenue may be adversely affected and if we are unable to pass on our cost increases to our customers, our Group's profitability may be adversely affected.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

4) Dividends

The Group is firmly committed to maximising shareholders' value. Dividends paid during the financial year are as follows:

Financial Year	Description	Payment Date	Dividend per Share (sen)	Value (RM'000)
FY2020	Final single-tier dividend	31 December 2020	3.0*	2,858
FY2021	Special share dividend 1-for-50	29 January 2021	5.9#*	5,643
FY2021	First interim single-tier dividend	12 May 2021	5.0^	9,715
Total				18,216

* Dividend rate is calculated based on 95,250,000 shares (excluding treasury shares).

\# Dividend rate is calculated based on average purchase cost of treasury shares. 1,905,000 shares were distributed and valued at average purchase price of RM2.96 per share.

^ Dividend rate is calculated based on 194,310,000 shares (excluding treasury shares) following a 1-for-1 bonus issue completed on 16 March 2021.

The Board also proposed a final single-tier dividend of 3.0 sen per ordinary share amounting to RM5.83 million for FY2021. The proposed final single-tier dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

5) Future Prospect and Outlook of the Group

The surge on the demand of furniture was due to the current pandemic and the trade tension between United States and China. The global travel restriction contributed to the increase in sales of furniture as many will upgrade their furniture to have better and comfortable ambience at home for dining, working and studying. However, the continuous imposition of the Movement Control Order or lockdown is expected to cause some disruption to our Group's business activities in Malaysia, Vietnam and Thailand and resulted higher operating expenses. We hope with the vaccination programs across the globe would provide gradual recovery of global economy.

The operating environment in this extraordinary time especially the global economic uncertainties, the Group will remain resilient and vigilant in addressing these uncertainties in all levels of decision making. The Group is continuing with its cost controlling strategies, enhancing production efficiency, development of new products and new designs in the "new normal" environment and effective cost management across all functions.

The Group is also looking for acquisition or joint venture opportunities for business or assets that are related and synergise with LTHB's activities.

Barring any unforeseen circumstances, the Board believes that the Group will remain profitable for the financial year ending 30 June 2022.

CORPORATE PROFILE

Mission

We aspire to become a world class integrated household furniture manufacturer co-existing in harmony with nature and the society it serves.

Our mission is to continually improve our products and services to meet or exceed the expectations of our customers. We emphasise employee teamwork and involvement in identifying and implementing programs to save time and lower production costs while maintaining the highest quality values. These strategies allow us to prosper as a business with high degree of integrity and to provide a reasonable return to our shareholders, the ultimate owners of our business.

History

Latitude Tree Holdings Berhad was incorporated in Malaysia as an investment holding company. Through its subsidiary companies, the Group specialises in the manufacturing and sale of wooden furniture and components particularly rubber-wood furniture for both the domestic and export markets.

The Group has carved out a strong niche in the household furniture segment, specifically dining room and bedroom sets. From its humble beginnings as a manufacturer of chairs for dining room sets in 1988, the Group has grown into a complete high-and-medium-end dining room, living room and bedroom sets manufacturer. About 50% of its raw materials are rubber-wood-based with the remaining being oak, pine wood and other wood-based materials.

The Group has made great advances to position itself as one of the largest rubber-wood furniture manufacturers and exporters in Malaysia and Vietnam. Approximately 99% of the Group's products are exported overseas to the United States of America, Canada, Europe, South Africa, Australia, China and the Middle East countries.

The Group had in year 2015 divested into manufacturing and distribution of polyester boards, decorative wood panels and printing of impregnated paper to diversify its revenue stream and to enhance the Group's current product offering.

Manufacturing/Operating Activities

The Group's manufacturing activities are operated from its three (3) factories in Malaysia, two (2) factories in Vietnam and one (1) factory in Thailand. The total floor area of the six (6) manufacturing plants is approximately 8.1 million square feet. The total current workforce is approximately 6,000 workers.

Products

The Group has developed an extensive range of products to cater for different customers' requirements and expectations.

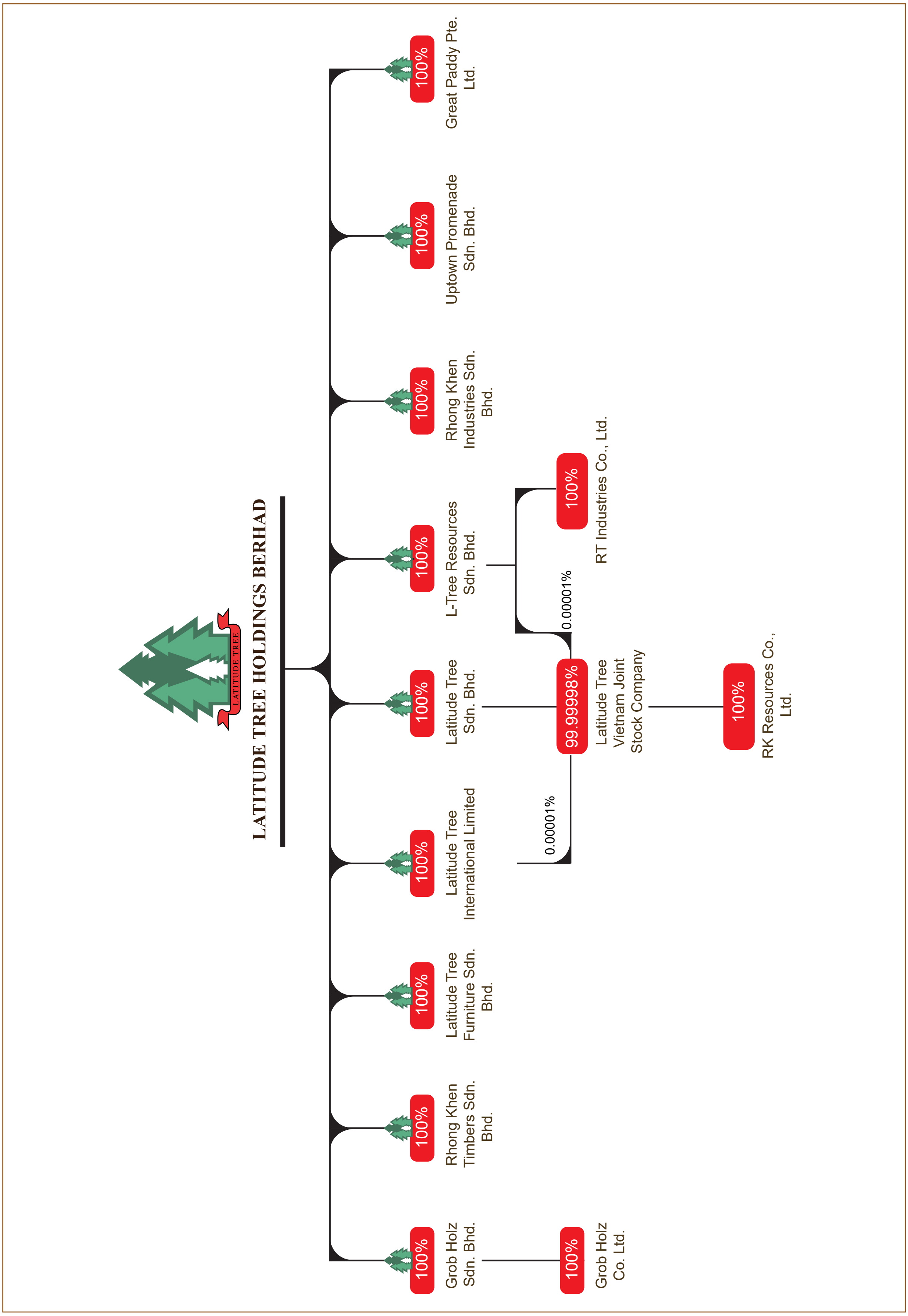
The followings are the main products of the Group:

- Bedroom Collection Sets including Beds, Nightstands, Chests, Armoires and Wardrobes;
- Dining Room Collection Sets including Tables, Chairs, Buffets, Hutches, Curios, Sideboards and Servers;
- Living Room Collection Sets including Sofas, Sofa Tables, Occasional Tables, Coffee Tables and Cabinets (TV and Low Cabinets) and Small Office, Home Office (SoHo) sets; and
- Polyester boards, decorative wood panels and impregnated papers.

From the traditional piece-meal furniture, the Group has shifted strategically into the manufacture of whole set and collection set furniture as a response to the emerging demand trends for whole set and collection set furniture. The Group has a team of in-house designers, technicians and developers who are able to develop products that meet customers' requirements and tastes for different markets.

CORPORATE PROFILE (CONT'D)

CORPORATE STRUCTURE



PROFILE OF BOARD OF DIRECTORS

DATO' DR NORRAESAH BINTI HAJI MOHAMAD

Aged 73, Malaysian, Female
Chairman/Independent Non-Executive Director

Dato' Dr Norraesah Binti Haji Mohamad was appointed to the Board of Latitude Tree Holdings Berhad ("LTHB") on 1 November 2018. She is also the Chairman of Remuneration Committee and Nomination Committee and a member of the Audit Committee. Her last re-appointment as a director was on 27 November 2018.

She graduated with a Bachelor of Arts (Hons) Economic from University of Malaya, a Masters in International Economics Relations from International Institute of Public Administration, France, a Masters in International Economics and Finance from University of Paris I, Pantheon-Sorbonne, France and a PhD (Economics Science) International Economics and International Finance from University of Paris I, Pantheon-Sorbonne, France.

Dato' Dr Norraesah has over 48 years of experience in banking, consultancy, telecommunication, international trade and commerce. She served the Government of Malaysia from 1972 to 1988 for a total of 16 years before leaving the public sector to join the private sector. In the private sector, she assumed diverse roles between 1989 to 2003. She was a Managing Director with a consultancy firm which provides financial and consultancy services, appointed as Chief Representative of Credit Lyonnais Bank in Malaysia and later was appointed as the Chairman of Bank Kerjasama Rakyat Malaysia. Dato' Dr Norraesah was appointed as a Senator from October 2005 to February 2008. She is a recipient of several state awards and was conferred the Chevalier de La Region d'Honneur from the French Government in 2004. She is currently the Chairman of the World Islamic Businesswomen Network of the World Islamic Economic Forum and sits on its Board of Trustees and is a member of the International Advisory Panel.

Dato' Dr Norraesah is currently the Executive Chairman of MY E.G. Services Berhad and she also sits on the Board of a few private limited companies.

Dato' Dr Norraesah does not have any family relationship with any other Directors and/or substantial shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

LIN CHEN, JUI-FEN

Aged 67, Taiwanese, Female
Deputy Executive Chairman/Executive Director

Mdm Lin Chen, Jui-Fen was appointed as Executive Director to the Board of LTHB on 28 April 1997. She is currently the Deputy Executive Chairman and a substantial shareholder of the Company. Her last re-election as a director was on 25 November 2019.

Prior to her appointment as Deputy Executive Chairman, Mdm Lin was the Managing Director of the Company from 2009 to 2012 and was involved in the overall management of the Sales, Marketing, Finance, Operation and Human Resource Departments of LTHB Group. Mdm Lin was the Chief Executive Officer of Latitude Tree International Group Limited (now known as China Star Food Group Limited) from 2012 to 2014.

Mdm Lin together with the late Mr Lin, Tzu-Keng founded the Company and its subsidiaries with the setting up of Latitude Tree Furniture Sdn. Bhd. in 1988. She together with the late Mr Lin led LTHB Group to venture into Vietnam in 2000 with the setting up of Latitude Tree Vietnam Joint Stock Company and followed by RK Resources Co., Ltd. in 2002.

Other than LTHB, she is not a director for any public company. She is a director in several private limited companies.

Mdm Lin is the mother of Mr Lin, Chin-Hung and aunt to Mr Lin, Cheng-Hung. Mr Lin, Chin-Hung and Mr Lin, Cheng-Hung are substantial shareholders of the Company.

Mdm Lin does not have any conflict of interest in any business arrangement involving the Company.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

LIN, CHIN-HUNG

Aged 42, Taiwanese, Male
Managing Director

Mr Lin, Chin-Hung was appointed to the Board of LTHB on 18 January 2012 as the Managing Director and a substantial shareholder of the Company. His last re-election as a director was on 25 November 2019. He is a member of the Employees' Share Scheme Committee.

Mr Lin attended the Hawaii Pacific University and graduated with a Master in Business Management from National University of Kaohsiung, Taiwan.

Mr Lin was an Assistant to the Managing Director of LTHB where he assisted in the marketing, production and purchasing activities of LTHB Group from July 2001 to August 2007. Mr Lin joined LTHB Group in January 2008 and assisted the Head of Operations of RK Resources Co., Ltd. in the procurement of all raw materials.

Other than LTHB, he is not a director for any public company. He is a director in several private limited companies.

Mr Lin is the son of Mdm Lin Chen, Jui-Fen and cousin of Mr Lin, Cheng-Hung. Mdm Lin Chen, Jui-Fen and Mr Lin, Cheng-Hung are both substantial shareholders of the Company.

Mr Lin does not have any conflict of interest in any business arrangement involving the Company.

TOH SENG THONG, JP

Aged 63, Malaysian, Male
Independent Non-Executive Director

Mr Toh Seng Thong, was appointed to the Board of LTHB on 18 August 2003. His last re-election as a director was on 15 December 2020. He is the Chairman of the Audit Committee and Employees' Share Scheme Committee and a member of the Remuneration Committee and Nomination Committee.

Mr Toh obtained his Bachelor of Commerce (Accounting) degree from the University of Canterbury, New Zealand in 1981. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Chartered Accountants Australia and New Zealand. He was made a Fellow Member of the Chartered Tax Institute of Malaysia in 1997. Mr Toh has over 30 years experience in auditing, taxation, corporate and financial advisory. He is also a practicing Chartered Accountant of Malaysia.

Particulars of his other directorships in public listed companies:

- Adventa Berhad
- Grand Hoover Berhad

Mr Toh does not have any family relationship with any other Directors and/or substantial shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

YEK SIEW LIONG

Aged 62, Malaysian, Male
Non-Independent Non-Executive Director

Mr Yek Siew Liong was appointed to the Board of LTHB on 18 May 2007. His last re-election as a director was on 15 December 2020. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr Yek graduated with a Bachelor of Arts (Hons) in Architecture and Environmental Design degree from University of Nottingham, United Kingdom in 1983, Bachelor of Architecture (Hons) from University of Nottingham, United Kingdom in 1986 and Master of Business Administration from Aston University in Birmingham, United Kingdom in 1988. He is currently a member of the Malaysian Institute of Chartered Secretaries and Administrators and the Institute of Approved Company Secretaries.

Mr Yek has many years of experience in timber trade and industry, hospitality industry, property development and management, cable manufacturing, retailing in machinery, hardware and electrical goods, trading in petroleum and provision of infrastructure and business facilities for petrol service stations. He is currently the Group Managing Director of Hock Lee Holdings Sdn. Bhd. and its group of companies.

Particulars of his other directorships in public companies:

- Sarawak Cable Berhad
- Hock Lee Asia Berhad
- Cinacom Bintulu Berhad

Mr Yek does not have any family relationship with any other Directors and/or substantial shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

Note:

Other than traffic offences, all Directors have never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

YEOH JOE SON

Aged 53, Malaysian, Male
Group Finance Director

Mr Yeoh is a Chartered Accountant of the Malaysian Institute of Accountants since 1995 and a Fellow Member of the Association of Chartered Certified Accountants since 1999.

Mr Yeoh has many years of working experience in the fields of accounting, audit, corporate finance, treasury, corporate recovery and financial management. He started his career with Ernst & Young, Kuala Lumpur in 1989. He joined LTHB Group as Accountant in 1995 and was promoted to Group Accountant in 1998. Prior to his appointment as Group Finance Director, his last appointment with LTHB was Group Financial Controller. He was the Finance Director of Latitude Tree International Group Limited (now known as China Star Food Group Limited) from 2009 to 2014.

Currently, Mr Yeoh is also a Director of Latitude Tree Vietnam Joint Stock Company, a Company Secretary of LTHB and a member of the Employees' Share Scheme Committee of LTHB. He is not a director for any public company.

Mr Yeoh does not have any family relationship with any other Directors and/or substantial shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

FONG TOH WAI

Aged 39, Malaysian, Male
Group Financial Controller

Mr Fong graduated with a Bachelor of Accountancy with Distinction from the University of Wollongong, Australia in 2003. He is a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Practising Accountant of CPA Australia since 2007.

Mr Fong has many years of working experience in the fields of accounting, audit, corporate finance, taxation and corporate governance. He started his career with PricewaterhouseCoopers, Kuantan in 2003. In 2004, he joined Ernst & Young, Kuantan. During his tenure with Ernst & Young, he had involved on various assignments including statutory audits, due diligence audits, initial public offering audits, FRS convergence audits and FRS 139 implementation audits. Mr Fong was appointed as Group Financial Controller of LTHB on 1 June 2012. He is also a member of the Employees' Share Scheme Committee of LTHB.

Mr Fong is not a director for any public and private limited companies.

Mr Fong does not have any family relationship with any other Directors and/or substantial shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

PROFILE OF KEY SENIOR MANAGEMENT(CONT'D)

LU CHIN-CHIA
Aged 62, Taiwanese, Male
General Manager of Vietnam Division

Mr Lu is a graduate of the National Chung Hsing University (BS) in Taiwan with a major in Wood Science.

Mr Lu has many years of working experience in wood making machinery, furniture production, factory management and manufacturing operation. He worked as an Anti-Smuggling Officer in the Ministry of Finance, Kaoshiung Custom Office, Taiwan, from March 1995 to March 2000. He was the Factory Manager of Latitude Tree Furniture Sdn. Bhd.'s factory operation in Terengganu, Malaysia from March 2000 to December 2001. From June 2002 to April 2003, Mr Lu was the Vice General Manager of Exact Wood Manufacturing Co., Ltd.. From April 2003 to February 2005, he was the Rough Mill Manager of Lacquer Craft Furniture Co., Ltd., a company involved in the manufacture of wooden furniture.

Mr Lu rejoined LTHB Group in March 2005 and currently, he is the General Manager of Vietnam Division and is also a Director of RK Resources Co., Ltd.. He is not a director for any public company.

Mr Lu does not have any family relationship with any other Directors and/or substantial shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

<u>Note:</u>
Other than traffic offences, all key senior management have never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of Latitude Tree Holdings Berhad ("LTHB" or the "Company") is committed to achieve and maintain high standards of corporate governance within LTHB and its subsidiaries (the "Group" or "LTHB Group").

The Board is guided by the principles and recommendations as promulgated in the latest Malaysian Code on Corporate Governance (the "MCCG") issued by Securities Commission and Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") wherever applicable in the best interest of the shareholders of the Company.

This Statement should be read in conjunction with the Corporate Governance Report ("CG Report") and other Statements in the Annual Report, which is available on the Company's website at www.lattree.com and announcement on Bursa Securities' website at www.bursamalaysia.com. The CG Report sets out the key aspects of how the Company has applied the principles and recommendations of the MCCG during the financial year and up to the date of this report.

Save for limited exceptions as explained within this statement and the CG report, the Board is satisfied that the practice set out in the MCCG have, in all material aspects, been applied to achieve the intended outcomes which are found to be suitable and appropriate to the Group.

A summary of the Company's corporate governance practices with reference to MCCG is described below:

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

1.1 BOARD RESPONSIBILITIES

The Board is responsible for the proper stewardship of the Group's business direction and objectives, and ultimately the enhancement of long-term shareholders' value.

The roles of the Board, Board Chairman, Board Committees and Managing Director are clearly defined in the Board Charter to ensure accountability and division of responsibilities. The Board Charter is subject to review by the Board periodically to ensure it remain consistent with the Board's objectives and responsibilities. The Board Charter is available on the Company's website, www.lattree.com.

The Managing Director is empowered by the Board to oversee the management and business operation of the Group. The Managing Director is accountable to the Board for the authority that is delegated to him, and for the performance of the Group.

The Board monitors the decisions and actions of the Managing Director and the performance of the Group to gain assurance that progress is being made towards the corporate objectives.

