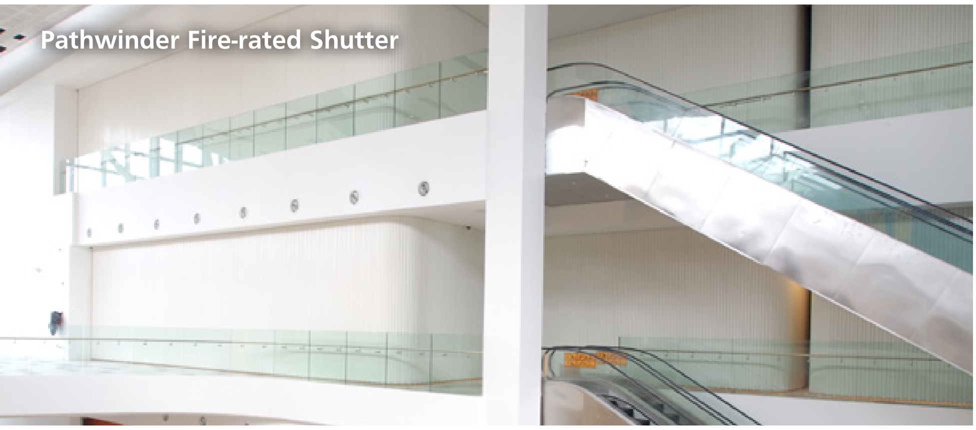
MRT Fire Rated Steel Door


Powerless Flood Shutter


Pathwinder Fire-rated Shutter


Cantilever Racking

SKB®

Reg. Trademark No. 85/B03843

SKB SHUTTERS CORPORATION BERHAD

199701014865 (430362-U)

Pursuing
SUSTAINABLE GROWTH

Annual Report 2023

Contents

26th Annual General Meeting

www.skb-shutters.com

28 November 2023 (Tuesday)

2.00 p.m.

The Olive, Level 6,
Olive Tree Hotel Penang
76, Jalan Mahsuri, Bandar Sunway Tunas,
11950 Bayan Lepas, Penang

Management Discussion And Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

SKB Shutters Corporation Berhad ("SKB") specializes in manufacturing of roller shutters, steel doors and storage and handling system and is listed on the Main Market of Bursa Malaysia Securities Berhad since 28 March 2001. SKB Shutters Manufacturing Sdn. Bhd. and SKB Storage Industries Sdn. Bhd. are main subsidiaries of the Group.

Following the Group's listing on the stock exchange, its main objective has led to the expansion in its regional coverage, product innovation, manufacturing capability and capacity. The Group strives to achieve the vision of being recognized as the largest roller shutter and storage system manufacturer in South East Asia.

For the financial year ended 2023, the Group's mission is to be the preferred supplier of roller shutters, steel doors and storage system products in the industry. In enhancing shareholders' value, the Group is committed in providing the well-engineered, thoroughly designed products for security, safety and reliable solutions. The aim to continuously exceed customers' expectations with satisfactory service and delivery as well as innovating useful, functional and high performance product is integral in achieving these goals.

The Group also emphasize on succession planning in its respective integral divisions to ensure learning, leading and succession opportunities are identified for group-wide employees to excel and be rewarded.

Over the past years, eager research and development efforts has been deployed with product testing for roller shutters, metal doors and racking systems carried out for both R&D and regulatory testing purposes. This includes the all-new powerless flood shutters, extended length and S5 shelving systems and oversized fire-rated metal doors. The Group is positively expecting these products to contribute to competitive edge in specific industries and bring about increased exposure to wider range of projects segments locally and internationally.

PERFORMANCE OF THE GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	FYE 30 June 2023 RM'000	FYE 30 June 2022 RM'000	Changes (%)
Revenue	112,136	74,492	50.53
Result From Operating Activities	20,192	13,804	46.28
Interest Income	408	248	64.52
Interest Expense	(2,237)	(1,761)	27.03
Profit before Tax	18,363	12,291	49.40
Tax Expense	(3,368)	(2,695)	24.97
Profit/(Loss) after Tax	14,995	9,596	56.26
Basic Earnings Per Ordinary Share (sen)	11.36	7.27	

FINANCIAL RESULTS

The Group's revenue grew by 50.53% from RM74.492 million in FYE 30 June 2022 to RM112.136 million in the financial year under review. The significant growth in revenue was a reflection of the positive economic sentiments in the Malaysian construction sector, and sales of niche-specific products contributing in higher percentage in the overall revenue. This in line with the general sector growth in the construction segment and fulfilments of the backlog orders and new investments, both foreign and local, particularly in the logistics warehousing sector and industrial sectors.

The Group recorded an increase in profit before tax of RM6.072 million from RM12.291 million in FYE 30 June 2022. The increase in profit further assures the Group on commitment of continuous innovation on niche-specific products including fire & Non-fire high performance roller shutters, high security metal fire doors and S5 shelving racking systems, which in turn contributes to better profit margins and effective cost management initiatives to streamline production and overhead cost.

With improve earnings, the Group's financial position was further strengthened with total equity increased to RM115.553 million as at 30 June 2023. The Group's total assets as at FYE 2023 had increased to RM227.173 million from RM179.458 million in FYE 2022.

Management Discussion And Analysis

REVIEW OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

Business Operations

The financial year ended 30 June 2023 was supported by the rebound of the domestic economy in the construction sector, with the continued progress in the commercial and industrial sectors, particularly in the logistics, digital infrastructure centers and industrial buildings sectors.

Launch of Powerless Flood Shutter ("PFS")

In 2022/23, emphasis on climate change and ESG-focused efforts has elevated within the Group. Apart from putting together efforts to adopt 'Environment' and 'Governance' aimed to be in line with peers of similar size and sector, SKB is focused on 'Social' innovation in creating products that prevents or reduce or if possible, eliminate the risk and loss of lives, property and assets. Its key elements of the innovation embody features of ready-to-adopt and effective performance in risk management.

The 'Social' initiative within the Group has seen the wide-implementation of the Insulated Fire Shutters in the last 5 years locally and internationally. This year, the Group launched its breakthrough Powerless Flood Shutter ("PFS") in response to the rapid occurrence of flash floods in major cities, affecting communities, industrial and infrastructure globally.

The PFS is deployed automatically without power in anticipation of flood disasters. Upon receiving an incoming warning signal, the PFS shall descend without human involvement and electricity power supply. Tested and witnessed with SIRIM Malaysia, the PFS achieved very satisfactory performance over international benchmark criteria. The Group sees positive interest and acceptance of the PFS among target segment including existing and new warehouse facility, hospital, basement carparks of commercial and infrastructure properties. The PFS was nominated and awarded the Star Product Award in Archidex 2023.

Renewable Energy Generation

The solar energy generation modules commenced operations on 28 November 2022. The Group had generated 488 MWh as at 30 June 2023. This is aligned with the Group's direction in reducing carbon footprint and also generating financial savings to the Group.

Strategic Developments

During the financial year, Group acquired a 9.81 acres industrial land in Eco Business Park V, Puncak Alam to build a new manufacturing plant for its business expansion. The construction of the new plant is expected to commence by end of 2023. The new plant will increase the production capacity and capability to cater the growth and demand of the products of the Group, both locally and globally.

BUSINESS RISKS

The key risks that the Group currently faces in its business operations include among others market competition and COVID-19. The management of the material key risks are as below:

- **Market competition**

  Market competition risk is caused by increased competition which may have an adverse impact on the Group, in terms of customer growth, revenue and profitability. To mitigate this risk, the Group is continuously exploring and implementing effective ways in customer engagement to deliver customer's expectation and add value in the customer relationship. The Group is also working on expanding its customer base, including focus on the expanding export market, in order to entrench its position as one of the largest market players in the industry.

- **Rising manufacturing and financing costs**

  Global inflation has risen over the past two years. There is a huge pressure on rising labour costs, financing costs and currency volatility. This Group manages this volatility by managing the uncertainty while not disrupting the demand and supply equation. In addition, the Group continues to improve its costs structure by improving the manufacturing efficiency and procurement strategies to minimize adverse impact to the sales of the Group.

  The Group will continue to monitor the price fluctuations of input costs and exercise prudence to ensure stability of our finances and business operations.

Management Discussion And Analysis

FORWARD LOOKING STATEMENT

The Group is anticipating a weaker demand for its product in view of slow down in the domestic and global economy. The Group shall continue to stay vigilant and resilient on rising costs including raw materials and manufacturing overhead costs. This has prompted the Group to remain cautious with economic condition, both local and export markets, to adapt responsively in anticipation of a slow down or weak sentiment in the building & construction segment. The Group are focusing in ESG initiatives which would be beneficial to the Building & Construction sector.

These strategic initiatives helmed by the Group aims to create value and growth in times that remains challenging and uncertain:

i. To improve our internal competency;
ii. Grow our key businesses; and
iii. Transform our organization to become adaptive and sensitive to our operating environment.

The Group continues to position itself as a solution provider over a manufacturer-cum-supplier role. With increasing integration of automation and complementary products that can come under the Group's umbrella and/or partnering closely with industry experts, clients are able to receive comprehensive industry solution rather than consolidating different products into one system or set up.

Corporate Structure

Reg. Trademark No. 85/B03843

SKB SHUTTERS CORPORATION BERHAD

Registration No.: 199701014865 (430362-U)

Investment Holding

100%

SKB Shutters Manufacturing Sdn. Bhd.

Registration No.: 197701001003 (31982-W)

Manufacture and sale of roller shutters, racking systems, storage system and related steel products

100%

SKB Shutters Industries Sdn. Bhd.

Registration No.: 199501032539 (368833-K)

Manufacturing and providing of repair services for motor components

100%

SKB Storage Industries Sdn. Bhd.

Registration No.: 200101022164 (557922-U)

Manufacture and sale of roller shutters, racking systems, storage system and related steel products

100%

SKB Shutters (S) Pte. Ltd.

Registration No.: 200909146H

Trading of roller shutters, racking systems and storage systems

Corporate Information

Board of DIRECTORS

Sin Kheng Lee
(Executive Chairman)

Sin Siew Huey
(Group Managing Director)

Sin Ching San
(Executive Director)

Chou Lee Sin
(Executive Director)

Sin Tze Yi
(Executive Director)

Ng Swee Weng
(Independent Non-Executive Director)

Amnah Apasra Emir Binti Moehamad Izat Emir
(Independent Non-Executive Director)

Ir Yeoh Yen Shiong
(Independent Non-Executive Director)

COMPANY SECRETARY

Chin Lee Phing
(SSM PC No.: 202008000049)
(MAICSA 7057836)

REGISTERED OFFICE

Suite 18.05, MWE Plaza,
No. 8, Lebuh Farquhar,
10200 Penang, Malaysia.
Tel. no.: +604 263 1966
Fax no.: +604 262 8544
Email: info@sshsb.com.my

PRINCIPAL BANKERS

- Malayan Banking Berhad
  Registration No.: 196001000142 (3813-K)
- Ambank (M) Berhad
  Registration No.: 196901000166 (8515-D)
- Hong Leong Bank Berhad
  Registration No.: 193401000023 (97141-X)

AUDIT COMMITTEE

- Ng Swee Weng (Chairman)
- Amnah Apasra Emir Binti Moehamad Izat Emir (Member)
- Ir Yeoh Yen Shiong (Member)

NOMINATING COMMITTEE

- Ir Yeoh Yen Shiong (Chairman)
- Ng Swee Weng (Member)
- Amnah Apasra Emir Binti Moehamad Izat Emir (Member)

REMUNERATION COMMITTEE

- Amnah Apasra Emir Binti Moehamad Izat Emir (Chairman)
- Ng Swee Weng (Member)
- Ir Yeoh Yen Shiong (Member)

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
(Reg. No. 197701005827 (36869-T))
Suite 18.05, MWE Plaza,
No. 8, Lebuh Farquhar,
10200 Penang, Malaysia.
Tel. no.: +604 263 1966
Fax no.: +604 262 8544
Email: info@sshsb.com.my

AUDITORS

KPMG PLT (Firm No. LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 18, Hunza Tower
163E, Jalan Kelawei
10250 Penang

PRINCIPAL PLACE OF BUSINESS

Lot 22, Jalan Teknologi
Taman Sains Selangor 1
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Website: www.skb-shutters.com
Tel. no.: 603-6157 2277
Fax no.: 603-6157 2211

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
("Bursa Securities")

Directors' Profile / Key Senior Management

SIN KHENG LEE

Age: 66 I M
Executive Chairman
Key Senior Management

Mr Sin Kheng Lee was appointed to the Board of SKB on 10 February 2001. He holds a Diploma in Mechanical Engineering in 1979 from the Taipei Institute of Technology in Taiwan. Upon graduation, he started his career with Sin Kean Boon Industries Sdn. Bhd. for 13 years until his resignation in May 1992. During his tenure in the company, he was the Director-in-charge of the Kuala Lumpur branch from the year 1982 till May 1992.

He subsequently pursued his career in manufacturing roller shutters where he was appointed Managing Director of SKB Shutters Manufacturing Sdn. Bhd. ("SKBM") on the 25 June 1992 and SKB Storage Industries Sdn. Bhd. ("STO") on 4 September 2001 respectively. He is currently responsible for the overall developments of products and businesses in SKBM and STO, including overseeing manufacturing, administrative and operating functions of the Group. With his vast experience of more than 30 years in the roller shutters industry, he has successfully brought about the rapid expansion, modernization and diversification of the Group's manufacturing activities, hence provided the necessary guidance and contribution towards management activities of the Group. He also sits on the Board of all subsidiaries of SKB and several other private companies.

He was appointed as a committee member of the Malaysia Fire Protection Association from 2009 till 2011. Mr Sin was awarded Successful CEOs by BrandLaureate Brandpreneur Award in 2016, Most Outstanding Alumni by the National Taiwan University of Technology in 2017 and 2019, the Modal Entrepreneur Award from the National Innovation and Entrepreneurship Association, R.O.C. (Taiwan) in 2022.

SIN SIEW HUEY

Age: 41 I F
Group Managing Director
Key Senior Management

Ms Sin Siew Huey was appointed to the Board on 15 July 2009. She graduated from Swinburne University of Technology in Melbourne with a Master in Accounting in 2005 and Bachelor in Business, majoring in Economics and Finance from RMIT University in 2004. Upon graduation, she started her career in KPMG Malaysia as an Auditor in the field of banking and finance, and Corporate Finance much later. She is a member of the CPA Australia. She is responsible for the overall administration and financial matters of SKB Group. She also sits on the Board of all subsidiaries of SKB and several other private companies. In 2019, Ms Sin is appointed as Committee Member of the Malaysian Fire Protection Association.

SIN CHING SAN

Age: 55 I M
Executive Director
Key Senior Management

Mr Sin Ching San was appointed to the Board of SKB on 10 February 2001. He began his career shortly after completing his secondary education and Diploma studies in Taiwan. He has over 25 years of experience and exposure in the roller shutters and steel-work industry. He was appointed to the Board of SKBM on 25 June 1992. He also sits on Board of a few subsidiaries of SKB and several other private companies. He heads the Research and Development Department of the Group, whereby his responsibilities include improvement of productivities and quality of roller shutters and other related steel-work products through innovation.

CHOU LEE SIN

Age: 64 | F
Executive Director

Ms Chou Lee Sin was appointed to the Board of SKB on 10 February 2001. She obtained a Diploma in Synthetic Commerce from Taipei, Taiwan. She started her career in Malaysia in 1982 whereby she was attached to Sin Kean Boon Metal Industries Sdn. Bhd.. She was stationed in the Kuala Lumpur branch office and was responsible for the overall administration and financial matters. In May 1992 she joined SKBM as the General Manager and was subsequently appointed as a Director of SKBM on 26 June 1997. With her experience of over 30 years in the roller shutters and steel-work industry, Ms Chou oversees administration and financial matters within the Group. She also sits on the Board of a few subsidiaries of SKB and several other private companies. Ms Chou was awarded Outstanding Business Women in Malaysia by China Press in 2018.

SIN TZE YI

Age: 36 | F
Executive Director

Ms Sin Tze Yi was appointed to the Board on 29 February 2016. She resigned on 28 November 2017 and was re-appointed on 4 December 2017. A Master of Applied Finance graduate of Monash University Melbourne, Ms Sin also holds a Bachelor of Commerce (Accounting & Finance) degree from University of Melbourne. A member of CPA Australia, she began her career at KPMG Consulting in Financial Risk Management specialising in operational risk in the banking and finance sector. She is responsible for the overall business development of SKB Group. She also sits on the Board of all subsidiaries of SKB and several other private companies.

NG SWEE WENG

Age: 66 | M
Independent Non-Executive Director

Mr Ng Swee Weng was appointed to the Board on 2 March 2021. He is also the Chairman of Audit Committee and member of Nominating Committee.

He was articled with KPMG in 1977 and qualified as a member of the Malaysian Institute of Certified Public Accountants (MICPA) in 1981. He is also member of the Malaysian Institute of Accountants (MIA) and CPA Australia.

Mr Ng Swee Weng is currently a Senior Advisor at BDO Tax Services Sdn Bhd ("BDO").

Prior to joining BDO, he was an Audit Partner at KPMG Malaysia for 23 years before he retired in 2012 as the Partner in charge of the Penang office. He was also formerly a member of KPMG's Audit and Accounting Committee, which provided directives and consultative support on technical issues. Mr Ng was also a former Project Director of the Malaysian Accounting Standards Board.

Mr Ng Swee Weng is also the Board member and Audit Committee Chairman of Boilermech Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Directors' Profile / Key Senior Management

AMNAH APASRA EMIR BINTI MOEHAMAD IZAT EMIR

Age: 58 | F
Independent Non-Executive Director

Puan Amna A Emir was appointed to the Board of SKB on 15 July 2022.

She is a qualified architect from the Architectural Association School of Architecture, London, UK, with 28 years of experience in the architectural and real estate development industry.

