

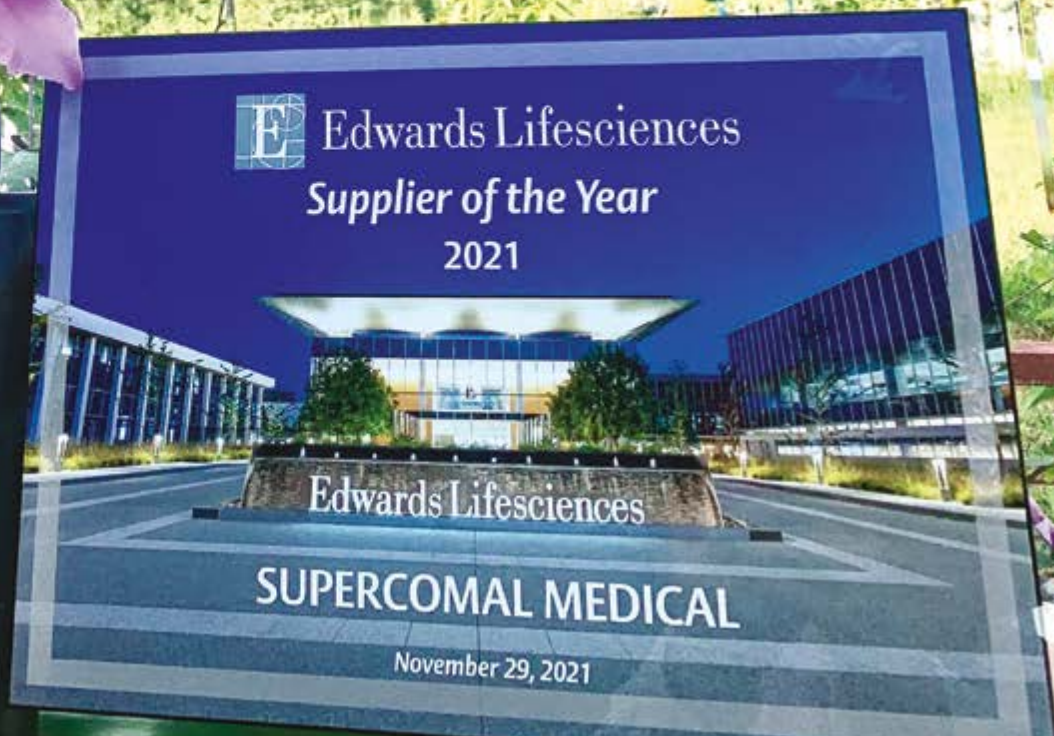


**Supercomnet
Technologies** BERHAD

Registration No. 199001005958 (197527-H)

TOWARDS GREATER **PERFORMANCE**

ANNUAL REPORT 2021



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November 29, 2021

CONTENTS

Notice Of Annual General Meeting	02
Statement Accompanying Notice Of Annual General Meeting	07
Notice Of Dividend Entitlement And Payment	08
Share Buy-Back Statement	09
Corporate Information	15
Corporate Structure	16
Profile Of Directors	17
Profile Of Key Senior Management	21
Management Discussion And Analysis	23
Sustainability Statement	27
Corporate Governance Overview Statement	31
Statement On Risk Management And Internal Control	37
Audit Committee Report	39
Additional Compliance Information	42
Statement Of Directors' Responsibilities	43

FINANCIAL STATEMENTS

Directors' Report	44
Independent Auditors' Report	50
Statements Of Profit Or Loss And Other Comprehensive Income	54
Statement Of Financial Position	55
Statement Of Changes In Equity	57
Statement Of Cash Flows	59
Notes To The Financial Statements	62
Statement By Directors	117
Declaration By The Officer Primarily Responsible For The Financial Management Of The Company	117
Group Properties	118
Analysis Of Shareholdings	122
Analysis Of Warrant Holdings	126
Proxy Form	Enclosed

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Second Annual General Meeting of the Company will be held at Tasha Hall, Cinta Sayang Resort, Persiaran Cinta Sayang, 08000 Sungai Petani, Kedah on Friday, June 10, 2022, at 10.00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended December 31, 2021 together with the reports of the Directors and Auditors thereon. **(Please refer to Note A)**
2. To declare a Final Single-Tier Dividend of 1.5 sen per share for the year ended December 31, 2021. **Resolution 1**
3. To approve Directors' Fees of up to RM312,000.00 from this Annual General Meeting (AGM) until the date of next AGM of the Company. **Resolution 2**
4. To approve the Directors' Benefits payable (excluding Directors' Fees) of up to RM21,510.00 from this AGM until the date of next AGM of the Company. **Resolution 3**
5. To re-elect the following Directors retiring under the provision of Paragraph 102(1) and 107(2) of the Constitution of the Company respectively, and who, being eligible, had offered themselves for re-election:
 - i) Mr. Shiue, Jong-Zone A.K.A. James Shiue [Paragraph 102(1)] **Resolution 4**
 - ii) Mr. Wu, Chung-Jung [Paragraph 102(1)] **Resolution 5**
 - iii) Mr. Lim Eng Chuan [Paragraph 107(2)] **Resolution 6**
 - iv) Ms. Ang Hwui Tee [Paragraph 107(2)] **Resolution 7**
 - v) Ms. Tan Sok Suan [Paragraph 107(2)] **Resolution 8**
6. To re-appoint Messrs. Deloitte PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to determine their remuneration. **Resolution 9**

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modifications, the following resolutions:

ORDINARY RESOLUTION

7.1 Authority to Issue Shares

"THAT pursuant to section 76 of the Companies Act 2016 ("the Act") and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and is hereby authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, and that the Board of Directors be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities."