The Board has primary responsibility for the governance and management of the Group and fiduciary responsibility for the financial health of the Group. The Group acknowledges the importance of having an effective Board to lead and control the Group. The principal responsibilities of the Board include:

a) Reviewing and adopting the business plan and overall strategic direction for the Group
   - The Board provides insights and guidance to the Managing Director and Senior Management to achieve corporate objectives of the Group. The Board reviews the strategic business plan presented by the Managing Director and Senior Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.1 BOARD RESPONSIBILITIES (cont'd)

b) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed
   - The Managing Director is accountable to the Board to ensure effective implementation of the Group's business plan and policies approved by the Board as well as to manage the daily conduct of the business to ensure its smooth operation. At each meeting, the Managing Director will report to the Board a summary report on the performance and activities of the Group including specific proposals for capital expenditure and acquisitions, if any.

c) Identifying principal risks and ensure the implementation of appropriate systems to manage these risks
   - The oversight of the Group's risk management process is the responsibility of the Managing Director who is assisted by the Heads of Department of the respective operating subsidiaries. The Company has established a Risk Management Committee ("RMC") whom together with the Audit Committee, are responsible for ensuring more effective and efficient identification, evaluation, management and reporting of Group's risks. Details on the function of RMC are set out in the Statement on Risk Management and Internal Control on page 33 of this Annual Report.

d) Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Executive Directors and the Key Senior Management
   - The Board noted the importance of succession planning to the Group. A succession planning policy has been established to address the possibility of replacing Executive Directors and Senior Management if circumstances require.

e) Developing and implementing an investor relations programme or shareholder communications policy for the Group
   - The Company's website, www.lattree.com, incorporates an Investor Relations section which provide all relevant information on the Company and accessible by the public. The information available in the website includes Financial Reports, Company's announcements, Annual General Meeting ("AGM") minutes, Extraordinary General Meeting ("EGM") minute as well as the corporate and governance structure of the Group.

f) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines
   - The Board acknowledges the importance of establishing a sound system of internal control. An Enterprise Wide Risk Management Framework has been established to manage risks and to safeguard shareholders' investment and the Group's assets. Details on the framework are set out in the Statement on Risk Management and Internal Control on page 34 of this Annual Report.

g) Determining the remuneration and benefits payable for Non-Executive Directors, with the individuals concerned abstaining from discussions of their own remuneration
   - The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman will be a matter to be decided by the Board as a whole with the director concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The Board recommends the Directors' fees and benefits payable to Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.1 BOARD RESPONSIBILITIES (cont'd)

h) Ensuring the Company's financial statements are true and fair and conform to any applicable laws and/or regulations
   - The Board considered and reviewed the integrity of information in the financial statements and quarterly reports based on the recommendation from Audit Committee to ensure the financial statements presented are true and fair and in compliance with regulatory requirements.

i) Ensuring the Company has appropriate corporate governance structure and policies in place
   - The Group has established and adopted a Code of Conducts and Ethics for Directors and employees ("the Code"). The Code has been circulated to all employees of the Group and each employee is contractually bound to abide by the Code. The Code for Directors is available on the Company's website, www.lattree.com.

j) Deciding on necessary steps to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.

To ensure effective functioning of the Board, the Directors are given full access to information through the following means:

i) Senior Management and external advisers may be invited to the Board and Board Committees' meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agendas and to report or present areas within their responsibility to ensure the Board is able to effectively discharge its responsibilities.

ii) Information provided to the Board and Board Committees are compiled into reports via the Board and Board Committees papers circulated to Directors prior to the Board and Board Committees' meetings, to enable the Board and Board Committees to make decisions and to deal with matters arising from such meetings.

iii) Directors have ready and unrestricted access to the advice and services of the Company Secretaries.

iv) Directors may obtain independent professional advice at the Company's expense in furtherance of their duties, where this is deemed necessary, after consultation with the Chairman and other Board members.

The notice of a Board meeting is given in writing at least seven (7) days prior to the meeting. The agenda has included, amongst others, matters specifically reserved for the Board's decision.

The Senior Management ensures that the Board has full access to information regarding the activities within the Group and to the advice and services of the Company Secretaries, who are responsible for ensuring the Board meeting procedures are adhered to. All matters discussed and resolutions passed at each Board Meeting are recorded in the minutes of the Board meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.1 BOARD RESPONSIBILITIES (cont'd)

The Board held five (5) meetings during the financial year and details of attendance of each Director are as follows:

Name	Attendance
Dato' Dr Norraesah Binti Haji Mohamad #	5/5
Lin Chen, Jui-Fen	5/5
Lin, Chin-Hung	5/5
Toh Seng Thong #	5/5
Yek Siew Liong # #	5/5

# Denotes Independent Non-Executive Director
Denotes Non-Independent Non-Executive Director

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

The removal of Company Secretaries, if any, is a matter for the Board, as a whole, to decide. Every Director has unhindered access to the advice and services of the Company Secretaries.

Whistle Blowing Policy

As part of the Group's continuous efforts to ensure that good corporate governance practices are being adopted, the Group has an established Whistle Blowing Policy to provide a clear line of communication and reporting of concerns for employees at all levels.

The Whistle Blowing Policy was updated to align with the latest Anti-Bribery and Anti-Corruption Policy adopted by the Board and covers the safeguards of whistle blowers, reporting procedure and investigation process which have been circulated to all employees of the Group. The Anti-Bribery and Anti-Corruption Policy is available on the Company's website, www.lattree.com.

1.2 BOARD COMPOSITION

During the financial year, the Board consists of five (5) members; comprising two (2) Independent Non-Executive Directors, one (1) Non–Independent Non–Executive Director and two (2) Executive Directors of which one (1) is the Managing Director. The composition of the Board reflects a balance of Executive and Non-Executive Directors to ensure that the interest of not only the Group, but also stakeholders and the public in general are represented in all business strategies formulation and adoption.

The Board is satisfied with its current composition which comprises a balanced mix of operational skills of the Executive Directors in the wooden furniture manufacturing industry with the professional expertise of the Non-Executive Directors in the fields of manufacturing, auditing and accounting. The qualification and experience of the Directors are set out in the Profile of Board of Directors on pages 12 to 14 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

To ensure the effective discharge of its functions and responsibilities, the Board has established and delegated certain power and responsibilities to the Board Committees which have been set up, namely the Audit Committee, Nomination Committee and Remuneration Committee. The Board Committees are entrusted with specific powers and responsibilities to oversee the relevant matters, in accordance with their respective Terms of References and operating procedures. These committees were formed in order to ensure an optimum structure for efficient and effective decision-making in the organisation. The Chairman of the respective committees will report to the Board the proceedings, deliberations and outcomes of these meetings and such reports are incorporated into the Board papers.

The Board remains fully responsible for the direction and control of the LTHB Group.

Nomination Committee

The members of the Nomination Committee ("NC") consist of three (3) Non-Executive Directors and meet as and when required. The current members of the NC are:

Chairman:
Dato' Dr Norraesah Binti Haji Mohamad
Independent Non-Executive Director

Members:
Toh Seng Thong
Independent Non-Executive Director

Yek Siew Liong
Non-Independent Non-Executive Director

The main duties and activities of NC are as follows:

i) ***Appointment Process***

The Board, through the NC's annual appraisal, believes that the current composition of the Board brings the required mix of skills and core competencies required for the Board to discharge its duties effectively.

The NC is responsible for making recommendations to the Board on the suitability of candidates nominated for appointment to the Board and Board Committees. A formal and transparent procedure for appointment of directors was set out in the Policies Governing the Board of Directors which is published on the Company's website, www.lattree.com.

The decision as to who should be appointed is the full responsibility of the Board after considering the recommendations of the NC. The Company Secretaries will ensure that all appointments are properly made; all the necessary information is obtained as well as all legal and regulatory obligations are met. During the financial year under review, there was no appointment of new director for the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

i) Appointment Process (cont'd)

On the appointment of senior management, the NC focuses on their working experience, skills set, competencies, qualifications, integrity and commitment in the assessment of the identified senior management personnel before recommending for approval of the Board. The criteria for the recruitment/appointment of senior management are available in the Policies Governing the Board of Directors which is published on the Company's website.

The Board is presently of the view that there is no necessity yet to fix a specific gender diversity policy as the Board has two (2) female directors. The appointment of any Director(s) should be based on their merit, qualification and working experience and the Board is supportive of gender equality.

ii) Re-election/Re-appointment of Directors

In accordance with the Company's Constitution, any Director appointed during the year is required to retire and seek re-election by shareholders at the following AGM immediately after their appointment and that one third (1/3) of the Board members are required to retire at every AGM and be subject to re-election by shareholders. All Directors, including the Managing Director shall retire from office at least once in every three years but shall be eligible for re-election.

Pursuant to the Constitution of the Company, Dato' Dr Norraesah Binti Haji Mohamad and Mr Lin, Chin-Hung will retire by rotation at the Twenty-Seventh ("27th") AGM of the Company and had offered themselves for re-election.

The NC and the Board are satisfied with the performance of the Directors, who are required to stand for re-election at the 27th AGM, continue to demonstrate the necessary commitment to be fully effective members of the Board and Board Committees.

iii) Board Evaluation

The Board regularly evaluates its performance and the governance processes that support the Board's work with the aim of improving individual contributions, effectiveness of the Board and its committees and LTHB's performance.

The effectiveness of the Board is assessed in the areas of the Board structure and composition, meeting process, administration and conduct, relationship with Management, Board responsibilities, as well as the effectiveness of the Board Chairman. Whilst, the effectiveness of Board Committees are assessed in terms of composition, processes, responsibilities, as well as the effectiveness of the Chairman and each members of the respective Board Committees.

The performance of individual Directors will be assessed by the NC based on integrity and ethics, contribution and interaction, knowledge, judgement and decision making, understanding of role and leadership. The NC also reviewed the training needs of the respective Directors via the Board Annual Assessment to ensure the Board remains relevant and progressive.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

iii) Board Evaluation (cont'd)

According to Practice 4.2 of the MCCG, if the Board intends to retain an independent director beyond nine (9) years, it should justify and seek shareholders' annual approval. If the Board continues to retain the independent director after the twelfth year, the Board should seek shareholders' annual approval through a two-tier voting process. Mr Toh Seng Thong, the Independent Non-Executive Director has served the Board of LTHB for more than twelve (12) years. His tenure of service is set out in the Profile of Board of Directors of this Annual Report.

The Board has via the NC conducted an annual performance evaluation and assessment on the Independent Directors and is of the opinion that Dato' Dr Norraesah Binti Haji Mohamad and Mr Toh Seng Thong remain objective and independent in expressing their views.

Based on the recommendation of the NC, the Board will be seeking the shareholders' approval in the 27th AGM for Mr Toh Seng Thong to continue as an Independent Non-Executive Director of the Company by way of ordinary resolution. The justifications for his continuation as Independent Non-Executive Director are disclosed in the Notice of the AGM.

iv) Works of NC

A summary of works undertaken by the NC in the discharge of its duties during the financial year are as follows:

- Reviewed and evaluated the required mix of expertise and experience including core competencies of the Board as a whole, the Committees of the Board and role of each individual Director towards the accomplishment of the Board's duties/responsibilities;
- Assessed the independence of the Independent Directors, based on the criteria of independence as set out in the MMLR of Bursa Securities;
- Reviewed the term of office and performance of Audit Committee and each of its members;
- Reviewed the succession plan for Key Senior Management positions of the Company to ensure continuity;
- Assessed and identified the training needs of Directors for continuous education purpose; and
- Assessed, considered and recommended to the Board, the Directors for re-election/re-appointment at the 27th AGM.

v) Training

During the financial year, the Directors have attended and participated in various training programme based on the recommendation of NC from the findings of the Board Annual Assessment on the training needs. The trainings or seminars attended by the Directors during the financial year include:

Director	Trainings/Seminars Attended
Dato' Dr Norraesah Binti Haji Mohamad	Women Business Network Developing Content Strategy Digital Marketing
	Anti-Bribery Management System Training
	Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018
	World Islamic Economic Forum (WIEF) – Cash Flow – Management During A Pandemic
	WIEF – Moving Forward: Banking and Capital Market Trends
	WIEF – Straight Up On US-China: Navigating Market Uncertainties

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

v) Training (cont'd)

Director	Trainings/Seminars Attended
Lin Chen, Jui-Fen	Corruption And Corporate Liability In Malaysia: Understanding Your Risks And What Is Required
	Looking At The World From An Asian Perspective
	Supply Chain Disruption And Innovation: A Contemporary Perspective
Lin, Chin-Hung	Corruption And Corporate Liability In Malaysia: Understanding Your Risks And What Is Required
	Looking At The World From An Asian Perspective
	Supply Chain Disruption And Innovation: A Contemporary Perspective
Toh Seng Thong	Reforming Yearly Matters Under the Companies Act 2016
	National Tax Conference 2020
	Sharing The Nation's Prosperity
	Transfer Pricing Documentation
Yek Siew Liong	Corporate Directors Training Programme Fundamental 3.0 + Financial Statements 101
	National Tax Conference 2020
	A Practical Look At Share Issue, Reduction Of Capital & Redemption Of Preference Shares

The NC meeting held during the financial year under review and details of attendance of each NC member are as follows:

	No. of NC Meeting	
	Held	Attended
Dato' Dr Norraesah Binti Haji Mohamad	1	1
Toh Seng Thong	1	1
Yek Siew Liong	1	1

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.3 REMUNERATION

Remuneration Committee

The members of the Remuneration Committee ("RC") consist of three (3) Non-Executive Directors and meet as and when required. The current members of the RC are:

Chairman:
Dato' Dr Norraesah Binti Haji Mohamad
Independent Non-Executive Director

Members:
Toh Seng Thong
Independent Non-Executive Director

Yek Siew Liong
Non-Independent Non-Executive Director

The duties of the RC shall be to recommend to the Board the remuneration of the Executive Directors in all its forms. Executive Directors should play no part in decisions on their own remuneration. The determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussion of their own remuneration.

The fees and benefits payable to the Non-Executive Directors are determined by the Board based on recommendation of the RC. The remuneration packages of Senior Management are determined by the Executive Directors.

The RC follows formal and transparent policies and procedures when deciding the remuneration packages of the Executive Directors, which is in line with the Group's overall practice on compensation and benefits, which is to reward employees competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, it takes into account comparable roles in similar organisations.

The remuneration of the Board of Directors is determined by (i) the amount of time commitment that the director concerned channels toward the Company; (ii) the expertise and skills that the director concerned brings to the Board; (iii) the business strategy and long-terms objectives of the Company, and (iv) the number of Board Committees that the director sits on, as well as in what capacity (i.e. Chairman or member). The remuneration policies and procedures governing the remuneration of executive directors, independent directors and senior management are available in the Policies Governing the Board of Directors which is published on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.3 REMUNERATION (cont'd)

Remuneration Committee (cont'd)

The RC meeting held during the financial year under review and details of attendance of each RC member are as follows:

	No. of RC Meeting Held	Attended
Dato' Dr Norraesah Binti Haji Mohamad	1	1
Toh Seng Thong	1	1
Yek Siew Liong	1	1

The details of aggregate remuneration package of Directors during the financial year are as follows:

Company

Remuneration	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Salaries and other emoluments	14	-	14
Benefits payable	-	32	32
Fees	-	240	240
Total	14	272	286

Group

Remuneration	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Salaries and other emoluments	1,882	-	1,882
Benefits payable	-	32	32
Fees	-	240	240
Total	1,882	272	2,154

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.3 REMUNERATION (cont'd)

Remuneration Committee (cont'd)

The number of directors of the Company whose total remuneration package during the financial year fell within the following bands is analysed below:

Company

Range of remuneration	Number of Executive Directors	Number of Non-Executive Directors
Below RM50,000	2	-
RM50,001 – RM100,000	-	2
RM100,001 – RM150,000	-	1
Total	2	3

Group

Range of remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM50,001 – RM100,000	-	2
RM100,001 – RM150,000	-	1
RM600,001 – RM700,000	1	-
RM1,200,001 – RM1,300,000	1	-
Total	2	3

The Board is of the view that the disclosure of Senior Management's remuneration on a named basis will not be in the best interest of the Group, as it will give rise to recruitment and talent retention issues and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance. Alternatively, the Group and the Company have disclosed the aggregate total remuneration of all the key management personnel for the financial year ended 30 June 2021, under Note 32(b) to the Financial Statements on page 123 of the Company's Annual Report 2021. This coincides with the requirements of Paragraph 17 of MFRS 124: Related Party Disclosures.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

2.1 AUDIT COMMITTEE

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial position and prospects via the quarterly announcements of results and the publishing of audited financial statements via the annual report distributed to shareholders yearly.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

2.1 AUDIT COMMITTEE (cont'd)

The Board is assisted by the Audit Committee ("AC") to oversee the Group's internal control function, financial reporting processes and the quality of its financial reporting with particular emphasis on the application of accounting standards, policies and the making of reasonable and prudent estimates and assumptions. The composition of the AC shall comply with the requirements of Paragraphs 15.09 and 15.10 of the MMLR of Bursa Securities, with majority of them being independent. The members of the AC elected a Chairman from among its members who is an Independent Director and is a member of Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.

A summary of the works of the AC on financial reporting and oversight role on external and internal auditors during the financial year is set out in the AC Report on pages 37 to 39 of this Annual Report.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 48 of this Annual Report.

The AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. To-date, the Company has not appointed any former key audit partner as director of the Company.

Assessment of suitability and independence of External Auditors

The Board maintains an active, transparent and professional relationship with its External Auditors ("EA") through the AC, which has been conferred with the authority to interface directly with the external auditors of the Group.

The AC reviews and assesses the suitability and independence of EA of the Company on an annual basis. The annual review and assessment is carried out via assessment questionnaires. The areas for assessment of the EA cover, inter-alia, their technical competencies, independence, objectivity, professionalism, quality of services, sufficiency of resources and communication and interaction with the EA.

The AC has received an annual written confirmation of the EAs' independence in accordance with its firm's requirements and the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants. Messrs Ernst & Young PLT was appointed as the external auditors of the Company on 21 December 2010.

The EA provide mainly audit-related services to the Company. The provision of non-audit services is reviewed by the AC to ensure that such services do not impair the EAs' independence or objectivity.

The AC has also taken note of the non-audit services and the fees charged by the EA and considered the quantum of the fee which was not material as compared with the total audit fee paid to the EA, has concluded that the provision of such services did not compromise the EA's independence and objectivity.

The AC had on 7 October 2021 assessed the performance of the EA and was satisfied with their performance, technical competence and audit independence.

The Board, based on the recommendation by the AC, proposed the re-appointment of Messrs Ernst & Young PLT as the EA of the Company by shareholders at the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

2.2 RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has ultimate responsibility for reviewing the Company's risks, approving the Enterprise-Wide Risk Management Framework ("ERM") and policies and overseeing the Company's strategic risk management and internal control framework.

The Company has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. The Risk Management Committee ("RMC"), which is not a board committee and chaired by the Managing Director, comprising members from the Heads of Department of respective operating subsidiaries with risk and business management knowledge and experience has been established by the Company to regularly review the ERM and policies formulated by the respective local management and makes relevant recommendations to the Board for approval.

The Board through the AC and RMC reviews the key risks identified by the RMC on a regular basis to ensure proper management of risks and that measures are taken to mitigate any weaknesses in the control environment.

The key features of the ERM are set out in the Statement on Risk Management and Internal Control of the Company on page 34 of this Annual Report.

Internal audit function

The Board has established an internal audit function within the Company, which is led by the outsourced Internal Auditor, Tricor Axcelasia Sdn. Bhd. who reports directly to the AC.

Details of the Company's internal control system and framework as set out in the Statement on Risk Management and Internal Control together with AC Report of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

3.1 COMMUNICATION WITH STAKEHOLDERS

The importance of keeping shareholders informed of developments concerning the Group is high on the agenda.

The shareholders are kept abreast of all important developments concerning the Group through regular and timely dissemination of information via quarterly financial announcements through Bursa Securities' website, distribution of annual report and various other announcements made during the financial year. These will enable the shareholders, investors and members of public to have an overview of the Group's performance and hence, will enable them to make any informed investment decision in relation to the Group.

The Company's website, www.lattree.com, provides an avenue for information, such as dedicated sections on corporate information, including financial information and announcements. The website is continuously updated to ensure that the information contained within is correct.

The Board has in place a Corporate and Communication Disclosure Policy to ensure the dissemination of information to shareholders and stakeholders is in accordance with the disclosure requirements under the MMLR of Bursa Securities and other applicable laws.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

3.1 COMMUNICATION WITH STAKEHOLDERS (cont'd)

While the Company endeavors to provide as much information as possible to its shareholders and stakeholders, it is also wary of the legal and regulatory framework governing the release of material and price-sensitive information. The Company takes into account the prevailing legislative restrictions and requirements as well as the investors' needs for timely release of price-sensitive information such as financial performance results and statements, material acquisitions, significant corporate proposals as well as other significant corporate events when releasing such information.

Shareholders and other interested parties may contact the Managing Director, to address any concerns by writing or via telephone or facsimile as follows:

Address	:	Latitude Tree Holdings Berhad Lot 3356, Batu 7 ¾, Jalan Kapar 42200 Kapar, Selangor Darul Ehsan, Malaysia
Telephone	:	+603-3291 5401
Fax	:	+603-3291 0048
Website	:	www.lattree.com

3.2 CONDUCT OF GENERAL MEETINGS

The Board fully recognises the rights of shareholders and encourages them to exercise their rights at the Company's AGM.

