



Reg. Trademark No. 85/B03843

SKB SHUTTERS CORPORATION BERHAD

199701014865 (430362-U)

**POWERING EXCELLENCE,
UNLOCKING
INNOVATION**

**ANNUAL
REPORT
2021**

DIRECTORY

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Management Discussion And Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

SKB Shutters Corporation Berhad 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 FYE 30 June 2021, the Group recorded a total revenue of RM64.407 million, posting a 3.23% decrease in total revenue as compared to RM66.558 million in the previous FYE 30 June 2020.

For the financial year ending 2022, the Group's mission is to be the preferred supplier of roller shutters, steel doors and storage system products in the industry and to enhance shareholders' value. In pursuing our mission, we strategize our journey by providing the highest-quality products, with sales and delivery services that continuously exceed customers' expectations and providing opportunities for employees to excel and be rewarded. Therefore, research and development and product testing for roller shutters to meet local regulatory requirements, engineered storage racking systems to earthquake-prone regions and many more will always be carried out by our team.

PERFORMANCE OF THE GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	FYE 30 June 2021 RM'000	FYE 30 June 2020 RM'000	Changes (%)
Revenue	64,407	66,558	(3.23%)
Result From Operating Activities	7,479	2,507	198.32%
Interest Income	129	83	55.42%
Interest Expense	(1,918)	(2,566)	(25.25%)
Profit before Tax	5,690	24	23,608.33%
Tax Expense	(665)	(983)	(32.35%)
Profit/(Loss) after Tax	5,025	(959)	623.98%
Basic Earnings/(Loss) Per Ordinary Share (sen)	12.56	(2.40)	

FINANCIAL RESULTS

It was a challenging period for the Malaysian construction industry during the financial year under review. The COVID-19 pandemic continued to cause significant disruption to the businesses in the country. Weighing down the industry further was the persistent industrial and commercial project overhang that have affected the market in the pandemic. Against these factors, the industry recorded a year-on-year decline in most market segments.

The Group reported approximately RM64.407 million of revenue for FYE 2021, a decrease of 3.23% as compared to the previous financial year. The significant decrease in revenue was attributable to the implementation of the various stages of Movement Control Orders ("MCO") since 18 March 2020 to contain the spread of Coronavirus Disease ("COVID-19"), which had resulted in the temporary halt of business operations with a sudden closure of the Group's factory and certain project sites. This has affected the Group's production and project claims.

The Group recorded profit before tax of RM5.690 million for the current financial year as compared to RM0.024 million for the previous financial year. The increase was mainly due to decrease in manufacturing costs by reducing allowance for slow moving inventories, labour and factory expenses; decrease in distribution expenses, administrative expenses and other operating expenses such as impairment loss on trade receivables as compared to the preceding financial year.

Management Discussion And Analysis

REVENUE BY PRODUCTS

	FYE 30 June 2021 RM'000	%	FYE 30 June 2020 RM'000	%	Changes (%)
Export Shutters Sales	9,040	14.04%	15,249	22.91%	(40.72%)
Export Racking Sales	15,402	23.91%	18,528	27.84%	(16.87%)
Local Shutters Sales	31,276	48.56%	26,759	40.20%	16.88%
Local Racking Sales	8,689	13.49%	6,022	9.05%	44.29%
	64,407	100.00%	66,558	100.00%	

Following by the recent rise in Malaysia's COVID-19 cases, the Government had reimposed nationwide MCO ("MCO 3.0") effective from 12 May 2021 and followed by Full MCO ("FMCO") on 1 June 2021 to contain the spread of COVID-19. The Group is allowed to operate under the MCO 3.0 and FMCO with stricter standard operating procedures (SOPs). Our workforce has also been reduced to 60% capacity during the MCO 3.0 and FMCO. The recovery of economy in Malaysia is expected to be impacted by MCO 3.0 and FMCO despite the positive COVID-19 vaccine developments. As the full impact arising from the COVID-19 pandemic including the MCO 3.0 and FMCO remains to be seen, the Board and management of the Group will continue to exercise due care and prudence in view of the uncertainties and challenges ahead. The Group will continue to meet its delivery and installation commitments with best effort in protection of the safety and health of its employees in order to ensure minimal disruption to its business operations. Premised on the foregoing, the Board is cautiously optimistic of the Group's financial performance in the coming financial year ending 30 June 2022.

REVIEW OF OPERATING ACTIVITIES

The Group's key clients are main contractors, manufacturing plants and warehouse operators. Consequently, any contributing factors affecting the construction and logistic & distribution activities in and outside Malaysia would have an impact to the Group's performance.

For the FYE 30 June 2021, the Group's results shown increased activity in logistic-related sectors for both local and overseas markets especially since 2020, the building requirements for compartment walls where Insulated Fire Shutters ("IFS") will be deployed for use is strictly enforced by the Malaysia Government. SKB has spent the last 6 years in research and developing the IFS and have successfully passed the local authority's requirements for the use and supply of the product. With the enforcement of the new building requirement, SKB foresees favorable impact to the Group in terms of demand as well as contribution to Group's revenue.

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.

- **COVID-19**

The COVID-19 has affected the global health and economy significantly. The implementation of the MCO on 18 March 2020 had resulted in the temporary halt of business operations with a sudden closure of the Group's factory. The Group only resumed its production by stages from April 2020. In response, the Group has adhered strictly to the rules and SOPs established by the Ministry of International Trade and Industry and Ministry of Health to curb the spread of COVID-19 to our premise.

Management Discussion And Analysis

FORWARD LOOKING STATEMENT

There are two major developments that will shape the financial performance and sustainability of the Group in the coming year ahead. The first is the outcome of the global battle against the Covid-19 pandemic. At present, there are no encouraging signs that we may soon enter into an endemic phase. At the same time, the world is witnessing a geo-political trade war between China and the USA which does not show any sign of reconciliation. The economic uncertainties created by these two developments on countries and companies are likely to prevail in the year ahead. Despite these challenges, we must develop strategies to maneuver and sustain our Group and provide direction for the work we do. To create value and growth for the future in these challenging times, we will embark on three strategic initiatives: -

- 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



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

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%

100%

SKB Shutters Industries Sdn. Bhd.

Registration No.: 199501032539 (368833-K)

Manufacturing and providing of repair services for motor components

SKB Shutters (S) Pte. Ltd.

Registration No.: 200909146H

Trading of roller shutters, racking systems and storage systems

100%

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sin Kheng Lee

(Executive Chairman and Group Managing Director)

Dato' Moehamad Izat bin Achmad Habechi Emir

(Deputy Chairman,
Non-Independent Non-Executive Director)

Sin Ching San

(Executive Director)

Chou Lee Sin

(Executive Director)

Sin Siew Huey

(Executive Director)

Sin Tze Yi

(Executive Director)

Ng Swee Weng

(Independent Non-Executive Director)

Lai Lan Man @ Lai Shuk Mee

(Independent Non-Executive Director)

Mohd Arif bin Mastol

(Independent Non-Executive Director)

COMPANY SECRETARY

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

REGISTERED OFFICE

2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah,
10050 Penang
Tel. no.: (604) 2266 862
Fax no.: (604) 2272 391

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)
- Lai Lan Man @ Lai Shuk Mee
- Mohd Arif bin Mastol

NOMINATING COMMITTEE

- Mohd Arif bin Mastol (Chairman)
- Ng Swee Weng
- Lai Lan Man @ Lai Shuk Mee

REGISTRAR

AGRITEUM Share Registration Services Sdn Bhd
Registration No.: 200201010810 (578473-T)
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang
Tel. no.: (604) 228 2321
Fax no.: (604) 227 2391

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

Executive Chairman and Group Managing Director
Key Senior Management

Age
64 | M

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 and Most Outstanding Alumni by the National Taiwan University of Technology in 2017 and 2019 respectively.

DATO' MOEHAMAD IZAT BIN ACHMAD HABECHI EMIR

Deputy Chairman
Non-Independent & Non-Executive Director

Age
83 | M

Dato' Moehamad Izat was appointed to the Board of SKB on 10 February 2001. He was appointed as a Director of SKBM on 3 March 1997. He was subsequently appointed as Deputy Chairman of SKB on 29 August 2006. He started work after completing his secondary education. He is a prominent Malaysian businessman with extensive international business and corporate experiences.

He is the founder cum President of Malay Businessmen and Industrialists Association of Malaysia ("PERDASAMA") since it was established in December 1998 until November 2017. Prior to that, he was the Deputy Chairman (1974-1984) and Chairman (1984-1997) of the Malay Chamber of Commerce, Malaysia City of Kuala Lumpur.

He has been actively involved in the promotion of international trade and was a committee member of the Malaysian – China Business Association, Malaysian – Thai Business Association and Chairman of the sub-committee for Economics – Trade and Investments of the Malaysia – Thailand Association. In February 2004, he was also appointed by the Ministry of International Trade and Industry ("MITI") as a member of the Malaysia – Singapore Business Council. He is also the Deputy President of the Malaysian – Finnish Business Council and Vice Chairman of the Malaysia – Cambodia Business Council. He also held the office of Chairman of the National Consumer Affairs Council of Malaysia for three terms (1995 – 2000).

He acts as Chairman of Emir Holdings Group of Companies. He was the Executive Chairman to Imartek Sdn Bhd from 25 November 1995 until 7 September 2019. He was a director of Inno-Pacific Holdings Limited company since 1 November 1995 and was appointed as Executive Chairman on 10 August 2001. He relinquished his executive role on 23 August 2002 and act as an Independence Director until December 2018. He remained as Chairman of the Board of Innopac Holdings Limited until April 2019.

He is a committee of the ASEAN Circle, committee establish by Institute of Strategic and International Studies ("ISIS") Malaysia in collaboration with the Ministry of Foreign Affairs, the Ministry of International Trade and Industry and the Ministry of Tourism and Culture since May 2017. He also an active member of delegation for almost every International Official Visit of the country's Premier. He was one of the speakers in the "National Summit on Achieving Zero Inflation" and he also served as Chairman of Panel Discussion on the "State Entrepreneur Education Seminar: Business Ethics in a Secured Nation", both of the events were held in Kuala Lumpur in 1995. Apart from being a participant in many economy and social related seminars and conferences locally and abroad, he is proactive Chairman of the organization Committee for various events in such nature. Most of the events he organized and aimed to improve Malay Entrepreneurs' performance in business and industry. In 2013, he has been appointed as an ICON/Mentor to over 1,000 students of MARA Polytechnic College ("KPTM").

DIRECTORS' PROFILE / KEY SENIOR MANAGEMENT

He was appointed as Advisory Council Member by University-Industry Advisory Council & University Technology MARA (UITM MPUI-UITM) from 2014 to 2016. He is active in connecting Malaysian businessmen and entrepreneurs with the local business council to collaborate and expand their businesses.

He successfully collaborated Malaysia-China Chamber of Commerce ("MCCC") and the Chinese Government in organising the Guangdong Maritime Silk Road International Expo for 2 consecutive years (2014 and 2015).

He has been appointed as a committee member on the Ministerial Roundtable session by MITI on the Trans-Pacific Partnership Agreement ("TPPA") and by the Malaysian Governments' deliberation for a common platform to deal with the challenges facing the global halal industry.

He held several key positions in United Malay National Organization ("UMNO"). He was Chairman of UMNO Setia Budi Branch from 2004 until 2019; Vice Chairman of UMNO Puchong Division from 1993 to 1994; Vice Chairman of UMNO Subang Division from 1994-1995; Permanent Chairman of Petaling Jaya Selatan UMNO Youth from 1998 to 2001.

He was a member of Petaling Jaya Municipal Council ("MPPJ") from 1992 to 1995 and a member of the Subang Jaya Municipal Council ("MPSJ") from 1996 to 1998. He has been appointed as MARDI Scientific Council Member by Ministry of Agriculture Malaysia from June 2003 to December 2013.

He is the President of Asean Chamber of Commerce (Dewan Perdagangan Asean) since 17 April 2018.

He was appointed as Chairman of Financial Committee Member of Majlis Tindakan Ekonomi Melayu Bersatu ("MTEM") in November 2005.

Due to his vast achievements and public services, he was conferred with Darjah Dato' Paduka Perak ("DPMP") by the Sultan of Perak and awarded with Ahli Mangku Negara ("AMN"). He also received Recognition of Contribution Supportive Appreciation Award from CSR Leadership Excellence Award 2018 program.

SIN CHING SAN

Executive Director
Key Senior Management

Age
53 | M

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

Executive Director

Age
62 | F

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 SIEW HUEY

Executive Director
Key Senior Management

Age
39 | F

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.

DIRECTORS' PROFILE / KEY SENIOR MANAGEMENT

SIN TZE YI

Executive Director

Age
34 | F

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

Independent Non-Executive Director

Age
64 | M

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

He was articulated 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 Boilermach Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

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

Mr Ng Swee Weng attended the Board of Directors' meeting held during the financial year since his appointment.

Mr Ng Swee Weng has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

LAI LAN MAN @ LAI SHUK MEE

Independent Non-Executive Director

Age
66 | F

Ms Lai Lan Man was appointed to the Board of SKB on 10 February 2001. She is a member of the Audit Committee and was appointed as member of the Nominating Committee on 29 August 2013.

She obtained her first degree in B.A. (Econs) from University of Malaya in 1978 and thereafter worked in personnel management for six and a half years. She later completed her LLB through the University of London External Programme and was called to the English bar in July 1988 and then to the Malaysian Bar in 1989.

In 1990 she set-up legal practice which is now known as Messrs Lai, Yoong & Rita.

DIRECTORS' PROFILE / KEY SENIOR MANAGEMENT

Age | M
67 | M

MOHD ARIF BIN MASTOL

Independent Non-Executive Director

En Mohd Arif was appointed to the Board of SKB on 28 June 2002. He is a member of the Audit Committee and was appointed as Chairman of the Nominating Committee on 29 August 2013.