Resolution 10

NOTICE OF ANNUAL GENERAL MEETING



SPECIAL BUSINESS (Cont'd)

7. To consider and, if thought fit, to pass with or without modifications, the following resolutions: (Cont'd)

ORDINARY RESOLUTION (Cont'd)

7.2 Renewal of Authority to Purchase its own Shares

"THAT subject to the Act, provisions of the Constitution of the Company and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorized to purchase its own shares through Bursa Securities, subject to the following:

Resolution 11

- (a) The maximum number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;
- (b) The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits of the Company. As at the latest financial year ended December 31, 2021, the audited retained profits of the Company stood at RM 29,640,154;
- (c) The authority conferred by this resolution will be effective immediately upon the passing of this resolution; and shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next AGM is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;
- (d) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:
 - (i) to cancel the shares so purchased; or
 - (ii) to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
 - (iii) to retain part of the shares so purchased as treasury shares and cancel the remainder; or
 - (iv) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

The Directors of the Company be and are hereby authorized to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of the Company's shares in accordance with the Act, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals."

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

SPECIAL BUSINESS (Cont'd)

7. To consider and, if thought fit, to pass with or without modifications, the following resolutions:
(Cont'd)

ORDINARY RESOLUTION (Cont'd)

7.3 Continuing in Office as Independent Non-Executive Directors

- (a) "THAT approval and authority be and is hereby given to Mr. Ng Ngoon Weng, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 12**

- (b) "THAT approval and authority be and is hereby given to Mr. Goh Chooi Eam, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 13**

8. To transact any other business for which due notice shall have been given in accordance with the Act.

By Order of the Board,

ANGELINA CHEAH GAIK SUAN [SSM PC NO. 202008002177 (MAICSA 7035272)]

LEE MEI-MEI [SSM PC NO. 202008002962 (MAICSA 7062284)]

Secretaries

Penang

Date : April 29, 2022

NOTES :

- A. This Agenda item is meant for discussion only as the provision of Section 244(2) of the Act and the Company's Constitution do not require a formal approval of the shareholders and hence, is not put forward for voting.
- B. Kindly note that the date of the General Meeting Record of Depositors for the purpose of determining members' entitlement to attend, vote and speak at the Thirty-Second Annual General Meeting shall be on June 1, 2022.

A proxy may but need not be a member of the Company and in accordance with Section 334 of the Companies Act 2016, a member of a company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at the meeting.

A member of the Company (Except Exempt Authorised Nominee) may appoint up to two (2) proxies in relation to a general meeting, provided that he specifies the proportion of his shareholdings to be represented by each proxy.

To be valid, the proxy form duly completed must be deposited at the registered office of the Company at Suite S-21-H, 21st Floor, Menara Northam, 55, Jalan Sultan Ahmad Shah, 10050 George Town, Penang not less than forty-eight (48) hours before the time fixed 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.

Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

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

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)



NOTES : (Cont;d)

The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under its Common Seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at this meeting, 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 this meeting and the preparation and compilation of the attendance lists, minutes and other documents relating to this meeting, 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.

EXPLANATORY NOTES ON RESOLUTION & SPECIAL BUSINESS:

1. Ordinary Resolution 2

The proposed resolution, if passed, has been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognize that the Directors' Fees is in the best interest of the Company. In determining the estimated total amount of Directors' fees for this period, a contingency sum to cater to unforeseen circumstances such as the appointment of additional Director(s) was included.

2. Ordinary Resolution 10

The proposed resolution, if passed, will renew the authority to empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. The renewed 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, working capital and/or acquisitions. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

As at the date of this notice, no new shares in the Company have been issued pursuant to the mandate granted to the Directors at the Thirty-First Annual General Meeting held on September 1, 2021 which will lapse at the conclusion of the Thirty-Second Annual General Meeting.

3. Ordinary Resolution 11

The proposed resolution, if passed, will empower the Directors of the Company to purchase the Company's own shares up to ten per cent (10%) of the total number of issued shares of the Company by utilizing the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Further information on the proposed Resolution is set out in the Share Buy-Back Statement in pages 9 to 14 of this Annual Report 2021.

4. Ordinary Resolution 12

The Board and its Nominating Committee had conducted an annual performance evaluation and assessment on the independence of Mr. Ng Ngoon Weng, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and had recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

- (i) in particular of his professional experience and contribution to the Board;
- (ii) consistently challenging the management in an effective and constructive manner; and
- (iii) actively participated in the Board's discussion and provided an independent voice on the Board.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

EXPLANATORY NOTES ON RESOLUTION & SPECIAL BUSINESS: (Cont'd)

5. Ordinary Resolution 13

The Board and its Nominating Committee had conducted an annual performance evaluation and assessment on the independence of Mr. Goh Chooi Eam, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and had recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

- (i) in particular of his professional experience in accounting & taxation areas and contribution to the Board;
- (ii) consistently challenging the management in an effective and constructive manner; and
- (iii) actively participated in the Board's discussion and provided an independent voice on the Board.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING



DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS (EXCLUDING DIRECTORS STANDING FOR A RE-ELECTION)

Pursuant to Rule 8.29(2) of the Bursa Securities Listing Requirements for Ace Market, no individual is seeking election as a Director at the Thirty-Second Annual General Meeting of the Company.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that a Final Single-Tier Dividend of 1.5 Sen per share for the year ended December 31, 2021, if approved, will be paid on July 18, 2022 to depositors registered in the Record of Depositors on June 24, 2022:

A Depositor shall qualify for entitlement to the Dividends in respect of:

- a) shares transferred into the Depositor's Securities Account before 4.30 p.m. on June 24, 2022 in respect of transfers;
- b) shares deposited into the Depositor's Securities Account before 12.30 p.m. in respect of securities exempted from mandatory deposit; and
- c) shares bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of the Bursa Securities.

By Order of the Board,

ANGELINA CHEAH GAIK SUAN [SSM PC NO. 202008002177 (MAICSA 7035272)]

LEE MEI-MEI [SSM PC NO. 202008002962 (MAICSA 7062284)]

Secretaries

Penang

Date: April 29, 2022

SHARE BUY-BACK STATEMENT



1. Disclaimer Statement

This Share Buy-Back Statement ("Statement") is important and if you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisor immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Statement prior to its issuance, and hence, takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. Rationale for the Proposed Purchase by Supercomnet Technologies Berhad ("STB" or the "Company") of its own ordinary shares ("Shares") up to a maximum of ten per centum (10%) of the existing total number of Shares capital of the Company ("Proposed Share Buy-Back")

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:

- (a) allows the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of the Shares and hence enhance investors' confidence;
- (b) if the Shares bought back by the Company are cancelled, shareholders of the Company are likely to enjoy an increase in the value of their investment in the Company as the net Earnings Per Share ("EPS") of the Company will increase; and
- (c) reduces the liquidity level and stabilise the supply, demand and price of its Shares in the open market, thereby supporting the fundamental value of the Shares.