She is an honorary advisor to the Malaysian Structural Steel Association, having recently retired as its honorary secretary-general after 23 years of service in promoting the use of constructional steel.

Amna is CEO of Neuformation Architects Sdn Bhd, a company specializing in Transport Architecture, urban regeneration and Industrialized Building Systems. Amna has been responsible for projects of diverse architectural typologies and complexities. Amna has provided strategic advice to government-linked companies in the area of urban regeneration on localities ranging from greenfield to brownfield, with roles to include lead consultant for Khazanah Penang in the preparation of the Georgetown Transformation Plan and Komtar Business Improvement District Scheme (BIDS) for Think City. Amna has also provided advice for Think Citys Small Grants scheme, a GLC effort focusing on urban regeneration.

The key principles in Amna’s design approach is Adaptability and Innovation to promote flexibility in response to the changing dynamics in social, cultural, political and environmental landscape.

Amna has served as external lecturer with University Southern California Summer Schools in collaboration with University Malaya & University Technology Petronas and as external juror on Crit Panels for both public and private institutions such as UM, USM, UPM, UKM & UITM, Taylors University and Limkokwing University of Creative Technology, amongst others.

YEOH YEN SHIONG

Age: 35 | M
Independent Non-Executive Director

Ir. Yeoh Yen Shiong was appointed to the Board on 1 December, 2022. He is Chairman of the Nomination Committee and member of the Audit and Remuneration Committee.

He is a Professional Engineer registered with the Board of Engineers, Malaysia (BEM) and has extensive experience in the building and construction industry, having delivered a multitude of iconic and sustainable buildings in the region. He is also a Green Building Index Facilitator (GBIF), Certified Energy Manager (CEM) and ASEAN Chartered Professional Engineer (ACPE).

He presently leads GH Consultants Sdn Bhd, an established Engineering Consultancy Practice specializing in climate-conscious MEP design solutions for buildings across various sectors from commercial to healthcare.

Notes:
All the Directors are Malaysian except for Chou Lee Sin who is a Taiwanese.

None of the Directors has any conflict of interest with SKB, or any personal interest in any business arrangement involving SKB other than as disclosed in the Directors’ Report and Notes to the Financial Statements.

None of the Directors had been convicted for any offences within the past 5 years (except for traffic offences, if any) and have no public sanction or penalty imposed by the relevant regulatory bodies during the financial year under review.

Details of the Directors’ attendance at Board meetings for the financial year ended 30 June 2023 are set out in the Corporate Governance Overview Statement of this Annual Report.

None of the Directors has any family relationship with any Director and/or major shareholder of SKB other than:
- Chou Lee Sin is the spouse of Sin Kheng Lee whilst Sin Ching San and Sin Kheng Lee are brothers.
- Sin Kheng Lee and Sin Ching San have interest in SKB Glory Sdn. Bhd., a substantial shareholder of SKB.
- Sin Siew Huey and Sin Tze Yi are the daughters of Sin Kheng Lee and Chou Lee Sin.

None of the Directors has any other directorship in public companies except Mr Ng Swee Weng whose directorships has been shown as above.

Corporate Governance Overview Statement

This Corporate Governance ("CG") Overview Statement is presented in accordance with the requirements under Paragraph 15.25(1) and the provisions in Practice Note 9 of the Main Market Listing Requirement ("MMLR"). The Statement highlights the applications of the key corporate governance practices of the Group during the financial year under the principles of (a) Board Leadership and Effectiveness; (b) Effective Audit and Risk Management; and (c) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The Board has also provided specific disclosures on the application of each Practice in its Corporate Governance Report ("CG Report"). Shareholders may obtain the CG Report by accessing the website at www.skb-shutters.com for further details.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) BOARD COMPOSITION

During the financial year, the Board has eight (8) members comprising an Executive Chairman/Chief Executive Officer, one (1) Group Managing Director/Chief Financial Officer, three (3) Executive Directors and three (3) Independent Non-Executive Directors. The Executive Chairman and Executive Directors are responsible to oversee the Group's operational facets. In contrast, the Non-Executive and Independent Directors enhance the Board's decision-making procedures by providing impartial judgment and perspectives to ensure check and balance.

In discharging its governance responsibilities, the Board has collectively:

- Conducted periodic review of the interim and annual financial results and ensured that the financial statements of the Company and Group are fairly stated and conformed to the relevant regulations and the acceptable accounting policies;
- Strengthened the Company's cash flows in order to cope with the current business environment;
- Defined its Charter and Schedule of Key Matters setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed;
- Established its Board Committees and their terms of reference to assist the Board in discharging its duties and responsibilities effectively. These Committees have the authority to examine particular issues and report to the Board with their recommendations;
- Observed the regulatory requirements when disseminating information and making disclosures in consultation with the Company Secretary;
- Ensured the implementation of Group anti-corruption framework, anti-bribery and gratification guidelines, Code of Conduct and Ethics and Whistleblowing Policy;
- Maintained an appropriate and adequate systems of internal control to manage risks in the Group; and
- Defined and implemented the Fit and Proper Policy including the requirements of a Director's character, integrity, experience, competence, and commitment to discharge their roles effectively.

Presently, the roles of Board Chairman and CEO are held by the same director. Combining these roles helps the Board aligns the management mindset with the Board. Nonetheless, with three (3) Independent Non-Executive Directors, the Board feels its current composition is sufficient to ensure the balance of power and authority.

The Independent Directors have distinguished credentials and some of them also acted as Independent Directors in other public listed companies. The Board could rely on their extensive experience and knowledge to ensure that there is independence of judgement.

On 1 December 2022, the Board appointed a new Independent Non-Executive Director, Ir Yeoh Yen Shiong, following the retirement of the Board Committees Members, Lai Lan Man @ Lai Shuk Mee and Mohd. Arif Bin Mastol on 25 November 2022. Although Ir Yeoh Yen Shiong was recommended by an existing Board member, the Nominating Committee considered his qualifications and work experiences and assessed him based on the fit and proper criteria of the Board. It was concluded that Ir Yeoh is suitable for the nature of the Group's business, and the required mix of skillsets for the Board.

The current composition of the Board constitutes members with diverse skills, experience, age and cultural backgrounds. Also, half of the Board members are female directors. The profile of each director is presented on pages 7 to 9 of this Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

(I) BOARD COMPOSITION (continued)

All Independent Directors have completed a self-evaluation by the end of each financial year, affirming their alignment with the independence criteria detailed in Chapter 1 of the MMLR and will continuously exercise independent judgement and act in the Company's best interest. During the financial year, 2 Independent Directors who tenured more than nine (9) years did not seek for re-election in the 25th Annual General Meeting ("AGM").

All Board members have unrestricted access to the advice and services of the Company Secretary for the Board's affairs and the business. The appointment and removal of the Company Secretary of the Board is the prerogative of the Board as a whole.

Presently, the Board is assisted by a qualified and competent Company Secretary who is a member of The Malaysia Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretary supports the Board in carrying out its fiduciary duties and stewardship role and plays an advisory role to the Board, particularly regarding compliance with regulatory requirements, guidelines, legislations, and the principles of best corporate governance practices. The Company Secretary is responsible for ensuring that Board procedures are followed, the applicable rules and regulations for the conduct of the affairs of the Board are complied with, and minutes are duly entered into the books for all resolutions and proceedings of the Board and Board Committees.

The Company Secretary and management ensure that the Board is given sufficient information and time to prepare for Board meetings. When external advice is necessary, Board Members may notify and seek the Board for approval.

The underlying factors of Directors' commitment to the Group are the devotion of time and continuous improvement of knowledge and skill sets. The Board meets at least every quarter and as required to assess the Company and its subsidiaries' operation and performance, as well as to address pertinent business development issues.

During the financial year, 4 Board meetings were held. The attendance of the existing Directors is as follows:

Directors	**No. of meetings attended by Directors**
Sin Kheng Lee (Executive Chairman/CEO)	4
Sin Ching San (Executive Director)	3
Chou Lee Sin (Executive Director)	4
Sin Siew Huey (Group Managing Director/CFO)	4
Sin Tze Yi (Executive Director)	3
Ng Swee Weng (Independent Non-Executive Director)	4
Amnah Apasra Emir Binti Moehamad Izat Emir (Independent Non-Executive Director) *Appointed on 15 July 2022*	4
Lai Lan Man @ Lai Shuk Mee (Independent Non-Executive Director) *Retired on 25 November 2022*	1
Mohd Arif Bin Mastol (Independent Non-Executive Director) *Retired on 25 November 2022*	2
Ir Yeoh Yen Shiong (Independent Non-Executive Director) *Appointed on 1 December 2022*	2

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

(I) BOARD COMPOSITION (continued)

Matters requiring Board decisions during the intervals between the Board meetings are circulated and approved through circular resolutions.

Following are the trainings and briefings attended by Board members during the financial year.

Directors	Training Attended
Sin Kheng Lee (Executive Chairman/CEO)	• Digital ESG Forum - PLC Transformation Programme Webinar
Sin Ching San (Executive Director)	• Digital ESG Forum - PLC Transformation Programme Webinar
Chou Lee Sin (Executive Director)	• Digital ESG Forum - PLC Transformation Programme Webinar
Sin Siew Huey (Group Managing Director/CFO)	• Digital ESG Forum - PLC Transformation Programme Webinar • MIA Webinar Series - Board of Director Leadership ESG Essentials • 2022 MFRS Updates Seminar • Ethical Leadership in a Digital Era • The Role of Accountants in Managing Cybersecurity Risk • The Next Energy Frontiers Webinar Series: Decarbonising Malaysian Manufacturers: From Planning to Implementation • FMM National Economic Forum 2023 • Moving Ahead with Trade & Sustainability • MIA Webinar Series - Risk Appetite Framework for Board of Directors
Sin Tze Yi (Executive Director)	• Digital ESG Forum - PLC Transformation Programme Webinar • HR/IR Forum Selangor & Kuala Lumpur Branch • Discrimination in the Workplace • 2022 MFRS Updates Seminar • FMM National Economic Forum 2023 • Moving towards ESG through Green Technology Investments • Strengthening Corporate Governance in ESG • Tailor-made solutions for Sustainability Goals and Challenges • Moving Ahead with Trade & Sustainability
Ng Swee Weng (Independent Non-Executive Director)	• Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees • MIA International Accountant Conference 2023 - Future Fit Profession - Charting A Better Tomorrow
Amnah Apasra Emir Binti Moehamad Izat Emir (Independent Non-Executive Director) *Appointed on 15 July 2022*	• Clean Power New Energy Conference 2022 • Mandatory Accreditation Programme (MAP) • Place-Led Development Workshop and Social and Cultural Pillar of Sustainability • CIPAA Conference 2022
Ir Yeoh Yen Shiong (Independent Non-Executive Director) *Appointed on 1 December 2022*	• Conversation with Audit Committees Webinar • Anti-Corruption and Bribery Awareness Training • 2022 MFRS Updates Seminar • Mandatory Accreditation Programme (MAP) • Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • ACEM Talk for Practising Engineers 2022 • Seminar Undang-undang Kecil Bangunan Seragam 1984 (Pindaan 2021)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

(I) BOARD COMPOSITION (continued)

The Directors are updated by the Company Secretary and the Internal Auditors on any changes to the governance and regulatory requirements relating to the Directors' duties and responsibilities. The External Auditors would also brief the Board on changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

The Board will stay abreast and consult the sustainability subject matter experts when needed in discharging their new sustainability responsibilities.

(II) BOARD AUTHORITY AND BOARD COMMITTEES

The Board has defined its Board Charter, setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval.

To assist the Board in discharging its function, it has delegated specific oversight responsibilities to the Audit Committee, Nominating Committee, and Remuneration Committee. These Committees provide greater objectivity and independence in the deliberations of specific agendas. The respective Chairpersons of the Board Committees report and recommend to the Board on matters discussed and require the Board's approval.

The Board has defined the Corporate Code of Conduct and Ethics and posted it on the Company's website at www.skb-shutters.com. This Code guides the directors, officers, and staff in preventing abuse of power, corruption, insider trading and money laundering.

(III) CORPORATE CULTURE: INTEGRITY, TRANSPARENCY AND FAIRNESS

To protect the confidentiality of information and identity of whistleblowers, the Board has assigned the whistleblowing reporting channel and administration to the Internal Auditor. Stakeholders who know of or suspect a violation of the Code of Conduct and Ethics may report the incident to the Audit Committee Chairman by emailing skb@whistleblower.com.my or posting to PO Box #911, L2- 08, Level 2, Cheras Leisure Mall, Jalan Manis 6, Taman Segar, 56100 Kuala Lumpur.

During the financial year, the Board did not receive notifications of complaints from whistleblowers.

(IV) SUSTAINABILITY CONSIDERATION

The current key sustainability considerations of the Company when developing and implementing company strategies, business plans, and risk management are the employees' well-being, health and safety, compliance, governance, energy consumption, product safety and durability, underprivileged communities, and water and material waste impacts.

The Company's sustainability core values and initiatives are communicated to all stakeholders under the Sustainability Report.

Nominating Committee ("NC")

The NC comprises of 3 members, all of whom are Independent Non-Executive Director. The present composition of the Nominating Committee is as follows:

Chairman : Ir Yeoh Yen Shiong (Independent Non-Executive Director)
Member : Ng Swee Weng (Independent Non-Executive Director)
Amnah Apasra Emir Binti Moehamad Izat Emir (Independent Non-Executive Director)

The Terms of Reference for NC are available at the Company's website www.skb-shutters.com.

The NC meets as and when required and at least once every financial year. During the financial year under review, the NC met on 28 October 2022 and was attended by all members of the Board Committee.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

(IV) SUSTAINABILITY CONSIDERATION (continued)

The activities undertaken by the NC for the financial year ended 2023 were as follows: -

i. Evaluated the:

   a. Current Board structure, size and composition;

   b. Contribution of each Director and effectiveness of Board and Committees; and

   c. Character, experience, integrity and competence of directors and ensure they have time to discharge their respective roles;

ii. Reviewed the character, experience, integrity and competence of the Group Managing Director and the Chief Financial Officer and their time commitment;

iii. Reviewed the Directors' retirement;

iv. Reviewed the retention of Independent Non-Executive Directors;

v. Reviewed the Evaluation Report pertaining to the term of office and performance of the Audit Committee and each of its members;

vi. Reviewed the disclosure of NC's activities in the annual report; and

vii. Deliberated and reviewed the Recruitment Plan of new Independent Non-Executive Director.

(V) BOARD'S PERFORMANCE ASSESSMENT

Annually, the NC, comprising wholly independent directors, evaluates the effectiveness of the Board, the Board Committees and each Director. Based on the directors' self-performance assessment results, the Board is satisfied with the performance, contribution and effectiveness of each Director, the Board Committees and the present board structure, size and composition.

(VI) REMUNERATION

The Remuneration Committee ("RC") was established during the financial year. It is primarily responsible for establishing a documented, formal, and transparent procedure for assessing and reviewing the remuneration packages of Executive Directors, Non-Executive Directors and Principal Officers that link rewards to corporate and individual performance.

The Board has set up a Remuneration Committee comprising three (3) members, all of whom are Independent Non-Executive Directors, namely:

Chairman : Amnah Apasra Emir Binti Moehamad Izat Emir (Independent Non-Executive Director)
Member : Ng Swee Weng (Independent Non-Executive Director)
Ir Yeoh Yen Shiong (Independent Non-Executive Director)

The roles and functions of RC are governed under its Terms of Reference ("TOR"), detailing its authority and duties authorised by the Board. The RC's TOR is adopted on 8 May 2023 and is available for the reference of stakeholders on the Company's website.

The Policy provides that the directors' remuneration shall be determined by considering:

Executive Director

- The scope of the duty and responsibilities;
- The conditions and experiences required;
- The corporate and individual performance; and
- Current market rate within the industry and in comparable companies.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

(VI) REMUNERATION (continued)

Non-Executive Director

- The qualifications and contribution required in view of the Group's complexity;
- The extent of the duty and responsibilities; and
- The corporate and individual performance.

During the financial year ended 2023, the Remuneration Committee met twice to review and recommend the following matters to the Board for endorsement and/or approval:-

a. Terms of Reference of the Remuneration Committee;
b. Remuneration Policy;
c. Payment of Directors' Fees to the Board and Senior Management;
d. Remuneration package of the Executive Director; and
e. Indemnity Insurance for directors.

The number of Directors whose annual income falls within the following bands is set out as follows:

Remuneration From:	Remuneration Bands	Total Directors	
		Executive (ED)	Non-Executive (NED)
Company	RM50,000 and below	5	5
	RM50,001 – RM100,000	-	-
	RM100,001 – RM150,000	-	-
	RM150,001 – RM200,000	-	-
	RM200,001 – RM250,000	-	-
	Total	**5**	**5**
Subsidiaries	RM550,000 – RM600,000	1	-
	RM600,001 – RM650,000	3	-
	RM650,001 – RM700,000	-	-
	RM700,001 – RM750,000	-	-
	RM750,001 – RM800,000	-	-
	RM800,001 – RM850,000	-	-
	RM850,001 – RM900,000	-	-
	RM900,001 – RM950,000	-	-
	RM950,001 – RM1,000,000	1	-
	Total	**5**	**-**

The aggregated annual remuneration paid to all Directors of the Company is further categorised into the following components:

Remuneration Components	Received and Receivable from the Company		Received and Receivable from Subsidiaries		Total	
	ED RM'000	NED RM'000	ED RM'000	NED RM'000	ED RM'000	NED RM'000
Fees*	200	85	-	-	200	85
Salaries	-	-	2,220	-	2,220	-
Bonuses	-	-	830	-	830	-
EPF	-	-	366	-	366	-
Benefit-in-Kind	-	-	11	-	11	-
Total	**200**	**85**	**3,427**	**-**	**3,627**	**85**

* The directors' fees paid are related to the financial year 2023

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

(VI) REMUNERATION (continued)

Under Section 230(1) of the Companies Act, 2016, the Directors' fees and any benefits payable to the Directors of a listed company and its subsidiaries will be presented for shareholders' approval in the annual general meeting.