He started work after completing his Diploma in Accountancy in 1977. He then obtained his Degree in Accountancy in 1984. With that he was admitted as Member of Malaysian Institute of Accountants in 1998. He has accumulated more than 30 years of experience in Accounts, Finance & Administration with Manufacturing, Local Authority, Telecommunication and Development Company. He is also an Independent Non-Executive Director of Leader Steel Holding Berhad and Federal International Holdings Berhad (formerly known as Federal Furniture Holdings (M) Berhad).

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 offences within the past 5 years other than traffic offences.

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 interests 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 Dato' Moehamad Izat Bin Achmad Habechi Emir, Mr Ng Swee Weng and En Mohd Arif Bin Mastol whose directorships have been shown as above.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This corporate governance (“CG”) overview statement is presented in accordance to paragraph 15.25(1) and the provisions in the Practice Note 9 of the Main Market Listing Requirement (“MMLR”) and provides an overview of the key corporate governance practices of the Group during the financial year with reference to the principles of (a) board leadership and effectiveness; (b) effective audit and risk management; as well as (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 this link www.skb-shutters.com for further details and are advised to read this overview statement together with the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) BOARD COMPOSITION

During the financial year, the Board has nine (9) members comprising an Executive Chairman cum. Group Managing Director, four (4) other Executive Directors, one (1) Non-Independent & Non-Executive Director, and three (3) Independent Non-Executive Directors. The Board has appointed a new Independent Non-Executive Director, Mr Ng Swee Weng as Audit Committee Chairman and member of Nominating Committee on 2 March 2021 after the demission of the Senior Independent Non-Executive Director, Mr You Tong Lioung @ Yew Tong Leong on 26 January 2021.

The combination of the Board members comprising the Executive, Non-Executive and Independent Directors reflects the diversity in skills, experience, age, cultural background and gender in the Board. As it is, half of the Board members are female directors. Further details of each individual director are presented in the respective directors’ profiles in the Annual Report.

Except for Mr Ng Swee Weng, other Independent Directors have served the Company for more than twelve (12) years. Despite the long tenure of service, all Independent Directors have not compromised in exercising their independent judgement and to act in the best interest of the Company. Based on the annual self-assessment of independence, all the long serving Independent Directors continue to meet the criteria for independence set out in Chapter 1 of the MMLR. Resolution was put to vote in the last Annual General Meeting (“AGM”) and the result from the two-tier voting process was to retain all the Independent Directors.

In discharging these 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, namely Audit Committee and Nominating Committee to assist the Board in discharging its duties and responsibilities effectively. The terms of reference of respective Committee are set out and approved by the Board. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The Board also reviews the Committees reports and approved the recommendation, if any proposed by the Committees;
- Observed the regulatory requirements when disseminating information and making disclosures in consultation with the Company Secretary;
- Ensured the solvency of the Group and its ability to meet its contractual obligations;
- Maintained an appropriate and adequate systems of internal control to manage key risks in the Group; and
- Ensured the implementation of Group anti-corruption framework, anti-bribery and gratification guidelines, Code of Conduct and Ethics and Whistleblowing Policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

(I) BOARD COMPOSITION (continued)

At the board level, the Executive Chairman and Executive Directors are responsible for the Group business operations while the Non-Executive and Independent Directors play a check and balance role by bringing objective judgment and views into the Board's deliberation and decision-making processes.

Presently, the Board Chairman is also the Group Managing Director. The combination of these roles has helped the Board in aligning the mindset of management with the Board. Nonetheless, with the presence of four non-executive Directors, the Board feels that its current composition is reasonably sufficient to ensure balance of power and authority and at the same time provides the Board with the advantage of ensuring the expectations of the Board and management are aligned with such combination of roles and responsibilities.

All Board members have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business. The appointment and removal of 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 play an advisory role to the Board, particularly with regards to 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 advices are necessary, Board Members may notify and seek the Board for approval.

The underlying factors of Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skill sets. The Board meets at least every quarter and on other occasions, as and when necessary, to review the performance of the Company and its operating subsidiaries and other business development matters.

During the financial year, 4 Board meetings were held. Details of each Director's attendance are as follows:

Directors	No. of meetings attended by Directors
Sin Kheng Lee (Executive Chairman & Group Managing Director)	4
Dato' Moehamad Izat bin Achmad Habechi Emir (Deputy Chairman, Non-Independent & Non-Executive Director)	3
Sin Ching San (Executive Director)	3
Chou Lee Sin (Executive Director)	4
Sin Siew Huey (Executive Director)	4
Sin Tze Yi (Executive Director)	4
You Tong Lioung @ Yew Tong Leong (Senior Independent Non-Executive Director) {demised on 26 January 2021}	1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

(I) BOARD COMPOSITION (continued)

During the financial year, 4 Board meetings were held. Details of each Director's attendance are as follows: (continued)

Directors	No. of meetings attended by Directors
Lai Lan Man @ Lai Shuk Mee (Independent Non-Executive Director)	4
Mohd Arif Bin Mastol (Independent Non-Executive Director)	4
Ng Swee Weng (Independent Non-Executive Director) {Appointed on 2 March 2021}	1

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.

Director	Training Attended	Date
Lai Lan Man @ Lai Shuk Mee (Independent Non-Executive Director)	Defending Legal Professional Privilege Against the Onslaught of the Tax Authorities	14 June 2021
Mohd Arif Bin Mastol (Independent Non-Executive Director)	Payment to Directors – what's allowed and what's disallowed Pre & Post IPO Rules and Key Updates to Listing Requirements	14 June 2021 24 June 2021
Ng Swee Weng (Independent Non-Executive Director)	Audit Committee Conference 2021	15 & 16 March 2021

All Executive Directors were not able to attend any training during the financial year due to the tight commitments during pandemic period.

The Directors are regularly updated by the Company Secretary and the Internal Auditors on any changes to the statutory, corporate and regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors and also corporate governance. Board members are advised by the Nominating Committee to attend the relevant trainings based on their needs. The External Auditors would also brief the Board on changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

(II) BOARD, COMMITTEE AND INDIVIDUAL DIRECTORS' AUTHORITY

The Board has defined its Board Charter and Schedule of Matters Reserved 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

(II) BOARD, COMMITTEE AND INDIVIDUAL DIRECTORS' AUTHORITY (continued)

To assist the Board in discharging its oversight function, the Board has delegated certain oversight responsibilities to Audit Committee and Nominating Committee. These Committees provide greater objectivity and independence in the deliberations of specific agenda. The respective Chairpersons of the Board Committees report to the Board on the matters discussed and deliberated in the respective committee meetings. The final decision on all matters deliberated in the Board Committee meetings are rested with the entire Board.

The Board has defined its policy Corporate Code of Conduct and Ethics and highlighted the Board and Management responsibilities in maintaining this policy. In addition, the Board has provided guidance to directors, officers and staff in preventing abuse of power, corruption, insider trading and money laundering in this Code of Conduct and Ethics. These updated documents are posted on the Company Corporate website at www.skb-shutters.com.

(III) CORPORATE CULTURE: INTEGRITY, TRANSPARENCY AND FAIRNESS

The Board has established its whistleblowing policy for the Group and has reviewed this policy in consideration of the practices in the Malaysian Code on Corporate Governance ("MCCG") 2017.

In order to provide comfort to whistleblowers about the confidentiality of information and identity reported, the Board has assigned the administration of the whistleblowing reporting channel to the outsourced Internal Audit Function.

Stakeholders who knows of, or suspects a violation of the Code may report the incidence to the Board Chairman or the Audit Committee Chairman by emailing to 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 any reports from these whistleblowing channels.

(IV) BOARD'S PERFORMANCE ASSESSMENT

Annually, the Nominating Committee, comprising wholly independent Directors carried out Board evaluation by way of self-assessment to assess the effectiveness of the Board, the Board Committees and each individual Director.

Based on the result of the assessment, the Board is satisfied with the contribution and effectiveness of each Director, the Board Committees and the present board structure, size and composition.

The present composition of the Nominating Committee is as follows:

Chairman : En. Mohd. Arif Bin Mastol (Independent Non-Executive Director)
Member : Lai Lan Man @ Lai Shuk Mee (Independent Non-Executive Director)
Ng Swee Weng (Independent Non-Executive Director)

The details of the terms of reference of the Nominating Committee are published in the corporate website www.skb-shutters.com. During the financial year, the Nominating Committee conducted a meeting and this meeting was attended by all members of Nominating Committee. The following activities were carried out:

- 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 roles;
- ii. Reviewed the character, experience, integrity and competence of the Group Managing Director and the Chief Financial Officer;
- iii. Reviewed the Directors' retirement;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

(IV) BOARD'S PERFORMANCE ASSESSMENT (continued)

- iv. Reviewed the retention of Independent Non-Executive Directors;
- v. Reviewed the term of office and performance of the Audit Committee and each of its members;
- vi. Reviewed the disclosure of Nominating Committee's activities in the annual report; and
- vii. Reviewed the Curriculum Vitae of Mr Ng Swee Weng. Mr Ng is a Senior Advisor at BDO Tax Services Sdn. Bhd. ("BDO"). He provides Goods & Services Tax ("GST") advisory services to companies ranging from small-to-medium enterprises ("SMEs") to large publicly listed entities, particularly those entities operating in the development and construction industries. Mr Ng also has extensive experience in managing complex assurance assignments in the palm oil and plantation, manufacturing, trading, construction and property development industries. In addition, he is an experienced reporting accountant who has worked on numerous due diligence exercises and has been the reporting accountant for many Initial Public Offerings and Bond/Rights Issues. Based on his credentials, the Nominating Committee recommended to the Board on the appointment of Mr Ng as Independent Non-Executive Director, Chairman of Audit Committee and Member of Nominating Committee.

(V) REMUNERATION

The Board did not form Remuneration Committee. Accordingly, the remuneration of Directors comes under the purview of the Board. All Board Members would abstain from the Board's deliberation and discussing of his or her remuneration.

The Board has adopted a Remuneration Policy. This Policy is incorporated in the Board Charter. Executive Directors are remunerated based on Group's performance while Non-Executive Directors' remuneration is determined in accordance with the level of responsibilities assumed.

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

Remuneration From:	Remuneration Bands	Current Directors	
		Executive (ED)	Non-Executive (NED)
Company	RM50,000 and below	5	4
	RM300,001 – RM350,000	-	-
	RM350,001 – RM400,000	-	-
	RM450,001 – RM500,000	-	-
	RM650,001 – RM700,000	-	-
	Total	5	4
Subsidiaries	RM50,000 and below	-	-
	RM300,001 – RM350,000	1	-
	RM350,001 – RM400,000	1	-
	RM450,001 – RM500,000	2	-
	RM650,001 – RM700,000	1	-
	Total	5	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

(V) REMUNERATION (continued)

The aggregated annual remuneration paid to all Directors of the Company are 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*	150	39	-	-	150	39
Salaries	-	-	1,638	-	1,638	-
Bonuses	-	-	420	-	420	-
EPF	-	-	226	-	226	-
Benefit-in-Kind	-	-	11	-	11	-
Total	150	39	2,295	-	2,445	39

* The directors' fees paid are related to financial year 2021.

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors 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 in named basis is not disclosed due to security reason. 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

(VI) AUDIT COMMITTEE

The Board has established an effective and independent Audit Committee. The Audit Committee members comprise fully Independent Non-Executive Directors, which is in accordance to Bursa's Listing Requirement. The Audit Committee members are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

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

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

Annually, the Audit Committee reviews the appointment, performance and remuneration of the External Auditors. 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 as and when necessary.

(VII) RISK MANAGEMENT AND INTERNAL CONTROL

The Board as a whole is responsible for the overall and 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.

COVID-19 pandemic has affected the global supply chain for steel materials. During the financial year, the steel prices has increased sharply resulting drastic increase in its raw materials cost on galvanized steel and hot rolled coils by more than 50% since December 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

(VII) RISK MANAGEMENT AND INTERNAL CONTROL (continued)

On the other hand, the pandemic has also caused the reduction in cash liquidity in the market and has made businesses subject to tighter credit terms and even the requirement to make upfront payments for procurement.

While overhead cost controls are continuously being practiced by the management in all these years, the Group sees the need to strengthen its working capital and cash flows as part of its risk management in doing business under the new norm and environment. In this respect, the Group has recently undertaken and completed an issuance of the Company's ordinary shares through private placement.

Despite these challenges, the Group remains steadfast in improving its product quality and developing new innovative products. These are proven strategies of the Group in the past that have helped the Group in managing its market share, revenue and profitability.

The Group has also adopted and implemented its Anti-Bribery & Corruption ("ABC") Policy in conjunction with the introduction of corporate liability provision under Section 17A of the MACC Act 2009. This Policy describes the principles and guidelines to employees and business associates with regards to avoidance of improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

The Board is satisfied with the effectiveness and adequacy of the existing 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 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 Audit Committee reviews 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 as set out in this Annual Report.

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

(VIII) COMMUNICATION WITH STAKEHOLDERS

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

- Results of the Group are published quarterly via the website of Bursa Securities at <http://announcements.bursamalaysia.com>;
- Corporate information is maintained in its corporate website at www.skb-shutters.com under "Investor Relations" link for the interest of the general public;
- The information disclosed in the Annual Report complies with the disclosure requirements in accordance to the listing requirements and the approved accounting standards; and
- Shareholders interaction during the general meetings.

(IX) CONDUCT OF GENERAL MEETINGS

The Company holds its last AGM on a fully virtual basis via Remote Participation and Voting facility ("RPV") at Broadcast Venue at SKB Shutters Corporation Berhad. Notice of the AGM and Annual Reports were sent to shareholders at least twenty-one (21) days prior to the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (continued)

(IX) CONDUCT OF GENERAL MEETINGS (continued)

Shareholders who were unable to attend the AGM were advised that they can appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

In the general meeting, shareholders were provided with the opportunity to participate in the question-and-answer session where they can raise questions regarding the proposed resolutions and matters relating to the Group's businesses and affairs.