3. Retained Profits

Based on the unaudited financial statements for the financial year ended December 31, 2021, the retained profits of the Company stood at RM29,640,154 (audited as at December 31, 2021: RM29,640,154).

4. Source of Funds

The Proposed Share Buy-Back will be financed from both internally generated funds of the Group and/or external borrowings, as long as the purchase is backed by an equivalent amount of retained profits of our Company. The portion of which to be utilised will depend on the actual number of Shares bought, the price of Shares and the availability of funds at the time of the purchase(s). If borrowings are used for the Proposed Share Buy-Back, the Company will experience a decline in its net cash flow to the extent of the interest costs associated with such borrowings but the Board does not foresee any difficulty in repaying the borrowings, if any, is used for the Proposed Share Buy-Back. Based on the audited consolidated financial statements as at December 31, 2021, the Group has cash and cash equivalent balance of approximately RM41,672,867.

SHARE BUY-BACK STATEMENT (Cont'd)

5. Direct and Indirect Interests of Directors and Major Shareholders and/or Persons Connected to Them

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors and major shareholders of STB nor persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back and, if any, the resale of the treasury shares.

The Direct and Indirect Interests of Directors and Substantial Shareholders of STB as at April 5, 2022 are as follows:

Name	Before proposed buy-back *				After proposed buy-back **			
	Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
Directors								
Shiue, Jong-Zone A.K.A. James Shiue	158,735,200	20.84	320,352,183	42.05	158,735,200	23.15	320,352,183 ^(a)	46.73
Wu, Huei-Chung	111,029,033	14.58	368,058,350	48.32	111,029,033	16.19	368,058,350 ^(b)	53.68
Wu, Chung-Jung	69,189,150	9.08	409,898,233	53.81	69,189,150	10.09	409,898,233 ^(c)	59.79
Hsueh, Chih-Yu	68,784,000	9.03	410,303,383	53.86	68,784,000	10.03	410,303,383 ^(d)	59.85
Goh Chooi Eam	-	-	-	-	-	-	-	-
Ng Ngoon Weng	-	-	-	-	-	-	-	-
Lim Eng Chuan	53,479,450	7.02	-	-	53,479,450	7.80	-	-
Ang Hwui Tee	-	-	-	-	-	-	-	-
Tan Sok Suan	-	-	5,432,800	0.71	-	-	5,432,800 ^(e)	0.79
Substantial Shareholders								
Shiue, Jong-Zone A.K.A. James Shiue	158,735,200	20.84	320,352,183	42.05	158,735,200	23.15	320,352,183 ^(a)	46.73
Wu, Huei-Chung	111,029,033	14.58	368,058,350	48.32	111,029,033	16.19	368,058,350 ^(b)	53.68
Wu, Chung-Jung	69,189,150	9.08	409,898,233	53.81	69,189,150	10.09	409,898,233 ^(c)	59.79
Hsueh, Chih-Yu	68,784,000	9.03	410,303,383	53.86	68,784,000	10.03	410,303,383 ^(d)	59.85
Shiue, Jyh-Jeh @ Jerry	71,350,000	9.37	413,170,183	54.24	71,350,000	10.41	413,170,183 ^(f)	60.26
Lim Eng Chuan	53,479,450	7.02	-	-	53,479,450	7.80	-	-

Notes:

- (a) Deemed interested by virtue of Wu, Huei-Chung, Wu, Chung-Jung, Hsueh, Chih-Yu and Shiue, Jyh-Jeh @ Jerry's shareholdings in STB
- (b) Deemed interested by virtue of Shiue, Jong-Zone A.K.A. James Shiue, Wu, Chung-Jung, Hsueh, Chih-Yu and Shiue, Jyh-Jeh @ Jerry's shareholdings in STB
- (c) Deemed interested by virtue of Shiue, Jong-Zone A.K.A. James Shiue, Wu, Huei-Chung, Hsueh, Chih-Yu and Shiue, Jyh-Jeh @ Jerry's shareholdings in STB
- (d) Deemed interested by virtue of Shiue, Jong-Zone A.K.A. James Shiue, Wu, Huei-Chung, Wu, Chung-Jung and Shiue, Jyh-Jeh @ Jerry's shareholdings in STB
- (e) Deemed interested by virtue of Pacific Rotary Sdn. Bhd.
- (f) Deemed interested by virtue of Shiue, Jong-Zone A.K.A. James Shiue, Wu, Huei-Chung, Wu, Chung-Jung, Hsueh, Chih-Yu, Pacific Rotary Sdn. Bhd.'s shareholdings in STB

* Based on the existing issued share capital of 761,771,398 Ordinary Shares

** Assuming that the maximum number of Shares up to ten per centum (10%) of the total authorised under the Proposed Share Buy-Back are purchased and cancelled.

SHARE BUY-BACK STATEMENT (Cont'd)



6. Potential Advantages and Disadvantages of the Proposed Share Buy-Back

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are disclosed in Section 2 of this Statement.

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:

- (a) The Proposed Share Buy-Back will reduce the financial resources of the Group and may result in the Group foregoing interest income and/or better investment opportunities that may emerge in future; and
- (b) As the Proposed Share Buy-Back can only be made out of retained profits of the Company, it may result in reduction of financial resources available for distribution to shareholders in the immediate future.

In any event, the Board will be mindful of the interest of STB and its shareholders in undertaking the Proposed Share Buy-Back and in the subsequent cancellation of the Shares purchased, if any.