It has also been the Company's practice to send the Notice of the AGM and related papers to shareholders at least twenty-one (21) clear days before the meeting. The date, venue and time of these meetings are determined to provide the maximum opportunity for as many shareholders as possible to attend and participate either in person, by corporate representative or by proxy.

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, the Company also ensured that any resolution set out in the notice of general meetings is voted by poll and at least one (1) scrutineer must be appointed to validate the votes at the general meeting who must not be an officer of the Company and its related corporation, and must be independent of the person undertaking the polling process.

Since the AGM is the main forum where dialogue with shareholders can be effectively conducted, shareholders are given reasonable time to ask questions pertaining to issues in the Annual Report, corporate developments on the business of the Group and resolutions proposed and to vote on all resolutions proposed. Those unable to attend are allowed to appoint proxies to attend and vote on their behalf. During the meeting, the Managing Director and the Executive Director are prepared to provide responses to queries and to receive feedback from the shareholders.

All resolutions put forth for shareholders' approval at the Twenty-Sixth ("26th") AGM held on 15 December 2020 were voted by poll and verified by the scrutineer appointed by the Company.

The EA are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

OTHER INFORMATION PURSUANT TO THE MMLR OF THE BURSA SECURITIES

The information set out below is disclosed in compliance with the MMLR of Bursa Securities.

4.1 UTILISATION OF PROCEEDS

There was no corporate exercise carried out during the financial year ended 30 June 2021 to raise funds.

4.2 AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to external auditors by the Group and the Company for the financial year ended 30 June 2021 are as follows:

	Group (RM'000)	Company (RM'000)
Audit fees	508	62
Non-audit fees	38	38
Total	546	100

4.3 MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by LTHB and/or its subsidiaries which involve Directors' and major shareholders' interests during the financial year ended 30 June 2021.

4.4 VARIANCE IN RESULTS

There was no deviation in the Group's profit before taxation between the audited and the unaudited results announced for the financial year under review.

4.5 EMPLOYEES' SHARE SCHEME (ESS)

During the financial year, the Company implemented an ESS. The members of the ESS Committee are:

Chairman:
Toh Seng Thong
Independent Non-Executive Director

Members:
Lin, Chin-Hung
Managing Director

Yeoh Joe Son
Group Finance Director

Fong Toh Wai
Group Financial Controller

OTHER INFORMATION PURSUANT TO THE MMLR OF THE BURSA SECURITIES (cont'd)

4.5 EMPLOYEES' SHARE SCHEME (ESS) (cont'd)

The Board had delegated to the ESS Committee the responsibility of reviewing the rules and regulations relating to ESS and to ensure the scheme is implemented in accordance with the By-Laws, in respect of the terms on selection and determination of eligibility, the grants of ESS shares or options, prices, termination and appeals and such other duties as per the Terms of Reference of the ESS Committee.

There was no ESS share or option that has been granted during the financial year.

CONCLUSION

The Board is supportive of all the Recommendations of the Code and will take reasonable steps and also review the existing policies and procedures in place from time to time to ensure full compliance thereof.

The Board is satisfied that the Company has substantially complied with the Principles and Recommendations of the Code.

This Statement is made in accordance with the Board of Directors' approval. This Statement is dated 7 October 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

Pursuant to Paragraph 15.26(b) of the MMLR of Bursa Securities, the Board of listed issuers are required to include in their Annual Report a "statement on the state of its risk management and internal controls". The following Statement on Risk Management and Internal Control has also been prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

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2. RESPONSIBILITY

The Board acknowledges its overall responsibility to establish a sound system of internal control and risk management in order for the Group to safeguard shareholders' investment and the Group's assets. Notwithstanding that, in view of the inherent limitations in any system of internal control, the Board recognises that reviewing the Group's systems of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement of management, loss or fraud and failure to achieve business objectives.

During the financial year, the Board has reviewed the adequacy and effectiveness of the risk management and internal control system and concluded that the Group's risk management and internal control systems have been operating adequately and effectively. The Board has also received assurance from the Managing Director, Group Finance Director and Group Financial Controller that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement.

The Board has extended the responsibilities of the Audit Committee ("AC") to include the role of reviewing and monitoring the effectiveness of the Group's internal control system. The AC reviews and deliberates reports from the internal auditors on findings from audits carried out at operating subsidiaries, and the external auditors on areas for improvement identified during the course of statutory audit. The Reports of the AC is set out on pages 36 to 39 of this Annual Report.

3. RISK MANAGEMENT FRAMEWORK

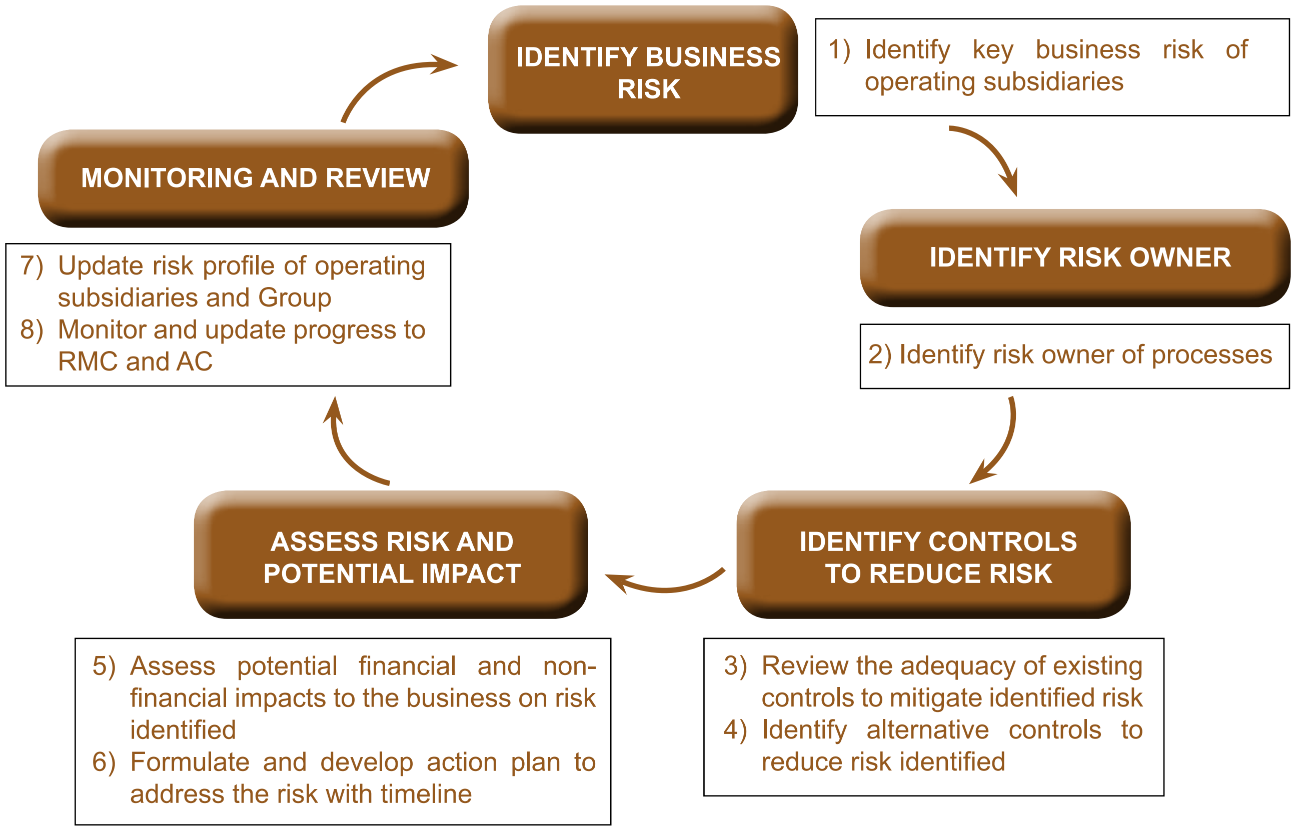
The oversight of the Group's risk management process is the responsibility of the Managing Director who is assisted by the Heads of Department of the respective operating subsidiaries. The Company has established a Risk Management Committee ("RMC") whom together with the AC, are entrusted to ensure more effective and efficient identification, evaluation, management and reporting of Group's risks. Its functions include, inter alia:

- developing Enterprise-Wide Risk Management Framework;
- coordinate the updating of the risk profile;
- monitor the implementation of action plans; and
- review and assess the feasibility of action plans and the overall of the control environment in mitigating risk.

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

3. RISK MANAGEMENT FRAMEWORK (cont'd)

The Company has established an Enterprise-Wide Risk Management ("ERM") framework. The Group's ERM framework comprises of five (5) main processes.



Within the ERM framework, risks and control measures are documented and compiled by the RMC to represent the risk profile of the operating subsidiaries which in turn are consolidated to form the risk profile of the Group. Risk profile of the Group is reviewed and updated on a yearly basis. Meetings are held at least once a year in which the updated risk profile will be deliberated by the AC before reporting to the Board.

During the financial year, the Group has continued with its ERM efforts. The risk profile of the Group was reviewed and updated to reflect the current conditions.

4. INTERNAL AUDIT FUNCTION

The internal audit function adopts a risk-based approach and prepares its audit strategies and plans for the AC's approval prior to execution of internal audit assessments.

The internal audit function is outsourced to an independent consulting firm who assesses the adequacy and effectiveness of the internal control system and report to the AC on findings and recommendations for improvement. Internal audit also reviews the extent to which its recommendations have been implemented by the Management. The AC reviews internal audit reports and management responses thereto and ensures significant findings especially control deficiencies are adequately addressed and rectified by Management of the operating subsidiaries.

The AC reviews internal control matters and update the Board on significant issues for the Board's attention and action.

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

4. INTERNAL AUDIT FUNCTION (cont'd)

During the financial year, the AC with the assistance of the external professional consulting firm, Tricor Axcelasia Sdn. Bhd. have reviewed the adequacy and effectiveness of the Group's internal control systems relating to Sales and Marketing, Procurement, Manufacturing and Inventory Management of:

- Latitude Tree Furniture Sdn. Bhd.; and
- Rhong Khen Timbers Sdn. Bhd..

5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the Group's system of internal controls comprises the following key elements:

- an ERM framework for identifying, evaluating and managing business risks in order to safeguard shareholders' investment and the Group's assets;
- a well defined organisational structure with clear reporting lines and accountabilities;
- a clearly defined operating procedures for key processes to ensure full compliance by all operating subsidiaries;
- a Code of Conducts and Ethics ("the Code") has been established and adopted. The Code has been circulated to all employees of the Group and each employee is contractually bound to abide by the Code;
- a close monthly monitoring and review of financial results and forecasts for all operating subsidiaries by the Group's Management Steering Committee ("MSC"), headed by the Managing Director; and
- a standardised formulation of action plans at the Group level through discussions carried out by the MSC, to focus on areas of concern.

6. REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the Annual Report of the Company for the financial year ended 30 June 2021 in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Controls. Their work performed is restricted to the requirements by Paragraph 15.23 of the MMLR of Bursa Securities.

Based on their review, the External Auditors have reported that nothing has come to their attention that cause them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report of the Company is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

7. CONCLUSION

In accordance with the Guidance, the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and this process has operated during the financial year and up to the date of approval of the Annual Report.

There was no control deficiencies noted during the financial year which has a material impact on the Group's performance or operations.

This Statement is made in accordance with the Board of Directors' approval. This Statement is dated 7 October 2021.

AUDIT COMMITTEE REPORT

The Board of the Company is pleased to present the Audit Committee ("AC") Report for the financial year ended 30 June 2021 in accordance with Paragraph 15.15 of the MMLR of Bursa Securities.

A. COMPOSITION

The AC is appointed by the Board the amongst its members with majority of them being independent. All members are financially literate and fulfil the requisite qualifications as prescribed under Paragraph 15.09 (1)(c) of the MMLR of Bursa Securities. The members of the AC elected a Chairman from among its members who is an Independent Non-Executive Director.

The current members of the AC comprised:

Chairman:
Toh Seng Thong
Independent Non-Executive Director

Members:
Dato' Dr Norraesah Binti Haji Mohamad
Independent Non-Executive Director

Yek Siew Liong
Non-Independent Non-Executive Director

In the event of any vacancy in the AC (including the Chairman), the vacancy must be filled within 3 months of that event and no alternate director shall be appointed as a member of the AC.

B. MEETINGS AND ATTENDANCE

The AC held a total of five (5) meetings during the financial year. Details of attendance of the AC members are as follows:

	No. of AC Meeting	
	Held	Attended
Toh Seng Thong	5	5
Dato' Dr Norraesah Binti Haji Mohamad	5	5
Yek Siew Liong	5	5

The Managing Director, Group Finance Director, Group Financial Controller, Internal Auditors and External Auditors were also invited to attend the AC Meetings.

C. TERMS OF REFERENCE OF THE AC

The information on the Terms of Reference of the AC is available on the Company's website at www.lattree.com.

AUDIT COMMITTEE REPORT (CONT'D)

D. SUMMARY OF WORKS OF THE AC

During the financial year under review, the AC has carried out its function and duties and undertook the following works to meet its responsibilities in accordance with its Terms of Reference:

The works carried out by the AC up to the date of this Statement encompassed the following:

1) Financial reporting

i) Reviewed the quarterly financial statements including the draft announcements pertaining thereto and made recommendations to the Board for approval of the same.

The above review is to ensure that the Company's quarterly financial reports and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Group accounting policies, going concern assumptions, significant judgements and the Malaysian Financial Reporting Standard ("MFRS") 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards ("IAS") 34 - Interim Financial Reporting as well as applicable disclosure provisions of the MMLR of Bursa Securities.

ii) Reviewed and made recommendations to the Board in respect of the Audited Financial Statements of the Company and the Group for financial year ended 30 June 2021 and to ensure it presented a true and fair view of the Company's financial position and performance for the year and compliance with regulatory requirements.

Considered and reviewed the integrity of information in the audited financial statements and quarterly financial statements, focus particularly on any changes in accounting policies and practices, significant accounting judgements and estimates of income taxes and inventories, impairment assessment in accordance with MFRS 136: Impairment of Assets, updates on fire incident at RK Resources Co. Ltd.'s factory, going concern assumption, impact of Covid-19, completeness of disclosures and compliance with accounting standards.

Prior to that, the AC had reviewed the status report on the Audit Results for the financial year ended 30 June 2021 prepared by the External Auditors ("EA"), Messrs Ernst & Young PLT ("EY") at the meeting held on 23 September 2021.

2) External audit

i) Reviewed with the EA, their audit plan including non-audit services for the financial year ended 30 June 2021, outlining the audit scope, methodology and timetable, audit materiality, areas of focus, fraud considerations and the risk of management override and also the new and revised accounting standards.

ii) Discussed and considered the key audit matters, significant accounting adjustments and auditing issues arising from the audit with the EA. The AC also had a private discussion with the EA on 25 August 2020, 6 October 2020, 27 May 2021 and 23 September 2021 without the presence of Management to review on the issues relating to financial controls and operational efficiencies of the Group.

iii) Reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

iv) Evaluated the performance of the EA for the financial year ended 30 June 2021 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees of the EA.

D. SUMMARY OF WORKS OF THE AC (cont'd)

2) External audit (cont'd)

The AC having been satisfied with the independence, suitability and performance of EY, had at its meeting held on 7 October 2021 recommended to the Board to propose the re-appointment of EY as EA for the ensuing financial year of 30 June 2022 for shareholders' approval.

3) Internal audit

i) Reviewed and approved the Internal Audit Plan prepared by Tricor Axcelasia Sdn. Bhd. for the financial years ending 30 June 2022 and 2023 to ensure there is adequate scope and comprehensive coverage over the activities of the subsidiaries in the Group and that all the risk areas are audited annually.

ii) Reviewed two Internal Audit Reports which covered the areas of Sales and Marketing, Procurement, Manufacturing and Inventory Management.

iii) The AC also reviewed the audit findings and recommendations to improve any weaknesses or non-compliance, and the respective Management's responses thereto. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

iv) Met with Internal Auditors during the financial year at the AC meeting held on 25 August 2020, 27 November 2020 and 27 May 2021 without the presence of any executive board members and employees of the Group.

v) Assessed the adequacy of scope, functions, competency and resources of the Internal Audit functions.

4) Other activities

i) Reviewed and assessed the risk management activities of the Group to ensure all risk areas are being identified and addressed by works carried out by internal auditors, external auditors and management team.

ii) Reviewed contents of the AC Report, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control and Statement of Directors' Responsibility in relation to the Audited Financial Statements for the financial year ended 30 June 2021 and ensured that these reports were prepared in accordance with the applicable requirements prior recommendation to the Board for approval for inclusion in the Annual Report.

iii) Reviewed the Corporate Governance Report prior recommendation to the Board for approval.

iv) Reviewed related party transactions, if any and the adequacy of the Group's procedures and processes in identifying, monitoring, reporting and reviewing related party transactions in a timely and orderly manner.

v) Reviewed and recommended to the Board for approval the Statement to Shareholders in relation to the Proposed Renewal of Authority for Share Buy-Back.

AUDIT COMMITTEE REPORT (CONT'D)

D. SUMMARY OF WORK OF THE AC (cont'd)

4) Other activities (cont'd)

vi) Received updates from the External Auditors on the new developments and amendments in disclosure requirements arising from the new and amended Malaysian Financial Reporting Standards and IC interpretation, Companies Act 2016 and the amendments to the MMLR of Bursa Securities particularly on the enhancement of disclosure on non-financial information, key audit matters and going concern of the Group.

vii) Received updates from the Internal Auditors on the Revised Malaysian Code on Corporate Governance 2021 issued by Securities Commission.

E. SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

During the financial year under review, the Group has outsourced the provision of internal audit and management system assurance to an independent professional consulting firm, Tricor Axcelasia Sdn. Bhd.. The Head of Internal Audit reports directly to the AC and administratively to the Managing Director.

The AC is assisted by the internal auditors in discharging its duties and responsibilities with respect to the adequacy and integrity of the system of internal controls within the Group. The internal audits were performed based on risk-based approach by focusing on:

- Reviewing identified high risk areas for compliance with control policies and procedures;
- Identifying business risk which have not been appropriately addressed; and
- Evaluating the adequacy and integrity of controls.

The Internal Auditors carry out audit assignments based on an audit plan that is reviewed and approved by the AC. The reports of the audits undertaken were forwarded to the Management for attention and necessary action and then presented to the AC for deliberation and approval.

During the financial year, the internal auditors undertook the following activities:

- Reviewed the adequacy and integrity of the Group's internal control systems relating to Sales and Marketing, Procurement, Manufacturing and Inventory Management of two (2) Malaysia subsidiary companies; and
- Reported to the AC its internal audit findings and response and rectification undertaken by the Management.

The professional fees incurred for the internal audit function in respect of financial year ended 30 June 2021 amounted to approximately RM40,000.

This report is made in accordance with the Board of Directors' approval. This Report is dated 7 October 2021.

SUSTAINABILITY STATEMENT

1. INTRODUCTION

The Board of the Company recognises the importance of sustainability and its increasing impact to the business. As a leader in our industry, we are firmly committed to understanding and implementing sustainable practices and exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success. The Company will implement practices that enhance economic prosperity, create social value and reduce environmental impacts and will strive for continuous improvement of performance in these areas while advancing the interests of our stakeholders. The preparation of this Statement was guided by Sustainability Reporting Guide and Toolkits issued by Bursa Securities.

2. SCOPE OF REPORTING

The scope of reporting covers all the operating subsidiaries of the Company. This report covers period from 1 July 2020 up to the date of this report unless otherwise specified.

3. SUSTAINABILITY GOVERNANCE STRUCTURE

The Company has a well-defined governance structure in place to drive sustainability practices across the Group. The established Sustainable Committee ("SC") assists the Board to meet its oversight responsibilities in relation to the approval of policies on sustainability. The Board is responsible and accountable in evaluating the Group's sustainability performance on a periodical basis.

The Managing Director who is the Chair of the SC is responsible for managing sustainability and decision-making on Environmental, Social and Governance ("ESG") matters within the Group. The SC consists of the Group Finance Director, Group Financial Controller, General Manager and Deputy General Managers of operating subsidiaries. We monitor the progress of our ESG performance through a Corporate Social Responsibility ("CSR") Scorecard for each plant. The outcome of the sustainability performance is collated by the SC for onward reporting to the Board.