Details of the remuneration of each Director on a named basis are not disclosed due to security reasons. The Board is also concerned with the impact of the disclosure, which may be prejudicial to the Company's interest.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(VII) AUDIT COMMITTEE

The Board has established an effective and independent Audit Committee. The Audit Committee members comprise fully Independent Non-Executive Directors. The Audit Committee members are financially literate and are able to understand matters under their purview, including the financial reporting process.

The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee Chairman can access all Executive Directors, Senior Management, and External and Internal Auditors. The review of the terms of office and performance of the Audit Committee and its members are carried out annually.

Details of the Audit Committee's composition, functions and activities are set out separately under the Audit Committee Report in this Annual Report.

Annually, the Audit Committee reviews the External Auditors' appointment, performance, and remuneration. Upon review, the Audit Committee will recommend to the Board for proposing a resolution to Shareholders for the reappointment of external auditors in the AGM.

The Audit Committee will convene meetings with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group if needed to allow the Auditors to exchange their views freely with the Audit Committee.

(VIII) RISK MANAGEMENT AND INTERNAL CONTROL

The Board as a whole is responsible for the overall oversight of risk management in the Group, covering the system of risk management and internal control for financial, operational and compliance, while the Executive Directors, together with the senior management team, are primarily responsible for managing risks in the Group.

With the continuous market recovery, the Group achieved a commendable result during the financial year. Nonetheless, the market recovery also heightened the competition in the domestic and international markets, elevating the pricing and innovation expectations. Also, as a significant portion of the Group's materials are imported, the strengthening of the US Dollar drives inflationary pressures in the market and impacts the profit margin. Locally, the skilled and unskilled labour shortages issue continues to pose challenges to the Group in the production outputs and operational efficiency.

To manage these risks and challenges, the Group continues to strengthen and enhance its business strategies by:

i. Offering comprehensive industry solutions through the integration of automation and complementary products and industry experts partnership;
ii. Expanding customer base and export market by participating in overseas networking events;
iii. Continuous monitoring and managing material cost by arranging blanket orders and hedging;
iv. Engaging and adding value in the customer relationship;
v. Improving product quality, timeliness of delivery, innovation, and cost competitiveness; and
vi. Hire and train the local workers to reduce the dependency on foreign skilled workers by collaborating with local technical schools to participate in their career fair.

The Board is satisfied with the effectiveness and adequacy of the current level of systems of risk management and internal control. Further details of the Group's systems of risk management and internal control are reported in the Statement on Risk Management and Internal Control in this Annual Report.

The Internal Audit Function is outsourced to IA Essential Sdn Bhd, an internal audit consulting firm. The Internal Auditors have performed its work concerning the principles of the International Professional Practice Framework of the Institute of Internal Auditors, covering the conduct of the audit planning, execution, documentation, communication of findings and consultation with key stakeholders. The Audit Committee will review the internal audit engagement to ensure that the Internal Auditors' objectivity and independence are not impaired or affected.

Further details of the internal audit function are disclosed in the Audit Committee Report in this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

(IX) COMMUNICATION WITH STAKEHOLDERS

Regular communication with stakeholders is important for enhancing their appreciation and understanding of the Group's business and activities. Following are the ways Board communicates with stakeholders:

- Financial results of the Group are published quarterly via the website of Bursa Securities at www.bursamalaysia.com;
- Corporate information is provided on its corporate website at www.skb-shutters.com under the "Investor Relations" link for the interest of the general public;
- The information disclosed in the Annual Report complies with the disclosure requirements by the listing requirements and the approved accounting standards; and
- Shareholders' interaction during the general meetings.

(X) CONDUCT OF GENERAL MEETINGS

The Company held its 25th Annual General Meeting ("AGM") on 25 November 2022 and the Extraordinary General Meeting ("EGM") on 14 April 2023 respectively at The Olive, Level 6, Olive Tree Hotel Penang, 76, Jalan Mahsuri, Bandar Sunway Tunas, 11950 Bayan Lepas, Penang, Malaysia.

All Directors of the Company at that time being were present at the AGM to engage directly with shareholders and to respond to any questions raised by the shareholders that fall under the purview of the relevant Board Committees or Board. Sufficient opportunities are given to shareholders and proxies to raise questions relating to the affairs of the Company and adequate responses were given.

However, not all Directors attended the Company's EGM in 2023. Nonetheless, other Board members present at the meeting and availed themselves to answer questions, if any raised by the shareholders. No question was raised in the EGM.

All resolutions set out in the Notice of AGM and EGM were voted by poll. The Company had appointed an independent scrutineer to validate the vote cast in the last AGM and EGM. The Minutes of the previous AGM and EGM were published on the Company's website and accessible at the link www.skb-shutters.com.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:

(i) The annual audited financial statements of the Group and the Company are drawn up according to the applicable Malaysian Financial Reporting Standards and the provisions of the Companies Act 2016 to give a true and fair view of the state of affairs of the Group and of the Company for the financial year, and

(ii) Accurate accounting and related records are diligently maintained, facilitating the preparation of financial statements with a reasonable degree of precision and reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 30 June 2023, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in preparing the financial statements.

This CG Overview Statement is made by a resolution of the Board on 26 October 2023.

Other Information

Utilisation of proceeds

There were no proceeds raised from any corporate proposal during FY2023.

Material contracts

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Directors and major shareholders of SKB.

Audit / Non-audit fees

The amount of audit and non-audit fees paid to the external auditors and its affiliates by the Company and the Group for the financial year are as follows:

	Company (RM)	Group (RM)
Audit fees	36,000	154,000
Non-audit fees	5,400	27,400

Share buybacks

During the year, there were no share buybacks by the Company.

Options, warrants or convertible securities

No options, warrants or convertible securities were exercised by the Company during the year.

Imposition of sanctions/penalties

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by the relevant bodies.

Profit estimate, forecast or projection

There was no significant variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

Profit guarantee

During the year, there were no profit guarantees given by the Company.

Sustainability Statement

The Group has demonstrated resilience during the global recovery slowdown. This was made possible with committed and prudent management of daily operations and input costs. The current landscape has also led us to continue adopting ESG practices into our day-to-day operations and long-term planning. The Group is dedicated to establishing a meaningful and sustainable environment through various aspects, for instance our goods and services offerings, external stakeholders and employee's performance and activity, and social cause and responsibility.

In FY2023, the group has realised energy savings via utility of Energy Saving Solar Panel. This initiative was led by the Management and well supported by the Board. The Group is actively seeking opportunities to improve efficiencies in all aspects of the business and in turn improve resource utilisation.

The group continued research and development efforts with our everchanging environment in mind. In FY2023, we announced the first powerless flood shutter in order to address the rising threat of floods globally. This product has received the BrandLaureate Sustainable Business & Brands Inspirational Achievement Awards 2022-2023.

Report Scope & Period

This statement includes SKB's business division across the Board including both SKB Storage Industries Sdn. Bhd. and SKB Shutters Manufacturing Sdn. Bhd. and its Kota Damansara manufacturing plant. The sustainability statement is published annually with reporting period for the statement from 1 July 2022 to 30 June 2023.

Sustainability Management Core Values

1. *Integrity and ethics*

   The principles of integrity and ethics translate into continuously carrying our duties in an honest, fair and responsible manner. Establishing and sustaining the business on the foundation of honesty and integrity goes a long way towards building a solid, trusting relationship with employees, stakeholders, and customers. A truthful conduct on everyone's part will then create a strong, credible reputation of the company in the market, which will benefit everyone's interests.

2. *Innovation*

   Innovation is seen in many aspects of SKB, with the emphasis on sustaining the business, caring for the environment and carrying out our social responsibility to the community. Apart from being ahead of our peers through innovation in new products, delivery of our service and creating better value for our business, we believe innovation is critical in encouraging the organisation within to proactively act responsibly towards achieving near zero-waste practices where possible. This also entails being innovative in ways and approaches to motivate passion and selfless attitude across the organisation in giving back to the society including but not limited to fund-raising, sponsorship and other local community initiatives.

3. *Respectful*

   Sustainability refers to creating a sustainable environment in which people can collaborate, share resources, enrich one another and ultimately provide for everyone regardless of religion, belief, race, ethnicity, nationality, gender or physical impairment. This starts with mutual respect for one another, from stakeholders such as our employees, suppliers, customers, vendors and external environment who may not necessarily be directly related to the organisation e.g., communities, charitable causes and non-profit organisations aligned to our values and purpose.

Sustainability Governance

1. SKB Shutters Corporation Berhad defines sustainability as (i) the strategies and activities the management has adopted in respect to our stakeholders, (ii) the environment, (iii) ethics, and (iv) the community for better economic and social performance. The Group's commitment to sustainability management efforts is driven from the top-down, with Board of Directors and Management as the key facilitators in driving the organisation's sustainability management initiatives. Sustainability oversight by the board of directors is increasingly integrated across companies and its employees. The Board highlights that business management should integrate striving for business performance with exercising social responsibility in the best effort feasible. As a cross-functional body, Management engages leadership across business units and functions, providing further oversight and strategic guidance.

Stakeholder's Engagement

Stakeholders	Sustainability Topics	Type of Engagement
Customers	• Product quality and performance • Sustaining long-term relationship	• Sustaining long-term relationship • Customer satisfaction survey • On-site visits • Customer audit • Exhibition & Roadshows
Employees	• Communication and engagement • Working environment • Career development and training • Business performance review	• Volunteer Program • Training and development • Formal meeting and discussion • Employee Suggestion Program • Appraisal and performance review • HIRARC training • Basic occupational first aid and AED training
Suppliers	• Forging strategic partnership • Supplier-performance review • Product quality monitoring	• Supplier selection via pre-qualification • Regular meetings and correspondence • Whistle blowing policy

Economics

Corporate Governance and Compliance

The Group emphasises on the importance of adopting good corporate governance and the principles outlined in the Malaysian Code on Corporate Governance to ensure high standards of good corporate governance are implemented and practiced within the Group. We strive to safeguard shareholders' assets and the interests of key stakeholders while also enhancing shareholder value.

Throughout the year, the Group has remained resilient and observed no abnormalities that would compromise the interests of our shareholders and stakeholders. The Group has also introduced the group-wide Anti-Bribery and Corruption Policy since FYE2020.

Industry Development

Fire safety prevention and protection is an ever-evolving subject that prioritises public safety. With regulations being revised or tightened to accommodate changing environments and human behaviour, the Group believes it has the responsibility to educate and design products that are aligned with current and future regulatory concerns.

The Group regularly participates in regional fire & safety research and conferences to obtain and facilitate information sharing with industry professionals and exclusive research groups. This includes new and ongoing research on new materials, construction methods and code developments that can be implemented across the region.

In addition to fire safety prevention and protection, floods are becoming a growing global concern with increasing frequency and severity recorded in many regions. To address the increasing threat of floods, we launched the Powerless Flood Shutter.

SKB also actively participates in industry-specific product solutioning, including collaborating with government entities or ministries to develop products that are suited for their intended purpose, such as insulated fire shutters, ATM security roller shutters, sand-storm roller shutters, seismic storage racking systems and many others. This not only opens up new opportunities for the Group for a requirement that is met with purpose-designed solutions, but it also encourages in-house innovation which will lead to talent development as well as industry recognition.

Environment

Workplace & Immediate Environment

The Kota Damansara plant was designed and built with a number of energy-saving initiatives in mind, such as rainwater storage, optimal natural light penetration and crane-operated lifting and hoisting on production floor. With substantial roof coverage over the production plant, rainwater storage is installed to collect rainwater for general factory cleaning and sanitary purposes. The production plant is also built to maximise light penetration into the factory floor in order to reduce energy expenditure on lighting during the day. Skylight panels are installed in intermediate roofing and scheduled for annual maintenance to remove debris and dust. Furthermore, the production floor is installed with LED lights to reduce energy consumption when lightings are activated during low-light conditions.

All employees follow the *Leave-No-Trash-Behind* initiative, which requires rubbish to be separated into recyclables, non-recyclables and organic waste and disposed of by each individual before the end of workday. This encourages employees to adopt to simple practices that they ideally may follow in their own homes.

The Group regularly works with a plastic and paper recycling vendor who collects recyclable waste on a monthly basis for charitable efforts. Proceeds from the waste program are channelled to charitable causes nominated by the vendor.

The Group is committed to continue promoting sustainable energy and social responsibility in clean water initiative. The Kota Damansara plant has completed installation for solar panels at the roof platforms covering 5,200m^2 of the plant in FY2022 and has generated 488 MWh in FY2023. This not only reduced the carbon footprint of the plant, but also realised financial savings for the Group.

Additionally, the Plant has been carrying out the exercise for wastewater treatment process, which will neutralise wastewater before discharging it externally. The contaminated water produced during fabrication and treatment process is treated and filtered to acceptable levels in order to minimise damage that may cause social and environmental concerns.

Product Design & Material Sourcing

The Group prioritises product design and material sourcing with three important elements taken into consideration, although not constrained and limited to but highly encouraged to adopt – recyclability, source of material and its scarcity, and long-lastingness. One of the sustainable features we have standardised across all products is powder-coat finishing that emphasises the use of organic components that are free of TGIC, heavy metals and harmful volatile matter.

Social

Community Development and Commitment

The Group emphasises on social responsibility efforts that are indiscriminate of religion, race, belief, ethnicity, nationality and gender. Over the years, the Group has participated in social and community development projects that focuses on the use of in-house resources in aiding these causes, such as product sponsor to community halls, government-funded schools, senior caring homes and more.

In FYE2023, the Group continued prioritising the health and safety of our employees by organising training courses to uphold safety standards. Our employees have completed 500 hours of trainings in total of the following courses:

- Basic occupational first aid and AED training course;
- Safety induction training for new recruits;
- Forklift operation training; and
- Hazard Identification, Risk Assessment and Risk Control (HIRARC) training.

Statement On Risk Management And Internal Control

BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility to maintain a sound system of internal control and risk management framework within the Group. The Board also recognises that reviewing the Group's systems of risk management and internal control is a continuous process in ensuring the implementation of appropriate strategies to manage risks and safeguard the shareholders' investment and the Group's assets.

The Board recognises that business decisions require balancing risk, cost management, shareholders' interest and return. Functionally, risk management implementation is the responsibility of all Executive Directors and Departmental Heads, while the Board derives its comfort in the state of risk management and internal control implementation in the Group from the following avenues:

- Quarterly reviews of the financial performance of the Company and the Group;
- Briefing by Management during the Board Meetings on significant business and operational performance and outlooks;
- Reviews of audit findings presented by External Auditors;
- Assessments of the internal control systems, anti-corruption preventive measures and governance practices by the Internal Auditors; and
- Annual management assurance that the Group's risk management and internal control systems are adequate and effective in all material respects.

RISK MANAGEMENT

The Executive Directors and Heads of Departments are accountable to the Board for identifying, evaluating, monitoring, and managing risks; taking and implementing appropriate and timely actions and controls; and providing assurance to the Board that these risk management and internal control systems are adequate and effective.

With the continuous market recovery, the Group achieved a commendable result during the financial year. Nonetheless, the market recovery also heightened the competition in the domestic and international markets, elevating the pricing and innovation expectations. Also, as a significant portion of the Group's materials are imported, the strengthening of the US Dollar drives inflationary pressures in the market and impacts the profit margin. Locally, the skilled and unskilled labour shortages issue continues to pose challenges to the Group in the production outputs and operational efficiency.

To manage these risks and challenges, the Group continues to strengthen and enhance its business strategies by:

i. Offering comprehensive industry solutions through the integration of automation and complementary products and industry experts partnership;
ii. Expanding customer base and export market by participating in overseas networking events;
iii. Continuous monitoring and managing material cost by arranging blanket orders and hedging;
iv. Engaging and adding value in the customer relationship;
v. Improving product quality, timeliness of delivery, innovation, and cost competitiveness; and
vi. Hire and train the local workers to reduce the dependency on foreign skilled workers by collaborating with local technical schools to participate in their career fair.

INTERNAL CONTROL

The following are the key control procedures and measures embedded in the Group forming part of the Group's risk mitigation procedures and the management controls:

i. Management organisation structure defining the management's responsibilities and hierarchical structure of reporting lines and accountability;

ii. Periodic management meetings, departmental meetings and performance reporting for monitoring and ensuring that the business operations are progressed per the objectives and targets;

iii. Standard operating procedures guiding staff members in carrying out their functions effectively;

INTERNAL CONTROL (continued)

iv. Provision of training to employees to strengthen their skill sets and capabilities and keep them abreast of compliance requirements;

v. Insurance program protecting plant, property, equipment, money and the Group's liability against fire, consequential loss, property damage, theft, loss of money, product liability, burglary, fidelity guarantee and public liability;

vi. Adoption of quality management systems ISO 9001:2015 in the key subsidiaries, forming the principal guides for the operation procedures;

vii. Implementation of Anti-Bribery & Corruption ("ABC") Policy, provision of ABC guidelines to create employees and business associates awareness, assessment of the bribery and corruption risks and identification of measures in preventing corruption and bribery; and

viii. Implementation of Whistleblowing Policy for protecting and encouraging stakeholders to report suspicious activities.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Malaysia Securities Berhad ("Bursa Securities")' Guidelines, Management is responsible for identifying risks, implementing and maintaining sound systems of risk management and internal control, monitoring and reporting to the Board on significant control deficiencies and changes in risks that could significantly affect the Group's achievement of its objectives and performance.

In producing this Statement, the Board has received assurance from the Executive Chairman and Group Managing Director cum Chief Financial Officer to the best of their knowledge, the Group's risk management and internal control systems are adequate and effective for the Group's operation.

BOARD ASSURANCE

The disclosure in this Statement is presented pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Securities and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines").

The Board acknowledges its continuous oversight responsibility on the Management's risk identification, assessment and management. The existing internal control and risk management systems are adequate and effective to enable the Group to achieve its business objectives. There were no material losses arising from significant control weaknesses for the financial year under review.