7. Financial Effects of the Proposed Share Buy-Back

The financial effects of the Proposed Share Buy-Back on the Company and the Group are set out below:

(a) Share Capital

The effects of the Proposed Share Buy-Back on the issued shares of the Company assuming that the maximum number of Shares up to ten per centum (10%) of the total number of issued shares authorised under the Proposed Share Buy-Back are purchased and cancelled, is as set out below:

	No. of Shares
Existing share capital of STB as at April 5, 2022	761,771,398
Assuming Shares purchased are cancelled	<u>(76,177,139)</u>
	<u>685,594,259</u>

On the other hand, if the Shares purchased are retained as treasury shares, the Proposed Share Buy-Back will not affect the issued shares of STB but the rights attached to them in relation to the voting, dividends and participation in any other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including calculation of substantial shareholdings, take-overs, notices, the requisitioning of meetings, calculation of quorum for meetings and the result of vote on a resolution at a meeting.

(b) Earnings and EPS

The effects of the Proposed Share Buy-Back on the EPS of the Company will depend on the purchase prices of the Shares and the effective funding cost to the Company to finance the purchase of Shares or any loss in interest income to the Company. Assuming the Shares purchased are retained as treasury shares and resold, the effects on the earnings of the STB will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

If the Shares so purchased are cancelled, the Proposed Share Buy-Back will increase the EPS of the Company. However, the increase in EPS will be affected to the extent of the quantum of the reduction in the interest income and/or increase in the interest expense incurred in relation to the Proposed Share Buy-Back.

SHARE BUY-BACK STATEMENT (Cont'd)

7. Financial Effects of the Proposed Share Buy-Back (Cont'd)

The financial effects of the Proposed Share Buy-Back on the Company and the Group are set out below: (Cont'd)

(c) Net Assets ("NA")

The effects of the Proposed Share Buy-Back on the NA of STB will depend on the purchase price for such STB Shares and whether the Purchased Shares are cancelled or retained as Treasury Shares as follows:

(i) Purchased Shares are subsequently retained as Treasury Shares

The NA of STB would decrease if the Purchased Shares are retained as Treasury Shares due to the requirement for treasury shares to be carried at cost and be offset against equity, resulting in a decrease in the NA of our Company by the cost of the treasury shares. If the Purchased Shares are resold on Bursa Securities, the NA of STB would increase if STB realises a gain from the resale, and vice-versa. If the Purchased Shares were distributed as share dividends, the NA of STB will decrease by the cost of the treasury shares.

(ii) Purchased Shares are subsequently cancelled

If the Purchased Shares are cancelled, the Proposed Share Buy-Back will reduce the NA per STB Share if the purchase price per STB Share exceeds the NA per STB Share at the relevant point in time, and vice-versa.

(d) Dividends

The Board of Directors recommends a Final Single-Tier Dividend of 1.5 sen per Share subject to shareholders' approval at the forthcoming Annual General Meeting.

The Proposed Share Buy-Back is not expected to have any material effect on the dividends to be declared by the Company, if any, for the financial year ending December 31, 2022. The level of dividends to be declared in the future would be determined by the Board after taking into consideration the performance of the Group and the prevailing economic conditions. However, as stated herein above, the Board may distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Share Buy-Back Authority.

8. Implication of the Proposed Share Buy-Back relating to the Malaysian Code on Take-overs and Mergers, 2016

The Proposed Share Buy-Back will not have any implication on the Company and its substantial shareholders in relation to the Malaysian Code on Take-overs and Mergers, 2016.

9. Purchases made in Last Financial Year

There was no purchase made by the Company during the preceding 12 months.

There was no transfer or cancellation of Treasury Shares in the preceding 12 months.

SHARE BUY-BACK STATEMENT (Cont'd)



10. Historical Share Prices

The monthly highest and lowest market prices of STB Share traded on Bursa Securities in the preceding twelve (12) months were as follows:

	Highest (RM)	Lowest (RM)
2021		
April	2.08	1.55
May	1.97	1.60
June	1.75	1.53
July	1.58	1.39
August	1.55	1.41
September	1.91	1.41
October	1.86	1.72
November	1.96	1.72
December	2.08	1.78
2022		
January	2.04	1.56
February	1.75	1.40
March	1.48	1.09

Last transacted market price as at April 5, 2022 (being the last practical date prior to the printing of this Statement) was RM1.40.

11. Proposed Intention of the Directors to deal with the Shares so Purchased

In accordance with Section 127(4) of the Companies Act 2016 ("the Act"), our Directors may deal with the Purchased Shares, at their discretion, in the following manner:

- (i) cancel the Purchased Shares; or
- (ii) retain the Purchased Shares as Treasury Shares; or
- (iii) retain part of the Purchased Shares as Treasury Shares and cancel the remainder.

Accordingly, pursuant on Section 127(7) of the Act, where such Purchased Shares are held as Treasury Shares, our Directors may, at their discretion:

- (a) distribute the Purchased Shares as dividends to shareholders, such dividends to be known as "shares dividends"; or
- (b) resell the Purchased Shares or any of the Purchased Shares in accordance with the relevant rules of Bursa Securities; or
- (c) transfer the Purchased Shares or any of the Purchased Shares for the purpose of or under an employees' share scheme; or
- (d) transfer the Purchased Shares or any of the Purchased Shares as purchase consideration; or
- (e) cancel the Purchased Shares or any of the Purchased Shares; or
- (f) sell, transfer or otherwise use the Purchase Shares for such other purposes as the Minister may by order prescribe; and/or
- (g) in any other manner as may be prescribed by the Act, rules, regulations and order made pursuant to the Act and the requirements of Bursa Securities, and/or any other relevant authority for the time being in force.

In the event the Purchased Shares are held as Treasury Shares, the rights attaching to them as to voting, dividends and participation in other distributions or otherwise, will be suspended and the Treasury Shares will not be taken into account in calculating the number of percentage of Shares, or of a class of shares in the Company for any purpose including substantial shareholdings, take-overs, notices, requisitioning of meetings, quorum for a meeting and result of a vote on resolution(s) at a meeting.

SHARE BUY-BACK STATEMENT (Cont'd)

12. Public Shareholding Spread

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at April 5, 2022, the public shareholding spread of the Company was approximately 30.09%. In this regard, the Board undertakes to purchase shares only to the extent that the public shareholding spread of STB shall not fall below 25% of the issued shares of the Company at all times pursuant to the Proposed Share Buy-Back, in accordance with Rule 12.14 of the ACE Market Listing Requirements.