4. MATERIAL SUSTAINABILITY MATTERS

The determination of the Company's material sustainability impacts is made through several processes. These include a benchmarking review of sustainability reports across the wooden furniture manufacturing sector to compare material impacts of similar organisations. The views of a range of stakeholders have also been considered in the selection of material impact. The Company engages with key stakeholders through various platforms or channels at certain intervals throughout the financial year. The table below summarises the engagement process and the topics of discussion with the various key stakeholder groups:

4. MATERIAL SUSTAINABILITY MATTERS (cont'd)

Stakeholders	Topic of Discussion	Engagement Approach	Frequency
Customers	• Responsible sources of raw materials • Product quality • Regulatory compliance with local laws or regulation	• On-site visit • Obtain feedbacks during Furniture Trade Exhibition • Customer satisfaction survey	• On-going • Annually • On-going
Government and Regulators	• Regulatory compliance with local laws or regulation • Environmental impact	• On-site visit and meeting • Participate events organised by regulators	• On-going • On-going
Shareholders/ Investors	• Financial performance • Regulatory compliance with local laws or regulation and accounting standards	• Corporate website • Annual General Meeting • Annual Report • Corporate briefings	• On-going • Annually • Annually • On-going
Suppliers/Vendors	• Supplier/vendor performance (delivery and quality) • Regulatory compliance with local laws or regulation	• On-site visit and meeting • Supplier/vendor performance evaluation	• On-going • Annually
Employees	• Occupational health and safety • Gender equality • Career growth and development • Employee wellbeing • Workplace culture	• Annual appraisal • Annual dinner • Training and development • Recreational activities • One-to-one meeting	• Annually • Annually • On-going • On-going • On-going
Community	• Regulatory compliance with environmental laws • Corporate Social Responsibilities ("CSR")	• Donation • Community engagement through social activities • Industry based learning program	• On-going • On-going • On-going

The material sustainability matters determined and identified are discussed below.

ENVIRONMENT IMPACT	ECONOMIC IMPACT	SOCIAL IMPACT
• Energy and Greenhouse Gas Emissions • Water • Waste	• Corporate Procurement - Responsible Sourcing	• Employment Practices - Occupational Health and Safety - Diversity and Equal Opportunities • Community Development

4. MATERIAL SUSTAINABILITY MATTERS (cont'd)

4.1 ENVIRONMENT IMPACT

Energy and Greenhouse Gas Emissions

As a furniture manufacturer, we recognise the impact of the Group's day-to-day operations on the environment. We are fully committed to minimising our operational impact on the environment whenever and wherever possible.

Wood is the key raw material used in our products. Due to increasing concerns about the environmental damage caused by deforestation and more stringent standards and requirements dealing with the use and treatment of wood, our furniture plants obtained Chain of Custody from the Forest Stewardship Council ("FSC") or Programme for the Endorsement of Forest Certification ("PEFC"). Hence, wood used in production are plantation wood, FSC and PEFC certified. This provides assurance that our products are handled and manufactured under strict regulations that support responsible forest regeneration, biodiversity and the protection of native fauna. We also uses Medium Density Fibreboard that is California Air Resources Board ("CARB2") certified to reduce formaldehyde emission.

We have implemented various initiatives in our offices and plants with the aim to reduce our consumption and the associated carbon footprints. The following are on-going actions taken by us in our offices and plants:
- replace old and high-energy consumption machinery to advanced and energy-efficient machinery;
- develop and promote more new products with water-based coating materials instead of solvent-based coatings;
- replace traditional bulbs with energy-efficient LED bulbs;
- maximise natural lighting at production floors by replacing roof sheet with clear roof sheet;
- turn off unnecessary electrical appliances including machinery during non-operation hours;
- switch electrical appliances including machinery to low-energy-consumption sleep mode when not in use;
- adjust temperature of air-conditioners according to weather; and
- reduce our paper consumption at offices.

Over the years, we have been investing on energy saving machinery to reduce carbon print and ultimately reduce production cost. With this, we hope to reduce our energy consumption by 10% over the five (5) years. During the financial year, Latitude Tree Furniture Sdn. Bhd. and Rhong Khen Timbers Sdn. Bhd., both wholly-owned subsidiaries of the Company entered into Power Purchase Agreements with solar energy solution providers to install solar system on the rooftop of our premises with the aim to further reduce the energy consumption in coming years. The installation of solar system at both premises is anticipated to complete by second half of FY2022.

Analysis of electricity consumption during the financial year is as follows:

Segment	Kilowatt-hour (KWH)/ Production output (RM'000) –FY2021	Kilowatt-hour (KWH)/ Production output (RM'000) –FY2020	Savings (%)
Furniture plants	34.83	41.97	17.0
Sawmill plants	169.69	176.61	3.9
Panel board lamination plant	22.64	27.05	16.3

During the financial year, we have achieved savings across our operations mainly due to effective implementation of various initiatives and actions as mentioned above and also higher production output as a result of pent up demand from export and local market.

4. MATERIAL SUSTAINABILITY MATTERS (cont'd)

4.1 ENVIRONMENT IMPACT (cont'd)

Water

Water is important to our business and its conservation is imperative. We use water for boiler, spraying booth, cleaning, drinking, cooking and irrigation. We aim to achieve the best practice levels of efficiency across our operations. We continued our water conservation efforts which focused on harvesting of rain water and water recycling. The collected rain water is mainly used for general washing purposes. This is also useful especially during period of prolonged dry weather.

Water pipes are regularly inspected to prevent water leakage. In case of leakage, maintenance will be conducted timely. We also encourage water-saving culture among our employees by putting up reminders near water taps.

Analysis of water consumption during the financial year is as follows:

Segment	Cubic metre (m3)/Production output (RM'000)-FY2021	Cubic metre (m3)/Production output (RM'000)-FY2020
Furniture plants	0.24	0.17
Sawmill plants	1.82	1.92
Panel board lamination plant	0.58	1.17

Waste

Waste management is a major concern for local authorities and communities in many of the locations in which we operate. Our aim is to reduce waste and boost recycling. We encourage employees and sub-contractors to reduce waste and to dispose waste in responsible manner, and we grant contracts only to responsible and licensed disposal companies.

In term of industrial waste water discharges, our factories have proper waste water treatment facilities to treat waste water. Treated waste water is properly collected and disposed by approved waste management company.

Raw materials utilisation and construction methods are closely reviewed and monitored to reduce wastages and production cost. Production of by-products i.e off-cut or short length timbers are collected and reuse in production when required.

4.2 ECONOMIC IMPACT

We recognise that sourcing and procurement and the practices of our vendors have a significant influence on impacts of our products. During the period under review, we have taken proactive steps to ensure our procurement practices are better aligned with our values, including visiting key vendors of ours. This approach has assisted us to understand our vendors better and work hand-in-hand to reduce production cost and wastages. We believe that engagement of local vendors in the countries of our operation will create economic opportunity for local businesses and reduce environmental impact of transporting goods from overseas and ultimately lower our cost.

4. MATERIAL SUSTAINABILITY MATTERS (cont'd)

4.2 ECONOMIC IMPACT (cont'd)

Below is the analysis of number of vendors registered with us as at 30 June 2021 and 30 June 2020:

Country	Number of local vendors as at 30 June 2021	Number of overseas vendors as at 30 June 2021	Total vendors as at 30 June 2021
Malaysia	230	22	252
Vietnam	388	64	452
Thailand	27	-	27
Total	645	86	731
Percentage of local/overseas vendors over total vendors (%)	88.2	11.8	100.0

Country	Number of local vendors as at 30 June 2020	Number of overseas vendors as at 30 June 2020	Total vendors as at 30 June 2020
Malaysia	190	15	205
Vietnam	409	57	466
Thailand	18	3	21
Total	617	75	692
Percentage of local/overseas vendors over total vendors (%)	89.2	10.8	100.0

4.3 SOCIAL IMPACT

Occupational Health and Safety

The safety of our people is our utmost priority. For our Malaysia operation, a Safety Officer is appointed for each plant to oversee compliance with the rules and regulation of Department of Occupational Safety and Health ("DOSH"). We have implemented a series of safety measures to ensure our employees can carry out their roles safely including compulsory daily housekeeping of workplace, training for office and production employees at all plants, provide personal protective equipment for all production employees including safety glasses, hearing protection and high visibility clothing, introduction of automatic timber cutting machines to reduce accident rate and manual handling issues and revised layout of all plants to improve safety, reduce manual handling of products and increase space to operate in.

List of health and safety trainings held during the financial year is as follows:

Country	Trainings held
Malaysia	- Emergency Response Planning Workshop – Intermediate
	- Fire Risk Management Workshop - Intermediate
Vietnam	- Work Safety Training
	- Fire Safety Training
Thailand	- Fire Safety Training

4. MATERIAL SUSTAINABILITY MATTERS (cont'd)

4.3 SOCIAL IMPACT (cont'd)

Diversity and Equal Opportunities

We also recognise the importance of creating a workplace that is conducive to our employees to work to their full potential. The minimum wage offered to our employees is in line with the Minimum Wage Order in the countries of our operation. We provide competitive and fair remuneration packages to our employees that meet the market standard. The standard benefits cover group personal accident insurance, social security and allowances. We are committed to create a working environment in which all employees are treated fairly and respectfully and have equal access to opportunities. Decisions related to recruitment selection, development or promotion is based on merit, irrespective of gender, age or ethnicity. As at 30 June 2021, we have a total workforce of 6,024 employees (30 June 2020: 5,924 employees). The demographic analysis of our workforce is as follows:

i) **By Gender**

As at 30 June 2021

Gender	Number of employees	% of total employees
Male	3,107	51.6
Female	2,917	48.4
Total	6,024	100.0

As at 30 June 2020

Gender	Number of employees	% of total employees
Male	3,045	51.4
Female	2,879	48.6
Total	5,924	100.0

ii) **By Age**

As at 30 June 2021

Age group	Number of employees	% of total employees
<30 years old	2,002	33.2
30 to 50 years old	3,620	60.1
>50 years old	402	6.7
Total	6,024	100.0

As at 30 June 2020

Age group	Number of employees	% of total employees
<30 years old	2,226	37.6
30 to 50 years old	3,414	57.6
>50 years old	284	4.8
Total	5,924	100.0

SUSTAINABILITY STATEMENT (CONT'D)

4. MATERIAL SUSTAINABILITY MATTERS (cont'd)

4.3 SOCIAL IMPACT (cont'd)

Diversity and Equal Opportunities (cont'd)

iii) By Ethnicity

As at 30 June 2021

Ethnicity	Number of employees	% of total employees
Bumiputera	347	5.8
Chinese	108	1.8
Indian	80	1.3
Others	5,489	91.1
Total	6,024	100.0

As at 30 June 2020

Ethnicity	Number of employees	% of total employees
Bumiputera	255	4.3
Chinese	110	1.9
Indian	82	1.4
Others	5,477	92.4
Total	5,924	100.0

We also ensure our employees have equal access to continuous training and development opportunities to remain relevant in the industry or business. Various training programmes were organised throughout the year to upgrade the core competencies of our employees.

Work-life balance is also crucial to keep our employees physically and psychologically healthy. During the financial year, recreational and team-bonding activities such as Chinese New Year celebration, Mid-Autumn Celebration, chest competition and football competition are held to strengthen their sense of belonging towards the Group.

Community Development

We also support industry based learning program with public and private colleges or universities by providing internship to students. Selected interns are placed under the supervision of Production Manager to guide them through assigned projects or tasks. During the financial year, we have trained 1 student.

We have been contributing regularly to schools with an objective to assist in the development of education of the less fortunate as well as gift and cash donations to charitable organisations. During the year, the Company contributed USD10,000 to the Scholarship Program for the Forestry Industry Education of National Pingtung University of Science and Technology with the mission to cultivate high-quality, diversified and creative backbone talents in furniture industry. List of Corporate Social Responsibility ("CSR") activities carried out during the financial year is as follows:

4. MATERIAL SUSTAINABILITY MATTERS (cont'd)

4.3 SOCIAL IMPACT (cont'd)

Community Development (cont'd)

Date	CSR activities
8 November 2020	Organised a blood donation campaign at one of our Vietnam plant located at Ben Cat District for Ho Chi Minh City Blood Center
12 November 2020	Donated cash to Flood Prevention Fund of Binh Duong Province, Vietnam
12 January 2021	Donated daily essential items to poor families staying at Da Nok Province, Vietnam
3 February 2021	Donated Chinese New Year gifts to poor children staying at Bau Bang District, Vietnam
7 February 2021	Donated daily essential items to poor families staying at Bau Bang District, Vietnam

The Board is committed to improve greater disclosures of sustainability matters in coming financial years.

This Statement is made in accordance with the Board of Directors' approval. This Statement is dated 7 October 2021.

STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for that year.

The Directors consider that, in preparing the financial statements for the financial year ended 30 June 2021 as set out on pages 49 to 139 of this Annual Report, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

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

The auditors' responsibilities are stated in their Report to the Members of the Company.

This Statement is made in accordance with the Board of Directors' approval. This Statement is dated 7 October 2021.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

Principal activities

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

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year	53,791	14,739

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

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.

Dividends

The amounts of dividends declared and paid by the Company since 30 June 2020 were as follows:

	RM'000
In respect of the financial year ended 30 June 2020:	
Final single-tier dividend of 3 sen, on 95,250,000 ordinary shares, declared on 13 November 2020 and paid on 31 December 2020	2,858
In respect of the financial year ended 30 June 2021:	
Special dividend via share dividend distribution of 1,905,000 treasury shares on the basis of 1 treasury share for every 50 existing ordinary shares held in the Company, declared on 27 November 2020 and distributed on 29 January 2021	5,643
First interim single-tier dividend of 5 sen, on 194,310,000 ordinary shares, declared on 26 February 2021 and paid on 12 May 2021	9,715
	18,216

At the forthcoming Annual General Meeting, a final single-tier dividend of 3 sen on 194,310,000 ordinary shares, in respect of the financial year ended 30 June 2021, amounting RM5,829,300 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2022.

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:

Dato' Dr Norraesah Binti Haji Mohamad
Lin Chen, Jui-Fen #
Lin, Chin-Hung #
Toh Seng Thong
Yek Siew Liong

These directors are also directors of the Company's subsidiaries

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (excluding those directors listed above) are:

<u>Latitude Tree Vietnam Joint Stock Company</u>
Yeoh Joe Son
Lin, Shin-Ni

<u>RK Resources Co. Ltd.</u>
Lu, Chin-Chia

<u>Grob Holz Company Limited</u>
Lin, Shin-Ni
Tee Ah Ann
Chen, Cheng-Lung

Directors' benefits

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

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 or its related corporations as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:

	Group RM'000	**Company RM'000**
Salaries and other emoluments	1,792	14
Fee	240	240
Defined contribution plan	90	-
Other benefits	32	32
	2,154	286

DIRECTORS' REPORT
(CONT'D)

Directors' interest

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

	Number of ordinary shares			
	At 1.7.2020	**Acquired***	**Sold**	**At 30.6.2021**
Ordinary shares of the Company				
Direct interest:				
Lin Chen, Jui-Fen	24,351,978	25,326,058	-	49,678,036
Lin, Chin-Hung	6,520,000	6,780,800	-	13,300,800
Deemed interest:				
Yek Siew Liong #	14,610,000	15,194,400	-	29,804,400

Deemed interest in shares held by Konsortium Kontrek Sdn. Bhd., a company in which the director has an interest.

* Being the share dividends distribution on the basis of 1 treasury share for every 50 existing ordinary shares held and the bonus shares issued on the basis of 1 bonus share for every 1 existing ordinary share held.

Lin Chen, Jui-Fen by virtue of her interest in shares of the Company, is also deemed interested in shares of all subsidiaries to the extent the Company has an interest.

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.

Issue of shares

At an Extraordinary General Meeting held on 26 February 2021, shareholders approved the bonus issue up to 97,155,000 new ordinary shares on the basis of 1 bonus share for every 1 existing ordinary share held. The Company increased its issued and paid-up ordinary share capital from 97,207,500 to 194,362,500 by way of the issuance of 97,155,000 new ordinary shares without any consideration.

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

Treasury shares

During the financial year, the Company distributed share dividend of 1,905,000 treasury shares on the basis of 1 treasury share for every 50 existing ordinary shares held in the Company.

At the reporting date, the total number of treasury shares held by the Company is 52,500 shares with the net carrying amount of RM155,498. Further details are disclosed in Note 27 to the financial statements.

Indemnities to directors or officers

No indemnity was given to or insurance premium paid for any directors or officers of the Company during or since the end of the financial year.

Other statutory information

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(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 methods 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 the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

(i) any charge on the assets of the Group or 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 or of the Company which has arisen since the end of the financial year.

(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 or of the Company to meet their obligations as and 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 or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT
(CONT'D)

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young	527	100
Other auditor	19	-
	546	100

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 30 June 2021.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 October 2021.

Dato' Dr Norraesah Binti Haji Mohamad

Lin, Chin-Hung

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Dr Norraesah Binti Haji Mohamad and Lin, Chin-Hung, being two of the directors of Latitude Tree Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 61 to 139 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 October 2021.

Dato' Dr Norraesah Binti Haji Mohamad

Lin, Chin-Hung

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

I, Fong Toh Wai, being the officer primarily responsible for the financial management of Latitude Tree Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 61 to 139 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Fong Toh Wai at Klang in
Selangor Darul Ehsan on 15 October 2021

Fong Toh Wai
(MIA CA 28465)

Before me
P. Dev Anand Pillai (B 253)
Commisioner for Oaths

Klang

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LATITUDE TREE HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Latitude Tree Holdings Berhad, which comprise the statements of financial position as at 30 June 2021 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 139.

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 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for 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 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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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.

Revenue recognition

We draw your attention to the summary of significant accounting policies in Note 2.23 and disclosure of revenue in Note 4 to the financial statements.

During the year, the sale of goods recorded by the Group amounted to RM910.7 million representing 99.9% of the Group's total revenue. We have identified sale of goods to be a key audit matter as we consider the voluminous sales transactions during the year to be the possible cause for a higher risk of misstatement.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LATITUDE TREE HOLDINGS BERHAD (CONT'D)
(INCORPORATED IN MALAYSIA)

Key audit matters (cont'd)

Revenue recognition (cont'd)

Our audit procedures included, amongst others, the following:

(a) We obtained an understanding on the Group's internal controls over the point when the Group recognises the revenue upon the transfer of the promised goods to customers and the transaction price recorded as revenue;
(b) We evaluated the effectiveness of the controls in place to ensure the accuracy of revenue recognised, including the timely posting of revenue to the general ledger in the financial information system;
(c) We inspected the acknowledged delivery orders or bills of lading to assess the occurrence and accuracy of revenue recognised on sampling basis;
(d) We performed procedures to corroborate the occurrence of revenue by tracing samples of cash receipts to the settlement reports from financial institutions;
(e) We performed three-way correlation analysis between revenue, trade receivables and cash to assess the movement trend of the revenue from the sale of goods; and
(f) We evaluated transactions recorded close to the year end, including sales after year end, to acknowledged delivery orders or bills of lading, to assess whether those transactions were recorded in the correct accounting period on sampling basis.

Inventories

We draw your attention to the summary of significant accounting policies in Note 2.16, significant accounting judgement and estimate in Note 3.2(c) and the disclosure of inventories in Note 19 to the financial statements.

As at 30 June 2021, the Group's inventories amounted to RM229.0 million, representing 25.6% of the Group's total assets.

Inventories are carried at the lower of cost and net realisable value. Included in the inventories are raw materials, work-in-progress and finished goods. Work-in-progress and finished goods comprise cost of raw materials, labour and manufacturing overheads. The Group applies cost of raw materials, predetermined labour and overhead expenses to derive at the costs of work-in-progress and finished goods which involved significant management estimates.

Given the significance of the account balances and the significant management estimates involved in deriving the cost of inventories, we have identified the valuation of work-inprogress and finished goods to be an area of audit focus.

Our audit procedures included, amongst others, the following:

(a) We obtained an understanding of the Group's inventories valuation policy and inventory costing processes (including the monitoring and the frequency of updating the absorption rates used in production);
(b) We assessed whether the costing method used in deriving the cost of work-in-progress and finished goods is consistent with the Group's policy;
(c) We tested the key inputs used in deriving the cost of work-in-progress and finished goods, in particular, the key raw materials used in the production; and
(d) We reviewed management's workings on apportionment of production overhead to assess whether the apportionment basis is applied consistently across the Group.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LATITUDE TREE HOLDINGS BERHAD (CONT'D)
(INCORPORATED IN MALAYSIA)

Key audit matters (cont'd)

Income taxes

We draw your attention to the summary of significant accounting policies in Note 2.25(a), significant accounting judgements and estimates in Note 3.2(a) and the disclosure of income taxes in Note 10 to the financial statements.

The Group has both local and foreign operations that are subject to income taxes in different tax jurisdictions. For the financial year ended 30 June 2021, the Group recognised local and foreign income tax expense of RM2.6 million and RM14.9 million respectively.