The Board wishes to reiterate that risk management and internal control systems would be continuously improved in line with the evolving business environment. However, it should be noted that these systems are designed to manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatements, fraud, and losses.

The Statement is made by a resolution of the Board on 26 October 2023.

Audit Committee Report

To assist the Board in discharging its oversight function, the Board has delegated certain responsibilities for corporate governance, internal controls and financial reporting to Audit Committee ("AC"). The AC provides greater objectivity and independence in the deliberations of specific agenda. The AC Chairman report to the Board on the matters discussed and deliberated in the AC meetings.

In compliance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR"), the Board is pleased to present the AC Report for the financial year ended 30 June 2023.

During the financial year, the members of AC had discharged their duties, responsibilities and functions in accordance with the Terms of Reference ("TOR") of the AC. The TOR is available at the Company's website at http://skb-shutters.com/.

Membership

The Board has established an effective and independent AC. The AC members are financially literate and can understand matters under the purview of the AC including the financial reporting process.

In compliance with paragraph 15.09(1) of the MMLR, the AC comprises solely independent non-executive directors. Members of the AC during the financial year ended 30 June 2023 are as follows:

- Ng Swee Weng - Chairman, Independent Non-Executive Director
- Amnah Apasra Emir Binti Moehamad Izat Emir - Member, Independent Non-Executive Director
- Ir Yeoh Yen Shiong - Member, Independent Non-Executive Director

The Chairman of the Audit Committee, Mr Ng Swee Weng is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and member of the Malaysian Institute of Accountants (MIA) and CPA Australia.

On 15 July 2022 and 1 December 2022, Puan Amnah Apasra Emir Binti Moehamad Izat Emir and Ir Yeoh Yen Shiong had been appointed by the Board as new Independent Non-Executive Directors as well as members of the AC respectively. The appointment complied with paragraph 15.09(1) of the MMLR of Bursa Malaysia Securities Berhad.

None of the AC members are alternate Director.

When considering the appointment of former key audit partner from its current External Auditor's firm, the AC is mindful of the minimum three (3) years cooling off period best practice under the MCCG before appointing this partner as a member of the AC. Presently, the AC Chairman, Mr Ng Swee Weng ceased to be the former key audit partner of the Group since 2012.

Annually, the AC reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM. As part of the AC review processes, the AC will also obtain assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Attendance at Meetings

During the financial year ended 30 June 2023, five (5) AC meetings were held and the attendance of each committee member is as follows:

Members	Number of meetings held during members' tenure in office	No. of meetings attended by members
Ng Swee Weng	5	5
Amnah Apasra Emir Binti Moehamad Izat Emir (appointed on 15 July 2022)	2	2
Ir Yeoh Yen Shiong (appointed on 1 December 2022)	2	2
Lai Lan Man @ Lai Shuk Mee (retired on 25 November 2022)	3	2
Mohd. Arif Bin Mastol (retired on 25 November 2022)	3	3

Upon invitation by the AC, members of the management team attended the AC meetings to assist in clarifying matters raised at the meetings as needed.

The AC will convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary. The External Auditors and Internal Auditors will present their reports on financial results, audit and other matters for the information and/or approval of the AC.

Attendance at Meetings (continued)

Minutes of the AC meetings were recorded and tabled for confirmation at the next following meeting and subsequently circulated to the Board for notation. The AC Chairman reports to the Board the discussions undertaken and makes recommendations for the Board's consideration and decision.

The detailed profiles of all members of the AC can be found in the Board of Directors' profile in this Annual Report.

The Internal Audit Function is carried out by an internal audit consulting firm. The team members of the internal audit team are accounting graduates from local universities. The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders. The AC will review the internal audit engagement to ensure that the Internal Auditors' objectivity and independence are not impaired or affected.

Summary Of Activities During The Year

In line with the TOR, the AC held five (5) meetings during the financial year and carried out the following activities:

<u>Financial Reporting</u>

- Reviewed the unaudited quarterly financial reports before recommending to the Board for their approval and release of the Group's results to Bursa Malaysia Securities Berhad;
- Reviewed the annual audited financial statements of the Company and of the Group and its related notes to financial statements for the financial year ended 30 June 2023 to ensure compliance with the provisions of the Companies Act 2016, MMLR, applicable Malaysia Financial Reporting Standards and other legal and regulatory requirements prior to the submission to the Board of Directors for their approval;
- The focus of review was on:
    - key audit matters and other significant audit matters;
    - significant matters highlighted including financial reporting issues, judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
    - reviewed the related party transactions ("RPT") report and noted that all the RPT were within the holding company and its wholly owned subsidiaries.

<u>External Audit</u>

- Reviewed the Audit Plan with the External Auditors;
- Reviewed the results and issues arising from the audit and their resolutions with the External Auditors;
- Hold two meetings with the External Auditors without the presence of the Executive Directors or management, to deliberate on key areas of concern to the External Auditors and action necessary for the improvement of the Group arising from the audit review. The issues discussed were then highlighted by the AC Chairman to the Board;
- Reviewed and discussed with the External Auditors accounting standards and other legal requirements;
- Received update of newly effective accounting standards, pre-approval for non-assurance services, Transparency Report and sustainability reporting requirements from the External Auditors;
- Reviewed and endorsed the audit planning memorandum presented by the External Auditors on the scope of work and audit plan of the Group for the financial year ended 30 June 2023, proposed audit reporting schedule and new development on financial reporting standards applicable to the Group;
- The External Auditors also have not identified any breach of independence during the financial year ended 30 June 2023 and were in compliance with the independence requirements;
- Considered the audit fees paid to the External Auditors for the financial year ended 30 June 2023. The details of the audit and non-audit services rendered by the External Auditors and their affiliates for financial year ended 30 June 2023 are disclosed in Other Information of this Annual Report;
- Reviewed the extent of assistance rendered by management during audit at the private session;
- Reviewed and evaluated the performance, effectiveness and independence of the External Auditors including assessment of their suitability and independence in performing their obligations and made recommendations to the Board of Directors on their appointment and remuneration; and
- Received notification that the lead audit director responsible for the Company's financial statements who has served for 10 years is due for rotation.

Summary Of Activities During The Year (continued)

Internal Audit

- Reviewed and approved the internal audit reports and audit recommendations made by the internal auditors, IA Essential Sdn. Bhd. and management's responses thereto. The internal auditors monitored the implementation of management action plan through follow-up audit to ensure all key risks and weaknesses were being addressed;
- Evaluated the performance and effectiveness of the Internal Audit Function by completing a formal evaluation form and made recommendations to the Board of Directors on their appointment.

Other Matters

- Discussed and reviewed on ERP system
- Reviewed the Group's 2023 Enterprise Risk Register ("ERR") which consists of risk assessment and action plan with redefined risk appetite and assessed on the emerging risks arising from time to time.
- Reviewed the following prior to the Board's approval for inclusion in the Annual Report and to recommend the same to the Board for release to Bursa Malaysia Securities Berhad:
    - Corporate Governance Overview Statement ("CGOS")
    - Statement on Risk Management and Internal Control which provides an overview of the state of internal controls and risk management within the Group
    - AC report
    - Corporate Governance Report ("CGR")
- Reviewed the AC Evaluation Report;
- Reviewed and recommended the updated TOR of AC to the Board for approval.

Performance of AC

The performance and activities of the AC and its members were reviewed on annual basis and the assessment results would be tabled to the Nominating Committee for review. During the financial year ended 30 June 2023, the Board is satisfied that the AC had discharged its responsibilities and duties in accordance with its TOR.

Internal Audit Function

The AC is aware of the importance of an independent and adequately resourced internal audit function in discharging its duties and responsibilities. The Company has outsourced its internal audit function to an independent internal audit services provider for the financial year ended 30 June 2023. The Internal Audit function is to assist the Board and the AC to evaluate the system of internal control, risk management and corporate governance whilst ensuring that there is an appropriate balance of controls and risks in achieving its business objectives. The Internal Audit reviews the effectiveness of the internal control structures over the Group's activities focusing on high risk areas.

The Internal Auditors independently reviews the risk identification practices and control processes implemented by the management and reports to the AC. The results of the reviews performed by the Internal Auditors were communicated to both Management and the AC together with the implementation status of audit recommendations for further improvement.

During the financial year, internal audit was conducted in the following areas:

- Anti-Corruption and Bribery Preventive Review
- Project Management on SKB Shutters Manufacturing Sdn Bhd
- Follow-up Audit Report on Covid-19 Preventive Measures and Contingency Plan and EHS Review on Post MCO Procedures and Production
- Report on Corruption Risk Assessment on SKB group
- Report on Inventory Management of SKB Shutters Manufacturing Sdn Bhd

The total costs incurred for the internal audit function of the Company for the financial year was RM42,000.00.

The details of the TOR of the AC are published in the corporate website at http://skb-shutters.com/

Directors' Report
for the year ended 30 June 2023

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

Principal activities

The Company is principally engaged in the investment holding activity, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Ultimate holding company

The Company is a subsidiary of SKB Glory Sdn. Bhd., of which is incorporated in Malaysia and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM	Company RM
Profit for the year attributable to owners of the Company	14,994,827	12,994

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividend

No dividend was paid since the end of the previous financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served during the financial year until the date of this report are :

Sin Kheng Lee - Chairman
Sin Siew Huey - Managing Director
Sin Ching San
Chou Lee Sin
Sin Tze Yi
Ng Swee Weng
Amnah Apasra Emir Binti Moehamad Izat Emir (Appointed on 15 July 2022)
Yeoh Yen Shiong (Appointed on 1 December 2022)
Lai Lan Man @ Lai Shuk Mee (Retired on 25 November 2022)
Mohd. Arif Bin Mastol (Retired on 25 November 2022)

Directors of the subsidiaries

Directors of the subsidiaries (other than Directors of the Company) who served during the financial year until the date of this report is as follows :

Tan Cheng Shun (Appointed on 31 May 2023)
Baey Cheng Song (Resigned on 31 May 2023)

Directors' interests in shares

The direct and deemed interests in the ordinary shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	← Number of ordinary shares →			
	Balance at 1.7.2022	**Bought**	**(Sold)**	**Balance at 30.6.2023**
Direct interests				
The Company				
Sin Kheng Lee - own	6,930,000	-	-	6,930,000
Sin Ching San - own	30,000	-	-	30,000
Chou Lee Sin - own	30,000	-	-	30,000
Holding company - SKB Glory Sdn. Bhd.				
Sin Kheng Lee - own	971,250	-	-	971,250
Sin Ching San - own	416,250	-	-	416,250
Deemed interests				
The Company				
Sin Kheng Lee - own	68,542,821	-	-	68,542,821
Sin Ching San - own	68,542,821	-	-	68,542,821
Holding company - SKB Glory Sdn. Bhd.				
Sin Kheng Lee - own	112,500	-	-	112,500

	← Number of Warrants →			
	Balance at 1.7.2022	**Bought**	**(Sold)**	**Balance at 30.6.2023**
Direct interests				
The Company				
Sin Kheng Lee - own	3,465,000	-	-	3,465,000
Sin Ching San - own	15,000	-	-	15,000
Chou Lee Sin - own	15,000	-	-	15,000
Deemed interests				
The Company				
Sin Kheng Lee - own	24,271,410	-	-	24,271,410
Sin Ching San - own	24,271,410	-	-	24,271,410

By virtue of their interests in the shares of the Company, Messrs Sin Kheng Lee and Sin Ching San are also deemed to be interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 30 June 2023 had any interest in the ordinary shares and warrants of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 30 June 2023 are as follows :

	From the Company RM	From subsidiary companies RM
Directors of the Company :		
Fees		
- current	264,584	-
- past	20,833	-
Remuneration	-	3,416,000
Estimated monetary value of benefits-in-kind	-	10,600
	285,417	3,426,600

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than through the Warrants of the Company.

Issue of shares and debentures

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

Warrants

On 16 February 2022, the Company issued 65,999,996 free warrants ("Warrants") on the basis of one (1) Warrant for every two (2) existing ordinary shares held in the Company. The Warrants entitle the holders to subscribe for one (1) new ordinary share in the Company on the basis of one (1) new ordinary share for every Warrant held at an exercise price of RM0.45 per ordinary share, to be satisfied in cash within three (3) years from the date of the issue of the Warrants, subject to adjustments in accordance with the provisions of the Deed Poll created on 20 January 2022. Any Warrant not exercised during the exercise period will lapse and thereafter ceases to be valid for any purpose.

During the financial year, there was no (2022: Nil) Warrant exercised with 65,999,996 (2022: 65,999,996) Warrants remained unexercised as at the end of the reporting period.

Options granted over unissued shares

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

Indemnity and insurance costs

There was no indemnity given to or insurance effected for Directors, officers or auditors of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

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

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performances of the Group and of the Company for the financial year ended 30 June 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event

The details of such event are disclosed in Note 26 to the financial statements.

Directors' Report
for the year ended 30 June 2023

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM154,000 and RM36,000 respectively.

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

....
Sin Kheng Lee
Director

....
Sin Siew Huey
Director

Penang,

Date : 26 October 2023

Statements Of Financial Position

as at 30 June 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Assets					
Property, plant and equipment	3	32,420,074	32,375,851	-	-
Right-of-use assets	4	94,286,419	58,696,244	-	-
Investment properties	5	252,643	260,071	-	-
Investments in subsidiaries	6	-	-	17,522,942	17,522,942
Trade receivables	7	5,197,742	2,344,153	-	-
Total non-current assets		132,156,878	93,676,319	17,522,942	17,522,942
Inventories	8	51,237,634	52,811,880	-	-
Trade and other receivables	7	19,432,577	15,968,088	11,074,602	16,896,601
Current tax assets		19,593	241,895	817	633
Cash and cash equivalents	9	24,326,711	16,759,888	18,408,416	12,583,176
Total current assets		95,016,515	85,781,751	29,483,835	29,480,410
Total assets		227,173,393	179,458,070	47,006,777	47,003,352
Equity					
Share capital	10	45,818,324	45,818,324	45,818,324	45,818,324
Reserves	11	69,734,452	54,823,765	859,439	846,445
Total equity attributable to owners of the Company		115,552,776	100,642,089	46,677,763	46,664,769
Liabilities					
Loans and borrowings	12	64,052,806	36,895,876	-	-
Lease liabilities		536,418	247,117	-	-
Deferred tax liabilities	13	626,498	1,557,672	-	-
Total non-current liabilities		65,215,722	38,700,665	-	-
Loans and borrowings	12	15,950,453	13,040,854	-	-
Lease liabilities		174,372	164,697	-	-
Trade and other payables	14	29,295,233	26,587,513	329,014	338,583
Current tax liabilities		984,837	322,252	-	-
Total current liabilities		46,404,895	40,115,316	329,014	338,583
Total liabilities		111,620,617	78,815,981	329,014	338,583
Total equity and liabilities		227,173,393	179,458,070	47,006,777	47,003,352

The notes on pages 40 to 89 are an integral part of these financial statements.

Statements Of Profit Or Loss And Other Comprehensive income

for the year ended 30 June 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	15	112,135,556	74,491,980	300,000	601,710
Cost of sales		(77,858,026)	(56,321,435)	-	-
Gross profit		34,277,530	18,170,545	300,000	601,710
Other income		3,724,758	9,401,749	-	-
Selling and distribution expenses		(1,100,265)	(699,222)	-	-
Administrative expenses		(16,175,898)	(12,913,942)	(656,169)	(739,415)
Net (loss)/gain on impairment of financial instruments	16	(131,540)	89,663	-	-
Other expenses		(402,611)	(244,589)	-	-
Results from operating activities		20,191,974	13,804,204	(359,169)	(137,705)
Finance income	16	408,170	247,492	369,163	247,230
Finance costs	17	(2,236,819)	(1,760,861)	-	-
Net finance (costs)/income		(1,828,649)	(1,513,369)	369,163	247,230
Profit before tax	16	18,363,325	12,290,835	12,994	109,525
Tax expense	19	(3,368,498)	(2,695,461)	-	(247)
Profit for the year		14,994,827	9,595,374	12,994	109,278
Other comprehensive expense, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		(84,140)	(25,555)	-	-
Total other comprehensive expense for the year, net of tax		(84,140)	(25,555)	-	-
Total comprehensive income for the year		14,910,687	9,569,819	12,994	109,278
Profit for the year attributable to :					
Owners of the Company		14,994,827	9,595,374	12,994	109,278
Total comprehensive income for the year attributable to :					
Owners of the Company		14,910,687	9,569,819	12,994	109,278
Basic earnings per ordinary share (sen)	20	11.36	7.27		
Diluted earnings per ordinary share (sen)	20	NA	6.81		

The notes on pages 40 to 89 are an integral part of these financial statements.

Consolidated Statement Of Changes In Equity
for the year ended 30 June 2023

	Share capital RM	Translation reserve RM	Capital reserve RM	Retained earnings RM	Total equity RM
	Attributable to owners of the Company				
At 1 July 2021	45,818,324	(223,478)	30,000	45,447,424	91,072,270
Other comprehensive expense for the year					
- Foreign currency translation differences for foreign operation	-	(25,555)	-	-	(25,555)
Profit for the year	-	-	-	9,595,374	9,595,374
Total comprehensive (expense)/ income for the year	-	(25,555)	-	9,595,374	9,569,819
At 30 June 2022/At 1 July 2022	45,818,324	(249,033)	30,000	55,042,798	100,642,089
Other comprehensive expense for the year					
- Foreign currency translation differences for foreign operation	-	(84,140)	-	-	(84,140)
Profit for the year	-	-	-	14,994,827	14,994,827
Total comprehensive (expense)/ income for the year	-	(84,140)	-	14,994,827	14,910,687
At 30 June 2023	45,818,324	(333,173)	30,000	70,037,625	115,552,776
	Note 10	Note 11			

The notes on pages 40 to 89 are an integral part of these financial statements.