All resolutions set out in the Notice of AGM were put to vote by poll. The Company had appointed an independent scrutineer to validate the vote cast in the last AGM. The outcome of the AGM was then announced to Bursa Securities.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:

- (i) The annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable Malaysian Financial Reporting Standards, the provisions of the Companies Act 2016 so as 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) Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking 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 2021, 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 the preparation of the financial statements.

This CG Overview Statement is made in accordance with a resolution of the Board on 28 October 2021.

OTHER INFORMATION

Utilisation of proceeds

On 18 May 2021, the Company announced its intention to undertake a private placement of new ordinary shares representing not more than 10% of the total number of issued shares of the Company (excluding treasury shares, if any) ("Private Placement").

On 30 June 2021, the Private Placement was completed following the listing and quotation on the Main Market of Bursa Malaysia Securities Berhad. The Company raised RM4.32 million from the issuance of 4,000,000 ordinary shares at the issue price of RM1.08 per share. The status of utilisation of the proceeds as at reporting date is append below:

Description	Proposed utilisation ⁽¹⁾ RM'000	Proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000
Working capital ⁽¹⁾	4,457	4,223	-(2)	4,223
Expenses relating to the Private Placement	183	97	97	-
Total	4,640	4,320	97	4,223

Note:

(1) The proceeds are intended to be utilised for the following:

- administrative and operating expenses (such as COVID-19 related costs and other expenses required to support the Group's on-going business operations); and
- purchase of raw materials for inventory purposes.

Further details on the utilisation of proceeds are set out in Section 4 of the Private Placement announcement dated 18 May 2021.

(2) As at 12 October 2021, the Group had only utilised RM0.10 million of the proceeds raised for expenses incurred in relation to the Private Placement (i.e., professional fee, placement fee and other miscellaneous expenses incurred in relation to the Private Placement).

The proceeds are intended to be utilised within 12 months from the date of the listing of the Placement Shares. The Group viewed that it was not yet timely for the proceeds to be utilised as the current purchases of raw materials have been financed by credit facilities offered by financial institutions. Upon maturity of these arrangements, the proceeds may be utilised for the purpose of purchase of raw materials.

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.

Non-audit fees

During the year, a total of RM26,900 was paid to KPMG PLT for non-audit services rendered.

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 REPORT

Sustainability Management Core Values

1. Integrity and ethics

- i. The principles of integrity and ethics translate into continuously carrying our duties in an honest, fair and responsible approach. Establishing and sustaining the business on the foundation of honesty and integrity goes a long way into building a strong, 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 is beneficial for everyone's interests.

2. Innovation

- i. Innovation is seen in many perspectives of SKB where the focus lies in sustaining the business, care for the environment and carrying out our social responsibility to the community. Apart from being ahead of our peers via innovation in new products, delivery of our service and creating better value for our business as a whole; we believe innovation is integral in encouraging the organisation within to proactively act responsibly towards achieving near zero-waste practices whenever and wherever possible. This also includes being innovative in ways and approaches to motivate passion and selfless attitude across the organisation in giving back to the society not limited to fund-raising, sponsorship, labour effort and other local community initiatives.

3. Respectful

- i. Sustainability refers to creating a sustainable environment to work together, to share resources, to enrich one another and ultimately to provide for all with no limits of religion, belief, race, ethnicity, nationality, gender or physical disability. This begins with 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 the strategies and activities the management has adopted in relation to our stakeholders, the environment, ethics and the community for a better economic and social performance. Commitment to sustainability management efforts is driven from the top with Board of Directors and Management being the facilitators in driving the organisation in its sustainability management initiatives. Sustainability oversight by the board of directors is increasingly integrated across companies and its employees. The Board emphasises business management shall be an integration of striving business performance while exercising social responsibility in the best effort possible. Management being a cross functional body engages leadership across business units and functions provides further oversight and strategic guidance.

Stakeholder's Engagement

Stakeholders	Sustainability Topics	Type of Engagement
Customers	<ul style="list-style-type: none"> • Product quality and performance • Sustaining long term relationship 	<ul style="list-style-type: none"> • Sustaining long term relationship • Customer satisfaction survey • On-site visits • Customer audit • Exhibition & Roadshows
Employees	<ul style="list-style-type: none"> • Communication and engagement • Working environment • Career development and training • Business performance review 	<ul style="list-style-type: none"> • Volunteer Program • Training and development • Formal meeting and discussion • Employee Suggestion Program • Appraisal and performance review
Suppliers	<ul style="list-style-type: none"> • Forging strategic partnership • Supplier performance review • Product quality 	<ul style="list-style-type: none"> • Supplier selection via pre-qualification • Regular meetings and correspondence • Whistle blowing policy

SUSTAINABILITY REPORT

Economics

Corporate Governance and Compliance

The Group emphasises on the importance of adopting good corporate governance and the principles set out in the Malaysian Code on Corporate Governance to ensure that high standards of good corporate governance are implemented and practiced within the Group. It aims to safeguard shareholders' assets and relevant stakeholders' interest as well as enhancing shareholders' value.

Over the year, the Group has remained resilient and observed no abnormalities that would compromise the interested of our shareholders and stakeholders. In FYE2020, the Group introduced the group-wide Anti-Bribery and Corruption Policy.

Industry Development

The fire safety prevention and protection are an ever-evolving subject that place the public safety with utmost priority. With regulation updated or sometimes more stringent to suit changing landscapes and human behaviour, the Group in the perspective that it has the responsibility to educate and develop products that would be aligned to current and future regulatory concerns.

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

SKB also actively participates in industry-specific product solutioning including working with government entities or ministries to develop products that are suited for its intended purpose such as insulated fire shutters, sand-storm roller shutters, ATM security roller shutters, seismic storage racking systems and many more. This not only reveals new opportunities for the Group for a requirement that is met with purpose-design solutions but also encourage in-house innovation that would develop talent upgrading as well as industry recognition.

Environment

Workplace & Immediate Environment

The Kota Damansara plant was planned and built basing on a number of energy-saving initiatives including rainwater storage, optimum light penetration and crane-operated lifting and hoisting on production floor and more. With substantial roof coverage over the production plant, rainwater storage is deployed to collect rainwater to be used for general factory cleaning and sanitary purposes. The production plant is also designed to maximise light penetration onto factory floor to reduce energy consumption on lightings during the day. Skylight panels are installed in intermediate roofing and scheduled to be maintained on an annual basis to remove debris and dust. On top of that, the production floor is installed with LED lights to reduce energy consumption when lightings are activated during low-light conditions.

The *Leave-No-Trash-Behind* initiative is adopted by all employees to ensure rubbish is segregated -recyclables, non-recyclables and organic waste and to be disposed by each individual by the end of work day. This encourage employees to adapt to simple practices that may hopefully also be implemented in their household.

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

Going forward, the Group also wishes to look into upgrading the in-house Waste Water Treatment Program that would help reducing direct waste flow into the community water system. The Group is also exploring solar panel installation for renewable energy source. Considerations include future maintenance investments, technology advancements and initial investment costs of these applications.

Product Design & Material Sourcing

The Group prioritises its product design and material sourcing with three key elements taken into consideration, although not restricted and limited to but highly encouraged to adopt – recyclability, source of material and its scarcity, long-lastingness. One example of the sustainable elements we have standardised across all products is the powder-coat finishing that emphasise on using organic ingredients, free of TGIC and heavy metal and no harmful volatile matter.

SUSTAINABILITY REPORT

Social

Community Development and Commitment

The Group emphasise on social responsibility efforts that are free of religion, race, belief, ethnicity, nationality and gender. Over the years, the Group has participated in social and community development projects that lean towards adopting in-house resources in lending a hand in these causes such as product sponsor to community halls, government-funded schools, senior caring homes and more.

In FYE2021, the Group prioritised the health and safety of our employees. Covid-19 has hit hard on the community and several new 'normal' practices has been implemented. These includes:

- Launched the Office & Plant-wide Covid-19 Protocol for prompt deployment of resources;
- Reaching out to employees affected by Covid-19 e.g. resource and financial support;
- Participated in Community Townhall via FMM to act and be informed on latest updates of community infection, emergency response, new regulations and restrictions and more; and
- Approached Private and Government PPVs for Covid-19 Vaccination for all employees including workers and sub-contractors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of SKB Shutters Corporation Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 30 June 2021.

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

BOARD’S RESPONSIBILITIES

The Board acknowledges its overall responsibility for maintaining a sound risk management and internal control system for the Group to safeguard the shareholders’ investment and the Group’s assets, and to discharge their stewardship responsibilities in identifying and reviewing risks and ensuring the implementation of appropriate systems to manage these risks. The Board understands the principal risks of the business that the Group involves and accepts that business decisions require the balancing of risk, cost of control and return in order to reward the shareholders. Functionally, risk management is the responsibility of all Executive Directors and Heads of Departments. The Board has established the following mechanism to obtain the relevant and key information in deriving its comfort on the state of risk management and internal control of the Group:

- Quarterly reviews of financial information covering financial performance and quarterly financial results;
- Discussions with management during the board meetings on business and operational performance;
- Reviews of audit findings presented by External Auditors;
- Independent assessment on the internal control systems and the governance practices by the Internal Auditors; and
- Management’s assurance that the Group’s risk management and internal control systems are adequate and effective, in all material respects.

RISK MANAGEMENT

The Group’s risk management and systems of internal controls continue to be driven by all Executive Directors and assisted by Heads of Departments. These risk management and systems of internal control are embedded and carried out as part of the Group’s operating and business management processes. The Executive Directors and Heads of Departments are accountable to the Board for identifying, evaluating, monitoring and managing significant risks; taking and implementing appropriate and timely actions and controls; and providing assurance to the Board that these controls have been carried out adequately and effectively to manage risks.

COVID-19 pandemic has affected the global supply chain for steel materials. Since December 2020, the steel price has increased sharply resulting drastic increase in its raw material cost on galvanized steel and hot rolled coils by more than 50%. On the other hand, the pandemic has also reduced the liquidity in the market where businesses are subjected to tighter credit terms including upfront payments for procurement are demanded.

While overhead cost controls are continuously being practiced by the management in all these years, the Group sees the need to strengthen its working capital and cash flows as part of its risk management in doing business under the new norm and environment. In this respect, the Company has undertaken a private placement of RM4.3 million.

Despite these challenges, the Group remains steadfast in improving its product quality and developing new innovative products. These are proven strategies of the Group in the past that have helped the Group in managing its market share, revenue and profitability.

INTERNAL CONTROL

The following are the key control procedures in the Group which are embedded in and continue to be the fundamentals of the management control framework of the Group.

- 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 in accordance with the objectives and targets;
- iii. Standard operating procedures guiding staff members in carrying out their functions effectively;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL (continued)

- iv. Provision of trainings to employees for strengthening their skill sets and capabilities;
- v. Review of insurance coverage for fire, consequential loss, money, product liability, burglary, fidelity guarantee and public liability risks;
- vi. Quality management systems ISO 9001:2015 are adopted in the key subsidiaries forming the principal guides for the operation procedures;
- vii. Implementation of Anti-Bribery & Corruption (“ABC”) Policy to provide principles and guidelines to employees and business associates with regards to avoidance of improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business; and
- viii. Implementation of Whistleblowing Policy to encourage all personnel and business associates to raise genuine concerns and complaints on suspicious circumstances as early as possible in the knowledge that their concerns will be taken seriously and investigated as appropriate, and their confidentiality will be respected.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the 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/Chief Executive Officer and Chief Finance Officer that, to the best of their knowledge that the Group’s risk management and internal control systems are operating adequately and effectively, in all material aspects.

BOARD ASSURANCE

The Board is satisfied that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group and the existing level of systems of internal control and risk management are adequate and effective to enable the Group to achieve its business objectives. For the financial year under review, there was no material loss resulted from significant control weaknesses.

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

The Statement is made in accordance with a resolution of the Board on 28 October 2021.

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.

Membership

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

The AC comprises solely independent non-executive Directors. Members of the AC during the financial year ended 30 June 2021 are as follows:

- Ng Swee Weng - Chairman, Independent Non-Executive Director (appointed on 2 March 2021)
- Lai Lan Man @ Lai Shuk Mee - Member, Independent Non-Executive Director
- Mohd. Arif Bin Mastol - Member, Independent Non-Executive Director
- You Tong Lioung @ Yew Tong Leong - Chairman, Senior Independent Non-Executive Director (demised on 26 January 2021)

When considering the appointment of former key audit partner from its current External Auditor’s firm, the AC is mindful of the minimum two (2) 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 2021, four (4) 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 (Appointed on 2 March 2021)	1	1
Lai Lan Man @ Lai Shuk Mee	4	4
Mohd. Arif Bin Mastol	4	4
You Tong Lioung @ Yew Tong Leong (Demised on 26 January 2021)	2	1

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 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.