13. Directors' Statement

After taking into consideration all relevant factors, the Board is of the opinion that the Proposed Share Buy-Back described above is in the best interest of the Company.

14. Directors' Recommendation

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Thirty-Second AGM to give effect to the Proposed Share Buy-Back.

15. Responsibility Statement

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no facts, the omission of which would make any statement herein misleading.

16. Documents Available For Inspection

Copies of the following documents will be available for the registered office of the Company during normal office hours from Monday to Friday (except Public Holidays) from the date of this Statement up to and including the date of the forthcoming AGM:

- (i) Constitution of the Company; and
- (ii) The audited consolidated financial statements for the past two (2) financial years ended December 31, 2020 and 2021 respectively.

17. Other Information

There is no other information concerning the Proposed Share Buy-Back as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Share Buy-Back and the extent of the risks involved in doing so.



BOARD OF DIRECTORS

Ng Ngoon Weng

*Independent
Non-Executive Chairman*

Shiue, Jong-Zone A.K.A. James Shiue

Managing Director

Wu, Huei-Chung

Executive Director

Hsueh, Chih-Yu

Executive Director

Wu, Chung-Jung

*Non-Independent
Non-Executive Director*

Goh Chooi Eam

*Independent
Non-Executive Director*

Lim Eng Chuan

*Executive Director
(Appointed w.e.f.
December 1, 2021)*

Tan Sok Suan

*Executive Director
(Appointed w.e.f.
December 1, 2021)*

Ang Hwui Tee

*Independent
Non-Executive Chairman
(Appointed w.e.f.
December 1, 2021)*

COMPANY SECRETARIES

Angelina Cheah Gaik Suan
[SSM PC NO. 202008002177
(MAICSA 7035272)]

Lee Mei-Mei
[SSM PC NO. 20208002962
(MAICSA 7062284)]

AUDIT COMMITTEE

Goh Chooi Eam *Chairman*
Wu, Chung-Jung *Member*
Ng Ngoon Weng *Member*
Ang Hwui Tee *Member*
(Appointed w.e.f. April 11, 2022)

NOMINATING COMMITTEE

Ng Ngoon Weng *Chairman*
Wu, Chung-Jung *Member*
Goh Chooi Eam *Member*
Ang Hwui Tee *Member*
(Appointed w.e.f. April 11, 2022)

REMUNERATION COMMITTEE

Goh Chooi Eam *Chairman*
Ng Ngoon Weng *Member*
Wu Chung-Jung *Member*

RISK MANAGEMENT COMMITTEE

Ng Ngoon Weng *Chairman*
Shiue, Jong-Zone *Member*
Lim Eng Chuan *Member*
Song Guik Teik *Member*

AUDITORS

Messrs. Deloitte PLT
Chartered Accountants
Level 12A Hunza Tower
163E Jalan Kelawei, 10250 Penang
Tel : 604-218 9888
Fax : 604-218 9278

REGISTERED OFFICE

Suite S-21-H, 21st Floor,
Menara Northam
55 Jalan Sultan Ahmad Shah
10050 George Town, Pulau Pinang
Tel : 604-210 7118
Fax : 604-210 7111

SOLICITORS

Syarikat Ng & Anuar
No. 65-A, 2nd Floor, Jalan Pengkalan
Taman Pekan Baru
08000 Sungai Petani, Kedah
Tel : 604-421 1880
Fax : 604-421 6535

PRINCIPAL BANKER

Malayan Banking Berhad
United Overseas Bank (Malaysia) Bhd

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar
Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2084 9000
Fax : 603-2094 9940

STOCK EXCHANGE LISTING

ACE Market of
Bursa Malaysia Securities Berhad
Stock Name : SCOMNET
Stock Code : 0001

CORPORATE STRUCTURE

As At December 31, 2021

INFORMATION OF SUBSIDIARIES



**Supercomnet
Technologies** BERHAD

Registration No. 199001005958 (197527-H)

100%

**Supercomal Advanced
Cables Sdn. Bhd.**

Date of Incorporation
10.10.1996

Principal Activities
the company is principally involved
in the manufacture and assembly
of fuel tanks, wires and cables.

100%

**Supercomal Medical
Products Sdn. Bhd.**

Date of Incorporation
23.09.2004

Principal Activities
the company is principally involved
in manufacture and assembly of
medical cables and devices.

PROFILE OF DIRECTORS



NG NGOON WENG

Malaysian, Male, Aged 64
*Independent
Non-Executive Chairman*

Mr. Ng Ngoon Weng was appointed to the Board on August 27, 2012 and later as Chairman of the Company on April 23, 2014. He holds a Degree in Social Science (Management Studies) from Universiti Sains Malaysia and a Diploma in Selling Financial Services from International Management Centre, London. He held managerial positions in various financial institutions in Malaysia for the past 20 years, from 1984-2005. He possesses vast board experience having sat on board on other listed companies both as Executive Director and also Independent Director in the past.

He is also the Chairman of Nominating Committee and Risk Management Committee as well as member of the Audit Committee and Remuneration Committee of the Company.

SHIUE, JONG-ZONE A.K.A. JAMES SHIUE

Taiwanese, Male, Aged 76
Managing Director

Mr. Shiue, Jong-Zone A.K.A. James Shiue was appointed to the Board of Directors on September 25, 1991. He holds a Certificate in Industrial Engineering from Taipei Institute of Industry, which he received in 1969. He started his career as Marketing Planner at Matsushita Co. Ltd from 1969 to 1970. He then joined Sanyo Electrical Co. Ltd. from 1970 to 1983, his last post there being the Manufacturing Technical Chief. In 1983, he started his own company, King Royal Electrical Inc., a company involved in the wire harnessing, cable moulding assembly, manufacturing of SCSI control modules, and other electrical/electronic products. He joined Supercomal Wire & Cable Sdn. Bhd. as the General Manager from 1993 to 1995 and presently is the Managing Director of the Company. He is the Chairman of the Remuneration Committee.