Statement Of Changes In Equity

for the year ended 30 June 2023

	← *Attributable to owners of the Company* →		
	Share capital RM	**Retained earnings RM**	**Total equity RM**
At 1 July 2021	45,818,324	737,167	46,555,491
Profit for the year representing total comprehensive income for the year	-	109,278	109,278
At 30 June 2022/1 July 2022	45,818,324	846,445	46,664,769
Profit for the year representing total comprehensive income for the year	-	12,994	12,994
At 30 June 2023	45,818,324	859,439	46,677,763
	Note 10	Note 11	

The notes on pages 40 to 89 are an integral part of these financial statements.

Statements Of Cash Flows
for the year ended 30 June 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from operating activities					
Profit before tax from continuing operations		18,363,325	12,290,835	12,994	109,525
Adjustments for :					
Depreciation of :					
- property, plant and equipment	3	3,346,807	3,312,428	-	-
- right-of-use assets	4	876,836	855,429	-	-
- investment properties	5	7,428	8,668	-	-
Dividend income	15	-	-	(300,000)	(601,710)
Gain on disposal of :					
- plant and equipment	16	(75,994)	(999)	-	-
- investment properties	16	-	(3,026,788)	-	-
Gain on :					
- derecognition of right-of-use assets		(7,121)	-	-	-
- forfeiture of non-refundable deposits received	16	(54,537)	(2,787,357)	-	-
Net loss/(gain) on impairment of financial instruments	16	131,540	(89,663)	-	-
Plant and equipment written off		6	-	-	-
Reversal of inventories written down	16	(72,696)	(596,525)	-	-
Inventories written off	16	107,521	411	-	-
Interest income	16	(408,170)	(247,492)	(369,163)	(247,230)
Interest expense	17	2,236,819	1,760,861	-	-
Unrealised gain on foreign exchange	16	(145,836)	(188,265)	-	-
Operating profit/(loss) before changes in working capital		24,305,928	11,291,543	(656,169)	(739,415)
Changes in working capital :					
Inventories		1,539,421	(14,709,129)	-	-
Trade and other receivables		(6,394,133)	(1,704,570)	-	(3,000)
Trade and other payables		2,511,162	8,613,843	(9,569)	27,944
Cash generated from/ (used in) operations		21,962,378	3,491,687	(665,738)	(714,471)
Tax (paid)/refunded		(3,414,785)	(1,394,766)	(184)	2,128
Net cash from/(used in) operating activities		18,547,593	2,096,921	(665,922)	(712,343)

Statements Of Cash Flows

for the year ended 30 June 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from investing activities					
Purchase of:					
- plant and equipment	A	(1,164,037)	(3,168,760)	-	-
- right-of-use asset		(35,974,000)	-	-	-
Proceeds from disposal of :					
- plant and equipment		76,000	1,000	-	-
- investment properties		-	4,155,588	-	-
Repayment from subsidiaries, net		-	-	6,121,999	1,114,656
Interest received		408,170	247,492	369,163	247,230
Net cash (used in)/from investing activities		(36,653,867)	1,235,320	6,491,162	1,361,886
Cash flows from financing activities					
Drawdown of term loans		29,977,000	1,758,000	-	-
Repayment of term loans		(2,133,314)	(2,248,015)	-	-
Repayment of hire purchase creditors, net		(985,744)	(1,207,469)	-	-
Payment of lease liabilities		(186,914)	(163,728)	-	-
Changes in other borrowings, net		1,995,506	(361,730)	-	-
Interest paid		(2,236,819)	(1,760,861)	-	-
Uplift of pledged deposits		-	48,987	-	-
Net cash from/(used in) financing activities		26,429,715	(3,934,816)	-	-
Net increase/(decrease) in cash and cash equivalents		8,323,441	(602,575)	5,825,240	649,543
Effect of exchange rate fluctuation on cash and cash equivalents		257,306	246,111	-	-
Cash and cash equivalents at 1 July 2022/2021		15,329,516	15,685,980	12,583,176	11,933,633
Cash and cash equivalents at 30 June	B	23,910,263	15,329,516	18,408,416	12,583,176

Cash outflows for leases as lessee - Group

	Note	2023 RM	2022 RM
Included in net cash from operating activities			
Payment relating to short-term leases	16	550,192	233,995
Payment relating to leases of low-value assets	16	24,330	21,288
Included in net cash from/(used in) financing activities			
Interest paid in relation to lease liabilities	17	8,151	15,073
Payment of lease liabilities		186,914	163,728
Total cash outflows for leases		769,587	434,084

Statements Of Cash Flows

for the year ended 30 June 2023

Reconciliation of movements of liabilities to cash flows arising from financing activities - Group

	At 1.7.2021 RM	Drawdown of new term loan/ Addition of new lease RM	Net changes from financing cash flows RM	At 30.6.2022/ 1.7.2022 RM	Hire purchase arrangement RM	Drawdown of new term loan/ Addition of new lease RM	Derecognition* RM	Net changes from financing cash flows RM	At 30.6.2023 RM
Term loans	38,603,309	1,758,000	(2,248,015)	38,113,294	-	29,977,000	-	(2,133,314)	65,956,980
Hire purchase creditors	2,938,039	-	(1,207,469)	1,730,570	2,227,005	-	-	(985,744)	2,971,831
Lease liabilities	465,331	110,211	(163,728)	411,814	-	594,773	(108,883)	(186,914)	710,790
Other bank borrowings (excluding bank overdrafts)	9,024,224	-	(361,730)	8,662,494	-	-	-	1,995,506	10,658,000
Total liabilities from financing activities	51,030,903	1,868,211	(3,980,942)	48,918,172	2,227,005	30,571,773	(108,883)	(1,310,466)	80,297,601

* Derecognition due to early termination of lease contracts.

Statements Of Cash Flows

for the year ended 30 June 2023

NOTES

A. Purchase of property, plant and equipment - Group

During the financial year, the Group acquired property, plant and equipment as follows :

	Note	2023 RM	2022 RM
Purchase of property, plant and equipment	3	3,391,042	3,168,760
Less : Acquired by means of hire purchase arrangements		(2,227,005)	-
		1,164,037	3,168,760

B. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts :

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Cash and cash equivalents	9	24,326,711	16,759,888	18,408,416	12,583,176
Less :					
Bank overdrafts	12	(416,448)	(1,430,372)	-	-
		23,910,263	15,329,516	18,408,416	12,583,176

The notes on pages 40 to 89 are an integral part of these financial statements.

Notes To The Financial Statements

SKB Shutters Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows :

Registered office

Suite 18.05, MWE Plaza
No.8, Lebuh Farquhar
10200 George Town
Pulau Pinang

Principal place of business

Lot 22, Jalan Teknologi
Taman Sains Selangor 1
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The Company is principally engaged in the investment holding activity. The principal activities of its subsidiaries are as stated in Note 6 to the financial statements.

The ultimate holding company during the financial year is SKB Glory Sdn. Bhd., a company incorporated in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 26 October 2023.

1. Basis of preparation

(a) Statement of compliance

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

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

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform - Pillar Two Model Rules*

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

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

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

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

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

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

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned amendments where applicable, in the respective financial years when the above standard and amendments become effective.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the above amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

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

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

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

- Note 7.1 - Trade and other receivables; and
- Note 8.1 - Inventories.

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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

Subsidiaries are consolidated using the acquisition method other than SKB Shutters Manufacturing Sdn. Bhd. which is consolidated using the pooling-of-interests method of accounting.

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences). The other components of equity of the acquired entities are added to the same components within the Group's equity.

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

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

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

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

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

(ii) Business combinations

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

(iii) Loss of control

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

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

The assets and liabilities of operations denominated in functional currency other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) Financial instruments

(i) Recognition and initial measurement

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

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Recognition and initial measurement (continued)

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

(a) Amortised cost

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

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

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

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2(k)(i)).

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

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

(a) Fair value through profit or loss

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

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

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

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

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

(b) Amortised cost

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

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

(iii) Regular way purchase or sale of financial assets

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

Trade date accounting refers to :

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Regular way purchase or sale of financial assets (continued)

Settlement date accounting refers to :

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

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

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

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

(v) Derecognition

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

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

(vi) Offsetting

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

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

The estimated useful lives for the current and comparative periods are as follows :

Building and building improvements	50 years
Plant and machinery	5 - 10 years
Furniture, fittings, fixtures and equipment	5 years
Motor vehicles	5 years

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

2. Significant accounting policies (continued)

(e) Leases

(i) Definition of a lease

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

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

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

(ii) Recognition and initial measurement

(a) As a lessee

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

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

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

- fixed payments, including in-substance fixed payments less any incentives receivable; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

2. Significant accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor

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

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

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

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

(iii) Subsequent measurement

(a) As a lessee

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

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

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

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as “other income”.

(f) Investment properties

Investment properties carried at cost

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

2. Significant accounting policies (continued)

(f) Investment properties (continued)

Investment properties carried at cost (continued)

Investment properties are initially and subsequently measured at cost and are accounted for similar to property, plant and equipment. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 2(d).

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Transfers between investment properties and property, plant and equipment do not change the cost and the carrying amount of the property transferred.

Depreciation is charged on a straight-line basis over the estimated useful life ranging from 35 years to 50 years.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(g) Inventories

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

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(h) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

2. Significant accounting policies (continued)

(i) Contract cost (continued)

(ii) Cost to fulfil a contract (continued)

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(j) Cash and cash equivalents

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

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

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

The Group considers a financial asset to be in default when :

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

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

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

2. Significant accounting policies (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

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

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

(ii) Other assets

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

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

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

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

2. Significant accounting policies (continued)

(l) Equity instruments

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

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Issue expenses

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

(m) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(n) Provisions

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

(o) Revenue and other income

(i) Revenue from contracts with customers

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

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met :

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

2. Significant accounting policies (continued)

(o) Revenue and other income (continued)

(ii) Rental income

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

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(iv) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(p) Borrowing costs

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

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

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

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

(q) Income tax

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

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

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

2. Significant accounting policies (continued)

(q) Income tax (continued)

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

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

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

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

(r) Earnings per ordinary share

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

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

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

(s) Operating segments

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

(t) Contingent liabilities

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

(u) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

2. Significant accounting policies (continued)

(u) Research and development (continued)

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

(v) Fair value measurements

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

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

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

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

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

3. Property, plant and equipment - Group

	Building and building improvements RM	Plant and machinery RM	Furniture, fittings, fixtures and equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost						
At 1 July 2021	32,748,632	45,143,514	17,400,739	6,397,948	-	101,690,833
Additions	-	591,098	787,062	3,500	1,787,100	3,168,760
Disposals	-	-	-	(25,437)	-	(25,437)
Effect of movements in exchange rates	-	-	164	-	-	164
At 30 June 2022/1 July 2022	32,748,632	45,734,612	18,187,965	6,376,011	1,787,100	104,834,320
Additions	-	1,337,383	361,613	1,509,538	182,508	33,391,042
Disposals	-	-	-	(542,600)	-	(542,600)
Written off	-	(672,056)	-	(73,826)	-	(745,882)
Reclassification	-	-	1,754,332	-	(1,754,332)	-
Effect of movements in exchange rates	-	-	536	-	-	536
At 30 June 2023	32,748,632	46,399,939	20,304,446	7,269,123	215,276	106,937,416

3. Property, plant and equipment - Group (continued)

	Building and building improvements RM	Plant and machinery RM	Furniture, fittings, fixtures and equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Depreciation and impairment loss						
At 1 July 2021						
Accumulated depreciation	11,425,616	38,863,420	14,222,784	4,387,313	-	68,899,133
Accumulated impairment losses	-	272,180	-	-	-	272,180
	11,425,616	39,135,600	14,222,784	4,387,313	-	69,171,313
Depreciation for the year	644,526	1,209,804	828,158	629,940	-	3,312,428
Disposals	-	-	-	(25,436)	-	(25,436)
Effect of movements in exchange rates	-	-	164	-	-	164
At 30 June 2022						
Accumulated depreciation	12,070,142	40,073,224	15,051,106	4,991,817	-	72,186,289
Accumulated impairment losses	-	272,180	-	-	-	272,180
	12,070,142	40,345,404	15,051,106	4,991,817	-	72,458,469

3. Property, plant and equipment - Group (continued)

	Building and building improvements RM	Plant and machinery RM	Furniture, fittings, fixtures and equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Depreciation and impairment loss						
At 1 July 2022						
Accumulated depreciation	12,070,142	40,073,224	15,051,106	4,991,817	-	72,186,289
Accumulated impairment losses	-	272,180	-	-	-	272,180
	12,070,142	40,345,404	15,051,106	4,991,817	-	72,458,469
Depreciation for the year	644,526	1,151,424	945,061	605,796	-	3,346,807
Disposals	-	-	-	(542,594)	-	(542,594)
Written off	-	(672,051)	-	(73,825)	-	(745,876)
Effect of movements in exchange rates	-	-	536	-	-	536
At 30 June 2023	12,714,668	40,824,777	15,996,703	4,981,194	-	74,517,342
Carrying amounts						
At 1 July 2021	21,323,016	6,007,914	3,177,955	2,010,635	-	32,519,520
At 30 June 2022/1 July 2022	20,678,490	5,389,208	3,136,859	1,384,194	1,787,100	32,375,851
At 30 June 2023	20,033,964	5,575,162	4,307,743	2,287,929	215,276	32,420,074

3. Property, plant and equipment - Group (continued)

3.1 Assets under hire purchase arrangements

The carrying amounts of plant and equipment acquired under hire purchase arrangements are as follows :

	2023 RM	2022 RM
Plant and machinery	1,211,293	1,065,409
Motor vehicles	2,284,424	1,379,564
	3,495,717	2,444,973

3.2 Property, plant and equipment subject to operating lease

The Group leases part of its building to a third party. The lease contains a non-cancellable period of 3 years. Subsequent renewal is negotiated with the lessee.

The Group generally does not require a financial guarantee on the lease arrangement. Nevertheless, the Group requires two months of rental as deposit from the lessee. This lease does not include residual value guarantee.

	2023 RM	2022 RM
Lease income	3,285,345	3,131,490

The operating lease payments to be received are as follows :

	2023 RM	2022 RM
Less than one year	3,348,120	3,285,345
One to two years	837,030	3,348,120
Two to three years	-	837,030
Total undiscounted lease payments	4,185,150	7,470,495

3.3 Security

The building is charged to a licensed bank as security for the term loans facility granted to a subsidiary (see Note 12).

3.4 Capitalisation of borrowing costs

The Group's property, plant and equipment includes borrowing costs arising from term loan. During the financial year, the borrowing costs of RM15,278 (2022: Nil) was capitalised as cost of capital work-in-progress.

4. Right-of-use assets - Group

	Leasehold land RM	Forklifts RM	Total RM
At 1 July 2021	58,991,296	450,166	59,441,462
Additions	-	110,211	110,211
Depreciation	(691,283)	(164,146)	(855,429)
At 30 June 2022/1 July 2022	58,300,013	396,231	58,696,244
Additions	35,974,000	594,773	36,568,773
Depreciation	(691,283)	(185,553)	(876,836)
Derecognition*	-	(101,762)	(101,762)
At 30 June 2023	93,582,730	703,689	94,286,419

* Derecognition due to early termination of lease contracts.

The Group leases a number of forklifts and two (2022 : one) parcels of leasehold land that run between 5 years and 99 (2022 : 49) years respectively.

4.1 Security

The leasehold land are charged to licensed banks as security for the term loans facility granted to a subsidiary (see Note 12).

4.2 Judgements and assumptions in relation to leases

The Group applied judgement and assumptions in determining the incremental borrowing rates of the leases of forklifts. Group entities first determine the closest available borrowing rates before using judgement to determine the adjustments required to reflect the term, security, value or economic environment of the leases.

5. Investment properties - Group

	Apartment and shop office RM
Cost	
At 1 July 2021	2,146,579
Disposals	(1,355,164)
At 30 June 2022/1 July 2022/30 June 2023	791,415

5. Investment properties - Group (continued)

	Apartment and shop office RM
Depreciation and impairment loss	
At 1 July 2021	
Accumulated depreciation	208,798
Accumulated impairment losses	540,242
	749,040
Depreciation for the year	8,668
Disposals	(226,364)
At 30 June 2022/1 July 2022	
Accumulated depreciation	189,102
Accumulated impairment losses	342,242
	531,344
Depreciation for the year	7,428
At 30 June 2023	
Accumulated depreciation	196,530
Accumulated impairment losses	342,242
	538,772
Carrying amounts	
At 1 July 2021	1,397,539
At 30 June 2022/1 July 2022	260,071
At 30 June 2023	252,643

Investment properties comprise a number of commercial properties that are leased to third parties. No contingent rents are charged.

The following are recognised in profit or loss :

	2023 RM	2022 RM
Lease income	26,700	24,360
Direct operating expenses :		
- income generating investment properties	12,108	17,210
- non-income generating investment properties	1,208	9,144

5. Investment properties - Group (continued)

5.1 Fair value information

The fair value of the investment properties of the Group is based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category of properties being valued. The fair value of the investment properties as at 30 June 2023 is classified as level 3 fair value (2022 : level 3 fair value), estimated at approximately RM580,000 (2022 : RM510,000).

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There has been no transfer between the fair value levels during the financial year (2022 : no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

Estimation uncertainty and key assumptions

The Directors estimate the fair value of the Group's investment properties based on the following key assumptions :

- Comparison of the Group's investment properties with similar properties that were published for sale within the same locality or other comparable localities; and
- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

6. Investments in subsidiaries - Company

	2023 RM	**2022 RM**
Unquoted shares, at cost	17,548,947	17,548,947
Less: Impairment loss	(26,005)	(26,005)
	17,522,942	17,522,942

Details of the subsidiaries are as follows :

Name of entity	**Effective ownership interest and voting interest 2023**	**2022**	**Principal activities**
SKB Shutters Manufacturing Sdn. Bhd.	100%	100%	Manufacture and sale of roller shutters, racking systems, storage system and related steel products.
SKB Storage Industries Sdn. Bhd.	100%	100%	Manufacture and sale of roller shutters, racking systems, storage system and related steel products.
SKB Shutters Industries Sdn. Bhd.	100%	100%	Manufacturing and providing of repair services for motor components.
SKB Shutters (S) Pte. Ltd. #	100%	100%	Trading of roller shutters, racking systems and storage systems.