AUDIT COMMITTEE REPORT

Summary Of Activities During The Year

In line with the terms of reference, the AC held 4 meetings during the financial year and carried out the following activities:

- 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 to ensure compliance with the provisions of the Companies Act 2016, Listing Requirements of Bursa Malaysia Securities Berhad, 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:
 - i) key audit matters and other significant audit matters;
 - ii) changes in implementation of major accounting policies;
 - iii) significant and unusual events; and
 - iv) compliance with accounting standards and other legal requirements;
- 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;
- Evaluated the performance, effectiveness and independence of the External Auditors and made recommendations to the Board of Directors on their appointment and remuneration;
- Reviewed and received the Board Charter and Code of Ethic prepared/updated by IA Essential Sdn. Bhd.;
- Received related party transactions ("RPT") report and noted that all the RPT were within the holding company and its wholly owned subsidiaries;
- Reviewed the Group's 2020 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. IA Essential Sdn. Bhd. has reviewed the said ERR, emerging the risks and put down additional steps for implementation;
- Reviewed the Anti-Bribery And Anti-Corruption Policy;
- Received the following from IA Essential Sdn. Bhd.:
 - Briefing on Key Observations on the Effectiveness of Internal Audit Function of Listed Issuers
 - Proposed Internal Audit Plan
 - Follow-up Internal Audit Report on Human Resource and Cash Flow Management
- Received the internal audit report on Covid-19 Preventive Measure and Contingency Plan from IA Essential Sdn. Bhd.;
- Evaluated the performance and effectiveness of the Internal Auditors and made recommendations to the Board of Directors on their appointment;
- Noted the Audit Committee's Circular Resolution(s) passed during the financial year ended 30 June 2020;
- Reviewed the Statement on Risk Management and Internal Control which provides and overview of the state of internal controls and risk management within the Group prior to the Board's approval for inclusion in the Annual Report;
- Reviewed the AC report prior to the Board's approval for inclusion in the Annual Report.

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 2021. 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:

- Follow up on Human Resource and Cash Flow Management;
- Covid-19 Preventive Measure and Contingency Plan

The total costs incurred for the internal audit function of the Company for the financial year was RM42,612.

The details of the terms of reference of the AC are published in the corporate website.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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 2021.

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/(Loss) for the year attributable to owners of the Company	<u>5,024,343</u>	<u>(380,718)</u>

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 and Managing Director
Dato' Moehamad Izat bin Achmad Habechi Emir
Sin Ching San
Chou Lee Sin
Sin Siew Huey
Sin Tze Yi
Lai Lan Man @ Lai Shuk Mee
Mohd. Arif Bin Mastol
Ng Swee Weng (Appointed on 2 March 2021)
You Tong Lioung @ Yew Tong Leong (Deceased on 26 January 2021)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

Directors of the subsidiaries

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

Baey Cheng Song

Directors' interests in shares

The interests and deemed interests in the shares 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 :

	Balance at 1.7.2020	Number of ordinary shares		Balance at 30.6.2021
		Bought	(Sold)	
Direct interest				
<u>The Company</u>				
Sin Kheng Lee - own	2,310,000	-	-	2,310,000
Dato' Moehamad Izat bin Achmad Habechi Emir - own	3,039,597	-	(3,039,597)	-
Sin Ching San - own	10,000	-	-	10,000
- others *	10,000	-	(10,000)	-
Chou Lee Sin - own	10,000	-	-	10,000
Lai Lan Man @ Lai Shuk Mee - own	15,000	-	-	15,000
<u>Holding company</u>				
- SKB Glory Sdn. Bhd.				
Sin Kheng Lee - own	971,250	-	-	971,250
Sin Ching San - own	416,250	-	-	416,250
Deemed interest				
<u>The Company</u>				
Sin Kheng Lee - own	22,847,607	-	-	22,847,607
Sin Ching San - own	22,847,607	-	-	22,847,607
<u>Holding company</u>				
- SKB Glory Sdn. Bhd.				
Sin Kheng Lee - own	112,500	-	-	112,500

* Shares held in the name of the spouse are treated as the interests of the Director in accordance with the Companies Act.

By virtue of their interests in the shares of the Company, Messrs Sin Kheng Lee and Sin Ching San are also deemed 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 2021 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company or of a related corporation) 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.

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.

Issue of shares and debentures

On 30 June 2021, the Company issued 4,000,000 new ordinary shares at RM1.08 per share via a private placement for a total cash consideration of RM4,320,000, for working capital purposes.

There were no debentures in issue during the financial year.

Options granted over unissued shares

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

Indemnity and insurance costs

During the financial year, the total amount of premium paid for insurance effected for certain Directors and officers of the Group was RM350 for a total sum insured of RM2.5 million. No indemnity was given to any Director and officer of the Company during the financial year.

There was no indemnity given to/or insurance effected for 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.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

Other statutory information (continued)

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 performance of the Group and of the Company for the financial year ended 30 June 2021 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.

Subsequent event

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

Auditors

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

The auditors' remuneration is disclosed in Note 16 to the financial statements.

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 : 28 October 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Assets					
Property, plant and equipment	3	32,519,520	32,949,640	-	-
Right-of-use assets	4	59,441,462	60,291,381	-	-
Investment properties	5	1,397,539	1,406,455	-	-
Investments in subsidiaries	6	-	-	17,522,942	17,522,942
Deferred tax assets	7	627,000	-	-	-
Total non-current assets		93,985,521	94,647,476	17,522,942	17,522,942
Inventories	8	37,506,636	36,968,566	-	-
Trade and other receivables	9	16,519,297	19,964,040	17,406,547	21,531,547
Current tax assets		226,735	140,909	3,008	2,448
Cash and cash equivalents	10	17,847,742	7,107,046	11,933,633	3,859,755
Total current assets		72,100,410	64,180,561	29,343,188	25,393,750
Total assets		166,085,931	158,828,037	46,866,130	42,916,692
Equity					
Share capital	11	45,818,324	41,498,324	45,818,324	41,498,324
Reserves	12	45,253,946	40,233,881	737,167	1,117,885
Total equity attributable to owners of the Company		91,072,270	81,732,205	46,555,491	42,616,209
Liabilities					
Loans and borrowings	13	38,072,347	40,169,495	-	-
Lease liabilities		306,682	465,330	-	-
Deferred tax liabilities	7	1,191,069	827,035	-	-
Total non-current liabilities		39,570,098	41,461,860	-	-
Loans and borrowings	13	14,606,000	16,582,227	-	-
Lease liabilities		158,649	153,047	-	-
Trade and other payables	14	20,678,914	18,898,698	310,639	300,483
Total current liabilities		35,443,563	35,633,972	310,639	300,483
Total liabilities		75,013,661	77,095,832	310,639	300,483
Total equity and liabilities		166,085,931	158,828,037	46,866,130	42,916,692

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 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Continuing operations					
Revenue	15	64,406,532	66,557,595	-	-
Cost of sales		(50,449,787)	(54,142,339)	-	-
Gross profit		13,956,745	12,415,256	-	-
Other income		4,280,343	3,504,835	-	-
Selling and distribution expenses		(449,202)	(914,343)	-	-
Administrative expenses		(10,502,841)	(11,376,435)	(501,924)	(403,658)
Net gain/(loss) on impairment of financial instruments	16	373,956	(991,522)	-	-
Other expenses		(179,950)	(130,953)	-	-
Results from operating activities		7,479,051	2,506,838	(501,924)	(403,658)
Finance income	16	129,373	83,357	121,206	77,666
Finance costs	17	(1,918,274)	(2,566,497)	-	-
Net finance (costs)/ income		(1,788,901)	(2,483,140)	121,206	77,666
Profit/(Loss) before tax	16	5,690,150	23,698	(380,718)	(325,992)
Tax expense	19	(665,807)	(982,586)	-	-
Profit/(Loss) for the year		5,024,343	(958,888)	(380,718)	(325,992)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
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		(4,278)	(3,458)	-	-
Total other comprehensive expense for the year, net of tax		<u>(4,278)</u>	<u>(3,458)</u>	<u>-</u>	<u>-</u>
Total comprehensive income/(expense) for the year		<u>5,020,065</u>	<u>(962,346)</u>	<u>(380,718)</u>	<u>(325,992)</u>
Profit/(Loss) for the year attributable to :					
Owners of the Company		<u>5,024,343</u>	<u>(958,888)</u>	<u>(380,718)</u>	<u>(325,992)</u>
Total comprehensive income/(expense) for the year attributable to :		<u>5,020,065</u>	<u>(962,346)</u>	<u>(380,718)</u>	<u>(325,992)</u>
Basic/Diluted earnings/(loss) per ordinary share (sen)	20	<u>12.56</u>	<u>(2.40)</u>		

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 2021

	← Attributable to owners of the Company →				Total equity RM
	← Non-distributable →		Distributable		
	Share capital RM	Translation reserve RM	Capital reserve RM	Retained earnings RM	
At 1 July 2019	41,498,324	(215,742)	30,000	41,381,969	82,694,551
Total other comprehensive expense for the year					
- Foreign currency translation differences for foreign operation	-	(3,458)	-	-	(3,458)
Loss for the year	-	-	-	(958,888)	(958,888)
Total comprehensive expense for the year	-	(3,458)	-	(958,888)	(962,346)
At 30 June 2020/1 July 2020	41,498,324	(219,200)	30,000	40,423,081	81,732,205
Total other comprehensive expense for the year					
- Foreign currency translation differences for foreign operation	-	(4,278)	-	-	(4,278)
Profit for the year	-	-	-	5,024,343	5,024,343
Total comprehensive (expense)/ income for the year	-	(4,278)	-	5,024,343	5,020,065
Contribution by owners of the Company					
- Issuance of ordinary shares pursuant to private placement	4,320,000	-	-	-	4,320,000
Total transaction with owners of the Company	4,320,000	-	-	-	4,320,000
At 30 June 2021	45,818,324	(223,478)	30,000	45,447,424	91,072,270
	Note 11		Note 12		

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 2021

	<i>← Attributable to owners of the Company →</i>		
	<i>Distributable</i>		
	Share capital RM	Retained earnings RM	Total equity RM
At 1 July 2019	41,498,324	1,443,877	42,942,201
Loss for the year representing total comprehensive expense for the year	-	(325,992)	(325,992)
At 30 June 2020/1 July 2020	41,498,324	1,117,885	42,616,209
Loss for the year representing total comprehensive expense for the year	-	(380,718)	(380,718)
Contribution by owners of the Company			
- Issuance of ordinary shares pursuant to private placement	4,320,000	-	4,320,000
Total transaction with owners of the Company	4,320,000	-	4,320,000
At 30 June 2021	45,818,324	737,167	46,555,491
	Note 11	Note 12	

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 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities					
Profit/(Loss) before tax from continuing operations		5,690,150	23,698	(380,718)	(325,992)
Adjustments for :					
Depreciation of :					
- property, plant and equipment	3	3,214,818	3,282,532	-	-
- right-of-use assets	4	849,919	834,840	-	-
- investment properties	5	8,916	8,916	-	-
(Gain)/Loss on disposal of plant and equipment	16	(353,042)	2,275	-	-
Net impairment (gain)/loss on financial instruments	16	(373,956)	991,522	-	-
Trade receivables written off	16	3,679	-	-	-
Plant and equipment written off		-	5,157	-	-
Inventories written down	16	587,969	1,866,893	-	-
Inventories written off	16	25,081	-	-	-
Unrealised loss/(gain) on foreign exchange	16	58,786	(46,903)	-	-
Interest income	16	(129,373)	(83,357)	(121,206)	(77,666)
Interest expense	17	1,918,274	2,566,497	-	-
Operating profit/(loss) before changes in working capital		11,501,221	9,452,070	(501,924)	(403,658)
Changes in working capital :					
Inventories		(1,151,120)	(2,405,593)	-	-
Trade and other receivables		3,741,993	3,109,135	-	-
Trade and other payables		1,790,962	(3,785,221)	10,156	65,011
Cash generated from/ (used in) operations		15,883,056	6,370,391	(491,768)	(338,647)
Tax (paid)/refunded		(1,014,599)	(421,350)	(560)	1,240
Net cash from/(used in) operating activities		14,868,457	5,949,041	(492,328)	(337,407)
Cash flows from investing activities					
Purchase of plant and equipment	A	(1,172,320)	(1,051,039)	-	-
Proceeds from disposal of plant and equipment		1,134,099	104,042	-	-
Interest received		129,373	83,357	121,206	77,666
Net cash from/(used in) investing activities		91,152	(863,640)	121,206	77,666
Cash flows from financing activities					

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Repayment from/ (Advances to) subsidiaries, net		-	-	4,125,000	1,589,941
Repayment of term loan		(1,335,641)	(917,094)	-	-
Repayment of hire purchase creditors		(2,375,275)	(1,861,315)	-	-
Payment of lease liabilities		(153,046)	(133,982)	-	-
Changes in other borrowings, net		(3,280,489)	2,996,654	-	-
Interest paid		(1,918,274)	(2,566,497)	-	-
Placement of pledged deposits		(562)	(542)	-	-
Proceeds from issuance of ordinary shares pursuant to private placement		4,320,000	-	4,320,000	-
Net cash (used in)/from financing activities		(4,743,287)	(2,482,776)	8,445,000	1,589,941
Net increase in cash and cash equivalents		10,216,322	2,602,625	8,073,878	1,330,200
Effect of exchange rate fluctuation on cash and cash equivalents		(1,798)	1,084	-	-
Cash and cash equivalents at 1 July 2020/2019		5,471,456	2,867,747	3,859,755	2,529,555
Cash and cash equivalents at 30 June	B	15,685,980	5,471,456	11,933,633	3,859,755

Cash outflows for leases as lessee - Group

	Note	2021 RM	2020 RM
Included in net cash from operating activities			
Payment relating to short-term leases	16	122,480	136,025
Payment relating to leases of low-value assets	16	11,400	11,400
Included in net cash used in financing activities			
Interest paid in relation to lease liabilities	17	19,750	22,320
Payment of lease liabilities		153,046	133,982
Total cash outflows for leases		306,676	303,727

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

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

	At 1.7.2019 RM	Addition of new leases RM	Net changes from financing cash flows RM	Foreign exchange movement RM	At 30.6.2020/ 1.7.2020 RM	Addition of new leases RM	Net changes from financing cash flows RM	Foreign exchange movement RM	At 30.6.2021 RM
Term loan	40,856,044	-	(917,094)	-	39,938,950	-	(1,335,641)	-	38,603,309
Hire purchase creditors	4,008,782	772,412	(1,861,315)	-	2,919,879	2,393,435	(2,375,275)	-	2,938,039
Lease liabilities	571,404	180,955	(133,982)	-	618,377	-	(153,046)	-	465,331
Other bank borrowings (excluding bank overdrafts)	9,311,224	-	2,996,654	(2,150)	12,305,728	-	(3,280,489)	(1,015)	9,024,224
Total liabilities from financing activities	54,747,454	953,367	84,263	(2,150)	55,782,934	2,393,435	(7,144,451)	(1,015)	51,030,903

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTES

A. *Purchase of plant and equipment - Group*

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

	Note	2021 RM	2020 RM
Purchase of plant and equipment	3	3,565,755	1,823,451
Less : Acquired by means of hire purchase arrangements		(2,393,435)	(772,412)
		1,172,320	1,051,039

B. *Cash and cash equivalents*

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

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash and cash equivalents	10	17,847,742	7,107,046	11,933,633	3,859,755
Less :					
Fixed deposits pledged	10.2	(48,987)	(48,425)	-	-
Bank overdrafts	13	(2,112,775)	(1,587,165)	-	-
		15,685,980	5,471,456	11,933,633	3,859,755

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

2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang

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 2021 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 was SKB Glory Sdn. Bhd., a company incorporated in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 28 October 2021.