He is the husband of Mdm. Wu, Huei-Chung who is an Executive Director of the Company and also the brother-in-law of Mr. Wu, Chung-Jung who is a Non-Independent Non-Executive Director of the Company. He is also the father of Mr. Hsueh, Chih-Yu (an Executive Director) and Mr. Shiue, Jyh-Jeh @ Jerry (a Major Shareholder of the Company).

WU, HUEI-CHUNG

Taiwanese, Female, Aged 74
Executive Director

Mdm Wu, Huei-Chung was appointed to the Board of Directors on August 10, 1998. She holds a Certificate in Chemistry from Cheah Yi District Vocational School, Taiwan. She worked in various factories in Taiwan as Chemist, Production Supervisor and Technician after she graduated. She joined King Royal Electrical Inc. in 1984 as General Manager. She resigned from her post in King Royal Electrical in 1998 to become a Director of the Company. She currently sits on the Board of several other private limited companies in Taiwan.

She is the spouse of Mr. Shiue, Jong-Zone A.K.A. James Shiue, the Managing Director of the Company and is also the sister of Mr. Wu, Chung- Jung, who is a Non-Independent Non- Executive Director of the Company. She is also the mother of Mr. Hsueh, Chih-Yu (an Executive Director) and Mr. Shiue, Jyh-Jeh @ Jerry (a Major Shareholder of the Company).

HSUEH, CHIH-YU

Taiwanese, Male, Aged 50
Executive Director

Mr. Hsueh Chih Yu was appointed as an Executive Director of the Company on November 26, 2013. He joined King Royal Electrical Incorporation (KREI) as Engineer in year 1993. He participated in the whole design process of General Purpose Interfaces Bus Cable, IEEE-488 and also the SCSI Hard Disk Extension Box. After working 7 years with KREI, Mr. Hsueh continued his career advancement to Supercomal Advanced Cables Sdn. Bhd. (SAC) as senior manager in year 2001 where he led a team to design ,test and produce internet wires like CAT-5, CAT -5E, CAT-6 and HDMI. He served SAC for 6 years and in year 2008, he was given the golden opportunity to head the production department in Supercomal Medical Products Sdn. Bhd. producing medical wire for the usage of medical surgical equipment.

He is the son of Mr. Shiue, Jong-Zone A.K.A. James Shiue (the Managing Director of the Company) and Mdm Wu, Huei-Chung (an Executive Director of the Company). He is also the brother of Mr. Shiue, Jyh-Jeh @ Jerry (a Major Shareholder of the Company).

PROFILE OF DIRECTORS (Cont'd)

WU, CHUNG-JUNG

Taiwanese, Male, Aged 77
*Non-Independent
Non-Executive Director*

Mr. Wu, Chung-Jung was re-appointed into the Board on May 26, 2006. He joined Royal Navy in 1969 after graduating from the Republic of China Navy Academy. In 1978, he left Royal Navy and joined King Royal Electrical Inc. until 1983 as a General Manager. He then joined Three Talents Co. Ltd as General Manager from 1983 to 1992. He held the same position in Ming Chau Construction Co. Ltd from 1992 to 1995 before being appointed as Chairman of Supercomal Wire and Cable Sdn. Bhd. from 1993 to 1995. He also sits in the Audit Committee and Nominating Committee of the Company since August 26, 2008.

He is the brother-in-law of Mr. Shiue, Jong-Zone A.K.A. James Shiue, the Managing Director of the Company and is also the brother of Mdm. Wu, Huei-Chung who is an Executive Director of the Company.

GOH CHOOI EAM

Malaysian, Male, Aged 61
*Independent
Non-Executive Director*

Mr. Goh Chooi Eam was appointed to the Board of Directors on August 27, 2012. He is a Member of the Malaysian Institute of Accountants, Fellow of Chartered Tax Institute of Malaysia, Fellow of the Association of Chartered Certified Accountants and also a Certified Financial Planner of Financial Planning Association of Malaysia. He was attached to Allan Ong & Co., Sateras Management Sdn. Bhd. and Tor & Co. between 1984 and 1988, from which he acquired both statutory and internal audit training. Mr. Goh qualified as a Chartered Certified Accountant in 1988. He joined Messrs. Coopers & Lybrand (now merged under the firm PriceWaterhouseCoopers) in 1989 as an Audit Assistant and was promoted to Assistant Audit Manager in 1991. He left Messrs. Coopers & Lybrand in 1994 to set up his own practice under the name of CE Goh & Associates providing audit, accounting and other related services. He is a Director of CE Goh Taxation Services Sdn. Bhd. providing tax consultancy services. He is the Chairman of Audit Committee and Remuneration Committee as well as a member of Nominating Committee of the Company.

LIM ENG CHUAN

Malaysian, Male, Aged 54
Executive Director

Mr. Lim Eng Chuan was appointed to the Board of Directors on December 1, 2021. He holds a Bachelor of Economic (Hons) in Economic Development and Planning from National University of Malaysia. He started his career when he joined Teco Industry (M) Sdn Bhd, an induction motors manufacturer in Penang, as a Quality Assurance Officer, where he was involved in the quality management activities. In 1997, he joined STB as a QA Manager responsible for the quality management activities. He had been servicing our Group for over 25 years. During his 25 years with our Group, he held various key positions and handled a variety of responsibilities in the areas of research and development, sales and marketing, overall business development, implementation and review of quality management system for SMP, SAC and STB.

He is also a member of Risk Management Committee of the Company.

TAN SOK SUAN

Malaysian, Female, Aged 42
Executive Director

Mdm. Tan Sok Suan was appointed to the Board of Directors on December 1, 2021. She holds an International Diploma in Computer Studies from Institute Informatics, Malaysia. She started her career in 2000 when she joined CPI (Penang) Sdn Bhd, an EMS provider, as a Purchaser in the procurement department. She took a career break between 2005 and 2006, before joining STB in 2006 as an Assistant Logistic Manager, where she was involved in the logistic functions of STB's operation. In 2010, she was promoted to the position of Logistic Manager in SMP to manage and oversee the overall logistics, including import and export, custom clearance, MIDA pioneer tax exemption matters and shipping of our products to customers as well as incoming raw materials and machineries.