6. Investments in subsidiaries - Company (continued)

All the above subsidiaries are incorporated and having their principal place of business in Malaysia except for SKB Shutters (S) Pte. Ltd. which is incorporated and having its principal place of business in Singapore.

Not audited by KPMG PLT.

7. Trade and other receivables

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Non-current					
Trade					
Retention sum		5,197,742	2,344,153	-	-
Current					
Trade					
Trade receivables		14,708,889	10,981,255	-	-
Retention sum		2,095,199	2,440,908	-	-
		16,804,088	13,422,163	-	-
Non-trade					
Amount due from subsidiaries	7.2	-	-	11,070,602	16,892,601
Other receivables		162,429	223,720	-	-
Deposits		859,820	707,475	4,000	4,000
Prepayments	7.3	1,606,240	1,614,730	-	-
		2,628,489	2,545,925	11,074,602	16,896,601
		19,432,577	15,968,088	11,074,602	16,896,601

7.1 Significant judgements and assumptions

The management reviews for impairment loss on trade receivables based on individual assessment for those receivables past due more than 90 days. This review requires judgement and estimates. Possible changes in the estimate could result in revision to the impairment loss on trade receivables.

7.2 Amount due from subsidiaries - Company

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

7.3 Prepayments - Group

Included in prepayments of the Group is an amount of RM865,453 (2022 : RM1,093,649) representing advance payments made to suppliers for the purchase of raw materials.

8. Inventories - Group

	2023 RM	2022 RM
Raw materials	27,627,318	32,367,127
Work-in-progress	841,779	563,485
Manufactured inventories	22,768,537	19,881,268
	51,237,634	52,811,880

Recognised in profit or loss (included under cost of sales) :

	2023 RM	2022 RM
Inventories recognised as cost of sales	77,823,201	56,917,549
Reversal of inventories written down	(72,696)	(596,525)
Inventories written off	107,521	411

8.1 Significant judgements and assumptions

In determining the amount of inventories to be written down, the Directors took into consideration the age of the inventories. This review requires judgement and estimates. Possible changes in the estimate could result in revision to the valuation of inventories.

9. Cash and cash equivalents

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Short-term funds	9.1	18,359,517	12,570,354	18,359,517	12,570,354
Cash and bank balances		5,967,194	4,189,534	48,899	12,822
		24,326,711	16,759,888	18,408,416	12,583,176

9.1 Short-term funds

Short-term funds represent investments in fixed income funds which are redeemable within a period of less than 7 days.

10. Share capital - Group and Company

	2023		2022	
	Amount RM	Number of shares	Amount RM	Number of shares
Issued and fully paid ordinary shares with no par value classified as equity instruments				
At 1 July 2022/2021	45,818,324	132,000,000	45,818,324	44,000,000
Bonus issue	-	-	-	88,000,000
At 30 June	45,818,324	132,000,000	45,818,324	132,000,000

10. Share capital - Group and Company (continued)

10.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

In the previous financial year, the Company declared a bonus issue of 88,000,000 new ordinary shares on the basis of two (2) new ordinary shares for every one (1) existing ordinary share held in the Company at no consideration and without any capitalisation of the Company's reserves.

11. Reserves

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Capital reserve		30,000	30,000	-	-
Translation reserve	11.1	(333,173)	(249,033)	-	-
Retained earnings		70,037,625	55,042,798	859,439	846,445
		69,734,452	54,823,765	859,439	846,445

11.1 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operation.

12. Loans and borrowings - Group

	2023 RM	2022 RM
Non-current		
Secured		
Term loans	62,123,042	35,904,845
Hire purchase creditors	1,929,764	991,031
	64,052,806	36,895,876
Current		
Secured		
Term loans	3,833,938	2,208,449
Hire purchase creditors	1,042,067	739,539
	4,876,005	2,947,988
Unsecured		
Bank overdrafts	416,448	1,430,372
Bankers' acceptances	8,658,000	5,863,000
Revolving credits	2,000,000	2,000,000
Foreign currency loans	-	799,494
	11,074,448	10,092,866
	15,950,453	13,040,854
Total loans and borrowings	80,003,259	49,936,730

12. Loans and borrowings - Group (continued)

12.1 Securities

The term loans are secured by the Group's land and building (see Notes 3.3 and 4.1).

The hire purchase creditors are effectively secured as the rights to the assets will be reverted to the hire purchase creditors in the event of default.

13. Deferred tax liabilities - Group

Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Property, plant and equipment						
- capital allowances	-	-	(1,713,000)	(1,546,000)	(1,713,000)	(1,546,000)
- reinvestment allowances	-	313,000	-	-	-	313,000
Right-of-use assets						
- revaluation	-	-	(1,641,498)	(1,779,382)	(1,641,498)	(1,779,382)
- others	-	-	(169,000)	(95,000)	(169,000)	(95,000)
Lease liabilities	170,000	98,000	-	-	170,000	98,000
Provisions and impairment losses	2,727,000	1,451,710	-	-	2,727,000	1,451,710
Tax assets/(liabilities)	2,897,000	1,862,710	(3,523,498)	(3,420,382)	(626,498)	(1,557,672)
Set off of tax	(2,897,000)	(1,862,710)	2,897,000	1,862,710	-	-
Net tax assets/(liabilities)	-	-	(626,498)	(1,557,672)	(626,498)	(1,557,672)

13. Deferred tax liabilities - Group (continued)

Recognised deferred tax liabilities (continued)

Movements in temporary differences during the year are as follows :

	At 1.7.2021 RM	Recognised in profit or loss (Note 19) RM	At 30.6.2022/ 1.7.2022 RM	Recognised in profit or loss (Note 19) RM	At 30.6.2023 RM
Property, plant and equipment					
- capital allowances	(770,931)	(775,069)	(1,546,000)	(167,000)	(1,713,000)
- reinvestment allowances	233,000	80,000	313,000	(313,000)	-
Right-of-use assets					
- revaluation	(1,917,266)	137,884	(1,779,382)	137,884	(1,641,498)
- others	(107,800)	12,800	(95,000)	(74,000)	(169,000)
Lease liabilities	112,000	(14,000)	98,000	72,000	170,000
Tax loss carry-forwards	396,000	(396,000)	-	-	-
Provisions and impairment losses	1,490,928	(39,218)	1,451,710	1,275,290	2,727,000
	(564,069)	(993,603)	(1,557,672)	931,174	(626,498)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross) :

	2023 RM	2022 RM
Property, plant and equipment		
- reinvestment allowances	-	1,638,000
Tax loss carry-forwards	1,464,000	1,313,000
	1,464,000	2,951,000

The tax losses carry-forward of RM1,464,000 (2022 : RM1,313,000) for a subsidiary do not expire under the tax legislation in Singapore.

As stipulated in the Finance Act 2021, any unutilised reinvestment allowances can only be carried forward for a maximum period of 10 consecutive year of assessments (“YAs”). Any amounts not utilised upon expiry of the 10-year period from the end of the reinvestment allowances’ qualifying period will be disregarded.

Details of the Group’s unutilised reinvestment allowances are as set out below :

	2023 RM	2022 RM
Unutilised reinvestment allowances		
- expiring YA 2028	-	1,512,000
- expiring YA 2030	-	50,000
- expiring YA 2031	-	76,000
	-	1,638,000

14. Trade and other payables

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Trade					
Trade payables		10,269,810	11,395,679	-	-
Non-trade					
Other payables	14.1	14,711,099	11,882,839	3,710	3,710
Accrued expenses		3,581,485	2,777,463	325,304	334,873
Deposits received		732,839	531,532	-	-
		19,025,423	15,191,834	329,014	338,583
		29,295,233	26,587,513	329,014	338,583

14.1 Other payables

Included in other payables of the Group is an amount of RM11,348,446 (2022 : RM9,376,708) representing advance payments from customers.

15. Revenue

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue from contracts with customers	112,135,556	74,491,980	-	-
Other revenue				
- Dividend income	-	-	300,000	601,710
Total revenue	112,135,556	74,491,980	300,000	601,710

15.1 Disaggregation of revenue

	2023 RM	2022 RM
Timing and recognition		
At a point in time	42,344,377	37,920,464
Over time	69,791,179	36,571,516
	112,135,556	74,491,980

Revenue from contracts with customers is mainly confined to one business segment. Revenue mainly consists of sale of roller shutters, racking systems, storage system and related steel products. Disaggregation of revenue based on geographical markets is disclosed in Note 22 to the financial statements.

15. Revenue (continued)

15.2 Nature of goods and services

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Warranty
Project sale of roller shutters, racking systems and storage system	Revenue is recognised over time using the output method based on the agreed value of works executed and certified by architects.	Credit period of 60 days from invoice date (based on milestones certified by architects).	Defect liability period between 1 to 2 years is given to the customers.
Sale of roller shutters, racking systems, storage system and related steel products	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers.	Credit period of 30 days to 60 days from invoice date.	Assurance warranties on mechanical parts of 1 year is given to customers.

There is no variable element in consideration, obligation for returns or refunds attached to the goods sold by the Group.

15.3 Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient exemption in paragraph 121(a) of MFRS 15 on the exemption for disclosure of information on remaining performance obligations that have original expected durations of one year or less.

16. Profit before tax

Profit before tax is arrived at after charging/(crediting) :

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Auditors' remuneration :				
Audit fees				
- KPMG PLT	154,000	132,000	36,000	31,000
- Other auditors	11,771	9,509	-	-
Non-audit fees				
- KPMG PLT	3,500	3,000	3,500	3,000
- Affiliates of KPMG PLT	23,900	28,800	1,900	1,900
Depreciation of :				
- Property, plant and equipment (Note 3)	3,346,807	3,312,428	-	-
- Right-of-use assets (Note 4)	876,836	855,429	-	-
- Investment properties (Note 5)	7,428	8,668	-	-
Reversal of inventories written down (Note 8)	(72,696)	(596,525)	-	-
Inventories written off (Note 8)	107,521	411	-	-
Research and development expenses (Note 16.1)	866,251	828,798	-	-
Government grant (Note 16.2)	-	(146,000)	-	-
Finance income (Note 16.3)	(408,170)	(247,492)	(369,163)	(247,230)
Gain on disposal of :				
- plant and equipment	(75,994)	(999)	-	-
- investment properties	-	(3,026,788)	-	-
Gain on forfeiture of non-refundable deposits received	(54,537)	(2,787,357)	-	-
Loss/(Gain) on foreign exchange :				
- realised	344,400	210,251	-	-
- unrealised	(145,836)	(188,265)	-	-
Expenses/(Income) arising from leases				
Expenses relating to :				
- short-term leases (Note 16.4)	550,192	233,995	-	-
- leases of low-value assets (Note 16.4)	24,330	21,288	-	-
Income from subleasing of :				
- Property, plant and equipment	(3,285,345)	(3,131,490)	-	-
- Investment properties	(26,700)	(24,360)	-	-
Net loss/(gain) on impairment of financial instruments				
Impairment loss on trade and other receivables	131,540	497	-	-
Reversal of impairment loss on trade receivables	-	(90,160)	-	-
	131,540	(89,663)	-	-

16. Profit before tax (continued)

16.1 Research and development expenses include Director's emoluments of RM627,200 (2022: RM554,400).

16.2 The Group received government grants in the form of wage subsidy to retain local employees during the approved period of economic uncertainty brought about by the Coronavirus (COVID-19) outbreak.

16.3 Finance income represents interest income of financial assets calculated using the effective interest method that are at amortised cost.

16.4 The Group leases staff accommodations and equipment with contract term of 1 year or shorter. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

17. Finance costs - Group

	2023 RM	2022 RM
Interest expense of financial liabilities that are not at fair value through profit or loss	2,228,668	1,745,788
Interest expense on lease liabilities	8,151	15,073
	2,236,819	1,760,861

18. Employee information

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Personnel costs (including key management personnel)	17,618,455	13,155,546	285,417	300,000

Personnel costs of the Group (including key management personnel) include contributions to the Employees' Provident Fund of RM1,168,494 (2022 : RM987,112).

Included in personnel costs and research and development expenses is compensation paid to key management personnel as follows :

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' fees				
- current Directors	264,584	275,000	264,584	275,000
- past Directors	20,833	25,000	20,833	25,000
Directors' remuneration	3,050,000	2,523,750	-	-
Contributions to Employees' Provident Fund	366,000	302,850	-	-
Estimated monetary value of benefits-in-kind	10,600	10,600	-	-
	3,712,017	3,137,200	285,417	300,000

19. Tax expense

Recognised in profit or loss

Major components of income tax expense include :

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Current tax expense				
- Current year	4,081,000	1,470,941	-	-
- Prior year	218,672	12,601	-	247
- Real property gains tax on disposal of investment properties	-	218,316	-	-
Total current tax recognised in profit or loss	4,299,672	1,701,858	-	247
Deferred tax expense				
- Origination and reversal of temporary differences	(128,962)	961,701	-	-
- (Over)/Under provision in prior year	(802,212)	31,902	-	-
Total deferred tax recognised in profit or loss	(931,174)	993,603	-	-
Total income tax expense	3,368,498	2,695,461	-	247

Reconciliation of tax expense

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Profit for the year	14,994,827	9,595,374	12,994	109,278
Total tax expense	3,368,498	2,695,461	-	247
Profit excluding tax	18,363,325	12,290,835	12,994	109,525
Income tax calculated using Malaysian tax rate of 24%	4,407,198	2,949,800	3,119	26,286
Effect of different tax rate in foreign jurisdiction	(4,005)	(161)	-	-
Non-deductible expenses	536,265	656,546	157,480	177,460
Tax exempt income	(88,599)	(59,335)	(160,599)	(203,746)
Non-taxable income	(56,676)	(731,570)	-	-
Tax incentive	(449,635)	(98,175)	-	-
Changes in deferred tax assets unrecognised	(356,880)	(194,000)	-	-
Reversal of deferred tax on revaluation surplus	(137,884)	(137,884)	-	-
Real property gains tax on disposal of investment properties	-	218,316	-	-
Others	102,254	47,421	-	-
	3,952,038	2,650,958	-	-
(Over)/Under provision in prior year	(583,540)	44,503	-	247
	3,368,498	2,695,461	-	247

20. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows :

	2023 RM	2022 RM
Profit for the year attributable to ordinary shareholders	14,994,827	9,595,374

	2023	2022
Issued ordinary shares at beginning of the financial year	132,000,000	44,000,000
Effect of bonus issue in year 2022	-	88,000,000
Weighted average number of ordinary shares	132,000,000	132,000,000
Basic earnings per ordinary share (sen)	11.36	7.27

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows :

	2023 RM	2022 RM
Profit for the year attributable to ordinary shareholders	14,994,827	9,595,374
Weighted average number of ordinary shares at 30 June (basic)	132,000,000	132,000,000
Effect of Warrants	-*	8,835,788^
Weighted average number of ordinary shares at 30 June (diluted)	132,000,000	140,835,788

* The effect of the assumed exercise of Warrants on the earnings per ordinary shares is anti-dilutive. The effect of the assumed exercise of Warrants has not been considered as the exercise price of the Warrants is higher than the average market price of the Company's shares.

^ The average market price of the Company's shares during the year for the purpose of calculating the dilutive effect of Warrants was based on quoted market prices for the period during which the Warrants were outstanding.

	2023 sen	2022 sen
Diluted earnings per ordinary share	NA	6.81

21. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationship with its holding company and subsidiaries of the Company as disclosed in the financial statements and key management personnel. Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the significant related party transactions are shown in Note 7 to the financial statements.

(a) Transactions with subsidiaries

	Company	
	2023 RM	**2022 RM**
Advances to subsidiaries	3,890,000	4,000,000
Dividend income	300,000	601,710

(b) Transactions with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 18 to the financial statements.

22. Operating segments - Group

The Group is principally involved in the manufacture and sale of roller shutters, racking systems, storage system and related steel products which are principally carried out in Malaysia. Management monitors the Group's operating results as one business unit due to the similar nature and economic characteristics of the products. The products within the business unit do not require materially different technology, operational and marketing strategies. Accordingly, information by operating segments on the Group's operations as required by MFRS 8 is not presented.

Geographical information

Revenue and non-current assets information are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include financial instruments.

	Revenue RM	**Non-current assets RM**
2023		
Malaysia	82,202,692	126,959,133
Asia (excluding Malaysia)	16,392,511	3
Australia	10,339,163	-
Middle East	2,857,214	-
Others	343,976	-
	112,135,556	126,959,136
2022		
Malaysia	46,846,380	91,332,163
Asia (excluding Malaysia)	15,457,425	3
Australia	7,383,143	-
Middle East	2,847,275	-
Africa	1,292,969	-
Others	664,788	-
	74,491,980	91,332,166

23. Capital commitment - Group

	2023 RM	2022 RM
Property, plant and equipment		
- Contracted but not provided for	300,000	972,000

24. Financial instruments

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost (“AC”).