Due to the complexity of the tax rules in certain foreign operations, we identified accounting for income tax as an area of audit focus. Specifically, we focused our audit efforts to assess the possibility of under recognition of income tax liabilities.

Our audit procedures include the following:

(a) We held discussion with the component auditor and tax specialists to obtain an understanding of the country specific tax risks for certain foreign operations;
(b) We involved the tax specialists to assist in the evaluation of provisions for income taxes; and
(c) We involved the component auditor in review of prior year's tax submission and all relevant tax correspondences with the relevant tax authorities.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the 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, 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 express any form of assurance conclusion thereon.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LATITUDE TREE HOLDINGS BERHAD (CONT'D)
(INCORPORATED IN MALAYSIA)

Responsibilities of the directors for the financial statements (cont'd)

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LATITUDE TREE HOLDINGS BERHAD (CONT'D)
(INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements (cont'd)

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

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

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

Other matters

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

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Chuan Yee Yang
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Kuala Lumpur, Malaysia
15 October 2021

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	4	911,943	684,740	15,000	15,327
Cost of sales		(786,068)	(611,464)	-	-
Gross profit		125,875	73,276	15,000	15,327
Interest income		1,708	3,032	57	264
Other income	5	11,490	6,143	668	13,414
Selling and distribution expenses		(26,978)	(20,704)	-	-
Administrative expenses		(30,466)	(23,409)	(982)	(610)
Other expenses		(7,091)	(11,385)	(4)	(16)
Finance costs	6	(2,954)	(3,978)	-	-
Profit before tax	7	71,584	22,975	14,739	28,379
Income tax expense	10	(17,793)	(6,186)	-	(5)
Profit for the year		53,791	16,789	14,739	28,374
Other comprehensive (loss)/income:					
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation		(8,979)	8,375	-	-
Other comprehensive (loss)/income for the year, net of tax		(8,979)	8,375	-	-
Total comprehensive income for the year		44,812	25,164	14,739	28,374
Earnings per share attributable to owners of the parent					
Basic/diluted (sen)	11	28	9		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	251,235	246,891	-	-
Investment properties	14	59,562	65,508	-	-
Investments in subsidiaries	15	-	-	53,929	53,880
Other investments	16	81	81	-	-
Land use rights	17	-	-	-	-
Deferred tax assets	18	907	1,332	-	-
Trade and other receivables	20	-	-	167,179	168,029
Investment securities	21	-	10,052	-	-
Right-of-use assets	30	34,510	37,661	-	-
		346,295	361,525	221,108	221,909
Current assets					
Inventories	19	228,979	194,867	-	-
Trade and other receivables	20	61,257	71,593	4,500	-
Prepayments		3,816	1,199	-	-
Tax recoverable		1,154	1,792	12	7
Investment securities	21	55,452	42,974	3,160	7,402
Cash and bank balances	23	196,602	126,206	17,359	14,658
		547,260	438,631	25,031	22,067
Total assets		893,555	800,156	246,139	243,976
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	27	98,433	98,433	98,433	98,433
Treasury shares	27	(155)	(5,798)	(155)	(5,798)
Retained earnings	28	443,542	407,967	147,767	151,244
Foreign currency translation reserve	29	68,420	77,399	-	-
Total equity		610,240	578,001	246,045	243,879

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021 (CONT'D)

		Group		Company	
	Note	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Non-current liabilities					
Deferred tax liabilities	18	3,213	3,305	-	-
Derivatives	22	-	762	-	-
Loans and borrowings	24	22,062	9,293	-	-
Provision for severance allowance	26	231	36	-	-
Lease liabilities	30	4,834	5,896	-	-
Retirement benefit obligation	31	224	202	-	-
		30,564	19,494	-	-
Current liabilities					
Tax payable		32,001	27,322	-	-
Derivatives	22	127	390	-	-
Loans and borrowings	24	108,076	95,595	-	-
Trade and other payables	25	111,664	78,398	94	97
Lease liabilities	30	883	956	-	-
		252,751	202,661	94	97
Total liabilities		283,315	222,155	94	97
Total equity and liabilities		893,555	800,156	246,139	243,976

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

			← Distributable →		Non-distributable	
	Note	Share capital RM'000 (Note 27)	Treasury shares RM'000 (Note 27)	Retained earnings RM'000 (Note 28)	Foreign currency translation reserve RM'000 (Note 29)	Total equity RM'000
2021						
As at 1 July 2020		98,433	(5,798)	407,967	77,399	578,001
Total comprehensive income/(loss)		-	-	53,791	(8,979)	44,812
Dividends on ordinary shares	12	-	-	(12,573)	-	(12,573)
Share dividend	12, 27	-	5,643	(5,643)	-	-
As at 30 June 2021		98,433	(155)	443,542	68,420	610,240
2020						
As at 1 July 2019 (as previously stated)		98,433	(870)	397,848	69,024	564,435
Effect of adoption of MFRS 16		-	-	(952)	-	(952)
As at 1 July 2019 (as restated)		98,433	(870)	396,896	69,024	563,483
Total comprehensive income		-	-	16,789	8,375	25,164
Dividends on ordinary shares	12	-	-	(5,718)	-	(5,718)
Purchase of treasury shares	27	-	(4,928)	-	-	(4,928)
As at 30 June 2020		98,433	(5,798)	407,967	77,399	578,001

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

	Note	Share capital RM'000 (Note 27)	← Distributable → Treasury shares RM'000 (Note 27)	Retained earnings RM'000 (Note 28)	Total equity RM'000
2021					
As at 1 July 2020		98,433	(5,798)	151,244	243,879
Total comprehensive income		-	-	14,739	14,739
Dividends on ordinary shares	12	-	-	(12,573)	(12,573)
Share dividend	12, 27	-	5,643	(5,643)	-
As at 30 June 2021		98,433	(155)	147,767	246,045
2020					
As at 1 July 2019		98,433	(870)	128,588	226,151
Total comprehensive income		-	-	28,374	28,374
Dividends on ordinary shares	12	-	-	(5,718)	(5,718)
Purchase of treasury shares	27	-	(4,928)	-	(4,928)
As at 30 June 2020		98,433	(5,798)	151,244	243,879

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 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities					
Profit before tax		71,584	22,975	14,739	28,379
Adjustments for:					
Reversal of allowance for expected credit losses on trade receivables	5	(169)	(2)	-	-
Distribution from investment securities	5	(790)	(920)	(162)	(249)
Net fair value loss/(gain) on investment securities	5,7	214	(690)	-	(3)
Net fair value (gain)/loss on derivatives	5,7	(1,025)	1,317	-	-
Gain on disposal of property, plant and equipment	5	(122)	(8)	-	-
Gain on disposal of right-of-use assets	5	(602)	-	-	-
Net unrealised loss/(gain) on foreign exchange	5,7	982	(586)	(457)	(321)
Reversal of impairment loss on investments in subsidiaries	5	-	-	(49)	(12,839)
Finance costs	6	2,954	3,978	-	-
Retirement benefit expenses	8	36	2	-	-
Depreciation of:					
- Property, plant and equipment	7	17,523	17,325	-	-
- Investment properties	7	299	456	-	-
- Right-of-use assets	7	1,838	1,784	-	-
Allowance for expected credit losses on trade receivables	7	-	4,009	-	-
Property, plant and equipment written off	7	57	-	-	-
Provision for severance allowance	7	309	3	-	-
Inventories written down	7	1,982	2,451	-	-
Interest income		(1,708)	(3,032)	(57)	(264)
Operating profit before working capital changes		93,362	49,062	14,014	14,703
Changes in inventories		(40,522)	17,639	-	-
Changes in trade and other receivables		8,046	2,858	(3,650)	(3,260)
Changes in prepayments		(2,617)	(329)	-	-
Changes in trade and other payables		34,474	(14,722)	(3)	7
Cash flows generated from operations		92,743	54,508	10,361	11,450
Interest paid		(2,933)	(3,950)	-	-
Interest received		1,563	2,886	57	264
Severance payments	26	(114)	(1)	-	-
Net taxes paid		(10,788)	(3,871)	(5)	(11)
Net cash flows generated from operating activities		80,471	49,572	10,413	11,703

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(22,079)	(29,027)	-	-
Purchase of investment properties	14	-	(30,585)	-	-
Proceeds from disposal of property, plant and equipment		224	51	-	-
Proceeds from disposal of right-of-use assets		859	-	-	-
Purchase of right-of-use assets	30	-	(11,189)	-	-
Proceeds from withdrawal of investment securities		35,912	73,965	11,896	31,564
Purchase of investment securities		(37,966)	(70,258)	(7,500)	(30,908)
Withdrawal/(placement) of deposits with licensed banks		4,707	(956)	-	-
Net cash flows (used in)/generated from investing activities		(18,343)	(67,999)	4,396	656
Cash flows from financing activities					
Repayments of loans and borrowings		(295,639)	(272,772)	-	-
Drawdown of loans and borrowings		323,666	261,063	-	-
Repayments for principal portion of lease liabilities		(922)	(899)	-	-
Withdrawal/(placement) of deposits placed as securities for bank borrowings and guarantees		8,431	(1,611)	-	-
Treasury shares acquired	27	-	(4,928)	-	(4,928)
Dividends paid on ordinary shares	12	(12,573)	(5,718)	(12,573)	(5,718)
Net cash flows generated from/(used in) financing activities		22,963	(24,865)	(12,573)	(10,646)
Net changes in cash and cash equivalents		85,091	(43,292)	2,236	1,713
Effects of exchange rate changes		(1,557)	7,364	465	67
Cash and cash equivalents at 1 July		101,426	137,354	14,658	12,878
Cash and cash equivalents at 30 June	23	184,960	101,426	17,359	14,658

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

Reconciliation of liabilities arising from financing activities

	Loans and borrowings RM'000	Lease liabilities RM'000	Total RM'000
Group			
As at 1 July 2019 (as previously stated)	113,592	-	113,592
Effect of adoption of MFRS 16	-	7,516	7,516
As at 1 July 2019 (as restated)	113,592	7,516	121,108
Net changes from financing cash flows:			
- Repayments of loans and borrowings	(272,772)	-	(272,772)
- Drawdown of loans and borrowings	261,063	-	261,063
- Repayments for principal portion of lease liabilities	-	(899)	(899)
	(11,709)	(899)	(12,608)
Effect of foreign exchange	3,005	235	3,240
As at 30 June 2020	104,888	6,852	111,740
As at 1 July 2020	104,888	6,852	111,740
Net changes from financing cash flows:			
- Repayments of loans and borrowings	(295,639)	-	(295,639)
- Drawdown of loans and borrowings	323,666	-	323,666
- Repayments for principal portion of lease liabilities	-	(922)	(922)
	28,027	(922)	27,105
Effect of foreign exchange	(2,777)	(213)	(2,990)
As at 30 June 2021	130,138	5,717	135,855

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

1. Corporate information

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 principal place of business of the Company is located at Lot 3356, Batu 7 ¾, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan.

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

The principal activities of the subsidiaries are disclosed in Note 15.

2. Summary of 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 ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Changes in accounting policies

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

On 1 July 2020, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 July 2020:

Descriptions	Effective for annual periods beginning on or after
Amendments to MFRS 2: Share-Based Payment	1 July 2020
Amendments to MFRS 3: Business Combinations	1 July 2020
Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources	1 July 2020
Amendments to MFRS 14: Regulatory Deferral Accounts	1 July 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 July 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 July 2020
Amendments to MFRS 134: Interim Financial Reporting	1 July 2020
Amendments to MFRS 137: Provisions, Contingent Liabilities, and Contingent Assets	1 July 2020
Amendments to MFRS 138: Intangible Assets	1 July 2020
Amendments to IC Interpretation 12: Service Concession Arrangements	1 July 2020
Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2020
Amendments to IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 July 2020

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Descriptions	**Effective for annual periods beginning on or after**
Amendments to IC Interpretation 22: Foreign Currency Transaction and Advance Consideration	1 July 2020
Amendments to IC Interpretation 132: Intangible Assets - Web Site Costs	1 July 2020
Amendments to MFRS 16: Leases - Covid-19-Related Rent Concessions	1 July 2020

The adoption of the above standards and interpretations did not have any effect on the financial statements of the Group and the Company.

2.3 Standards and interpretations 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 the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Descriptions	**Effective for annual periods beginning on or after**
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 July 2021
Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant & 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
Annual Improvements to MFRSs 2018 - 2020 Cycle	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements - Disclosure 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	Yet to be confirmed

The Directors expect that the adoption of the above standards and interpretations will not have material impact on the financial statements of the Group and of the Company in the period of initial application.

2. Summary of 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 Group controls an investee if, and only if, 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.

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

(i) The size of the Group'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 Group, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Group 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 Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries is accounted for as equity transactions. The carrying amounts of the Group's interest 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.

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.

2. Summary of significant accounting policies (cont'd)

2.5 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values and the amount of any non-controlling interest in the acquiree at the acquisition date. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interest in the acquiree (if any) 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 in the period in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* ("MFRS 9"), is measured at fair value with changes in fair value recognised in profit or loss 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, any previously held equity interest in the acquiree are remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest 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.

2.6 Subsidiaries

A subsidiary is an entity over which 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.

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

2. Summary of significant accounting policies (cont'd)

2.7 Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the 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 the 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 classifies all other liabilities as non-current.

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

2.8 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss for the year except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the translation of non-monetary items in respect of which gain and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. Summary of significant accounting policies (cont'd)

2.8 Foreign currency (cont'd)

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.9 Property, plant and equipment and depreciation

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 loss, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise 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 repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Buildings	10 to 50 years
Plant and machinery	10 to 20 years
Electrical installation	10 years
Furniture and fittings	5 to 10 years
Motor vehicles	5 to 8 years
Office equipment and computer software	3 to 10 years
Renovation	10 years

Buildings under construction are not depreciated as these assets are not yet available for use.

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 profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.10 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation, or for both. Such properties are measured initially at cost including transaction costs. Following initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment loss, if any. Freehold land has an unlimited useful life and therefore is not depreciated. Buildings under construction are not depreciated as these assets are not yet available for use. Building is depreciated over 50 years on a straight line method.

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 gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Transfers are made to or from investment properties only when there is a change in use.

2.11 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment loss, if any. The land use rights are amortised over the lease terms ranging from 20 to 50 years.

The accounting policies applied from 1 July 2019 are further disclosed in Note 2.22.

2.12 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's 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.

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.

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets 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 have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost, 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 refer to how it manage 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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

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

The Group and the Company do not have any financial assets designated at fair value through OCI.

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

  The Group and the Company measure 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.

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

Subsequent measurement (cont'd)

- **Financial assets at amortised cost (debt instruments) (cont'd)**

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

  The Group's and the Company's financial assets at amortised cost include trade and other receivables (excluding import duty and other indirect taxes and advance to suppliers) and cash and bank balances.

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

  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. 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 profit or loss.

  This category comprises of the derivative instruments and fund placements with licensed financial institutions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

  Dividends are recognised as other income in profit or loss when the right of payment has been established. Interests are recognised as interest income in profit or loss on an accrual basis using the effective interest method.

Derecognition

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

- The rights to receive cash flows from the asset has expired; or

- The Group and the Company have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or

  (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred 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 the risks and rewards of the asset, nor transferred control of the assets, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of 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.

2. Summary of significant accounting policies (cont'd)

2.14 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-months 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, 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 have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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 is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts and deposits pledged with licensed banks.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on weighted average basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

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

2. Summary of significant accounting policies (cont'd)

2.17 Provisions

Provisions are recognised when the Group and the Company have 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.

2.18 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, 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, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities comprise of trade and other payables (excluding import and export duties and sales and services tax), lease liabilities, loans and borrowings including bank overdraft and derivative financial instruments.

Subsequent measurement

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

- **Trade and other payables**

  These are subsequently measured at amortised cost using EIR method.

- **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 financial liabilities 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 near term.

  Gains or losses on liabilities held for trading are recognised in profit or loss.

  Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date or recognition, and only if the criteria in MFRS 9 are satisfied.

- **Loans and borrowings**

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

  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 as finance costs in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.18 Financial liabilities (cont'd)

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 profit or loss.

2.19 Financial guarantee contracts

A financial contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.20 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.

2.21 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial year. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

2. Summary of significant accounting policies (cont'd)

2.21 Employee benefits (cont'd)

(c) Retirement benefit obligation - defined benefit plans

The Group estimates and recognises the obligation of employee retirement benefits in profit or loss for which a foreign subsidiary shall have to pay in accordance with the labour law of Thailand by using the current salary of employees and the probability that employees will work until retirement ages.

(d) Provision for severance allowance

The severance pay to employees of foreign subsidiary is accrued at the end of each reporting period for all employees who have more than 12 months in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance in Vietnam. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Any changes to the accrued amount will be recognised in profit or loss.

2.22 Leases

(a) As lessee

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 cost 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 useful lives of the right-of-use assets or end of the lease term. The estimated useful lives of the right-of-use assets and land use rights are determined on the same basis as those of property, plant and equipment as follows:

Building	3 years
Land use rights	20 to 50 years
Leasehold land	20 to 68 years

Residual values and useful lives of assets are reviewed, and adjusted prospectively if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the right-of-use assets is assessed and written down immediately to its recoverable amount. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.12.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

2. Summary of significant accounting policies (cont'd)

2.22 Leases (cont'd)

(a) As lessee (cont'd)

The Group shall recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group shall recognise any remaining amount of the remeasurement in profit or loss.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss over the lease term. Short term leases are leases with a lease term of twelve months or less. Low value assets are valued at less than RM20,000 each when purchased new.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(c).

2.23 Revenue

The Group and the Company recognise revenue from contracts with customers based on the five-step model as set out below:

(i) Identify contract with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good and service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

(i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced.

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

2. Summary of significant accounting policies (cont'd)

2.23 Revenue (cont'd)

If a performance obligation is not satisfied over time in accordance with the criteria above, the Group and the Company satisfies the performance obligation at a point in time when control is transferred.

The Group and the Company recognise(s) revenue over time using the input method, which is based on the costs incurred, relative to the total expected costs for the satisfaction of the performance obligation. The Group and the Company determined that the input method is the best method in measuring progress because there is a direct relationship between the costs incurred and the transfer of service to the customer.

The Group and the Company have generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue is recognised at a point in time upon control of the goods are transferred to the customers, generally on delivery of goods. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

(b) Delivery service

The Group provides delivery services that are bundled together with the sale of goods to a customer. The delivery services can be obtained from other providers and do not significantly customise or modify the goods sold.

Contracts for bundled sales of goods and delivery services are comprised of two performance obligations because the promises to transfer goods and provide delivery services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the goods and delivery services.

The Group recognises revenue from delivery services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Payment is generally within 30 to 90 days from delivery.

(c) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) Dividend income

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

2. Summary of significant accounting policies (cont'd)

2.24 Other income recognition

Other income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the other income can be reliably measured. Other income is measured at the fair value of consideration received or receivables, excluding taxes. Other than other income recognition policies mentioned elsewhere in the summary of significant accounting policies, set out below are other significant income recognition policies used by the Group and the Company:

(a) Interest income

Interest income is recognised using the effective interest method.

(b) Management fees

Management fees are recognised when services are rendered.

2.25 Income taxes

Income tax on the profit or loss for the financial period comprises current and deferred tax.

(a) Current tax

Current tax assets and liabilities 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 by the reporting date.

Current 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.

(b) Deferred tax

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill, an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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.

2. Summary of significant accounting policies (cont'd)

2.26 Goods and Services Tax ("GST")/Sales and Service Tax ("SST")

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in other payables or other receivables in the statements of financial position.

Legislation to implement Malaysia's new sales and service tax ("SST") and repeal the GST has received Royal Assent and was published in the official gazette on 28 August 2018 (the Sales Tax Act, the Service Tax Act and the GST Repeal Act). The GST has ended on 31 August 2018 and the SST applies from 1 September 2018.

Revenues, expenses and assets are recognised net of the amount of SST except:

- where the SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expenses item as applicable; and

- receivables and payables that are stated with the amount of SST included.

The net amount of SST recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in statements of financial position.

2.27 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 Group 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 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.29 Treasury shares

Own equity instruments (treasury shares) that are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the retained earnings.

2. Summary of significant accounting policies (cont'd)

2.30 Fair value measurement

The Group and the Company measure financial instruments and non-financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or 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.

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine 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 financial period.

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

2.31 Contingencies

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

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

2. Summary of significant accounting policies (cont'd)

2.32 Offsetting of financial instruments

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

2.33 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the company;
(ii) has significant influence over the company; or
(iii) is a member of the key management personnel of the Group or the company or of a parent of the company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) both entities are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
(vi) the entity is controlled or jointly controlled by a person identified in (a); or
(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, 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.