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 and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions*

MFRSs and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases - Interest Rate Benchmark Reform - Phase 2*

MFRSs and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and 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*

MFRSs 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*

The Group and the Company plan to apply the abovementioned amendments where applicable, in the respective financial years when the above 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 8.1 - inventories; and
- Note 24.4 - measurement of expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

(ii) Business combinations

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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.

(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, significant influence or joint control 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(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.

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)).

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor (continued)

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".

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(f) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned or held under a leasehold interest 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. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is charged on a straight-line basis over the estimated useful life of 50 years.

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 carrying amount of the property transferred.

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.

(ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without the involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(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.

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.

(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 assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

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.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is 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 amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets and deferred tax assets) 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.

NOTES TO THE FINANCIAL STATEMENTS

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

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.

NOTES TO THE FINANCIAL STATEMENTS

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 except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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 2019	32,748,632	43,379,829	15,907,030	7,895,169	-	99,930,660
Additions	-	1,294,120	383,092	117,150	29,089	1,823,451
Disposals	-	(103,109)	-	(311,942)	-	(415,051)
Write-off	-	-	-	(77,285)	-	(77,285)
Effect of movements in exchange rates	-	-	27	-	-	27
At 30 June 2020/ 1 July 2020	32,748,632	44,570,840	16,290,149	7,623,092	29,089	101,261,802
Additions	-	540,112	1,114,037	1,911,606	-	3,565,755
Disposals	-	-	-	(3,136,750)	-	(3,136,750)
Reclassification	-	32,562	(3,473)	-	(29,089)	-
Effect of movements in exchange rates	-	-	26	-	-	26
At 30 June 2021	32,748,632	45,143,514	17,400,739	6,397,948	-	101,690,833

Depreciation and impairment loss

At 1 July 2019

Accumulated depreciation	10,136,564	36,432,071	12,740,619	5,829,031	-	65,138,285
Accumulated impairment losses	-	272,180	-	-	-	272,180
	10,136,564	36,704,251	12,740,619	5,829,031	-	65,410,465
Depreciation for the year	644,526	1,271,489	720,723	645,794	-	3,282,532
Disposals	-	(69,580)	-	(239,154)	-	(308,734)
Write-off	-	-	-	(72,128)	-	(72,128)
Effect of movements in exchange rates	-	-	27	-	-	27

At 30 June 2020

Accumulated depreciation	10,781,090	37,633,980	13,461,369	6,163,543	-	68,039,982
Accumulated impairment losses	-	272,180	-	-	-	272,180
	10,781,090	37,906,160	13,461,369	6,163,543	-	68,312,162

NOTES TO THE FINANCIAL STATEMENTS

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 (continued)						
At 1 July 2020						
Accumulated depreciation	10,781,090	37,633,980	13,461,369	6,163,543	-	68,039,982
Accumulated impairment losses	-	272,180	-	-	-	272,180
	10,781,090	37,906,160	13,461,369	6,163,543	-	68,312,162
Depreciation for the year	644,526	1,225,917	764,912	579,463	-	3,214,818
Disposals	-	-	-	(2,355,693)	-	(2,355,693)
Reclassification	-	3,523	(3,523)	-	-	-
Effect of movements in exchange rates	-	-	26	-	-	26
At 30 June 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
Carrying amounts						
At 1 July 2019	22,612,068	6,675,578	3,166,411	2,066,138	-	34,520,195
At 30 June 2020/ 1 July 2020	21,967,542	6,664,680	2,828,780	1,459,549	29,089	32,949,640
At 30 June 2021	21,323,016	6,007,914	3,177,955	2,010,635	-	32,519,520

3.1 Assets under hire purchase arrangements

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

	2021 RM	2020 RM
Plant and machinery	2,422,931	2,715,619
Motor vehicles	2,000,429	1,442,909
	<u>4,423,360</u>	<u>4,158,528</u>

NOTES TO THE FINANCIAL STATEMENTS

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

3.2 Property, plant and equipment subject to operating lease

The Group leases part of its building to third parties. The lease contains a non-cancellable period of 3 years.

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.

	2021	2020
	RM	RM
Lease income	3,192,526	3,173,501

The operating lease payments to be received are as follows :

	2021	2020
	RM	RM
Less than one year	808,725	3,234,900
One to three years	-	808,725
Total undiscounted lease payments	808,725	4,043,625

4. Right-of-use assets - Group

	Land	Forklifts	Total
	RM	RM	RM
At 1 July 2019	60,373,862	571,404	60,945,266
Additions	-	180,955	180,955
Depreciation	(691,283)	(143,557)	(834,840)
At 30 June 2020/1 July 2020	59,682,579	608,802	60,291,381
Depreciation	(691,283)	(158,636)	(849,919)
At 30 June 2021	58,991,296	450,166	59,441,462

The Group leases a number of forklifts and a parcel of land that run between 5 years and 99 years respectively.

4.1 Security

The land is charged to a licensed bank as security for the term loan facility granted to a subsidiary (see Note 13).

4.2 Significant judgements and assumptions in relation to leases

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

NOTES TO THE FINANCIAL STATEMENTS

5. Investment properties - Group

	RM
Cost	
At 1 July 2019/30 June 2020/1 July 2020/30 June 2021	<u>2,146,579</u>
Depreciation and impairment loss	
At 1 July 2019	
Accumulated depreciation	190,966
Accumulated impairment losses	540,242
	731,208
Depreciation for the year	8,916
At 30 June 2020/1 July 2020	
Accumulated depreciation	199,882
Accumulated impairment losses	540,242
	740,124
Depreciation for the year	8,916
At 30 June 2021	
Accumulated depreciation	208,798
Accumulated impairment losses	540,242
	<u>749,040</u>
Carrying amounts	
At 1 July 2019	<u>1,415,371</u>
At 30 June 2020/1 July 2020	<u>1,406,455</u>
At 30 June 2021	<u>1,397,539</u>

The carrying amounts of the investment properties consist of the following :

	2021 RM	2020 RM
Freehold land	1,084,000	1,084,000
Apartments and shop office	313,539	322,455
	<u>1,397,539</u>	<u>1,406,455</u>

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

NOTES TO THE FINANCIAL STATEMENTS

5. Investment properties - Group (continued)

The following are recognised in profit or loss :

	2021	2020
	RM	RM
Lease income	25,200	23,100
Direct operating expenses :		
- income generating investment properties	5,592	5,760
- non-income generating investment properties	8,097	6,426

The operating lease payments to be received are as follows :

	2021	2020
	RM	RM
Less than one year representing total undiscounted lease payments	25,200	25,200

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 property being valued. The fair value of the investment properties as at 30 June 2021 is classified as level 3 fair value (2020: level 3 fair value), estimated at approximately RM3.63 million (2020 : RM3.63 million).

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 circumstance that caused the transfer.

There has been no transfer between the fair value levels during the financial year (2020 : 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.

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in subsidiaries - Company

	2021	2020
	RM	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		Principal activities
	2021	2020	
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.

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

Not audited by KPMG PLT.

7. Deferred tax assets/(liabilities) - Group

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
	RM	RM	RM	RM	RM	RM
Property, plant and equipment						
- capital allowances	-	-	(386,931)	(823,165)	(386,931)	(823,165)
- reinvestment allowances	233,000	101,280	-	-	233,000	101,280
Right-of-use assets						
- revaluation	-	-	(1,917,266)	(2,055,150)	(1,917,266)	(2,055,150)
- others	107,800	90,782	-	-	107,800	90,782
Lease liabilities	-	-	(112,000)	(92,101)	(112,000)	(92,101)
Tax loss carry-forwards	396,000	-	-	-	396,000	-
Other temporary differences	1,115,328	1,951,319	-	-	1,115,328	1,951,319
Tax assets/(liabilities)	1,852,128	2,143,381	(2,416,197)	(2,970,416)	(564,069)	(827,035)
Set off of tax	(1,225,128)	(2,143,381)	1,225,128	2,143,381	-	-
Net tax assets/(liabilities)	627,000	-	(1,191,069)	(827,035)	(564,069)	(827,035)

NOTES TO THE FINANCIAL STATEMENTS

7. Deferred tax assets/(liabilities) - Group (continued)

Movements in temporary differences during the year are as follows :

	At 1.7.2019 RM	Recognised in profit or loss (Note 19) RM	At 30.6.2020/ 1.7.2020 RM	Recognised in profit or loss (Note 19) RM	At 30.6.2021 RM
Property, plant and equipment					
- capital allowances	(958,038)	134,873	(823,165)	436,234	(386,931)
- reinvestment allowances	1,147,226	(1,045,946)	101,280	131,720	233,000
Right-of-use assets					
- revaluation	(2,193,035)	137,885	(2,055,150)	137,884	(1,917,266)
- others	66,715	24,067	90,782	17,018	107,800
Lease liabilities	(66,715)	(25,386)	(92,101)	(19,899)	(112,000)
Tax loss carry-forwards	-	-	-	396,000	396,000
Other temporary differences	1,176,812	774,507	1,951,319	(835,991)	1,115,328
	(827,035)	-	(827,035)	262,966	(564,069)

Unrecognised deferred tax assets

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

	2021 RM	2020 RM
Property, plant and equipment		
- reinvestment allowances	4,270,000	4,999,000
Tax loss carry-forwards	1,251,000	3,104,000
Other temporary differences	-	825,000
	5,521,000	8,928,000

As stipulated in the Finance Act 2018, effective from the year of assessment ("YA") 2019, any tax loss carry-forwards and unutilised reinvestment allowances can only be carried forward for a maximum period of 7 consecutive YAs. The tax loss carry-forwards and unutilised reinvestment allowances for YA 2018 and prior YAs can be carried forward until YA 2025. Any amounts not utilised upon expiry of the 7 years' period will be disregarded.

As at 30 June 2021, the tax loss carry-forwards and unutilised reinvestment allowances will expire in the following YAs :

	2021 RM	2020 RM
Tax loss carry-forwards		
- YA 2025	-	1,890,000

NOTES TO THE FINANCIAL STATEMENTS

7. Deferred tax assets/(liabilities) - Group (continued)

Unrecognised deferred tax assets (continued)

	2021	2020
	RM	RM
Unutilised reinvestment allowances		
- YA 2025	4,220,000	3,793,000
- YA 2026	-	423,000
- YA 2027	50,000	783,000
	4,270,000	4,999,000

The tax loss carry-forwards of RM1,251,000 (2020 : RM1,214,000) for a subsidiary do not expire under current tax legislation in Singapore.

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

The comparative figures have been restated to reflect the revised unutilised reinvestment allowances, tax loss carry-forwards and other temporary differences available to the Group.

8. Inventories - Group

	2021	2020
	RM	RM
Raw materials	21,298,616	21,958,064
Work-in-progress	268,004	160,511
Manufactured inventories	15,940,016	14,849,991
	37,506,636	36,968,566

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

	2021	2020
	RM	RM
Inventories recognised as cost of sales	49,836,737	52,275,446
Inventories written down	587,969	1,866,893
Inventories written off	25,081	-

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 and the likelihood of future consumption.

NOTES TO THE FINANCIAL STATEMENTS

9. Trade and other receivables

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Trade					
Trade receivables with contract customers	9.1	12,147,346	13,684,782	-	-
Non-trade					
Other receivables		157,036	50,001	-	-
Amount due from subsidiaries	9.2	-	-	17,405,547	21,530,547
Deposits		645,797	533,050	1,000	1,000
Prepayments	9.3	3,569,118	5,696,207	-	-
		4,371,951	6,279,258	17,406,547	21,531,547
		<u>16,519,297</u>	<u>19,964,040</u>	<u>17,406,547</u>	<u>21,531,547</u>

9.1 Trade receivables with contract customers - Group

Included in trade receivables of the Group is retention sum of RM4,768,907 (2020 : RM6,767,778) relating to project based customers. Retention sum is unsecured, interest-free and is expected to be collected as follows :

	2021 RM	2020 RM
Within 1 year	1,292,725	4,528,524
More than 1 year	3,476,182	2,239,254
	<u>4,768,907</u>	<u>6,767,778</u>

9.2 Amount due from subsidiaries - Company

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

9.3 Prepayments - Group

Included in prepayments of the Group is an amount of RM3,076,833 (2020 : RM5,136,763) representing advance payments to suppliers for the purchase of raw materials.