	Carrying amount RM	AC RM
2023		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	23,024,079	23,024,079
Cash and cash equivalents	24,326,711	24,326,711
	47,350,790	47,350,790
Company		
Trade and other receivables (excluding prepayments)	10,774,602	10,774,602
Cash and cash equivalents	18,408,416	18,408,416
	29,183,018	29,183,018
Financial liabilities		
Group		
Loan and borrowings	80,003,259	80,003,259
Trade and other payables	29,295,233	29,295,233
	109,298,492	109,298,492
Company		
Trade and other payables	329,014	329,014
2022		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	16,697,511	16,697,511
Cash and cash equivalents	16,759,888	16,759,888
	33,457,399	33,457,399

24. Financial instruments (continued)

24.1 Categories of financial instruments (continued)

	Carrying amount RM	AC RM
2022		
Financial assets		
Company		
Trade and other receivables (excluding prepayments)	16,896,601	16,896,601
Cash and cash equivalents	12,583,176	12,583,176
	29,479,777	29,479,777
Financial liabilities		
Group		
Loan and borrowings	49,936,730	49,936,730
Trade and other payables	26,587,513	26,587,513
	76,524,243	76,524,243
Company		
Trade and other payables	338,583	338,583

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Net gains/(losses) on :				
Financial assets at amortised cost	(521,223)	606,407	369,163	247,230
Financial liabilities at amortised cost	2,617,288	750,331	-	-
	2,096,065	1,356,738	369,163	247,230

24.3 Financial risk management

The Group has exposures to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks and suppliers for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

24. Financial instruments (continued)

24.4 Credit risk (continued)

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables is credit impaired.

The gross carrying amount of credit impaired trade receivables is written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographical region was :

	Group	
	2023	**2022**
	RM	**RM**
Domestic	21,148,948	15,060,542
Asia (excluding Malaysia)	21,627	705,774
Australia	831,255	-
	22,001,830	15,766,316

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within credit terms granted. The Group's debt recovery process is as follows :

a) Above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the credit controller; and
b) Above 90 days past due, the Group will commence a legal proceeding against the customer.

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables for all trade receivables except for project-based customers. Invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

24. Financial instruments (continued)

24.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

For project-based customers, the Group assessed the risk of loss of each customer individually based on past trend of payments. All of these customers have low risk of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

	Gross carrying amount RM	Loss allowance RM	Net balance RM
Group			
2023			
Current (not past due)	17,747,352	-	17,747,352
1 - 90 days past due	3,370,565	-	3,370,565
	21,117,917	-	21,117,917
Credit impaired			
91 - 180 days past due	323,135	-	323,135
181 - 270 days past due	181,073	-	181,073
More than 270 days past due	379,705	-	379,705
Individually impaired	2,155,573	(2,155,573)	-
	24,157,403	(2,155,573)	22,001,830
2022			
Current (not past due)	12,802,812	-	12,802,812
1 - 90 days past due	2,221,584	-	2,221,584
	15,024,396	-	15,024,396
Credit impaired			
91 - 180 days past due	210,034	-	210,034
181 - 270 days past due	525,824	-	525,824
More than 270 days past due	6,062	-	6,062
Individually impaired	2,024,530	(2,024,530)	-
	17,790,846	(2,024,530)	15,766,316

24. Financial instruments (continued)

24.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by subsequent collection after the reporting period in managing exposure to credit risk.

The movements in the allowance for impairment in respect of trade receivables during the financial year are as shown below.

	Trade receivables-credit impaired	
	2023	**2022**
	RM	**RM**
Group		
Balance at 1 July 2022/2021	2,024,530	2,114,193
Net remeasurement of loss allowance (Note 16)	131,540	(89,663)
Write-off	(497)	-
Balance at 30 June	2,155,573	2,024,530

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risk on other receivables are mainly arising from staff advances, deposits paid for utilities and membership for golf club.

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

As at the end of the reporting period, the Group recognised allowance for impairment losses on other receivables amounted to RM51,960 (2022 : RM51,960).

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks and suppliers in respect of facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their banking facilities on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM80,704,486 (2022 : RM54,204,866) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

24. Financial instruments (continued)

24.4 Credit risk (continued)

Financial guarantees (continued)

Risk management objectives, policies and processes for managing the risk (continued)

Financial guarantees provided to the suppliers of certain subsidiaries are to secure the amount payable of RM1,207,433 (2022 : RM3,166,718) as at the end of the reporting period.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when :

- The subsidiary is unlikely to repay its credit obligation to the bank or supplier in full; or
- The subsidiary is continuously loss making and is having a deficit shareholder's fund.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

As at the end of the reporting period, the Company did not recognise any allowance for impairment loss in respect of the financial guarantees as the probability of the subsidiaries defaulting on the banking facilities is remote.

Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances are only provided to subsidiaries which are wholly-owned by the Company, and are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries to be with low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when :

- The subsidiary is unlikely to repay its advances to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholder's fund.

The Company determines the probability of default for these advances individually using internal information available.

24. Financial instruments (continued)

24.4 Credit risk (continued)

Inter-company advances (continued)

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances.

	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
Company			
2023			
Low credit risk	10,770,602	-	10,770,602
Credit impaired	1,147,147	(1,147,147)	-
	11,917,749	(1,147,147)	10,770,602
2022			
Low credit risk	16,892,601	-	16,892,601
Credit impaired	1,147,147	(1,147,147)	-
	18,039,748	(1,147,147)	16,892,601

24.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

	Carrying amount RM	Contractual interest rate/ Discount rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2023							
Non-derivative financial liabilities							
Group							
Term loans	65,956,980	4.45 - 4.75	87,972,958	6,765,425	6,939,329	20,266,080	54,002,124
Hire purchase creditors	2,971,831	1.88 - 3.63	3,231,034	1,167,658	951,537	1,111,839	-
Lease liabilities	710,790	3.40 - 3.60	767,700	196,800	173,700	397,200	-
Bank overdrafts	416,448	6.70	416,448	416,448	-	-	-
Bankers' acceptances	8,658,000	5.17 - 5.34	8,658,000	8,658,000	-	-	-
Revolving credits	2,000,000	5.02 - 5.12	2,000,000	2,000,000	-	-	-
Trade and other payables	29,295,233	-	29,295,233	29,295,233	-	-	-
	110,009,282		132,341,373	48,499,564	8,064,566	21,775,119	54,002,124
Company							
Trade and other payables	329,014	-	329,014	329,014	-	-	-
Financial guarantees	-	-	81,911,919	81,911,919	-	-	-
	329,014		82,240,933	82,240,933	-	-	-

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rate/ Discount rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2022							
Non-derivative financial liabilities							
Group							
Term loans	38,113,294	3.45	49,156,869	3,652,095	3,669,480	11,008,440	30,826,854
Hire purchase creditors	1,730,570	1.88 - 3.63	1,839,274	801,750	536,098	501,426	-
Lease liabilities	411,814	3.40 - 3.60	431,700	196,800	152,400	82,500	-
Bank overdrafts	1,430,372	6.65	1,430,372	1,430,372	-	-	-
Bankers' acceptances	5,863,000	3.31 - 4.01	5,863,000	5,863,000	-	-	-
Revolving credits	2,000,000	3.56 - 3.58	2,000,000	2,000,000	-	-	-
Foreign currency loans	799,494	3.66	799,494	799,494	-	-	-
Trade and other payables	26,587,513	-	26,587,513	26,587,513	-	-	-
	76,936,057		88,108,222	41,331,024	4,357,978	11,592,366	30,826,854
Company							
Trade and other payables	338,583	-	338,583	338,583	-	-	-
Financial guarantees	-	-	57,371,584	57,371,584	-	-	-
	338,583		57,710,167	57,710,167	-	-	-

24. Financial instruments (continued)

24.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

24.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

It is generally the Group's practice not to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from transactions denominated in foreign currency.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was :

	Group	
	2023	**2022**
	RM	**RM**
Denominated in USD		
Trade and other receivables (excluding prepayments)	-	333,036
Cash and cash equivalents	2,403,980	1,415,767
Loans and borrowings	-	(799,494)
Trade and other payables	(1,418,138)	(3,262,552)
Net exposure	985,842	(2,313,243)

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a Ringgit Malaysia ("RM") functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% (2022 : 10%) strengthening of the RM against USD at the end of the reporting period would have decreased (2022 : increased) post-tax profit or loss by RM74,924 (2022 : RM175,806). This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

A 10% (2022 : 10%) weakening of the RM against USD at the end of the reporting period would have had equal but opposite effect on USD to the amount shown above, on the basis that all other variables remained constant.

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group is presently enjoying competitive interest rates which are reviewed and negotiated on a yearly basis. The Group manages their interest rate risk by having a combination of borrowings with floating and fixed rates.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Financial liabilities	(14,340,621)	(10,804,878)	-	-
Floating rate instruments				
Financial assets	18,359,517	12,570,354	18,359,517	12,570,354
Financial liabilities	(66,373,428)	(39,543,666)	-	-
	(48,013,911)	(26,973,312)	18,359,517	12,570,354

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(b) Cash flow sensitivity analysis for variable rate instruments (continued)

	Profit or loss 50 bp increase RM	Profit or loss 50 bp decrease RM
Group		
2023		
Floating rate instruments	(182,453)	182,453
2022		
Floating rate instruments	(102,499)	102,499
Company		
2023		
Floating rate instruments	69,766	(69,766)
2022		
Floating rate instruments	47,767	(47,767)

24.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

24. Financial instruments (continued)

24.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
Financial liabilities										
2023										
Term loans	-	-	-	-	-	-	(65,957,000)	(65,957,000)	(65,957,000)	(65,956,980)
Hire purchase creditors	-	-	-	-	-	-	(2,972,000)	(2,972,000)	(2,972,000)	(2,971,831)
	-	-	-	-	-	-	(68,929,000)	(68,929,000)	(68,929,000)	(68,928,811)
2022										
Term loans	-	-	-	-	-	-	(38,113,000)	(38,113,000)	(38,113,000)	(38,113,294)
Hire purchase creditors	-	-	-	-	-	-	(1,731,000)	(1,731,000)	(1,731,000)	(1,730,570)
	-	-	-	-	-	-	(39,844,000)	(39,844,000)	(39,844,000)	(39,843,864)

24. Financial instruments (continued)

24.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There has been no transfer between the fair value levels during the financial year (2022 : no transfer in either directions).

Level 3 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The fair value of the loans and borrowings is calculated using discounted cash flows where the market rate of interest is determined by reference to similar borrowing arrangements.

25. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determined to maintain an optimal debt-to-equity ratio that complied with debt covenants and regulatory requirements.

The debt-to-equity ratios were as follows :

	Group	
	2023	**2022**
	RM	**RM**
Loans and borrowings (Note 12)	80,003,259	49,936,730
Lease liabilities	710,790	411,814
Less : cash and cash equivalents (Note 9)	(24,326,711)	(16,759,888)
Net debt	56,387,338	33,588,656
Total equity	115,552,776	100,642,089
Debt-to-equity ratio	0.49	0.33

There were no changes in the Group's approach to capital management during the financial year.

26. Significant events during the year

On 1 November 2022, a wholly-owned subsidiary of the Company, SKB Shutters Manufacturing Sdn. Bhd. ("SSM") entered into the Sale and Purchase Agreement ("SPA") with a third party to acquire a parcel of leasehold land located at Bandar Puncak Alam for a total cash consideration of RM36 million. The acquisition was completed in June 2023 upon fulfilment of all conditions stated in the SPA and the land has been appropriately accounted for as right-of-use assets as disclosed in Note 4 to the financial statements.

Statement By Directors

Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 32 to 89 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 of 30 June 2023 and of their financial performance and cash flows for the financial year then ended.

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

....
Sin Kheng Lee
Director

....
Sin Siew Huey
Director

Penang,

Date : 26 October 2023

Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Sin Siew Huey**, the Director primarily responsible for the financial management of SKB Shutters Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 32 to 89 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Sin Siew Huey,** NRIC: 820805-10-5402, MIA CA30773, at George Town in the State of Penang on 26 October 2023.

....
Sin Siew Huey
Director

Before me :
Goh Suan Bee
(No. P125)
Commissioner for Oaths
Penang

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SKB Shutters Corporation Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows 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 32 to 89.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

<table>
<tr><td colspan="2">Valuation of trade receivables
Refer to Note 1(d) (basic of preparation - use of estimates and judgements), Note 2(k)(i) (impairment - financial assets) and Note 7 (trade and other receivables)</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group has trade receivables amounting to RM22.0 million.

Due to the Group's business nature and the slow down in local construction industry, the Group has significant trade receivables mainly from project-based customers. Some of these customers have long outstanding debts. This may lead to a heightened risk that certain trade receivables may not be recoverable. With the significance of the balance and the level of judgement required to assess the amount of impairment loss required for trade receivables, valuation of trade receivables has been identified as one of the key audit matters.</td><td>Our audit procedures included, amongst others :

• Tested the accuracy of trade receivables' ageing reports by testing outstanding invoices to their respective age brackets on a sampling basis;

• Assessed the recoverability of the past due trade receivables on sampling basis by testing the receipts of cash after year end; and

• Assessed the adequacy of the Group's allowance for impairment loss including expected credit loss ("ECL") against the doubtful trade receivables by challenging the key assumptions/judgement applied by Directors in determining the allowance for impairment loss on any residual balances of significant past due debts net of subsequent receipts, taking into consideration past payment trends, and bad debts record for debts deemed doubtful.</td></tr>
</table>

Key Audit Matters (continued)

Valuation of inventories Refer to Note 1(d) (*basic of preparation - use of estimates and judgements*), Note 2(g) *(accounting policy on inventories*) and Note 8 *(Inventories)*	
The key audit matter	**How the matter was addressed in our audit**
The Group has inventories amounting to RM51.2 million, representing 53.92% of the Group's total current assets as at 30 June 2023. The Group made the write-down of inventories, if necessary, based on the analysis of the aging of inventories. With the significance of the balance and the level of judgement required to assess the amount of allowance needed for the slow moving and obsolete inventories, valuation of inventories has been identified as one of the key audit matters.	Our audit procedures included, amongst others : • Tested the accuracy of inventories ageing reports by testing the goods received notes, production records and other relevant underlying documentation to their respective age brackets on a sampling basis; • Assessed the Directors' procedures and challenged the key assumptions made in identifying and writing down the slow moving and obsolete inventories and evaluated the adequacy of write down based on the past trends; • Assessed whether any significant items identified as damage, slow moving or obsolete during the inventory count observation were written down; and • Assessed whether the inventories were carried at the lower of cost and net realisable value by comparing their carrying amounts against the selling prices after year end less estimated selling expenses.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- 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 ability of the Group or of the Company 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 gives a true and fair view.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lee Phaik Im
Approval Number : 03177/05/2025 J
Chartered Accountant

Penang

Date : 26 October 2023

List Of Properties

at as 30 June 2023

No.	Description/Address	Date Revaluation	Tenure	Area	Existing Use	Carrying Amount 30.06.2023 RM
	LAND					
1	Lot 22, Jalan Teknologi Taman Sains Selangor 1 Kota Damansara 47810 Petaling Jaya	28/06/2011*	Leasehold - 99 years expiring 2106	48,637 sq.m.	Factory	57,608,730
2	PT 10562, Mukim of Ijok District of Kuala Selangor Selangor Darul Ehsan	-	Leasehold - 99 years expiring 2101	474,900 sq.m.	Vacant	35,974,000
	BUILDING					
1	Lot 22, Jalan Teknologi Taman Sains Selangor 1 Kota Damansara 47810 Petaling Jaya	28/06/2011	Leasehold - 99 years expiring 2106	336,263 sq.ft.	Factory	20,033,964
2	Corporate Tower Subang Square CT-01-17, Jln SS 15/4G 47500 Subang Jaya, Selangor	28/06/2011	Freehold	810 sq.ft.	Rent	188,012
3	Kota Point Shopping Complex, Lot LG-20 Grant No.: 15702, Lot 346 Jalan Lombong Kota Tinggi Johor	Not Applicable	Freehold	28 sq.m.	Vacant	1
4	Kiambang Apartment C-1-12, Jln Putra Perdana 5F Taman Putra Perdana 47100 Puchong, Selangor	28/06/2011	Leasehold - 99 years expiring 2093	790 sq.ft.	Vacant	64,630
	Total					**113,869,337**

* On 19 January 2016, the Group acquired 99 years leasehold land which was previously leased for 30 years.

Analysis Of Shareholdings
as at 29 September 2023

ISSUED AND FULLY PAID-UP CAPITAL	:	RM45,818,324
CLASS OF SHARE	:	Ordinary shares of RM1 each fully paid
VOTING RIGHTS	:	On a show of hands - one vote for every shareholder On a poll - one vote for every ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of shareholders	% of shareholders	No. of shares	% of shares
Less than 100	8	0.48	239	0.00
100 - 1,000	147	8.87	87,706	0.07
1,001 - 10,000	904	54.52	4,768,400	3.61
10,001 - 100,000	517	31.18	17,284,200	13.09
100,001 - 6,599,999*	80	4.83	34,386,634	26.05
6,600,000 - 132,000,000**	2	0.12	75,472,821	57.18
Total	**1,658**	**100.0000**	**132,000,000**	**100.0000**

Remark: * Less than 5% of issued shares
** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

	Name	Direct Interest	% of Issued Capital	Indirect Interest		% of Issued Capital
1	SKB Glory Sdn. Bhd.	68,542,821	51.93	-		-
2	Sin Kheng Lee	6,930,000	5.25	68,572,821	*	51.95
3	Chou Lee Sin	30,000	0.02	75,472,821	#	57.18
4	Sin Ching San	30,000	0.02	68,542,821	^	51.93

* Deemed interest via SKB Glory Sdn. Bhd. and spouse
# Deemed interest via spouse
^ Deemed interest via SKB Glory Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS

		Direct Interest	%	Indirect Interest		%
	The Company					
1	Sin Kheng Lee	6,930,000	5.25	68,572,821	*	51.95
2	Chou Lee Sin	30,000	0.02	75,472,821	#	57.18
3	Sin Ching San	30,000	0.02	68,542,821	^	51.93
4	Sin Siew Huey	-	-	-		-
5	Sin Tze Yi	-	-	-		-
6	Ng Swee Weng	-	-	-		-
7	Amnah Apasra Emir Binti Moehamad Izat Emir	-	-	-		-
8	Yeoh Yen Shiong	-	-	-		-
	Holding Company - SKB Glory Sdn. Bhd.					
1	Sin Kheng Lee	971,250	64.75	112,500	@	7.50
2	Sin Ching San	416,250	27.75	-		-
3	Chou Lee Sin	-	-	1,083,750	#	72.25

* Deemed interest via SKB Glory Sdn. Bhd. and spouse
# Deemed interest via spouse
^ Deemed interest via SKB Glory Sdn. Bhd.
@ Deemed interest via Lembah Segar Sdn. Bhd.