3.1 Judgements made in applying accounting policies

There were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

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 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. At the reporting date, the carrying amounts of the Group's income tax recoverable and tax payable was RM1,154,000 (2020: RM1,792,000) and RM32,001,000 (2020: RM27,322,000) respectively.

(b) Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax assets has been recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies. At the reporting date, the carrying amount of the Group's deferred tax assets was RM907,000 (2020: RM1,332,000).

The total carrying value of unutilised capital allowances, reinvestment allowances and unabsorbed tax losses of the Group was RM49,546,000 (2020: RM41,587,000). These allowances and losses relate to subsidiaries that have history of losses, do not expire (except for unutilised reinvestment allowances and unabsorbed tax losses for the year of assessment 2019 onwards shall be deductible for a maximum period of 7 consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of the period of 7 years of assessment shall be disregarded), and may not be used to offset taxable income elsewhere in the Group. If the Group is able to recognise all unrecognised deferred tax assets, profit and equity would have increased by RM11,891,000. Further details of unutilised capital allowances, reinvestment allowances and unabsorbed tax losses are disclosed in Note 10.

(c) Inventories costing

The Group applies actual cost of raw materials and predetermined labour and overhead expenses to derive at the costs of work-in-progress and finished goods. Significant management estimates are involved when allocating labour and overhead expenses into the different types of inventories. A 1% (2020: 1%) difference in the work-in-progress and finished goods balance at the reporting date would result in RM1,096,000 (2020: RM1,034,000) fluctuation in the Group's profit for the year. The carrying amount of inventories of the Group are disclosed in Note 19.

4. Revenue

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sale of goods	910,673	683,442	-	-
Delivery service	-	98	-	-
Rental income	1,270	1,200	-	-
Dividend income from subsidiaries	-	-	15,000	15,327
	911,943	684,740	15,000	15,327
Geographical market:				
United States	827,533	625,145	-	-
Southeast Asia	56,112	38,278	15,000	12,000
Australia	7,559	6,212	-	-
Canada	12,165	5,215	-	-
Others	8,574	9,890	-	3,327
	911,943	684,740	15,000	15,327
Timing of revenue recognition:				
At a point in time	910,673	683,442	15,000	15,327
Over time	1,270	1,298	-	-
	911,943	684,740	15,000	15,327

5. Other income

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Gain on disposal of property, plant and equipment	122	8	-	-
Gain on disposal of right-of-use assets	602	-	-	-
Net realised gain on foreign exchange	-	-	-	2
Net unrealised gain on foreign exchange	-	586	457	321
Net fair value gain on derivatives (Note 22)	1,025	-	-	-
Net fair value gain on investment securities	-	690	-	3
Rental income	9	263	-	-
Reversal of allowance for expected credit losses on trade receivables (Note 20)	169	2	-	-
Distribution from investment securities	790	920	162	249
Reversal of impairment loss on investments in subsidiaries (Note 15)	-	-	49	12,839
Insurance compensation	7,745	2,710	-	-
Miscellaneous	1,028	964	-	-
	11,490	6,143	668	13,414

6. Finance costs

	Group	
	2021 RM'000	2020 RM'000
Interest expenses on:		
- Bankers' acceptances	62	53
- Revolving credit	20	143
- Term loans	503	481
- Trust receipts	2,110	3,066
- Leases (Note 30(a))	150	179
- Others	109	56
	2,954	3,978

7. Profit before tax

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration:				
- Ernst & Young				
- Statutory audit	489	457	62	62
- Other services	38	38	38	38
- Other auditor				
- Statutory audit	19	20	-	-
Depreciation of right-of-use assets (Note 30)	1,838	1,784	-	-
Depreciation of property, plant and equipment (Note 13)	17,523	17,325	-	-
Depreciation of investment properties (Note 14)	299	456	-	-
Employee benefits expenses (Note 8)	183,833	153,481	14	12
Short term leases and leases of low value assets (Note 30(b))	414	239	-	-
Allowance for expected credit losses on trade receivables (Note 20)	-	4,009	-	-
Net realised loss on foreign exchange	1,927	1,052	-	-
Net unrealised loss on foreign exchange	982	-	-	-
Net fair value loss on investment securities	214	-	-	-
Net fair value loss on derivatives (Note 22)	-	1,317	-	-
Non-executive directors' remuneration (Note 9)	272	269	272	269
Property, plant and equipment written off (Note 13)	57	-	-	-
Inventories written down	1,982	2,451	-	-
Provision for severance allowance (Note 26)	309	3	-	-

8. Employee benefits expenses

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Wages and salaries	159,023	132,354	-	-
Social security contributions	13,552	12,262	-	-
Defined contribution plan	1,781	1,448	-	-
Retirement benefit expenses (Note 31)	36	2	-	-
Other benefits	9,441	7,415	14	12
	183,833	153,481	14	12

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM1,882,000 (2020: RM1,786,000) and RM14,000 (2020: RM12,000), respectively, as further disclosed in Note 9.

9. Directors' remuneration

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

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Executive:				
- Salaries and other emoluments	1,792	1,698	14	12
- Defined contribution plan	90	88	-	-
Total executive directors' remuneration	1,882	1,786	14	12
Non-executive:				
- Fee	240	240	240	240
- Other benefits	32	29	32	29
Total non-executive directors' remuneration	272	269	272	269
Total directors' remuneration (Note 32(b))	2,154	2,055	286	281

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2021 and 2020 are:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Current income tax:				
- Malaysian income tax				
- Current	2,557	2,108	-	-
- (Over)/under provision in prior year	(3)	148	-	5
- Foreign income tax				
- Current	14,563	3,873	-	-
- Under provision in prior year	361	5	-	-
	17,478	6,134	-	5
Deferred tax (Note 18):				
- Origination and reversal of temporary differences	578	131	-	-
- Over provision in prior year	(263)	(79)	-	-
	315	52	-	-
Income tax expense recognised in profit or loss	17,793	6,186	-	5

10. Income tax expense (cont'd)

Reconciliations between tax expense and accounting profit

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2021 and 2020 are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Profit before tax	71,584	22,975	14,739	28,379
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	17,180	5,514	3,537	6,811
Different tax rates in other countries	(5,674)	(2,507)	-	-
Non-taxable income	-	-	(3,774)	(6,956)
Non-deductible expenses	4,282	2,814	237	145
(Over)/under provision of income tax in prior year				
- Malaysian income tax	(3)	148	-	5
- Foreign income tax	361	5	-	-
Over provision of deferred tax in prior year	(263)	(79)	-	-
Deferred tax assets not recognised	1,910	291	-	-
Income tax expense recognised in profit or loss	17,793	6,186	-	5

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

The normal corporate income tax ("CIT") rate in Vietnam and Thailand is currently at 20%. Certain foreign subsidiaries in Vietnam enjoy various tax incentives with preferential tax rate of 10% (2020: 10%).

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. Income tax expense (cont'd)

Below are the deferred tax assets of the Group and of the Company which have not been recognised in the financial statements as they are not probable to be used to offset against the taxable profits of the respective entities within the Group:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Unutilised reinvestment allowances	9,564	9,564	-	-
Unabsorbed tax losses	18,485	16,743	772	772
Unutilised capital allowances	21,497	15,280	-	-
	49,546	41,587	772	772

Effective from Year of Assessment ("YA") 2019, the ability to carry forward unutilised reinvestment allowances and unabsorbed tax losses are restricted to a maximum period of seven consecutive YA.

The utilisation period of deferred tax assets not recognised of the Group and of the Company that are available for offsetting against future taxable profits of the respective entities within the Group are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Utilisation period				
Indefinite	21,497	15,280	-	-
Within 5 years from recognition	23,718	-	772	-
Within 6 years from recognition	2,589	23,718	-	772
Within 7 years from recognition	1,742	2,589	-	-
	49,546	41,587	772	772

11. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares during the financial year.

	Group	
	2021 RM'000	**2020 RM'000**
Profit for the year, net of tax, attributable to owners of the parent used in the computation of basic earnings per share	53,791	16,789

	Group	
	2021 Number of shares '000	**2020 Number of shares '000**
Weighted average number of ordinary shares used in the computation of basic earnings per share	193,204	190,868

	Group	
	2021 Sen	**2020 Sen**
Basic earnings per share	28	9

The comparative earnings per share for the year ended 30 June 2020 has been adjusted to reflect the bonus issue of 1 bonus share for every 1 existing ordinary share which was completed on 16 March 2021.

(b) Diluted

Diluted earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The Group does not have any potential dilutive ordinary shares at the reporting date.

There have been no other transactions involving ordinary shares or potential issuance of ordinary shares since the reporting date and before the completion of these financial statements. Consequently, the diluted earnings per share for the current year is equal to basic earnings per share.

12. Dividends

	Group and Company	
	2021	**2020**
	RM'000	**RM'000**
Recognised during the financial year:		
In respect of financial year ended 30 June 2019:		
Final single-tier dividend of 3 sen per share on 95,337,300 ordinary shares	-	2,860
In respect of financial year ended 30 June 2020:		
First single-tier dividend of 3 sen per share on 95,250,000 ordinary shares	-	2,858
Final single-tier dividend of 3 sen per share on 95,250,000 ordinary shares	2,858	-
In respect of financial year ended 30 June 2021:		
Special dividend via share dividend distribution of 1,905,000 treasury shares on the basis of 1 treasury share for every 50 existing ordinary shares held	5,643	-
First single-tier dividend of 5 sen per share on 194,310,000 ordinary shares	9,715	-
	18,216	5,718

At the forthcoming Annual General Meeting, a final single-tier dividend of 3 sen on 194,310,000 ordinary shares, in respect of the financial year ended 30 June 2021, amounting RM5,829,300 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2022.

13. Property, plant and equipment

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment and computer software RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
Group											
Cost											
At 1 July 2020	22,785	-	206,561	268,877	4,019	571	5,734	3,628	2,358	9,430	523,963
Additions	-	-	8,290	10,680	-	2	870	249	5	1,983	22,079
Disposals	-	-	-	(804)	-	-	(979)	-	-	-	(1,783)
Write-off	-	-	-	(823)	-	-	-	(58)	-	-	(881)
Transfer from investment properties (Note 14)	-	-	7,919	-	-	-	-	-	-	-	7,919
Reclassification	-	-	5,929	5	-	-	-	-	-	(5,934)	-
Exchange differences	(167)	-	(5,027)	(6,439)	(225)	(38)	(105)	(96)	(140)	(481)	(12,718)
At 30 June 2021	22,618	-	223,672	271,496	3,794	535	5,520	3,723	2,223	4,998	538,579

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

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment and computer software RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
Group											
Cost (cont'd)											
At 1 July 2019 (as previously stated)	22,712	4,703	191,550	251,855	3,965	547	5,400	3,655	2,297	18,771	505,455
Effect of adoption of MFRS 16	-	(4,703)	-	-	-	-	-	-	-	-	(4,703)
At 1 July 2019 (as restated)	22,712	-	191,550	251,855	3,965	547	5,400	3,655	2,297	18,771	500,752
Additions	-	-	6,788	6,278	-	7	384	38	-	15,532	29,027
Disposals	-	-	-	-	-	-	(144)	-	-	-	(144)
Write-off	-	-	-	(407)	(44)	-	-	(168)	-	-	(619)
Transfer to investment properties (Note 14)	-	-	(8,012)	-	-	-	-	-	-	(8,011)	(16,023)
Reclassification	-	-	11,777	5,403	-	-	-	-	-	(17,180)	-
Exchange differences	73	-	4,458	5,748	98	17	94	103	61	318	10,970
At 30 June 2020	22,785	-	206,561	268,877	4,019	571	5,734	3,628	2,358	9,430	523,963

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

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment and computer software RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
Group											
Accumulated depreciation											
At 1 July 2020	-	-	60,391	203,101	3,582	527	4,062	3,334	2,075	-	277,072
Charge for the year (Note 7)	-	-	5,838	10,833	62	13	578	161	38	-	17,523
Disposals	-	-	-	(796)	-	-	(885)	-	-	-	(1,681)
Write-off	-	-	-	(767)	-	-	-	(57)	-	-	(824)
Transfer from investment properties (Note 14)	-	-	2,310	-	-	-	-	-	-	-	2,310
Exchange differences	-	-	(1,458)	(5,054)	(225)	(37)	(69)	(91)	(122)	-	(7,056)
At 30 June 2021	-	-	67,081	207,317	3,419	503	3,686	3,347	1,991	-	287,344

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

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment and computer software RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
Group											
Accumulated depreciation (cont'd)											
At 1 July 2019 (as previously stated)	-	1,340	56,308	187,575	3,463	496	3,481	3,206	1,983	-	257,852
Effect of adoption of MFRS 16	-	(1,340)	-	-	-	-	-	-	-	-	(1,340)
At 1 July 2019 (as restated)	-	-	56,308	187,575	3,463	496	3,481	3,206	1,983	-	256,512
Charge for the year (Note 7)	-	-	4,913	11,466	65	15	626	201	39	-	17,325
Disposals	-	-	-	-	-	-	(101)	-	-	-	(101)
Write-off	-	-	-	(407)	(44)	-	-	(168)	-	-	(619)
Transfer to investment properties (Note 14)	-	-	(2,151)	-	-	-	-	-	-	-	(2,151)
Exchange differences	-	-	1,321	4,467	98	16	56	95	53	-	6,106
At 30 June 2020	-	-	60,391	203,101	3,582	527	4,062	3,334	2,075	-	277,072

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

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment and computer software RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
Group											
Net carrying amount											
At 30 June 2021	22,618	-	156,591	64,179	375	32	1,834	376	232	4,998	251,235
At 30 June 2020	22,785	-	146,170	65,776	437	44	1,672	294	283	9,430	246,891

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

The net carrying amount of property, plant and equipment pledged as securities for loans and borrowings, as disclosed in Note 24, is as follows:

	Group	
	2021 RM'000	2020 RM'000
Freehold land	1,636	1,751
Buildings	11,578	12,397
Machineries	4,584	4,863
	17,798	19,011

14. Investment properties

	Group	
	2021 RM'000	2020 RM'000
Freehold land and buildings		
Cost		
At beginning of the year	69,404	22,780
Additions	-	30,585
Transferred (to)/from property, plant and equipment (Note 13)	(7,919)	16,023
Exchange differences	(38)	16
At end of the year	61,447	69,404
Accumulated depreciation		
At beginning of the year	3,896	1,289
Charge for the year (Note 7)	299	456
Transferred (to)/from property, plant and equipment (Note 13)	(2,310)	2,151
At end of the year	1,885	3,896
Net carrying amount	59,562	65,508

The investment properties with net carrying amount of RM50,932,000 (2020: RM20,644,000) are pledged as securities for loans and borrowings as disclosed in Note 24.

14. Investment properties (cont'd)

At the reporting date, the directors have estimated the fair values of investment properties of the Group to be RM85,045,000 (2020: RM99,781,000). The fair values have been determined by reference to market evidence of transaction prices for similar properties.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2021 RM'000	2020 RM'000
Rental income	1,270	1,200
Depreciation of investment properties	299	456
Quit rent and assessment	141	97

15. Investments in subsidiaries

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost		
At beginning/end of the year	53,929	53,929
Accumulated impairment losses		
At beginning of the year	49	12,888
Reversal during the year (Note 5)	(49)	(12,839)
At end of the year	-	49
Net carrying amount	53,929	53,880

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

15. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2021 %	2020 %
Held by the Company:				
Latitude Tree Furniture Sdn. Bhd.	Malaysia	Manufacture and sale of wooden furniture and components	100	100
Rhong Khen Industries Sdn. Bhd.	Malaysia	Manufacture and sale of decorative wood panels and papers	100	100
Rhong Khen Timbers Sdn. Bhd.	Malaysia	Manufacture and sale of wooden furniture parts and components	100	100
Latitude Tree Sdn. Bhd.	Malaysia	Investment holding	100	100
L-Tree Resources Sdn. Bhd.	Malaysia	Investment holding	100	100
Grob Holz Sdn. Bhd.	Malaysia	Investment holding	100	100
Uptown Promenade Sdn. Bhd.	Malaysia	Investment holding	100	100
Latitude Tree International Limited	British Virgin Islands	Investment holding	100	100
Great Paddy Pte. Ltd.	British Virgin Islands	Investment holding and general trading	100	100
Held through Latitude Tree Sdn. Bhd.:				
Latitude Tree Vietnam Joint Stock Company	Vietnam	Manufacture and sale of wooden furniture and components	100	100

15. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows (cont'd):

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2021 %	2020 %
Held through Grob Holz Sdn. Bhd.:				
Grob Holz Company Limited #	Thailand	Manufacture and sale of wooden furniture parts and components	100	100
Held through Latitude Tree Vietnam Joint Stock Company:				
RK Resources Co., Ltd.	Vietnam	Manufacture and sale of wooden furniture and components	100	100
Held through L-Tree Resources Sdn. Bhd.:				
RT Industries Co., Ltd.	Vietnam	Manufacture and sale of upholstery furniture	100	100

Audited by a firm of auditors other than Ernst & Young

16. Other investments

	Group	
	2021	**2020**
	RM'000	**RM'000**
Transferable golf club membership, at cost	81	81

17. Land use rights

	Group
	2020
	RM'000
Cost	
At beginning of the year (as previously stated)	25,211
Effect of adoption of MFRS 16	(25,211)
At beginning of the year (as restated)/end of the year	-
Accumulated amortisation	
At beginning of the year (as previously stated)	7,835
Effect of adoption of MFRS 16	(7,835)
At beginning of the year (as restated)/end of the year	-
Net carrying amount	-

Upon adoption of MFRS 16 since previous financial year, land use rights are reclassified to right-of-use assets. Details of such land use rights are disclosed in Note 30.

18. Deferred tax assets/(liabilities)

	As at 1 July 2019 RM'000	Effect of adoption of MFRS 16 RM'000	Recognised in profit or loss RM'000 (Note 10)	Exchange differences RM'000	As at 30 June 2020 RM'000	Recognised in profit or loss RM'000 (Note 10)	Exchange differences RM'000	As at 30 June 2021 RM'000
Group								
Presented before appropriate offsetting as follows:								
Deferred tax liabilities								
Property, plant and equipment and investment properties	(5,239)	-	(347)	-	(5,586)	(104)	-	(5,690)
Deferred tax assets								
Unabsorbed tax losses, unutilised reinvestment allowances and unutilised capital allowances	1,492	-	119	-	1,611	(944)	-	667
Right-of-use assets	-	8	-	-	8	(89)	-	(81)
Provisions	1,839	-	176	(21)	1,994	822	(18)	2,798
	3,331	8	295	(21)	3,613	(211)	(18)	3,384
Total net deferred tax (liabilities)/assets	(1,908)	8	(52)	(21)	(1,973)	(315)	(18)	(2,306)

18. Deferred tax assets/(liabilities) (cont'd)

	Group	
	2021	**2020**
	RM'000	**RM'000**
Presented after appropriate offsetting as follows:		
Deferred tax assets	907	1,332
Deferred tax liabilities	(3,213)	(3,305)
	(2,306)	(1,973)

19. Inventories

	Group	
	2021	**2020**
	RM'000	**RM'000**
Cost		
Raw materials	100,606	85,706
Work-in-progress	42,516	47,711
Finished goods	67,074	55,708
	210,196	189,125
Net realisable value		
Finished goods	18,783	5,742
	228,979	194,867

The cost of inventories recognised as expenses in cost of sales of the Group is RM783,705,000 (2020: RM609,457,000).

20. Trade and other receivables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Other receivable				
Amount due from a subsidiary	-	-	167,179	168,029
Current				
Trade receivables				
Third parties	48,512	60,337	-	-
Less: Allowance for expected credit losses	(5,286)	(5,632)	-	-
Trade receivables, net	43,226	54,705	-	-

20. Trade and other receivables (cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current (cont'd)				
Other receivables				
Goods and services tax receivable	-	513	-	-
Import duty and other indirect taxes	10,669	7,831	-	-
Advance to suppliers	5,047	3,819	-	-
Sundry receivables	1,629	3,926	-	-
Deposits	964	1,097	-	-
Amount due from a subsidiary	-	-	4,500	-
	18,309	17,186	4,500	-
Less: Allowance for expected credit losses	(278)	(298)	-	-
Other receivables, net	18,031	16,888	4,500	-
Total current trade and other receivables	61,257	71,593	4,500	-
Total trade and other receivables	61,257	71,593	171,679	168,029

(a) Trade receivables

Trade receivables are non-interest bearing. The Group's normal trade credit terms range from 7 to 90 days (2020: 7 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of Group's trade receivables is as follows:

	Group	
	2021 RM'000	2020 RM'000
Neither past due nor impaired	34,533	49,238
1 to 30 days past due not impaired	6,245	3,335
31 to 60 days past due not impaired	1,522	112
61 to 90 days past due not impaired	779	1,980
91 to 120 days past due not impaired	97	40
More than 121 days past due not impaired	50	-
	8,693	5,467
Impaired	5,286	5,632
	48,512	60,337

20. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM8,693,000 (2020: RM5,467,000) that are past due at the reporting date but not impaired. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired	
	2021 RM'000	**2020 RM'000**
Trade receivables - nominal amounts	5,286	5,632
Less: Allowance for expected credit losses	(5,286)	(5,632)
	-	-

Movement in allowance accounts:

	Group	
	2021 RM'000	**2020 RM'000**
At beginning of the year	5,632	1,509
Charge for the year (Note 7)	-	4,009
Reversal during the year (Note 5)	(169)	(2)
Exchange differences	(177)	116
At end of the year	5,286	5,632

20. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired (cont'd)

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.