NOTES TO THE FINANCIAL STATEMENTS

10. Cash and cash equivalents

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Short-term funds	10.1	7,523,124	3,801,917	7,523,124	3,801,917
Short-term deposits with a licensed bank	10.2	48,987	48,425	-	-
Cash and bank balances		10,275,631	3,256,704	4,410,509	57,838
		<u>17,847,742</u>	<u>7,107,046</u>	<u>11,933,633</u>	<u>3,859,755</u>

10.1 Short-term funds

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

10.2 Security

The Group's fixed deposits with a licensed bank is held in lien for banking facilities granted to a subsidiary.

11. Share capital - Group and Company

	2021		2020	
	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 2020/2019	41,498,324	40,000,000	41,498,324	40,000,000
Issued during the year	4,320,000	4,000,000	-	-
At 30 June	<u>45,818,324</u>	<u>44,000,000</u>	<u>41,498,324</u>	<u>40,000,000</u>

On 30 June 2021, the Company undertaken a private placement exercise and issued 4,000,000 new ordinary shares at an issue price of RM1.08 per share.

11.1 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.

NOTES TO THE FINANCIAL STATEMENTS

12. Reserves

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Non-distributable					
Capital reserve		30,000	30,000	-	-
Translation reserve	12.1	(223,478)	(219,200)	-	-
		(193,478)	(189,200)	-	-
Distributable					
Retained earnings		45,447,424	40,423,081	737,167	1,117,885
		<u>45,253,946</u>	<u>40,233,881</u>	<u>737,167</u>	<u>1,117,885</u>

12.1 Translation reserve

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

13. Loans and borrowings - Group

	2021 RM	2020 RM
Non-current		
<i>Secured</i>		
Term loan	36,341,777	38,705,498
Hire purchase creditors	1,730,570	1,463,997
	<u>38,072,347</u>	<u>40,169,495</u>
Current		
<i>Secured</i>		
Term loan	2,261,532	1,233,452
Hire purchase creditors	1,207,469	1,455,882
	3,469,001	2,689,334
<i>Unsecured</i>		
Bank overdrafts	2,112,775	1,587,165
Bankers' acceptances	5,970,000	9,706,000
Revolving credits	2,000,000	2,000,000
Foreign currency loans	1,054,224	599,728
	11,136,999	13,892,893
	<u>14,606,000</u>	<u>16,582,227</u>
Total loans and borrowings	<u>52,678,347</u>	<u>56,751,722</u>

13.1 Securities

The term loan is secured by the Group's land (see Note 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.

NOTES TO THE FINANCIAL STATEMENTS

14. Trade and other payables

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Trade					
Trade payables		9,500,483	7,011,600	-	-
Non-trade					
Other payables	14.1	8,564,479	8,707,146	48,363	51,055
Accrued expenses		2,060,774	2,629,844	262,276	249,428
Deposits received		553,178	550,108	-	-
		11,178,431	11,887,098	310,639	300,483
		<u>20,678,914</u>	<u>18,898,698</u>	<u>310,639</u>	<u>300,483</u>

14.1 Other payables

Included in other payables of the Group is an amount of RM6,875,012 (2020 : RM6,939,514) representing advance payments from customers.

15. Revenue - Group

	2021 RM	2020 RM
Revenue from contracts with customers	64,406,532	66,557,595

15.1 Disaggregation of revenue

	2021 RM	2020 RM
Timing and recognition		
At a point in time	34,979,952	39,938,010
Over time	29,426,580	26,619,585
	<u>64,406,532</u>	<u>66,557,595</u>

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 primary geographical markets has been disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

15. Revenue - Group (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 cost incurred method. The Group manufactures the products and provides installation services at the customer's premise as the assets are created and enhanced.	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 has original expected duration of one year or less.

NOTES TO THE FINANCIAL STATEMENTS

16. Profit/(Loss) before tax

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration :				
Audit fees				
- KPMG PLT				
- current year	117,000	137,000	28,000	30,000
- prior year	-	37,000	-	5,500
- Other auditors	9,265	10,145	-	-
Non-audit fees				
- KPMG PLT	3,000	3,000	3,000	3,000
- Affiliates of KPMG PLT	23,900	25,820	1,900	2,420
Depreciation of :				
- Property, plant and equipment (Note 3)	3,214,818	3,282,532	-	-
- Right-of-use assets (Note 4)	849,919	834,840	-	-
- Investment properties (Note 5)	8,916	8,916	-	-
Inventories written down (Note 8)	587,969	1,866,893	-	-
Inventories written off (Note 8)	25,081	-	-	-
Trade receivables written off	3,679	-	-	-
Research and development expenses (Note 16.1)	596,854	732,324	-	-
Government grant (Note 16.2)	(98,800)	-	-	-
Finance income (Note 16.3)	(129,373)	(83,357)	(121,206)	(77,666)
(Gain)/Loss on disposal of plant and equipment	(353,042)	2,275	-	-
Loss/(Gain) on foreign exchange :				
- realised	101,010	116,931	-	-
- unrealised	58,786	(46,903)	-	-
Expenses/(Income) arising from leases				
Expenses relating to :				
- short-term leases (Note 16.4)	122,480	136,025	-	-
- leases of low-value assets (Note 16.4)	11,400	11,400	-	-
Income from subleasing of :				
- Property, plant and equipment	(3,192,526)	(3,173,501)	-	-
- Investment properties	(25,200)	(23,100)	-	-
Net (gain)/loss on impairment of financial instruments				
Impairment loss on trade and other receivables				
	42,310	991,522	-	-
Reversal of impairment loss on trade receivables				
	(416,266)	-	-	-
	<u>(373,956)</u>	<u>991,522</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

16. Profit/(Loss) before tax (continued)

- 16.1 Research and development expenses include Director's emoluments of RM461,622 (2020: RM502,901).
- 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 recognised right-of-use assets and lease liabilities for these leases.

17. Finance costs - Group

	2021	2020
	RM	RM
Interest expense of financial liabilities that are not at fair value through profit or loss	1,898,524	2,544,177
Interest expense on lease liabilities	19,750	22,320
	1,918,274	2,566,497

18. Employee information

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Personnel costs (including key management personnel)	11,390,349	13,155,328	189,168	190,000

Personnel costs of the Group include contributions to the Employees' Provident Fund of RM737,611 (2020 : RM793,623).

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Directors' fees				
- current Directors	183,334	190,000	183,334	190,000
- past Director	5,834	-	5,834	-
Directors' remuneration	2,058,396	2,152,750	-	-
Contributions to Employees' Provident Fund	226,438	259,773	-	-
Estimated monetary value of benefits-in-kind	10,600	10,600	-	-
	2,484,602	2,613,123	189,168	190,000

NOTES TO THE FINANCIAL STATEMENTS

19. Tax expense

Recognised in profit or loss

Major components of income tax expense include :

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Current tax expense				
- Current year	926,244	945,893	-	-
- Prior year	2,529	36,693	-	-
Total current tax recognised in profit or loss	928,773	982,586	-	-
Deferred tax expense				
- Origination and reversal of temporary differences	(283,404)	(196,000)	-	-
- Under provision in prior year	20,438	196,000	-	-
Total deferred tax recognised in profit or loss	(262,966)	-	-	-
Total income tax expense	<u>665,807</u>	<u>982,586</u>	<u>-</u>	<u>-</u>
Reconciliation of tax expense				
Profit/(Loss) for the year	5,024,343	(958,888)	(380,718)	(325,992)
Total tax expense	665,807	982,586	-	-
Profit/(Loss) excluding tax	<u>5,690,150</u>	<u>23,698</u>	<u>(380,718)</u>	<u>(325,992)</u>
Income tax calculated using Malaysian tax rate of 24%	1,365,638	5,688	(91,372)	(78,238)
Effect of different tax rate in foreign jurisdiction	1,698	1,305	-	-
Non-deductible expenses	445,625	467,792	120,709	96,878
Tax exempt income	(29,090)	(18,640)	(29,090)	(18,640)
Non-taxable income	(58,082)	(836)	-	-
Tax incentive	(111,243)	(176,666)	-	-
Changes in deferred tax assets unrecognised	(821,254)	690,100	-	-
Reversal of deferred tax on revaluation surplus	(137,885)	(137,885)	-	-
Others	(12,567)	(80,965)	(247)	-
	<u>642,840</u>	<u>749,893</u>	<u>-</u>	<u>-</u>
Under provision in prior year	22,967	232,693	-	-
	<u>665,807</u>	<u>982,586</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

20. Earnings/(Loss) per ordinary share - Group

Basic earnings/(loss) per ordinary share

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

	2021	2020
	RM	RM
Profit/(Loss) for the year attributable to ordinary shareholders	5,024,343	(958,888)
	2021	2020
Issued ordinary shares at beginning of the year	40,000,000	40,000,000
Effect of ordinary shares issued during the year	10,959	-
	40,010,959	40,000,000
Weighted average number of ordinary shares		
Basic earnings/(loss) per ordinary share (sen)	12.56	(2.40)

Diluted earnings/(loss) per ordinary share

The diluted earnings/(loss) per ordinary share is the same as earnings/(loss) per ordinary share as there are no dilutive potential ordinary shares.

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 9 to the financial statements.

(a) Transaction with subsidiaries

	Company	
	2021	2020
	RM	RM
Advances to a subsidiary	10,000	500,000

(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.

NOTES TO THE FINANCIAL STATEMENTS

22. Operating segments - Group

The Group is principally confined to the manufacture and sale of roller shutters, racking systems, storage system and related steel products which are principally carried out in Malaysia. Accordingly, information by operating segments on the Group's operations as required by MFRS 8 is not presented.

Geographical segments

The Group's manufacturing activities are performed in Malaysia while sales and distribution activities are mainly performed in four principal geographical areas namely Malaysia, Asia (excluding Malaysia), Australia and Middle East.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments.

	Revenue RM	Non-current assets RM
2021		
Malaysia	39,929,819	93,985,518
Asia (excluding Malaysia)	17,153,616	3
Australia	5,294,379	-
Middle East	1,708,654	-
Others	320,064	-
	<u>64,406,532</u>	<u>93,985,521</u>
2020		
Malaysia	32,777,206	94,647,473
Asia (excluding Malaysia)	27,169,564	3
Australia	2,386,363	-
Middle East	2,798,434	-
Others	1,426,028	-
	<u>66,557,595</u>	<u>94,647,476</u>

Major customer

The following is a major customer with revenue equal or more than 10% of the Group's total revenue :

	Revenue 2021 RM	2020 RM
All common control companies of :		
- Customer A	-	7,543,340
	<u>-</u>	<u>7,543,340</u>

NOTES TO THE FINANCIAL STATEMENTS

23. Capital commitment - Group

	2021	2020
	RM	RM
Plant and equipment		
- Contracted but not provided for	82,000	224,000

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	AC
	RM	RM
2021		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	12,950,179	12,950,179
Cash and cash equivalents	17,847,742	17,847,742
	30,797,921	30,797,921
Company		
Trade and other receivables (excluding prepayments)	17,406,547	17,406,547
Cash and cash equivalents	11,933,633	11,933,633
	29,340,180	29,340,180
Financial liabilities		
Group		
Loan and borrowings	52,678,347	52,678,347
Trade and other payables	20,678,914	20,678,914
	73,357,261	73,357,261
Company		
Trade and other payables	310,639	310,639

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.1 Categories of financial instruments (continued)

	Carrying amount RM	AC RM
2020		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	14,267,833	14,267,833
Cash and cash equivalents	7,107,046	7,107,046
	<u>21,374,879</u>	<u>21,374,879</u>
Company		
Trade and other receivables (excluding prepayments)	21,531,547	21,531,547
Cash and cash equivalents	3,859,755	3,859,755
	<u>25,391,302</u>	<u>25,391,302</u>
Financial liabilities		
Group		
Loan and borrowings	56,751,722	56,751,722
Trade and other payables	18,898,698	18,898,698
	<u>75,650,420</u>	<u>75,650,420</u>
Company		
Trade and other payables	300,483	300,483

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Net (losses)/gains on :				
Financial assets at amortised cost	392,455	(894,209)	121,206	77,666
Financial liabilities at amortised cost	(1,951,125)	(2,628,161)	-	-
	<u>(1,558,670)</u>	<u>(3,522,370)</u>	<u>121,206</u>	<u>77,666</u>

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.3 Financial risk management

The Group has exposure 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.

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 is 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	
	2021 RM	2020 RM
Domestic	11,146,737	12,641,804
Asia (excluding Malaysia)	997,325	976,896
Others	3,284	66,082
	<u>12,147,346</u>	<u>13,684,782</u>

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.4 Credit risk (continued)

Trade receivables (continued)

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 150 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 segments 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.

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	Loss allowance	Net balance
	RM	RM	RM
Group			
2021			
Current (not past due)	9,384,726	-	9,384,726
1 - 90 days past due	2,405,470	-	2,405,470
	11,790,196	-	11,790,196
Credit impaired			
91 - 180 days past due	96,357	-	96,357
181 - 270 days past due	256,771	-	256,771
More than 270 days past due	4,022	-	4,022
Individually impaired	2,114,193	(2,114,193)	-
	14,261,539	(2,114,193)	12,147,346

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

	Gross carrying amount	Loss allowance	Net balance
	RM	RM	RM
Group			
2020			
Current (not past due)	9,898,422	-	9,898,422
1 - 90 days past due	2,697,651	-	2,697,651
	12,596,073	-	12,596,073
Credit impaired			
91 - 180 days past due	872,442	-	872,442
181 - 270 days past due	69,517	-	69,517
More than 270 days past due	146,750	-	146,750
Individually impaired	2,577,071	(2,577,071)	-
	16,261,853	(2,577,071)	13,684,782

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 and other credit enhancement in managing exposure to credit risk.