She is the spouse of Mr. Shiue, Jyh-Jeh @ Jerry (a Major Shareholder of the Company) and thus the daughter-in-law of Mr. Shiue, Jong-Zone A.K.A James Shiue and Mdm. Wu, Huei-Chung, the Managing Director and Executive Director of the Company respectively.

PROFILE OF DIRECTORS (Cont'd)



ANG HWUI TEE

Malaysian, Female, Aged 47

Independent

Non-Executive Chairman

Ms. Ang Hwui Tee was appointed to the Board of Directors on December 1, 2021. She holds a degree in Bachelor of Commerce, majoring in Accounting and Information Systems from Curtin University of Technology. She is a member of CPA Australia and the Malaysian Institute of Accountants.

Ms Ang started her career in 1997 at Ernst & Young as an Auditor before moving into AmMerchant Bank Berhad in 2000 as a Senior Executive to oversee finance for eCenter, where she later also took on project management. In 2004, she was hired under Hewlett-Packard Malaysia as a Credit Support Analyst in the Credit and Collections APJ Program Management Office after which she moved into the Channel Sales Support Organization as the Global GBS Account Manager in 2010. Subsequent to that, she took up the Global Compliance Manager role in the Business Risk Management organization in 2011. In 2013, she joined HSBC Malaysia Risk Analysis Unit as an Associate and was promoted to Associate Director, Head of Credit Analysis Unit for Global Banking and Markets the following year where she held position until 2019.

She is a member of the Audit Committee and the Nominating Committee of the Company effective from April 11, 2022.

ADDITIONAL INFORMATION ON DIRECTORS:

(i) Directorship in Public Companies and Listed Corporations

All Directors of the Company do not have other directorship in Public Companies and Listed Corporations.

(ii) Family Relationships with any Director and/or Major Shareholder

Save for Shiue, Jong-Zone A.K.A. James Shiue (Managing Director and Major Shareholder), Wu, Huei-Chung (Executive Director), Hsueh, Chih-Yu (Executive Director), Wu, Chung-Jung (Non-Independent Non-Executive Director) and Tan Sok Suan (Executive Director) as mentioned above, none of the Directors has family relationship with any other Directors and/or major shareholders of the Company.

(iii) Directors' Shareholdings

Details of the Directors' shareholdings in the Company are provided in the Analysis of Shareholdings Section, page 124 to 125 of this Annual Report.

(iv) No Conflict of Interest

All Directors of the Company do not have any conflict of interest with the Company.

(v) Non-Conviction of Offences / Public sanction or penalty

None of the Directors has been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to the Directors during the financial year.

PROFILE OF DIRECTORS (Cont'd)

ADDITIONAL INFORMATION ON DIRECTORS: (Cont'd)

(vi) Details of Directors' remuneration for the FY2021 are as follows:

- I. Aggregate remuneration of the Directors categorized into appropriate components:

The Company

	Fees (RM)	Salaries (RM)	Bonus & Other Emoluments (RM)	Meeting, travelling and other allowances (RM)
Shiue, Jong-Zone A.K.A. James Shiue	30,000	399,600	85,000	-
Wu, Chung-Jung	36,000	-	3,000	2,000
Wu, Huei-Chung	30,000	237,600	52,000	-
Ng Ngoon Weng	36,000	-	3,000	2,000
Goh Chooi Eam	36,000	-	3,000	6,500
Hsueh, Chih-Yu	30,000	72,000	14,500	-
Lim Eng Chuan	2,500	11,115	21,205	-
Tan Sok Suan	2,500	-	2,500	-
Ang Hwui Tee	2,500	-	2,500	-

The Subsidiaries

	Fees (RM)	Salaries (RM)	Bonus & Other Emoluments (RM)	Meeting, travelling and other allowances (RM)
Shiue, Jong-Zone A.K.A. James Shiue	72,000	-	85,000	18,500
Wu, Chung-Jung	60,000	-	5,000	-
Wu, Huei-Chung	72,000	396,000	103,250	18,500
Hsueh, Chih-Yu	84,000	213,600	77,400	29,000
Lim Eng Chuan	84,000	-	12,000	-

PROFILE OF KEY SENIOR MANAGEMENT



SONG GUIK TEIK

Malaysian, Male, aged 59

Mr. Song Guik Teik holds a Diploma in Accounting. He has 30 years working experience in accounting, human resource, finance, audit, tax, internal audit and corporate governance.

He joined the Company as Assistant Finance Manager in April 2005 and promoted to the position as Finance Manager on April 1, 2011. On November 1, 2021, he was subsequently promoted to be the Senior Administration and Finance Manager until present.

LIM CHEE HU

Malaysian, Male, aged 58

Mr. Lim Chee Hu graduated with a degree in Bachelor of Mechanical Engineering from University Technology of Malaysia in year 1987. In year 2001, he worked with Sharp Roxy Malaysia under the Sharp audio system division as a R&D Manager. In year 2004, he joined Luster Industries Berhad under its manufacturing division to design and development, and production of moulds for Sony audio products. In year 2019, he joined an EMS company as Business Development Manager, which is supporting Dyson's range of products, compute time which is mainly related to SMT & PCBA related business.

He has 16 years' experience in the research and development in the electronics and manufacturing industries. He also worked as production engineer and superintendent for 10 years in automotive, die casting, metal forming and machining industries. He also possessed 6 years of experience in ISO system for Environmental and Safety Management System, experience in Security management, building and facilities maintenance.

He joined SMP on August 16, 2021 as a R&D Manager to drive all new projects development related tasks which involved technological research on methodology, compliance and materials, parts design, tooling and mould construction, prototyping, functional and reliability tests on the development of medical products and devices.

KOAY YEE LIANG

Malaysian, Male, aged 61

Mr. Koay Yee Liang joined the Company in April 16, 2003 as Assistant Research and Development Manager and was promoted to the position as Research and Development Manager on April 1, 2011 until present. He obtained a Degree of Electronic Engineering from Chung Yuan Christian University from Taiwan. Prior to joining the Company, he was attached to Fujitsu as Engineer during from year 1987 to 2003. He has 34 years of experience in the position as Engineer.

KANG CHUN SIANG

Malaysian, Male, aged 48

Mr. Kang Chun Siang holds a degree in Bachelor of Management Technology, majoring in Manufacturing Management from University of Technology Malaysia.