Management conducts periodic assessment on its trade receivable balance on respective receivables. Hence, all impairment losses are provided for specific trade receivable balances. Management is of the opinion that there are no further factors that warrants the consideration of additional impairment losses on a collective basis.

(b) Other receivables

Amount due from a subsidiary is non-trade in nature, unsecured, non-interest bearing and repayable on demand. Except for an amount of RM4,500,000, which is dividend receivable from a subsidiary of the Company, classified as current, the Company has no intention to recall the remaining advances from the subsidiary within the next 12 months.

Further details on related party transactions are disclosed in Note 32.

Other receivables that are impaired

The Group'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:

	Group	
	Individually impaired	
	2021	**2020**
	RM'000	**RM'000**
Other receivables - nominal amounts	278	298
Less: Allowance for expected credit losses	(278)	(298)
	-	-

Movement in allowance accounts:

	Group	
	2021	**2020**
	RM'000	**RM'000**
At beginning of the year	298	289
Exchange differences	(20)	9
At end of the year	278	298

Other 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.

20. Trade and other receivables (cont'd)

The currency profiles of the trade and other receivables are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Ringgit Malaysia	7,204	5,245	171,679	168,029
United States Dollar	33,674	50,182	-	-
Vietnam Dong	19,083	15,124	-	-
Thai Baht	1,296	1,042	-	-
	61,257	71,593	171,679	168,029

21. Investment securities

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Non-current				
Fair value through profit or loss				
Funds placed with a licensed financial institution	-	10,052	-	-
Current				
Fair value through profit or loss				
Funds placed with licensed financial institution	55,452	42,974	3,160	7,402
Total investment securities	55,452	53,026	3,160	7,402

The currency profiles of the investment securities are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Ringgit Malaysia	39,328	36,644	3,160	5,231
United States Dollar	16,124	14,211	-	-
China Renminbi	-	2,171	-	2,171
	55,452	53,026	3,160	7,402

22. Derivatives

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's bank balance denominated in United States Dollar ("USD") for which Group's commitments existed at the reporting date, extending to February 2022 and March 2022 (2020: February 2022 and March 2022) as disclosed in Note 35(d). The fair value changes are attributable to changes in foreign exchange closing and forward rate.

In previous financial year, the Group has an interest rate swap agreement in place which was used to hedge cash flow interest rate risk arising from a floating rate bank loan amounted to RM856,000. This interest rate swap received floating interest equal to USD loan at Effective Cost Of Funds + 1.75% per annum, paid a fixed rate of interest of 3.31% per annum and has the same maturity terms as the bank loan.

The notional amount, fair values and maturity tenure of the outstanding forward currency contracts and interest rate swap as at 30 June 2021 and 30 June 2020 are disclosed as follows:

	Group					
	2021			2020		
	Contract/ Notional amount RM'000	Liabilities RM'000	Fair value gain RM'000 (Note 5)	Contract/ Notional amount RM'000	Liabilities RM'000	Fair value loss RM'000 (Note 7)
Non-hedging derivatives:						
Non-current						
Forward currency contracts	-	-	762	16,790	(762)	(762)
Current						
Forward currency contracts	38,137	(127)	261	31,423	(388)	(542)
Interest rate swap	-	-	2	856	(2)	(13)
	38,137	(127)	263	32,279	(390)	(555)
Total derivatives	38,137	(127)	1,025	49,069	(1,152)	(1,317)

Forward currency contracts and interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

The fair value hierarchy of derivative financial liabilities is disclosed in Note 34.

23. Cash and bank balances

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash at banks and in hand	151,442	71,947	13,021	8,559
Deposits with licensed banks	45,160	54,259	4,338	6,099
Total cash and bank balances	196,602	126,206	17,359	14,658

Deposits with licensed banks are made for varying periods of between 30 days to 365 days (2020: 30 day to 365 days) depending on the immediate cash requirements of the Group and of the Company, and earn interests at the rates ranging from 0.07% to 4.20% (2020: 0.28% to 7.20%) per annum.

Deposits with licensed banks of the Group of RM7,385,000 (2020: RM15,816,000) are pledged as securities for bank borrowings and guarantees as disclosed in Note 24.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total cash and bank balances	196,602	126,206	17,359	14,658
Deposits pledged as securities for bank borrowings and guarantees	(7,385)	(15,816)	-	-
Deposits with licensed banks with tenure more than three months	(4,257)	(8,964)	-	-
	184,960	101,426	17,359	14,658

The currency profiles of the cash and bank balances are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	33,835	23,548	356	366
United States Dollar	111,026	66,496	1,177	1,215
Singapore Dollar	8,044	7,915	7,773	7,736
Vietnam Dong	35,641	22,690	-	-
Thai Baht	-	213	-	-
China Renminbi	8,056	5,344	8,053	5,341
	196,602	126,206	17,359	14,658

24. Loans and borrowings

	Group 2021 RM'000	Group 2020 RM'000
Non-current		
Secured:		
Term loans	22,062	9,293
Current		
Secured:		
Bankers' acceptances	3,169	1,243
Revolving credit	2,075	4,280
Term loans	3,145	2,128
Trust receipts	99,687	87,944
	108,076	95,595
Total loans and borrowings	130,138	104,888

The remaining maturities of the loans and borrowings are as follows:

	Group 2021 RM'000	Group 2020 RM'000
On demand or within one year	108,076	95,595
More than 1 year and less than 2 years	3,155	1,384
More than 2 years and less than 5 years	8,155	3,388
5 years or more	10,752	4,521
	130,138	104,888

Term loans

The term loans are secured by the following:

(a) Deposits of RM Nil (2020: RM8,505,000) with licensed banks of subsidiaries;

(b) Fixed charges over freehold land of RM39,582,000 (2020: RM9,112,000), freehold buildings of RM24,564,000 (2020: RM25,680,000) and machineries of RM4,584,000 (2020: RM4,863,000) of certain subsidiaries; and

(c) A corporate guarantee from the Company.

The term loans bear interest rates of 2.81% to 4.25% (2020: 3.92% to 4.25%) per annum.

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24. Loans and borrowings (cont'd)

Bankers' acceptances

The weighted average effective interest rate of bankers' acceptances is 2.91% (2020: 3.53%) per annum. The bankers' acceptances are secured by short term deposits of RM2,312,000 (2020: RM2,278,000) with licensed banks of the subsidiaries, negative pledges over the assets of certain subsidiary and a corporate guarantee from the Company.

Revolving credit

Revolving credit is secured by the short term deposits of RM5,073,000 (2020: RM5,033,000) with a licensed bank of a subsidiary.

The revolving credit bears interest of 0.89% (2020: 1.29% and 2.42%) per annum.

Trust receipts

The weighted average effective interest rate of trust receipts is 1.94% (2020: 2.59%) per annum. Trust receipts of the Group are guaranteed by the certain subsidiaries of the Company.

The currency profiles of the loans and borrowings are as follows:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Ringgit Malaysia	10,004	9,832
United States Dollar	118,721	93,080
Thai Baht	1,413	1,976
	130,138	104,888

25. Trade and other payables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables				
Third parties	87,650	54,288	-	-
Other payables				
Sundry payables	16,120	15,293	-	2
Accruals	7,843	8,765	94	95
Import and export duties	33	41	-	-
Sales and services tax	18	11	-	-
	24,014	24,110	94	97
Total trade and other payables	111,664	78,398	94	97

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 7 to 90 days (2020: 7 to 90 days) terms.

(b) Other payables

Sundry payables are non-interest bearing and are normally settled on an average term of 30 days (2020: average term of 30 days).

The currency profiles of the trade and other payables are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	12,698	10,390	94	97
United States Dollar	16,352	19,230	-	-
Vietnam Dong	80,604	46,873	-	-
Thai Baht	2,010	1,905	-	-
	111,664	78,398	94	97

26. Provision for severance allowance

	Group	
	2021 RM'000	2020 RM'000
At beginning of the year	36	32
Provision during the year (Note 7)	309	3
Utilised during the year	(114)	(1)
Exchange differences	-	2
At end of the year	231	36

Provision for severance allowance made for employees in a foreign subsidiary who have served more than one year in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance in Vietnam.

27. Share capital and treasury shares

	Group and Company			
	2021		2020	
	No. of shares '000	Amount RM'000	No. of shares '000	Amount RM'000
Share capital				
Issued and fully paid-up				
Ordinary shares				
At beginning of the year	97,208	98,433	97,208	98,433
Issuance of bonus shares	97,155	-	-	-
At end of the year	194,363	98,433	97,208	98,433
Treasury shares				
At beginning of the year	(1,958)	(5,798)	(269)	(870)
Purchase of treasury shares	-	-	(1,689)	(4,928)
Distribution as share dividends	1,905	5,643	-	-
At end of the year	(53)	(155)	(1,958)	(5,798)
Total shares	194,310	98,278	95,250	92,635

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

During the financial year, the Company distributed share dividend of 1,905,000 treasury shares on the basis of 1 treasury share for every 50 existing ordinary shares held in the Company.

At an Extraordinary General Meeting held on 26 February 2021, shareholders approved the bonus issue up to 97,155,000 new ordinary shares on the basis of 1 bonus share for every 1 existing ordinary share held. The Company increased its issued and paid-up ordinary share capital from 97,207,500 to 194,362,500 by way of the issuance of 97,155,000 new ordinary shares without any consideration.

28. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 30 June 2021 and 30 June 2020 under the single-tier system.

29. Foreign currency translation reserve

	Group	
	2021	**2020**
	RM'000	**RM'000**
At beginning of the year	77,399	69,024
Foreign currency translation, recognised in other comprehensive (loss)/income	(8,979)	8,375
At end of the year	68,420	77,399

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

30. Leases

Group as a lessee

The Group has leased land use rights, leasehold land and building with lease terms of 3 to 68 years (2020: 3 to 68 years).

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statements of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group and Company's sales) are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group and the Company to sublet the asset to another party, the right-of-use asset can only be used by the Group and the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

30. Leases (cont'd)

Group as a lessee (cont'd)

(a) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	Group	
	2021	**2020**
	RM'000	**RM'000**
At beginning of the year (as previously stated)	6,852	-
Effect of adoption of MFRS 16	-	7,516
At beginning of the year (as restated)	6,852	7,516
Accretion of interest (Note 6)	150	179
Payments	(1,072)	(1,078)
Exchange differences	(213)	235
At end of the year	5,717	6,852

Lease liabilities are analysed as follows:

	Interest rate	**2021**	**2020**
	%	**RM'000**	**RM'000**
Current	2.75	883	956
Non-current	2.75	4,834	5,896
		5,717	6,852

The following are recognised in profit or loss in respect of leases:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Depreciation of right-of-use assets (Note 7)	1,838	1,784
Interest expense on lease liabilities (Note 6)	150	179

(b) Lease payments not recognised as a liability

The expenses relating to payments not included in the measurement of the lease liability during the financial year is as follows:

		Group
	2021	**2020**
	RM'000	**RM'000**
Expenses relating to short-term leases and leases of low value assets (Note 7)	414	239

30. Leases (cont'd)

Group as a lessee (cont'd)

(b) Lease payments not recognised as a liability (cont'd)

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of twelve months or less) or for leases of low value assets. Payments made under such leases are expensed on straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

As at the reporting date, the Group was committed to short-term leases amounted RM22,478 (2020: RM39,958).

(c) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements at the reporting date:

	Building RM'000	Leasehold land RM'000	Land use rights RM'000	Total RM'000
Group				
Cost				
At 1 July 2020	2,385	5,650	44,193	52,228
Disposal	-	-	(420)	(420)
Exchange differences	(72)	(29)	(1,346)	(1,447)
At 30 June 2021	2,313	5,621	42,427	50,361
At 1 July 2019 (as previously stated)	-	-	-	-
Effect of adoption of MFRS 16	2,308	5,619	31,753	39,680
At 1 July 2019 (as restated)	2,308	5,619	31,753	39,680
Additions	-	-	11,189	11,189
Exchange differences	77	31	1,251	1,359
At 30 June 2020	2,385	5,650	44,193	52,228
Accumulated depreciation				
At 1 July 2020	862	1,762	11,943	14,567
Charge for the year (Note 7)	766	96	976	1,838
Disposal	-	-	(163)	(163)
Exchange differences	(22)	(10)	(359)	(391)
At 30 June 2021	1,606	1,848	12,397	15,851
At 1 July 2019 (as previously stated)	-	-	-	-
Effect of adoption of MFRS 16	64	1,654	10,667	12,385
At 1 July 2019 (as restated)	64	1,654	10,667	12,385
Charge for the year (Note 7)	782	97	905	1,784
Exchange differences	16	11	371	398
At 30 June 2020	862	1,762	11,943	14,567

30. Leases (cont'd)

Group as a lessee (cont'd)

(c) Right-of-use assets (cont'd)

Set out below are the carrying amounts of right-of-use assets recognised and the movements at the reporting date (cont'd):

	Building RM'000	Leasehold land RM'000	Land use rights RM'000	Total RM'000
Group				
Net carrying amount				
At 30 June 2021	707	3,773	30,030	34,510
At 30 June 2020	1,523	3,888	32,250	37,661

31. Retirement benefit obligation

The Group operates an unfunded defined benefit plan for eligible employees according to the labour law of Thailand. The level of benefits provided depends on members' length of the service, their current salary and the probability that employees will work until retirement ages of 55.

(a) The amount recognised in the statements of financial position are as follows:

	Group 2021 RM'000	Group 2020 RM'000
Retirement benefit obligation	224	202

(b) Movement in retirement benefit obligation are as follows:

	Group 2021 RM'000	Group 2020 RM'000
At beginning of the year	202	194
Current service cost (Note 8)	36	2
Exchange differences	(14)	6
At end of the year	224	202

32. Related party disclosures

(a) Significant related party transaction

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and the related parties took place at terms agreed between the parties during the financial year:

	Company	
	2021 RM'000	**2020 RM'000**
Dividend income from subsidiaries (Note 4)	15,000	15,327

Information regarding outstanding balances arising from related party transactions is disclosed in Note 20.

(b) Compensation of key management personnel

The remuneration of key management personnel during the year were as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Salaries and other emoluments	6,909	5,784	286	281
Defined contribution plan	182	179	-	-
	7,091	5,963	286	281

Included in the total key management personnel is:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Directors' remuneration (Note 9)	2,154	2,055	286	281

33. Capital commitments

At the reporting date, the capital commitment is as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Approved and contracted for:		
Property, plant and equipment	9,341	7,220

34. Fair value of financial instruments

A. Financial instruments 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	20
Cash and bank balances	23
Loans and borrowings	24
Trade and other payables	25

The carrying amounts of these current financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of receivables which are based on principal amounts outstanding representing approximately the cash flow receivables discounted at their effective yield, closely approximate their fair values.

The fair values of loans and borrowings 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.

B. Fair value of financial instruments that are carried at fair value

<u>Fair value hierarchy</u>

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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.

34. Fair value of financial instruments (cont'd)

B. Fair value of financial instruments that are carried at fair value (cont'd)

Fair value hierarchy (cont'd)

The following table shows an analysis of the assets and liabilities carried at fair value by level of fair value hierarchy:

	Note	Significant observable inputs (Level 2) 2021 RM'000	2020 RM'000
Group			
Financial asset:			
Investment securities	21	55,452	53,026
Financial liability:			
Derivatives	22	127	1,152
Company			
Financial asset:			
Investment securities	21	3,160	7,402

C. Assets not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets not measured at fair value but for which fair value is disclosed:

	Note	Significant observable inputs (Level 3) 2021 RM'000	2020 RM'000
Non-current asset:			
Investment properties	14	85,045	99,781

35. 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 foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director and Management. 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 year, the Group's and the Company's 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.

35. Financial risk management objectives and policies (cont'd)

(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 investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. Trade receivables are monitored on an ongoing basis via the Group's management reports.

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.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and coverage by deposit receivable). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Any receivables having significant balances past due more than 90 days, which are deemed to have higher default risk, are monitored individually.

<u>Exposure to credit risk</u>

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.

- A nominal amount of RM130,138,000 (2020: RM104,888,000) relating to corporate guarantees provided by the Company to financial institutions for credit facilities granted to subsidiaries as disclosed in Note 24.

<u>Credit risk concentration profile</u>

The Group determines concentration of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2021		**2020**	
	RM'000	**% of total**	**RM'000**	**% of total**
By country:				
Malaysia	6,068	14%	3,407	6%
United States	35,074	81%	32,076	59%
Thailand	1,165	3%	1,326	2%
Others	919	2%	17,896	33%
	43,226	100%	54,705	100%

35. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

At the reporting date, approximately 41% (2020: 43%) of the trade receivables were due from 3 major overseas customers (2020: 3 major overseas customers).

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 licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions 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 or 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 and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met.

The Group's and the Company's overall liquidity risk management are to maintain sufficient levels of cash or cash convertible investments to meet the working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company are able to raise fundings from shareholders, capital markets and financial institutions and balance their portfolios with some short and long term fundings so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
2021				
Financial assets				
Trade and other receivables	45,541	-	-	45,541
Investment securities	55,452	-	-	55,452
Cash and bank balances	196,602	-	-	196,602
Total undiscounted financial assets	297,595	-	-	297,595

35. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	On demand or within one year RM'000	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Group (cont'd)				
2021				
Financial liabilities				
Trade and other payables	111,613	-	-	111,613
Loans and borrowings	109,302	12,496	11,155	132,953
Lease liabilities	1,009	1,061	5,318	7,388
Derivatives	127	-	-	127
Total undiscounted financial liabilities	222,051	13,557	16,473	252,081
Total net undiscounted financial assets/(liabilities)	75,544	(13,557)	(16,473)	45,514
Company				
2021				
Financial assets				
Trade and other receivables	4,500	167,179	-	171,679
Investment securities	3,160	-	-	3,160
Cash and bank balances	17,359	-	-	17,359
Total undiscounted financial assets	25,019	167,179	-	192,198
Financial liability				
Trade and other payables, excluding financial guarantees*, representing total undiscounted financial liability	94	-	-	94
Total net undiscounted financial assets	24,925	167,179	-	192,104

35. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
2020				
Financial assets				
Trade and other receivables	59,430	-	-	59,430
Investment securities	42,974	10,052	-	53,026
Cash and bank balances	126,206	-	-	126,206
Total undiscounted financial assets	228,610	10,052	-	238,662
Financial liabilities				
Trade and other payables	78,346	-	-	78,346
Loans and borrowings	95,853	5,783	4,979	106,615
Lease liabilities	1,112	1,892	5,738	8,742
Derivatives	390	762	-	1,152
Total undiscounted financial liabilities	175,701	8,437	10,717	194,855
Total net undiscounted financial assets/(liabilities)	52,909	1,615	(10,717)	43,807
Company				
2020				
Financial assets				
Trade and other receivables	-	168,029	-	168,029
Investment securities	7,402	-	-	7,402
Cash and bank balances	14,658	-	-	14,658
Total undiscounted financial assets	22,060	168,029	-	190,089
Financial liability				
Trade and other payables, excluding financial guarantees*, representing total undiscounted financial liability	97	-	-	97
Total net undiscounted financial assets	21,963	168,029	-	189,992

35. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

* At the reporting date, the financial guarantee contract provided by the Company is RM130,138,000 (2020: RM104,888,000). The counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of MFRS 9 are not included in the above maturity profile analysis.

(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 its loans and borrowings. Loans and borrowings at floating rates expose the Group and the Company to cash flow interest rate risk.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At reporting date, none (2020: 1%) of the Group's borrowings are at a fixed rate of interest resulting from the maturity of interest rate swaps agreement.