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

	Trade receivables- Credit impaired RM
Group	
Balance at 1 July 2019	1,637,509
Net remeasurement of loss allowance	939,562
Balance at 30 June 2020/1 July 2020	2,577,071
Net remeasurement of loss allowance	(373,956)
Amounts written off	(88,922)
Balance at 30 June 2021	2,114,193

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.4 Credit risk (continued)

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 (2020 : 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 loans and facilities on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM55,148,956 (2020 : RM55,799,124) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

Financial guarantees provided to the suppliers of certain subsidiaries are to secure the outstanding amount payable amounted to RM549,131 (2020 : RM188,902) 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 in respect of financial guarantees since the fair value on initial recognition was not material.

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.

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.4 Credit risk (continued)

Inter-company advances (continued)

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries have 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.

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			
2021			
Low credit risk	17,405,547	-	17,405,547
Credit impaired	1,147,147	(1,147,147)	-
	<u>18,552,694</u>	<u>(1,147,147)</u>	<u>17,405,547</u>
2020			
Low credit risk	21,530,547	-	21,530,547
Credit impaired	1,147,147	(1,147,147)	-
	<u>22,677,694</u>	<u>(1,147,147)</u>	<u>21,530,547</u>

The movement in the allowance for impairment in respect of subsidiaries' advances during the year is as follows :

	Credit impaired RM
Company	
Balance at 1 July 2019/30 June 2020/1 July 2020/30 June 2021	<u>1,147,147</u>

24. Financial instruments (continued)

24.5 Liquidity risk

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

The Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its 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.

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:

Group	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
<i>Non-derivative financial liabilities</i>							
Term loan	38,603,309	3.20	47,784,983	3,460,860	3,460,860	10,382,580	30,480,683
Hire purchase creditors	2,938,039	1.88 - 3.63	3,161,209	1,321,935	801,750	1,037,524	-
Lease liabilities	465,331	3.60	490,500	172,800	172,800	144,900	-
Bank overdrafts	2,112,775	6.65 - 6.70	2,112,775	2,112,775	-	-	-
Bankers' acceptances	5,970,000	2.23 - 3.80	5,970,000	5,970,000	-	-	-
Revolving credits	2,000,000	3.53	2,000,000	2,000,000	-	-	-
Foreign currency loans	1,054,224	1.75 - 2.21	1,054,224	1,054,224	-	-	-
Trade and other payables	20,678,914	-	20,678,914	20,678,914	-	-	-
	73,822,592		83,252,605	36,771,508	4,435,410	11,565,004	30,480,683

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

Group	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
<i>Non-derivative financial liabilities</i>							
Term loan	39,938,950	3.45	51,616,862	2,595,645	3,460,860	10,382,580	35,177,777
Hire purchase creditors	2,919,879	1.88 - 3.63	3,107,714	1,569,903	949,167	588,644	-
Lease liabilities	618,377	3.60	663,300	172,800	172,800	317,700	-
Bank overdrafts	1,587,165	6.95	1,587,165	1,587,165	-	-	-
Bankers' acceptances	9,706,000	3.73 - 5.02	9,706,000	9,706,000	-	-	-
Revolving credits	2,000,000	3.89 - 4.41	2,000,000	2,000,000	-	-	-
Foreign currency loans	599,728	1.90 - 2.35	599,728	599,728	-	-	-
Trade and other payables	18,898,698	-	18,898,698	18,898,698	-	-	-
	<u>76,268,797</u>		<u>88,179,467</u>	<u>37,129,939</u>	<u>4,582,827</u>	<u>11,288,924</u>	<u>35,177,777</u>

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM	Contractual interest rate per annum %	Contractual cash flows RM	Under 1 year RM
<i>Non-derivative financial liabilities</i>				
2021				
Trade and other payables	310,639	-	310,639	310,639
Financial guarantees	-	-	55,698,087	55,698,087
	<u>310,639</u>		<u>56,008,726</u>	<u>56,008,726</u>
2020				
Trade and other payables	300,483	-	300,483	300,483
Financial guarantees	-	-	55,988,026	55,988,026
	<u>300,483</u>		<u>56,288,509</u>	<u>56,288,509</u>

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 and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are 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.

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

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	
	2021	2020
	RM	RM
Denominated in USD		
Trade and other receivables (excluding prepayments)	744,965	1,042,978
Cash and cash equivalents	4,670,347	2,308,227
Loans and borrowings	(1,054,224)	(599,728)
Trade and other payables	(2,987,162)	(1,779,226)
Net exposure	1,373,926	972,251

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 does not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% (2020 : 10%) strengthening of the RM against USD at the end of the reporting period would have decreased (2020 : increased) post-tax profit or loss by RM104,418 (2020 : RM73,891). 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% (2020 : 10%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

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.

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.2 Interest rate risk (continued)

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	
	2021	2020	2021	2020
	RM	RM	RM	RM
Fixed rate instruments				
Financial assets	48,987	48,425	-	-
Financial liabilities	(12,427,594)	(15,843,984)	-	-
	<u>(12,378,607)</u>	<u>(15,795,559)</u>	<u>-</u>	<u>-</u>
Floating rate instruments				
Financial assets	7,523,124	3,801,917	7,523,124	3,801,917
Financial liabilities	(40,716,084)	(41,526,115)	-	-
	<u>(33,192,960)</u>	<u>(37,724,198)</u>	<u>7,523,124</u>	<u>3,801,917</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

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	50 bp
	increase	decrease
	RM	RM
Group		
2021		
Floating rate instruments	(126,133)	126,133
2020		
Floating rate instruments	143,352	(143,352)
Company		
2021		
Floating rate instruments	(28,588)	28,588
2020		
Floating rate instruments	(14,447)	14,447

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM		
Financial liabilities								
2021								
Term loan	-	-	-	-	-	(38,603,000)	(38,603,000)	(38,603,309)
Hire purchase creditors	-	-	-	-	-	(2,938,000)	(2,938,000)	(2,938,039)
	-	-	-	-	-	(41,541,000)	(41,541,000)	(41,541,348)
2020								
Term loan	-	-	-	-	-	(39,938,000)	(39,938,000)	(39,938,950)
Hire purchase creditors	-	-	-	-	-	(2,919,000)	(2,919,000)	(2,919,879)
	-	-	-	-	-	(42,857,000)	(42,857,000)	(42,858,829)

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 (2020 : 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.

NOTES TO THE FINANCIAL STATEMENTS

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 at 30 June 2021 and at 30 June 2020 were as follows :

	Group	
	2021	2020
	RM	RM
Loans and borrowings (Note 13)	52,678,347	56,751,722
Lease liabilities	465,331	618,377
Less : cash and cash equivalents (Note 10)	(17,847,742)	(7,107,046)
Net debt	<u>35,295,936</u>	<u>50,263,053</u>
Total equity	<u>91,072,270</u>	<u>81,732,205</u>
Debt-to-equity ratio	<u>0.39</u>	<u>0.61</u>

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

26. Subsequent event

On 20 October 2021, the Company announced the following corporate proposals :

- (i) bonus issue of 88,000,000 new ordinary shares in the Company on the basis of two (2) bonus shares for every one (1) existing ordinary share held by the shareholders ("Proposed Bonus Issue of Shares"); and
- (ii) free warrants issue of up to 66,000,000 free warrants on the basis of one (1) warrant for every two (2) existing ordinary shares held by the shareholders after the completion of the Proposed Bonus Issue of Shares. The warrants shall have a tenure of 3 years at an exercise price to be determined later after obtaining all relevant approvals but prior to the warrants entitlement date.

(Collectively referred to as the "Proposals")

The completion of the Proposals is subject to the Company's shareholders' approval at an Extraordinary General Meeting to be convened and approvals from the relevant authorities.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 31 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 2021 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 : 28 October 2021

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 31 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 28 October 2021.

.....
Sin Siew Huey

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKB SHUTTERS CORPORATION BERHAD

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 2021 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 31 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 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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.

Valuation of trade receivables Refer to Note 9 and Note 24.4 - Financial instruments	
The key audit matter	How the matter was addressed in our audit
<p>The Group has trade receivables amounting to RM12.1 million, representing 16.8% of the Group's total current assets as at 30 June 2021.</p> <p>Due to the Group's business nature and the slowdown in local construction industry, the Group has significant trade receivables mainly from project based customers. Some of these customers have long outstanding debts. Accordingly, this increases the risk that the individual trade receivables may not be recoverable.</p>	<p>Our audit procedures included, amongst others :</p> <ul style="list-style-type: none"> • 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 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SKB SHUTTERS CORPORATION BERHAD**

Key Audit Matters (continued)

Valuation of inventories Refer to Note 8	
The key audit matter	How the matter was addressed in our audit
<p>The Group has inventories amounting to RM37.5 million, representing 52.0% of the Group's total current assets as at 30 June 2021.</p> <p>Due to the nature of business where the aluminum and steel are the primary raw materials for the Group, the Group is exposed to the inherent volatility of the prices of aluminum and steel and very much vulnerable to the economic condition of the construction sectors. Accordingly, 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 and to record the value of inventories at the lower of cost and net realisable value, valuation of inventories has been identified as one of the key audit matters.</p>	<p>Our audit procedures included, amongst others :</p> <ul style="list-style-type: none"> • Tested the accuracy of inventories ageing report 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 are identified as damage, slow moving or obsolete during the inventory count observation have been 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.

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKB SHUTTERS CORPORATION BERHAD

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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SKB SHUTTERS CORPORATION BERHAD**

Report on Other Legal and Regulatory Requirements

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

Penang

Date : 28 October 2021

Lim Su Ling
Approval Number : 03098/12/2021 J
Chartered Accountant

LIST OF PROPERTIES

AS AT 30. 06. 2021

No.	Description/Address	Date Revaluation	Tenure	Area	Existing Use	Carrying Amount 30.06.2021 RM
LAND						
1	Lot No. 47158 Indahpura Industrial Park Kulai, Johor Bahru	28/06/2011	Freehold	6,092 sq.m.	Vacant	1,084,000
2	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	58,991,296
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	21,323,016
2	Corporate Tower Subang Square CT-01-17, Jln SS 15/4G 47500 Subang Jaya, Selangor	28/06/2011	Freehold	810 sq.ft.	Rent	201,044
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	PD Perdana Condo Resort Parcel No.411, Block M Jln PD Perdana, Off Jln Pantai 71050 Sirusa, Port Dickson Negeri Sembilan	28/06/2011	Freehold	70 sq.m.	Vacant	46,040
5	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	66,454
Total						81,711,851

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

ANALYSIS OF SHAREHOLDINGS

As at 12 October 2021

ISSUED AND FULLY PAID-UP CAPITAL	:	RM45,818,324
CLASS OF SHARE	:	Ordinary shares
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	7	0.9986	123	0.0003
100 - 1,000	296	42.2254	251,077	0.5706
1,001 - 10,000	303	43.2240	1,271,900	2.8907
10,001 - 100,000	71	10.1284	2,445,700	5.5584
100,001 - 2,199,999	22	3.1384	14,873,593	33.8036
2,200,000 - 40,000,000	2	0.2853	25,157,607	57.1764
Total	701	100.0000	44,000,000	100.0000

SUBSTANTIAL SHAREHOLDERS AS AT 12 OCTOBER 2021

Name	Direct Interest	% of Issued Capital	Indirect Interest	% of Issued Capital
1 SKB Glory Sdn. Bhd.	22,847,607	51.9264	-	-
2 Sin Kheng Lee	2,310,000	5.2500	22,857,607 *	51.9491
3 Chou Lee Sin	10,000	0.0227	25,157,607 #	57.1764
4 Sin Ching San	10,000	0.0227	22,847,607 ^	51.9264

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

Deemed interest via spouse

^ Deemed interest via SKB Glory Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS AS AT 12 OCTOBER 2021

	Direct Interest	%	Indirect Interest	%
The Company				
1 Sin Kheng Lee	2,310,000	5.2500	22,857,607 *	51.9491
2 Dato' Moehamad Izat Bin Achmad Habechi Emir	-	-	-	-
3 Chou Lee Sin	10,000	0.0227	25,157,607 #	57.1764
4 Sin Ching San	10,000	0.0227	22,847,607 ^	51.9264
5 Sin Siew Huey	-	-	-	-
6 Sin Tze Yi	-	-	-	-
7 Lai Lan Man @ Lai Shuk Mee	15,000	0.0341	-	-
8 Ng Swee Weng	-	-	-	-
9 Mohd Arif Bin Mastol	-	-	-	-
Holding Company - SKB Glory Sdn. Bhd.				
1 Sin Kheng Lee	971,250	64.7500	112,500	7.5000
2 Sin Ching San	416,250	27.7500	-	-
3 Chou Lee Sin	-	-	1,083,750 #	72.2500

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

Deemed interest via spouse

^ Deemed interest via SKB Glory 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 12 OCTOBER 2021**

LIST OF 30 LARGEST SHAREHOLDERS AS AT 12 OCTOBER 2021

NO.	NAME	HOLDINGS	%
1	SKB GLORY SDN. BHD.	22,847,607	51.9264
2	SIN KHENG LEE	2,300,000	5.2273
3	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ACE PRIVATE EQUITY SDN. BHD. (MY3838)	1,939,597	4.4082
4	ACE CREDIT (M) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIN SIN HONG	1,307,653	2.9719
5	ABBAS BIN MEHAD	1,234,965	2.8067
6	LIM KIM CHAI	1,200,000	2.7273
7	PANG SWEE SING	1,100,000	2.5000
8	LOOI ENG KEONG	1,056,000	2.4000
9	DAUD BIN DAROS	985,239	2.2392
10	MOHD HAFIZ BIN HASHIM	985,239	2.2392
11	CHIEN SU LANG	700,000	1.5909
12	OOI SAY TUAN	700,000	1.5909
13	TEO YEK MING	700,000	1.5909
14	TEOH SHY MING	700,000	1.5909
15	YAYASAN EKONOMI KEWANGAN ANTARABANGSA	588,600	1.3377
16	LEE CHEE BENG	393,300	0.8939
17	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YONG SWEE KOON (7004557)	218,000	0.4955
18	LOH SHOK YI	199,000	0.4523
19	YONG KIAN SENG @ YOONG TEIN SENG	190,000	0.4318
20	PM NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN (A)	177,800	0.4041
21	LIM POH BOON	154,000	0.3500
22	LAI THIAM POH	122,200	0.2777
23	LEE LAM KEIONG	110,000	0.2500
24	SYARIKAT RIMBA TIMUR (RT) SDN. BHD.	100,000	0.2273
25	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN (100378)	97,000	0.2205
26	TAN WEI KENT	95,000	0.2159
27	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEONG PAK WAI	90,000	0.2045
28	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	80,000	0.1818
29	TA NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHOU, CHUN-SHENG	77,400	0.1759
30	PANG KONG HONG	70,000	0.1591
		40,518,600	92.0878