Note : By virtue of their interest of more than 20% in the Ordinary Shares of the Company, Messrs Sin Kheng Lee and Sin Ching San are also deemed to have interest in the Ordinary Shares of all the subsidiaries to the extent that the Company has an interest.

Analysis Of Shareholdings

as at 29 September 2023

LIST OF 30 LARGEST SHAREHOLDERS

NO.	NAME	HOLDINGS	%
1	SKB GLORY SDN BHD	68,542,821	51.93
2	SIN KHENG LEE	6,900,000	5.23
3	LOOI ENG KEONG	3,168,000	2.40
4	DAUD BIN DAROS	2,955,717	2.24
5	MOHD HAFIZ BIN HASHIM	2,955,717	2.24
6	LEE CHEE BENG	2,519,700	1.91
7	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	2,170,000	1.64
8	OOI SAY TUAN	1,500,000	1.14
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHANG WOE CHERNG (E-TJJ)	1,258,000	0.95
10	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN ROY SOON (TAN8615M)	1,200,000	0.91
11	TERM BOON KENG	781,600	0.59
12	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SUN PING	679,000	0.51
13	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN (A)	533,400	0.40
14	LEE BENG YONG	500,000	0.38
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHAN SIEW SENG	483,900	0.37
16	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING SIEW PIN (CEB)	471,000	0.36
17	LIM POH BOON	462,000	0.35
18	SYARIKAT RIMBA TIMUR (RT) SDN BHD	450,000	0.34
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN (100378)	390,000	0.30
20	LEE LAM KEIONG	370,000	0.28
21	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAM CHEE MENG	369,300	0.28
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE MENG HUAT	359,400	0.27
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SUN PING	324,000	0.25
24	TEOH TIANG HOE	315,000	0.24
25	TAN LEE LING	310,000	0.23
26	CHAN KOK SAN	304,000	0.23
27	CHANG TONG LEE	300,000	0.23
28	CHONG KAI WHYE	300,000	0.23
29	LAU SAM SIONG	300,000	0.23
30	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LENG KEAN MENG	263,800	0.20
		101,436,355	76.86

Analysis Of Warrant Holdings
as at 29 September 2023

3-YEAR WARRANTS 2022/2025

Total number of warrant issued	:	65,999,996
Outstanding	:	65,999,996
Voting rights	:	The holders of the Warrants will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in our Company until and unless such holders of the Warrants exercise their Warrants into new SKB Shutters Corporation Berhad ordinary shares

DISTRIBUTION OF WARRANT HOLDINGS

Size of Shareholding	No. of warrant holders	% of warrant holders	No. of warrant	% of warrant
Less than 100	51	5.10	2,370	0.00
100 - 1,000	92	9.21	40,200	0.06
1,001 - 10,000	516	51.65	2,104,200	3.19
10,001 - 100,000	282	28.23	9,923,300	15.04
100,001 - 3,299,998*	55	5.51	21,193,516	32.11
3,299,999 - 65,999,996**	3	0.30	32,736,410	49.60
Total	**999**	**100.00**	**65,999,996**	**100.00**

Remark : * Less than 5% of issued Warrants
: ** 5% and above of issued Warrants

SUBSTANTIAL WARRANT HOLDERS

	Name	Direct Interest	% of Issued Warrants	Indirect Interest		% of Issued Warrants
1	SKB Glory Sdn. Bhd.	24,271,410	36.77	-		-
2	Mohd Rodzi Bin Ibrahim	5,000,000	7.58	-		-
3	Sin Kheng Lee	3,465,000	5.25	24,286,410	*	36.80
4	Chou Lee Sin	15,000	0.02	27,736,410	#	42.02
5	Sin Ching San	15,000	0.02	24,271,410	^	36.77

* Deemed interest via SKB Glory Sdn. Bhd. and spouse
\# Deemed interest via spouse
^ Deemed interest via SKB Glory Sdn. Bhd.

DIRECTORS' WARRANT HOLDINGS

		Direct Interest	%	Indirect Interest		%
	<u>**The Company**</u>					
1	Sin Kheng Lee	3,465,000	5.25	24,286,410	*	36.80
2	Chou Lee Sin	15,000	0.02	27,736,410	#	42.02
3	Sin Ching San	15,000	0.02	24,271,410	^	36.77
4	Sin Siew Huey	-	-	-		-
5	Sin Tze Yi	-	-	-		-
6	Ng Swee Weng	-	-	-		-
7	Amnah Apasra Emir Binti Moehamad Izat Emir	-	-	-		-
8	Yeoh Yen Shiong	-	-	-		-

* Deemed interest via SKB Glory Sdn. Bhd. and spouse
\# Deemed interest via spouse
^ Deemed interest via SKB Glory Sdn. Bhd.

Analysis Of Warrant Holdings

at as 29 September 2023

LIST OF 30 LARGEST WARRANT HOLDERS

NO.	NAME	HOLDINGS	%
1	SKB GLORY SDN BHD	24,271,410	36.77
2	MOHD RODZI BIN IBRAHIM	5,000,000	7.58
3	SIN KHENG LEE	3,450,000	5.23
4	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN ROY SOON (TAN7341C)	2,300,000	3.48
5	LOOI ENG KEONG	1,584,000	2.40
6	DAUD BIN DAROS	1,477,858	2.24
7	MOHD HAFIZ BIN HASHIM	1,477,858	2.24
8	LOK WEI SEONG	1,270,100	1.92
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI CHENG KUAN (8058893)	1,000,000	1.52
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING SIEW PIN (8059095)	875,700	1.33
11	OOI SAY TUAN	750,000	1.14
12	LEE CHEE BENG	696,800	1.06
13	KEH CHIN ZIUNG	510,000	0.77
14	LOW POW YING @ TAN LUAN	500,000	0.76
15	NG MEI XIAN	400,000	0.61
16	CHUAH GUAT GNOH	346,000	0.52
17	GOH FUI FIN	330,000	0.50
18	CHUAH CHONG BOON	300,000	0.45
19	NG JIA HONG	300,000	0.45
20	SIM WAH SIANG	285,000	0.43
21	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN (A)	266,700	0.40
22	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SUN PING	260,000	0.39
23	ASRI AHMAD HOLDINGS SDN BHD	257,800	0.39
24	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YONG SIEW YEE (M19)	250,000	0.38
25	HISHAMUDIN BIN MOSTAWI	250,000	0.38
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SUN PING	250,000	0.38
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JEFFREY JONG SZE LIANG (E-PDG/JPN)	250,000	0.38
28	TINA LIM HONG TIN	250,000	0.38
29	LIM POH BOON	231,000	0.35
30	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN LAI HONG (MONT KIARA-CL)	200,000	0.30
		49,590,226	75.14

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Sixth ("26th") Annual General Meeting ("AGM") of the Company will be held at The Olive, Level 6, Olive Tree Hotel Penang, 76, Jalan Mahsuri, Bandar Sunway Tunas,11950 Bayan Lepas, Penang, Malaysia, on 28th day, November 2023 at 2.00 p.m. to transact the following business: -

As Ordinary Business:

1. To receive and adopt the Financial Statements for the year ended 30 June 2023 and the Reports of Directors and Auditors thereon. (Please refer to Explanatory Note (B)(1))

2. To re-elect the following Directors who are due to retire in accordance with Clause 88 of the Company's Constitution and being eligible, had offered themselves for re-election: -

2.1	Mr Sin Kheng Lee	Ordinary Resolution 1
2.2	Mr Sin Ching San	Ordinary Resolution 2
2.3	Ms Chou Lee Sin	Ordinary Resolution 3
2.4	Ms Sin Siew Huey	Ordinary Resolution 4
2.5	Ms Sin Tze Yi	Ordinary Resolution 5
2.6	Mr Ng Swee Weng	Ordinary Resolution 6
2.7	Puan Amnah Apasra Emir Binti Moehamad Izat Emir	Ordinary Resolution 7

3. To re-elect Ir Yeoh Yen Shiong who is due to retire in accordance with Clause 95 of the Company's Constitution. Ordinary Resolution 8

4. To approve Directors' Fees of RM285,416.65 for the year ended 30 June 2023. Ordinary Resolution 9

5. To re-appoint Messrs KPMG PLT as auditors of the Company to hold office until the conclusion of the next AGM and to authorise the directors to fix their remuneration. Ordinary Resolution 10

As Special Business

To consider and if thought fit, to pass the following Resolution with or without modification: -

6. Authority to allot and issue shares by Directors pursuant to sections 75 and 76 of the Companies Act 2016 Ordinary Resolution 11

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject always to the provisions of the Constitution of the Company and the approvals from the relevant governmental/regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued share capital of the Company for the time being.

   THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

   THAT pursuant to Section 85 of the Act, read together with Clause 56 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the existing shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of such new shares in the Company pursuant to Sections 75 and 76 of the Act AND THAT the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company.

   AND THAT the new shares to be issued shall, upon issuance and allotment, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

7. To transact any other business of which due notice shall have been given.

By Order of the Board

Chin Lee Phing
(SSM PC No.: 202008000049)
(MAICSA 7057836)
Company Secretary
Penang, 31 October 2023

Notes:

(A) Appointment of Proxy: -

1. A Member may appoint up to two (2) proxies to attend on the same occasion. A proxy may but need not be a Member of the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account its holds.

   An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. The instrument appointing a proxy may be made in hardcopy form or by electronic means in the following manner not less than 48 hours before the time for holding the meeting or any adjournment thereof:

   (i) In hardcopy form: The proxy form shall be deposited at the office of the Company's Share Registrar at Securities Services (Holdings) Sdn Bhd, Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 Penang.
   (ii) By electronic means: The proxy form shall also be electronically lodged by email to investoraffairs@skb.com.my

5. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

6. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the ORIGINAL certificate of appointment executed in the manner as stated in the proxy form if it has not been lodged at the office of the Company's Share Registrar earlier.

7. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), all resolutions set out in the Notice of the 26th AGM will be put to vote on a poll.

8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 68 of the Company's Constitution and Paragraph 7.16(2) of the MMLR of Bursa Securities, a Record of Depositors ("ROD") as at 21 November 2023. Only Depositor whose name appears on such ROD or the appointed proxy holder/representative shall be entitled to attend, speak and vote at the AGM.

(B) Explanatory Notes on Ordinary Business: -

1. The audited financial statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

2. Resolutions 1, 2, 3, 4, 5, 6, 7 and 8 – Re-election of Directors

   Clause 88 of the Company's Constitution states that all Directors shall retire from office every year, but shall be eligible for re-election.

   Mr Sin Kheng Lee, Mr Sin Ching San, Ms Chou Lee Sin, Ms Sin Siew Huey, Ms Sin Tze Yi, Mr Ng Swee Weng and Puan Amnah Apasra Emir Binti Moehamad Izat Emi who retire in accordance with Clause 88 of the Company's Constitution and Ir Yeoh Yen Shiong who retires in accordance with Clause 95 of the Company's Constitution, being eligible, have offered themselves for re-election.

   In determining the eligibility of the Directors to stand for re-election at the forthcoming AGM, the Nominating Committee ("NC") has assessed and recommend to the Board the re-election of retiring Directors based on the following considerations: -

   (i) satisfactory performance and have met Board's expectation in discharging their duties and responsibilities;
   (ii) level of independence demonstrated by the independent director; and
   (iii) their ability to act in the best interest of the Company in decision-making.

   The Board approved the NC's recommendation for the re-election of the retiring Directors pursuant to Clause 88 and 95 of the Company's Constitution at the forthcoming AGM of the Company. The retiring Directors had abstained from deliberation as well as decision on their own eligibility to stand for re-election at the relevant NC and Board meetings.

3. Resolution 9 – Proposed payment of Directors' Fee

   Section 230(1) of the Act provides amongst others, that the fee of the Directors and any benefits payable to the Directors of a listed company shall be approved at the general meeting. Pursuant thereto, shareholders' approval is sought for the payment of fees to Directors in respect of the year ended 30 June 2023. The Board recognizes that the of Directors' fees payable is in the best interest of the Company.

4. Resolution 10 – Re-appointment of Auditors

   Pursuant to Section 271(3)(b) of the Act, shareholders shall appoint auditors who shall hold office until the conclusion of the next AGM in year 2024. The current auditors, Messrs. KPMG PLT has expressed their willingness to continue in office.

   The Board and Audit Committee of the Company have considered the re-appointment of Messrs. KPMG PLT as auditors of the Company and collectively agreed that Messrs. KPMG PLT has met the relevant criterias prescribed by Paragraph 15.21 of the Listing Requirements.

   The Board of Directors recommends the re-appointment of Messrs. KPMG PLT as External Auditors of the Company to hold the office until the conclusion of the next AGM.

(C) Explanatory Notes to Special Business: -

1. Resolution 11 – Authority to allot and issue shares by Directors pursuant to sections 75 and 76 of the Act

   The proposed Ordinary Resolution 11 is for the purpose of granting a renewed general mandate ("General Mandate") which was approved at the 25th AGM held on 25 November 2022 and which will lapse at the conclusion of the 26th AGM. It is also to approve the disapplication of statutory pre-emption rights under the Section 85 of the Act, to allot new shares (or to grant rights over shares) without first offering them to existing shareholders in proportion to their holdings pursuant to the general mandate.

   As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the General Mandate granted to the Directors at the last AGM.

   This General Mandate is sought to avoid any delays and costs involved with the convening of a general meeting. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

   The renewal of this General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s) and/or working capital and/or acquisition(s) and/or for such strategic reasons or such other purposes as the Directors consider would be in the best interest of the Company.

   At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the General Mandate is obtained, the Company will make announcement in respect thereof.

(D) The Annual Report 2023 and Corporate Governance Report 2023 are available for download at http://skb-shutters.com/

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Statement Accompanying Notice Of Annual General Meeting

(pursuant to paragraph 8.27(2) of the listing requirements of bursa securities)

No individual is standing for election as a Director at the forthcoming 26th AGM of the Company.

This page is intentionally left blank.

Reg. Trademark No. 85/B03843

SKB SHUTTERS CORPORATION BERHAD

199701014865 (430362-U)

PROXY FORM

No. of shares held	CDS account no.

I/We____(Tel__________________)

(Full name as per NRIC and NRIC No./Company No. in BLOCK LETTERS)

of____(Email address:_______________________)

(Full address in BLOCK LETTERS)

being a member/members of **SKB Shutters Corporation Berhad**, hereby appoint

Proxy	Full Name and Address (in Block Letters)	NRIC/Passport No.	Email Address & Tel. No.	No. of Shares	% of shareholding
1					
***and/or (*delete if not applicable)**					
2					
			Total		

or failing him/her, the Chairman of the meeting as my/our proxy, to vote for me/us and on my/our behalf at the Twenty Sixth Annual General Meeting of the Company to be held at The Olive, Level 6, Olive Tree Hotel Penang, 76, Jalan Mahsuri, Bandar Sunway Tunas, 11950 Bayan Lepas, Penang, Malaysia on 28th day, November 2023 at 2.00 p.m. and at any adjournments thereof.

No.	Ordinary Resolutions	For	Against
1	To re-elect Mr Sin Kheng Lee as a director of the Company		
2	To re-elect Mr Sin Ching San as a director of the Company		
3	To re-elect Ms Chou Lee Sin as a director of the Company		
4	To re-elect Ms Sin Siew Huey as a director of the Company		
5	To re-elect Ms Sin Tze Yi as a director of the Company		
6	To re-elect Mr Ng Swee Weng as a director of the Company		
7	To re-elect Puan Amnah Apasra Emir Binti Moehamad Izat Emir		
8	To re-elect Ir Yeoh Yen Shiong		
9	To approve Directors' Fees of RM285,416.65 for the year ended 30 June 2023		
10	To re-appoint Messrs KPMG PLT as auditors of the Company		
11	Authority to Issue Shares Pursuant to Sections 75 and 76 of the Act		

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Signed this …………… day of ………………… 2023.

____

Signature(s)/ Common Seal of Shareholder(s)

Notes:

1. 1.A Member may appoint up to two (2) proxies to attend on the same occasion. A proxy may but need not be a Member of the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined under the SICDA, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account its holds.
   An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy may be made in hardcopy form or by electronic means in the following manner not less than 48 hours before the time for holding the meeting or any adjournment thereof:
   (i) In hardcopy form: The proxy form shall be deposited at the office of the Company's Share Registrar at Securities Services (Holdings) Sdn Bhd, Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 Penang.
   (ii) By electronic means: The proxy form shall also be electronically lodged by email to investoraffairs@skb.com.my
5. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
6. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the ORIGINAL certificate of appointment executed in the manner as stated in the proxy form if it has not been lodged at the office of the Company's Share Registrar earlier.
7. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), all resolutions set out in the Notice of the 26th AGM will be put to vote on a poll.
8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 68 of the Company's Constitution and Paragraph 7.16(2) of the MMLR of Bursa Securities, a ROD as at 21 November 2023. Only Depositor whose name appears on such ROD or the appointed proxy holder/representative shall be entitled to attend, speak and vote at the AGM.

1st fold here

Stamp

To,

The Company Secretary
SKB SHUTTERS CORPORATION BERHAD
Registration No.: 199701014865 (430362-U)
Suite 18.05, MWE Plaza,
No. 8, Lebuh Farquhar,
10200 Penang, Malaysia

Then fold here

SKB SHUTTERS CORPORATION BERHAD
199701014865 (430362-U)

Registered Office:

Suite 18.05, MWE Plaza
No. 8, Lebuh Farquhar
10200 George Town
Pulau Pinang, Malaysia.