Sensitivity analysis for interest rate risk

During the financial year, if interest rates had been 10% lower/higher, with all other variables held constant, the Group's profit for the year would have been RM220,000 (2020: RM217,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposure arising from sales or purchases that are denominated in a currency other than the functional currency of the Group, i.e. Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly Vietnam Dong ("VND"), United States Dollar ("USD"), Thai Baht ("THB"), Singapore Dollar ("SGD") and China Renminbi ("CNH").

Approximately 97% (2020: 97%) and 85% (2020: 85%) of the Group's sales and costs are denominated in foreign currencies. The Group's trade receivables and trade payables balances at the reporting date have similar exposures.

35. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances as disclosed in Note 23 amounted to RM162,767,000 (2020: RM102,658,000) and RM17,003,000 (2020: RM14,292,000) for the Group and the Company respectively.

The Group uses forward currency contracts to eliminate the currency exposures on its bank balances. At 30 June 2021, the Group entered into forward currency contracts with notional amount of RM38,137,000 (2020: RM48,213,000) as disclosed in Note 22.

The following table demonstrates the sensitivity of the Group's profit for the year to a reasonably possible change in VND, USD, THB, SGD and CNH exchange rates against the functional currency of the Group entities with all other variables held constant.

Sensitivity analysis for foreign currency risk

	Group Profit for the year	
	2021 RM'000	**2020 RM'000**
VND/RM - strengthened 10% (2020: 10%)	(1,967)	(688)
- weakened 10% (2020: 10%)	1,967	688
USD/RM - strengthened 10% (2020: 10%)	732	332
- weakened 10% (2020: 10%)	(732)	(332)
THB/RM - strengthened 10% (2020: 10%)	(162)	(199)
- weakened 10% (2020: 10%)	162	199
SGD/RM - strengthened 10% (2020: 10%)	611	602
- weakened 10% (2020: 10%)	(611)	(602)
CNH/RM - strengthened 10% (2020: 10%)	612	406
- weakened 10% (2020: 10%)	(612)	(406)

36. Categories of financial instruments

Financial assets and financial liabilities are measured either at fair value through profit or loss or at amortised cost. 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:

	Note	At amortised cost RM'000	At fair value through profit or loss RM'000
Group			
Financial assets			
At 30 June 2021			
Trade and other receivables (excluding import duty and other indirect taxes and advance to suppliers)	20	45,541	-
Investment securities	21	-	55,452
Cash at banks and in hand	23	151,442	-
Deposits with licensed banks	23	45,160	-
		242,143	55,452
At 30 June 2020			
Trade and other receivables (excluding import duty and other indirect taxes, goods and services tax receivable and advance to suppliers)	20	59,430	-
Investment securities	21	-	53,026
Cash at banks and in hand	23	71,947	-
Deposits with licensed banks	23	54,259	-
		185,636	53,026
Financial liabilities			
At 30 June 2021			
Trade and other payables (excluding import and export duties and sales and services tax)	25	111,613	-
Lease liabilities	30	5,717	-
Loans and borrowings	24	130,138	-
Derivatives	22	-	127
		247,468	127

36. Categories of financial instruments (cont'd)

Financial assets and financial liabilities are measured either at fair value through profit or loss or at amortised cost. 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 (cont'd):

	Note	At amortised cost RM'000	At fair value through profit or loss RM'000
Group (cont'd)			
Financial liabilities (cont'd)			
At 30 June 2020			
Trade and other payables (excluding import and export duties and sales and services tax)	25	78,346	-
Lease liabilities	30	6,852	-
Loans and borrowings	24	104,888	-
Derivatives	22	-	1,152
		190,086	1,152
Company			
Financial assets			
At 30 June 2021			
Trade and other receivables	20	171,679	-
Investment securities	21	-	3,160
Cash at banks and in hand	23	13,021	-
Deposits with licensed banks	23	4,338	-
		189,038	3,160
At 30 June 2020			
Trade and other receivables	20	168,029	-
Investment securities	21	-	7,402
Cash at banks and in hand	23	8,559	-
Deposits with licensed banks	23	6,099	-
		182,687	7,402
Financial liability			
At 30 June 2021			
Trade and other payables	25	94	-
At 30 June 2020			
Trade and other payables	25	97	-

37. 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 shareholders' 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 years ended 30 June 2021 and 2020.

The Group monitors capital using a gearing ratio, which is net cash divided by total capital plus net cash. The Group's policy is to keep the gearing ratio at a reasonable level. The Group includes within net cash, loans and borrowings, less cash and bank balances.

		Group	
	Note	**2021 RM'000**	**2020 RM'000**
Loans and borrowings	24	130,138	104,888
Less: Cash and bank balances	23	(196,602)	(126,206)
Net cash		(66,464)	(21,318)
Equity attributable to owners of the parent, represents total capital		610,240	578,001
Total capital and net cash		543,776	556,683
Gearing ratio		N/A *	N/A *

* N/A = non-applicable

38. Segment information

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

(i) Manufacturing
(ii) Rental of property, plant and equipment
(iii) Investment holding

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

38. Segment information (cont'd)

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. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transactions between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Manufacturing RM'000	Rental of property, plant and equipment RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Note	Consolidated financial statements RM'000
30 June 2021						
Revenue:						
External	907,983	1,270	2,690	-		911,943
Inter-segment	-	-	14,171	(14,171)	A	-
Total revenue	907,983	1,270	16,861	(14,171)		911,943
Results:						
Interest income	1,060	1	647	-		1,708
Depreciation	19,924	297	305	(866)		19,660
Other non-cash net expenses/(income)	2,658	(81)	(965)	50	B	1,662
Segment profit before tax	71,466	80	14,260	(14,222)	C	71,584
Assets:						
Additions to property, plant and equipment	22,079	-	-	-	D	22,079
Segment assets	763,103	58,710	326,415	(256,734)	E	891,494
Liabilities:						
Segment liabilities	217,747	24,103	297	5,954	F	248,101

38. Segment information (cont'd)

30 June 2020	**Manufacturing RM'000**	**Rental of property, plant and equipment RM'000**	**Investment holding RM'000**	**Consolidation adjustments RM'000**	**Note**	**Consolidated financial statements RM'000**
Revenue:						
External	680,880	1,200	2,660	-		684,740
Inter-segment	-	-	8,263	(8,263)	A	-
Total revenue	680,880	1,200	10,923	(8,263)		684,740
Results:						
Interest income	1,696	1	1,335	-		3,032
Depreciation	19,997	298	137	(867)		19,565
Other non-cash net expenses/(income)	6,989	-	(997)	504	B	6,496
Segment profit before tax	21,939	327	9,507	(8,798)	C	22,975
Assets:						
Additions to property, plant and equipment/ investment properties/right-of-use assets	29,027	30,585	11,189	-	D	70,801
Segment assets	676,224	51,504	312,111	(242,807)	E	797,032
Liabilities:						
Segment liabilities	174,433	8,882	1,427	6,786	F	191,528

38. Segment information (cont'd)

Notes: Nature of consolidation adjustments to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expense/(income) consist of the following items as presented in the respective notes to the financial statements:

	Note	2021 RM'000	2020 RM'000
Net unrealised loss/(gain) on foreign exchange	5,7	982	(586)
Net fair value loss/(gain) on investment securities	5,7	214	(690)
Net fair value (gain)/loss on derivatives	5,7	(1,025)	1,317
Gain on disposal of property, plant and equipment	5	(122)	(8)
Gain on disposal of right-of-use assets	5	(602)	-
Allowance for expected credit losses on trade receivables	7	-	4,009
Reversal of allowance for expected credit losses on trade receivables	5	(169)	(2)
Property, plant and equipment written off	7	57	-
Provision for severance allowance	7	309	3
Inventories written down	7	1,982	2,451
Retirement benefit expenses	8	36	2
		1,662	6,496

C The following items are (deducted from)/added to segment profit to arrive at "profit before tax" presented in the consolidated statement of comprehensive income:

	2021 RM'000	2020 RM'000
Revenue from inter-segment	(14,171)	(8,263)
Cost of sales from inter-segment	(606)	142
Other income from inter-segment	(1,911)	(2,058)
Other expenses from inter-segment	2,466	1,381
	(14,222)	(8,798)

38. Segment information (cont'd)

Notes: Nature of consolidation adjustments to arrive at amounts reported in the consolidated financial statements. (cont'd)

D Additions to non-current assets consist of:

	2021 RM'000	2020 RM'000
Property, plant and equipment	22,079	29,027
Investment properties	-	30,585
Right-of-use assets	-	11,189
	22,079	70,801

E The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2021 RM'000	2020 RM'000
Tax recoverable and deferred tax assets	2,061	3,124

F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2021 RM'000	2020 RM'000
Tax payable and deferred tax liabilities	35,214	30,627

Geographical information

Revenue and non-current assets information based on the geographical location of the operations of the Group are as follows:

	Revenue		Non-current assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	159,194	126,823	142,492	152,510
Vietnam	736,885	540,999	180,079	182,102
Thailand	15,864	16,918	22,817	25,581
	911,943	684,740	345,388	360,193

38. Segment information (cont'd)

Geographical information (cont'd)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2021 RM'000	2020 RM'000
Property, plant and equipment	251,235	246,891
Investment properties	59,562	65,508
Other investments	81	81
Investment securities	-	10,052
Right-of-use assets	34,510	37,661
	345,388	360,193

Information about major customers

Revenue from major customers amounting to RM483,678,000 (2020: RM343,514,000), arising from sales by the top 5 major customers (2020: top 5 major customers) which accounted for 53% (2020: 50%) of the total revenue of the Group.

39. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 15 October 2021.

PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES

AS AT 30 JUNE 2021

Location	Description	Tenure	Year Lease Expiring	Age of Building (years)	Site Area (sq ft)	Net Book Value (RM'000)	Date of Revaluation (R) / Acquisition (A)
Lot 3356, Batu 7 ¾, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Industrial land with 2 blocks of factory building and 1 two-storey office building	Freehold	N/A	28	167,433	8,171	25 September 2002 (R)
Lot 3358, Batu 7 ¾, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Industrial land with a 3 storey office building and 1 block of factory building	Freehold	N/A	21	168,800	10,102	27 January 2010 (A)
Lot 3360, Batu 7 ¾, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Industrial land with 1 block of factory building	Freehold	N/A	23	171,518	7,621	19 March 2003 (A)
Lot 6147, Kawasan Perindustrian Ajil, Fasa 2, Batu 21, Jalan Ajil, Kuala Berang, 21800 Hulu Terengganu, Terengganu Darul Iman, Malaysia	Industrial land with 9 blocks of factory building and 1 single-storey office building	Leasehold	2059	23	674,879	9,250	3 August 1999 (A)
Lot 5803, Kawasan Perindustrian Ajil, Fasa 2, Batu 21, Jalan Ajil, Kuala Berang, 21800 Hulu Terengganu, Terengganu Darul Iman, Malaysia	Industrial land with 5 blocks of factory building	Leasehold	2058	21	671,345	12,116	30 May 2000 (A)
Lot 6686, Kawasan Perindustrian Ajil, Mukim Tanggul, 21800 Hulu Terengganu, Terengganu Darul Iman, Malaysia	Vacant industrial land	Leasehold	2064	N/A	143,784	142	15 October 2003 (A)
PT 64526, Batu 8, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Industrial land with 3 blocks of factory building and 1 two-storey office building	Freehold	N/A	18/29	332,939	19,687	2 May 2001 (R)
H.S 270, PT No. 5920, Batu 8 ½, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Agricultural land with 1 block of warehouse building	Leasehold	2071	27	103,727	378	14 April 2003 (A)
H.S.(M) 35437, PT 56964, Batu 8, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Workers' quarters	Freehold	N/A	14	59,890	1,575	18 December 2006 (A)
Title Deed No. 18571, 18572, 19359, 19942 and 19943, Moo 1, Tung Mo Subdistrict, Sadao District, Songkhla Province, Thailand	Industrial land with 3 blocks of factory buildings and 4 blocks of workers' quarters	Freehold	N/A	15	869,024	12,898	21 January 2005 (A)

PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES

AS AT 30 JUNE 2021 (CONT'D)

Location	Description	Tenure	Year Lease Expiring	Age of Building (years)	Site Area (sq ft)	Net Book Value (RM'000)	Date of Revaluation (R) / Acquisition (A)
Title Deed No. 18604, Moo 1, Tung Mo Subdistrict, Sadao District, Songkhla Province, Thailand	Vacant land	Freehold	N/A	N/A	333,860	528	21 January 2005 (A)
Title Deed No. 17617 and 42908, Moo 1, Tung Mo Subdistrict, Sadao District, Songkhla Province, Thailand	Vacant land	Freehold	N/A	N/A	322,401	725	16 February 2017 (A)
No. 29, Road DT 743, Song Than Industrial Zone II, Di An District, Binh Duong Province, Vietnam	Industrial land with 5 blocks of factory building, 1 office building and 2 blocks of workers' quarters	Leasehold	2045	20	637,869	19,039	February 2001 (A)
Lot L, Road 27, Song Than Industrial Zone II, Di An District, Binh Duong Province, Vietnam	Industrial land with 1 block of warehouse building	Leasehold	2045	21	140,243	3,823	March 2006 (A)
Lot N, Road 26, Song Than Industrial Zone II, Di An District, Binh Duong Province, Vietnam	Industrial land with 3 blocks of factory building	Leasehold	2030	20	111,008	5,283	September 2010 (A)
Lot 241, 242, 249, 250 and 251, Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 3 blocks of factory building and 1 block of warehouse building	Leasehold	2052	16	780,082	20,221	May 2002 (A)
Lot 231 and 240, Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 2 blocks of factory building and 2 blocks of warehouse building	Leasehold	2052	14	1,011,043	18,438	May 2002 (A)
Lot 77, 232, 243 and 244, Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 3 blocks of factory building and 1 block of office building	Leasehold	2052	13	1,035,962	18,387	May 2002 (A)
Lot 299, Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 2 blocks of factory building and 2 blocks of workers' quarters	Leasehold	2052	14	1,116,670	26,630	November 2006 (A)
Lot A_15B_CN, Bau Bang Industrial Park, Lai Uyen Town, Bau Bang District, Binh Duong Province, Vietnam	Vacant land	Leasehold	2057	N/A	475,690	10,619	Feb 2020 (A)

PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES

AS AT 30 JUNE 2021 (CONT'D)

Location	Description	Tenure	Year Lease Expiring	Age of Building (years)	Site Area (sq ft)	Net Book Value (RM'000)	Date of Revaluation (R) / Acquisition (A)
Lot 765, Jalan Haji Sirat, off Jalan Meru, 42100 Klang, Selangor Darul Ehsan, Malaysia	Industrial land with a 3 storey office building and 1 block of factory building	Freehold	N/A	27	190,757	20,347	8 October 2014 (A)
Lot 6102, Jalan Haji Abdul Manan, Kawasan Perindustrian Meru Selatan, 41050 Klang, Selangor Darul Ehsan, Malaysia	Vacant industrial land	Freehold	N/A	N/A	435,605	30,585	25 November 2019 (A)
PT 10549, Kawasan Perindustrian Ajil, Mukim Tanggul, 21800 Hulu Terengganu, Terengganu Darul Iman, Malaysia	Industrial land with 1 block of factory building	Leasehold	2074	4	175,226	4,955	13 July 2014 (A)
PT 10550, Kawasan Perindustrian Ajil, Mukim Tanggul, 21800 Hulu Terengganu, Terengganu Darul Iman, Malaysia	Industrial land with 1 block of factory building	Leasehold	2074	4	199,100	4,806	13 July 2014 (A)
PT 10551, Kawasan Perindustrian Ajil, Mukim Tanggul, 21800 Hulu Terengganu, Terengganu Darul Iman, Malaysia	Vacant industrial land	Leasehold	2074	N/A	137,014	171	13 July 2014 (A)

ANALYSIS OF SHAREHOLDINGS
AS AT 1 OCTOBER 2021

Total Number of Issued Shares	:	194,362,500 (including shares held as Treasury Shares)
Treasury Shares	:	52,500 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1 - 99	318	11.26	12,110	0.01
100 - 1,000	407	14.41	184,488	0.09
1,001 - 10,000	1,477	52.30	6,229,951	3.21
10,001 - 100,000	556	19.69	13,722,949	7.06
100,001 - 9,715,499	60	2.12	68,202,288	35.10
9,715,500 (5% of Issued Shares) and above	6	0.22	105,958,214	54.53
TOTAL	**2,824**	**100.00**	**194,310,000**	**100.00**

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 1 OCTOBER 2021

	Name of Shareholders/Depositors	No. of Shares	% of Issued Capital
1.	LIN CHEN, JUI-FEN	31,058,800	15.98
2.	RHB NOMINEES (TEMPATAN) SDN. BHD. MAYBANK KIM ENG SECURITIES PTE. LTD. FOR KONSORTIUM KONTREK SDN. BHD.	20,624,400	10.61
3.	LIN CHEN, JUI-FEN	18,445,326	9.49
4.	HSBC NOMINEES (ASING) SDN. BHD. QUINTET LUXEMBOURG FOR SAMARANG UCITS - SAMARANG ASIAN PROSPERITY	14,001,688	7.21
5.	LIN, CHIN-HUNG	11,628,000	5.98
6.	LIN, CHENG-HUNG	10,200,000	5.25
7.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR EONPLUS INDUSTRY SDN. BHD.	9,714,786	4.99
8.	KONSORTIUM KONTREK SDN. BHD.	9,180,000	4.72
9.	CHEN, CHIU-CHIN	8,081,456	4.16
10.	KENANGA NOMINEES (ASING) SDN. BHD. LIU, HSU-CHOU	7,670,160	3.95
11.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LI, YI-PING	4,815,828	2.48
12.	KENANGA NOMINEES (ASING) SDN. BHD. LIU, CHIA-HSING	3,149,960	1.62
13.	LIM PEI TIAM @ LIAM AHAT KIAT	2,792,760	1.44
14.	HO SUE BIA	2,361,242	1.22
15.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	1,916,300	0.99
16.	LIN, SHIN-NI	1,848,148	0.95
17.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIN, CHIN-HUNG	1,672,800	0.86
18.	TAN JIAN JONG	1,639,584	0.84
19.	LIU, CHIA-HSING	1,313,760	0.68
20.	MAYBANK NOMINEES (ASING) SDN. BHD. NOMURA SINGAPORE LIMITED FOR YONG HENG CHOE	1,224,000	0.63

ANALYSIS OF SHAREHOLDINGS
AS AT 1 OCTOBER 2021 (CONT'D)

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 1 OCTOBER 2021 (CONT'D)

	Name of Shareholders/Depositors	No. of Shares	% of Issued Capital
21.	LIU, HSU-CHOU	1,144,440	0.59
22.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. PHILLIP SECURITIES PTE LTD FOR TOH ONG TIAM	775,200	0.40
23.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN BHD FOR LIM CHIN SOON	472,000	0.24
24.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM	458,184	0.24
25.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITES ACCOUNT FOR YONG LOY HUAT	408,000	0.21
26.	THONG THYE SIANG SDN. BHD.	396,780	0.20
27.	TEE KIAM HENG	387,600	0.20
28.	TEE KIAM HENG	367,200	0.19
29.	WONG CHONG HAI	318,080	0.17
30.	LOH KOK WAI	269,504	0.14
	TOTAL	**168,335,986**	**86.63**

SUBSTANTIAL SHAREHOLDERS AS AT 1 OCTOBER 2021

Name of Substantial Shareholders	Direct No. of Shares Held	Direct % of Issued Capital	Indirect No. of Shares Held	Indirect % of Issued Capital
Lin Chen, Jui-Fen	49,678,036	25.57	-	-
Lin, Chin-Hung	13,300,800	6.85	-	-
Lin, Cheng-Hung	10,200,000	5.25	-	-
Konsortium Kontrek Sdn. Bhd.	29,804,400	15.34	-	-
Samarang UCITS – Samarang Asian Prosperity	14,001,688	7.21	-	-
Yek Siew Liong	-	-	29,804,400[(1)]	15.34

Note:

[(1)] Deemed interested by virtue of Section 8(4)(c) of the Companies Act 2016, held through Konsortium Kontrek Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS AS AT 1 OCTOBER 2021

Name of Directors	Direct No. of Shares Held	Direct % of Issued Capital	Indirect No. of Shares Held	Indirect % of Issued Capital
Lin Chen, Jui-Fen	49,678,036	25.57	-	-
Lin, Chin-Hung	13,300,800	6.85	-	-
Yek Siew Liong	-	-	29,804,400[(2)]	15.34
Dato' Dr Norraesah Binti Haji Mohamad	-	-	-	-
Toh Seng Thong	-	-	-	-

Note:

[(2)] Deemed interested by virtue of Section 8(4)(c) of the Companies Act 2016, held through Konsortium Kontrek Sdn. Bhd.

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