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Fourth (“24th”) Annual General Meeting (“AGM”) of the Company will be held at Level 6, Olive Function Room, Olive Tree Hotel Penang, 76, Jalan Mahsuri, Bandar Sunway Tunas, 11950 Bayan Lepas, Penang, on Monday, 20th December 2021 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 2021 and the Reports of Directors and Auditors thereon.
2. To re-elect the following directors who retire pursuant to Clause 88 of the Company’s Constitution: -
 - a) Mr Sin Kheng Lee Ordinary Resolution 1
 - b) Mr Sin Ching San Ordinary Resolution 2
 - c) Ms Chou Lee Sin Ordinary Resolution 3
 - d) Ms Sin Siew Huey Ordinary Resolution 4
 - e) Ms Sin Tze Yi Ordinary Resolution 5
 - f) Dato’ Moehamad Izat bin Achmad Habechi Emir Ordinary Resolution 6
 - g) Mr Ng Swee Weng Ordinary Resolution 7
 - h) Ms Lai Lan Man @ Lai Shuk Mee Ordinary Resolution 8
 - i) Encik Mohd Arif Bin Mastol Ordinary Resolution 9
3. To approve Directors’ Fees of RM189,168/- for the year ended 30 June 2021. Ordinary Resolution 10
4. 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 11

As Special Business

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

5. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 (“Act”) Ordinary Resolution 12

“That pursuant to Sections 75 and 76 of the Act and subject to the approval of the relevant authorities, the directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and that the directors be and 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 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.”
6. Retention of Independent Directors

“That the following Directors be retained as Independent Directors of the Company, in accordance with the Malaysian Code on Corporate Governance until the conclusion of the next AGM: -

 - a) Ms Lai Lan Man @ Lai Shuk Mee Ordinary Resolution 13
 - b) Encik Mohd Arif Bin Mastol” Ordinary Resolution 14
7. To transact any other business of which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board

Chin Lee Phing
(SSM PC No.: 202008000049)
(MAICSA 7057836)
Company Secretary
Penang, 29 October 2021

Notes:

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 and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office or at such other place within Malaysia or in such other manner as is specified for that purpose in the notice convening the meeting not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid or in such other period(s) as may be provided or permitted under the Act and stipulated in the form of proxy or in the notice of meetings.
5. The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company situated at 2nd Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang. In the case of electronic appointment, the proxy form must be submitted via *AGRITEUM* Portal at www.agriteum.com.my. Please refer to the Annexure to the Proxy Form for further information on electronic submission.
6. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
7. 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 this proxy form if this has not been lodged at the Company's registered office earlier.
8. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the 24th AGM will be put to vote on a poll.
9. 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 Main Market Listing Requirements ("MMLR") of Bursa Securities, a Record of Depositors ("ROD") as at **10 December 2021**. 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.

Explanatory Notes on Ordinary Business: -

1. Agenda 1 is meant for discussion only as the provision of Section 248(2) of the Companies Act 2016 does not require a formal approval of shareholders of the Company and hence, Agenda 1 is not put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Special Business: -

1. The proposed Ordinary Resolution 12 is for the purpose of granting a renewed general mandate (“General Mandate”) and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next AGM of the Company.

As at the date of this Notice, the Company had issued 4,000,000 ordinary shares pursuant to the mandate granted to the Directors at the last AGM held on 23 November 2020 and which will lapse at the conclusion of the 24th AGM.

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), working capital and/or acquisitions.

2. The proposed Ordinary Resolutions 13 and 14, if passed, will enable the Independent Directors who had served more than 9 years to be retained and continued to act as Independent Directors of the Company. The details of justifications are set out in the Company’s Annual Report for the financial year ended 30 June 2021.
3. The Annual Report 2021 and Corporate Governance Report 2021 are available for download at www.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 24th AGM of the Company.

ADMINISTRATIVE DETAILS FOR THE 24TH ANNUAL GENERAL MEETING

Day and Date	Monday, 20 December 2021
Time	2.00 pm
Venue	Level 6, Olive Function Room Olive Tree Hotel Penang 76, Jalan Mahsuri, Bandar Sunway Tunas, 11950 Bayan Lepas, Penang

COVID-19 OUTBREAK MEASURE NOTES

The health and safety of our members and staff who will attend the AGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the AGM:

- a) All participants must be fully-vaccinated, not positive for COVID-19, not close contact to positive cases and not symptomatic.
- b) Individuals who have not been vaccinated must undergo pre-event testing using a (saliva) self-test kit before attending, witnessed by the organiser or a medical practitioner.
- c) All attendees must sanitise their hands and will be required to wear face masks, undergo temperature check, provide contact details and make health declaration prior to entering the meeting venue.
- d) All attendees are required to practise social distancing of at least 1 meter throughout the AGM and only allowed to sit at the place arranged by the Company.
- e) Shareholders/proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices, you are advised to refrain from attending the AGM in person.
- f) Any attendee with body temperature at 37.5°C and above or exhibits flu-like symptoms will not be allowed to enter the meeting hall.
- g) Shareholders are encouraged to appoint the Chairman of the Meeting to act as proxy to attend and vote at the AGM on their behalf by submitting the proxy form with predetermined voting instruction. Please ensure that the original form is deposited at the Company's registered office at 2nd Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang, Malaysia not later than 19 December 2021 at 2.00 p.m.
- h) There will be no refreshment and no door-gift provided to the attendees.
- i) Shareholders/proxies are advised to arrive early at the AGM venue given that the above-mentioned precautionary measures may cause delay in the registration process.
- j) Shareholders are required to register ahead of the AGM to allow the Company to make the necessary arrangements in relation to the meeting i.e. infrastructure, logistics and meeting venue(s) to accommodate the meeting participants. Thus, kindly RSVP your intention to attend the AGM by email to agm@skb.com.my
- k) Shareholders are encouraged to keep abreast with the latest news released by the authority regarding travelling, self-quarantine, other health and safety precautions from time to time.
- l) Shareholders are also reminded to monitor the Company's website and announcements from time to time for any changes to the 24th AGM arrangement.

REGISTRATION

- Registration will commence at 1.00 p.m. and will end at the time directed by the Chairman of the meeting.
- Please present your original Identity Card (IC) or Passport to the registration staff for verification. Please make sure your IC is being returned to you after registration.
- Upon verification, you are required to write your name and sign on the attendance list.
- A poll slip will be given for each of the CDS account(s) that registered in your name and/or which you are appointed as a proxy. There will be no replacement should you lost or destroy the poll slip(s).
- You may proceed to the meeting room thereafter.
- Registration must be done in person. Nobody is allowed to register on behalf of another person even with the original IC or Passport of that other person.
- The registration counter will handle verification of identity, registration and revocation of proxy.

PROXY

- A member entitled to attend and vote in the meeting is allowed to appoint proxy. Please submit your Proxy Form in accordance with the notes and instructions printed therein.
- The Form of Proxy is not required if you are attending the meeting. You are not allowed to attend the meeting together with a proxy appointed by you.
- If you have submitted your Proxy Form prior to the meeting and subsequently decided to attend the meeting in person, please proceed to the registration counter to revoke the appointment of your proxy.
- Please ensure that the original Form of Proxy is deposited at the Company's Registered Office at 2nd Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang not later than 19 December 2021 at 2.00 p.m. No proof of despatch of Form of Proxy will be entertained.

ADMINISTRATIVE DETAILS FOR THE 24TH ANNUAL GENERAL MEETING

CORPORATE MEMBER

- Any corporate member who wishes to appoint a representative instead of a proxy to attend the AGM should submit the original certificate of appointment under the seal of the corporation to the Company's Registered Office before the and vote in the meeting is allowed to appoint proxy. Please submit your Form of Proxy in accordance with the notes and instructions printed therein.

GENERAL MEETING RECORD OF DEPOSITORS

- For the purpose of determining who shall be entitled to attend this 24th Annual General Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at **10 December 2021** and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

VOTING PROCEDURE

- The voting at the 24th AGM will be conducted by way of poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- The Company has appointed *AGRITEUM* Share Registration Services Sdn Bhd as Poll Administrator to conduct the paper poll and IA Essential Sdn Bhd as Independent Scrutineer to verify the poll results.

ANNUAL REPORT 2021

- The Company Annual Report 2021 is available from 29 October 2021 on the Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com under Company Announcements and also at the Company's corporate website at www.skb-shutters.com



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 Fourth Annual General Meeting of the Company to be held at Level 6, Olive Function Room, Olive Tree Hotel Penang, 76, Jalan Mahsuri, Bandar Sunway Tunas, 11950 Bayan Lepas, Penang, on Monday, 20 December 2021 at 2.00 p.m. and at any adjournments thereof.

No.	Ordinary Resolutions	For	Against	Abstain
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 Dato' Moehamad Izat bin Achmad Habechi Emir as a director of the Company.			
7	To re-elect Mr Ng Swee Weng as a director of the Company.			
8	To re-elect Ms Lai Lan Man @ Lai Shuk Mee as a director of the Company.			
9	To re-elect Encik Mohd Arif Bin Mastol as a director of the Company.			
10	To approve Directors' Fees for the year ended 30 June 2021.			
11	To re-appoint Messrs KPMG PLT as auditors of the Company.			
12	Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016.			
13	To retain Ms Lai Lan Man @ Lai Shuk Mee as an Independent Director.			
14	To retain Encik Mohd Arif Bin Mastol as an Independent Director.			

(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 _____ 2021.

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

Notes:

Notes:

- 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.
- 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.
- 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.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office or at such other place within Malaysia or in such other manner as is specified for that purpose in the notice convening the meeting not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid or in such other period(s) as may be provided or permitted under the Act and stipulated in the form of proxy or in the notice of meetings.
- The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company situated at 2nd Floor, Wisma Penang Garden, 42 Jalan Sultan Ahmad Shah, 10050 Penang. In the case of electronic appointment, the proxy form must be submitted via AGRITEUM Portal at www.agriteum.com.my. Please refer to the Annexure to the Proxy Form for further information on electronic submission.
- Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- 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 this proxy form if this has not been lodged at the Company's registered office earlier.
- Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the 24th AGM will be put to vote on a poll.
- 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 Main Market Listing Requirements ("MMLR") of Bursa Securities, a Record of Depositors ("ROD") as at **10 December 2021**. 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.

Stamp

To,

The Company Secretary

SKB SHUTTERS CORPORATION BERHAD
199701014865 (430362-U)

2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah, 10050 Penang

**ELECTRONIC SUBMISSION OF PROXY FORM
VIA AGRITEUM PORTAL**

Dear Shareholders,

We are pleased to inform that you as a shareholder can have the option to submit proxy forms by electronic means through our *AGRITEUM* Portal at www.agriteum.com.my (“E-proxy”).

Our *AGRITEUM* Portal provides an online submission for shareholders to submit electronically the proxy form. Once you have successfully submitted your E-proxy form, you are no longer required to complete and submit the physical proxy form to the registered office of the Company situated at 2nd Floor, Wisma Penang Garden, 42 Jalan Sultan Ahmad Shah, 10050 Penang.

To assist you on how to use *AGRITEUM* Portal E-proxy, kindly read and follow the guidance notes which are detailed below:

1. Sign up as a user in www.agriteum.com.my (“*AGRITEUM* Portal”)
 - Click <<Login/Register>> followed by <<Register New User>> to register as a new user.
 - Complete the registration by filling up the information required and upload a clear copy of your MyKad (both front and back page) or Passport.
 - Read and agree to the terms & conditions and thereafter submit your registration.
 - Please enter a valid email address in order for you to receive the verification email from the *AGRITEUM* Portal.
 - Please verify your email address before the link expire in one (1) hour from your registration.
 - Your registration will be verified and approved by the *AGRITEUM* Portal. Once approved, an email notification will be sent to you.
 - If you have already registered an account with *AGRITEUM* Portal, you are not required to register again.

2. Proceed with submission of E-proxy
 - After the release of the Notice of the Meeting by the Company, login *AGRITEUM* Portal with your user name (ie email address) and password.
 - Click “E-PROXY LODGEMENT” and select the company name for the submission of the E-proxy Form.
 - Fill up the E-proxy form by inserting your CDS account, number of shares for your proxy(s) to vote on behalf.
 - Appoint your proxy(s) or chairman and insert the required details of your proxy(s) and indicate your voting instruction.
 - Review & confirm your proxy(s) appointment
 - Read and agree to the terms & conditions and thereafter submit your E-proxy Form.
 - An email notification will send to you to acknowledge the submission.

Should you need assistance on our E-proxy submission, please contact us. Thank you

AGRITEUM Share Registration Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Tel. No.: 04-2282321
Fax No.: 04-2272391
Email: agriteumsrs@gmail.com

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SKB SHUTTERS CORPORATION BERHAD
199701014865 (430362-U)

Registered Office:

**2nd Floor, Wisma Penang Garden,
42, Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia.**