He had 24 years of working experience in the manufacturing industry involving in quality control management, production, storage, purchasing and costing management. Prior to joining SMP, he worked as a Production Manager & HACCP Team Leader with Tian Ma Bird Nest Sdn Bhd for more than 9 years, as a Store Executive with Southern Cable Sdn Bhd for half a year, and as Senior Buyer and Senior Costing Officer with Advanced Sound Product Sdn Bhd (formerly known as Philips Sound Systems) for more than 13 years.

He joined SMP in November 16, 2020 as our Quality Assurance Manager, where he is responsible for designing, implementing and administration of the quality system of the company, liaise with customers to ensure that their requirements are clearly understood and defined.

TAN YEN CHAI,

Malaysian, Male, aged 47

Mr. Tan Yen Chai graduated with a degree in Bachelor of Mechanical Engineering from Sheffield Hallam University, United Kingdom in year 1997. He also completed his Certificate in Quality Engineering and Management (CQE) in December 2009.

He had over 19 years of working experience with several multinational companies in Malaysia. He worked 3 years as a R&D Engineer & Mechanical Group Leader with Sharp-Roxy Corporation (Malaysia) Sdn. Bhd, served 3 years as a Senior R&D Engineer with 3M Robinson Nugent Interconnect (Malaysia) Sdn. Bhd. and served as a New Products Introduction Section Manager with Amphenol Malaysia Sdn Bhd for 13 Years.

He Joined SMP as the Process Superintendent cum Head of our Process Engineering Department in year 2016. He was involved in the establishment of our Process Engineering Department for our new projects, such as Process Development and Process Validation activity for medical products.

TAY QIU JIE

Malaysian, Male, aged 29

Mr. Tay Qiu Jie holds a Bachelor of Accounting (Information Systems) (Hons) in University Utara Malaysia. He is a member of Malaysian Institute of Accountants and The Malaysian Institute of Certified Public Accountants.

Prior to his joining STB, he was employed by BDO PLT in year 2017 and his last position held with the firm was Audit Assistant Manager. He joined STB on November 8, 2021 as a Finance Manager where he is responsible for our Group's overall accounting and finance matters.

PROFILE OF KEY SENIOR MANAGEMENT (Cont'd)

ADDITIONAL INFORMATION ON KEY SENIOR MANAGEMENT:

(i) Directorship in Public Companies and Listed Issuers

None of the Key Senior Management sit on the Board of any public companies and listed issuers.

(ii) Family Relationships with any Director and/ or Major Shareholder

None of the Key Senior Management has family relationship with any Directors and/ or Major Shareholders of the Company.

(iii) No Conflict of Interest

All the Key Senior Management of the Company do not have any conflict of interest with the Company.

(iv) Non-Conviction of Offences / Public sanction or penalty

None of the Key Senior Management has been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to the Key Senior Management during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS



As we enter into the second year of COVID-19 pandemic, the economic landscape was further aggravated by the supply chain disruption and inflationary pressure. Employees and staffs of Supercomnet Technologies Berhad (“STB” or “Group”) put in tireless effort to help the Group navigate through the many challenges resulting in a stable growth momentum by STB for the financial year ended December 31, 2021. All three business segments, namely medical, automotive and industrial recorded improved performance. STB posted a higher revenue and net profit with turnover and bottom line breaching RM143 million and RM25 million respectively. The strong partnership with our key customers had allowed the Group to address the steep raw material and transportation cost hike with a cost pass-through solution thus protecting the bottom line. The Group recorded a 4-year compounded annual growth rate of 42.9% in revenue since FY2017.

STB’s growth is mainly organic driven by volume sales from several key products. Among which are critical medical devices such as disposable bronchoscopes used in the first line of lung treatment for patients with suspected or confirmed COVID-19 infections; and the critical care monitoring cable which is presently used for COVID-19 patients in the Intensive Care Unit.

By Q4 FY2021, the operating capacity of STB’s factories have returned to pre-pandemic levels. In order to ensure that operations proceed smoothly, STB had taken proactive measures which included the setup of a Safety Committee to monitor the COVID-19 situation within the workplace of the Company. A strict Standard Operating Procedure was also introduced to ensure physical distancing, wearing of masks and other mitigating measures to reduce the potential of a virus outbreak within the workplace. The Group had leveraged on the Malaysian vaccination program for industry players (PIKAS) to complete a two-dose vaccination for the entire workforce and a booster shot was later administered.

Despite having to address business disruptions and make critical adjustments to accommodate challenges during year 2021, we were deeply encouraged and honored to have received a Supplier of the Year 2021 award and a Silver Recognition award. Moving forward, we will continue to learn and evolve with the market conditions and take precautionary measures to mitigate business risks to the extent possible. SMP has also worked towards a renewed ISO13485 certification from TÜV Rheinland in recognition of our Quality Management System in manufacture and assembly of medical cables and devices, in conformity with international standards.

In Dec 2021, the Group had appointed 3 new directors as part of its initiative to improve diversity and to further enrich governance. We welcome Mr Lim Eng Chuan, Ms Tan Sok Suan and Ms Ang Hwui Tee to the Board. With this, it also satisfies the requirement of the Malaysian Code of Corporate Governance to have board composition consisting at least 30% female directors.

STB continues to place emphasis on research and development and remains committed to producing new and innovative products with high quality and reliability, in collaboration with our customers and stakeholders. The Group always take a long-term view in its journey to enhance shareholders’ value and expects to maintain its performance in financial year 2022.

Background

With extensive corporate experience spanning over three decades, STB manufactures and assembles quality wires and cables for various segments such as medical devices, electrical appliances, consumer electronics and automotive. The Group is focused on manufacturing high-quality products that are in line with global standards via research and development initiatives.

Incorporated on May 10, 1990 as a private limited company under the name of Supercomal Wires and Cables Sdn Bhd, the Company later changed the name to Supercomal Technologies Sdn Bhd on July 4, 1998. The Company was then converted to a public company on August 1, 1998 and subsequently changed its name to Supercomnet Technologies Berhad on July 1, 2009.

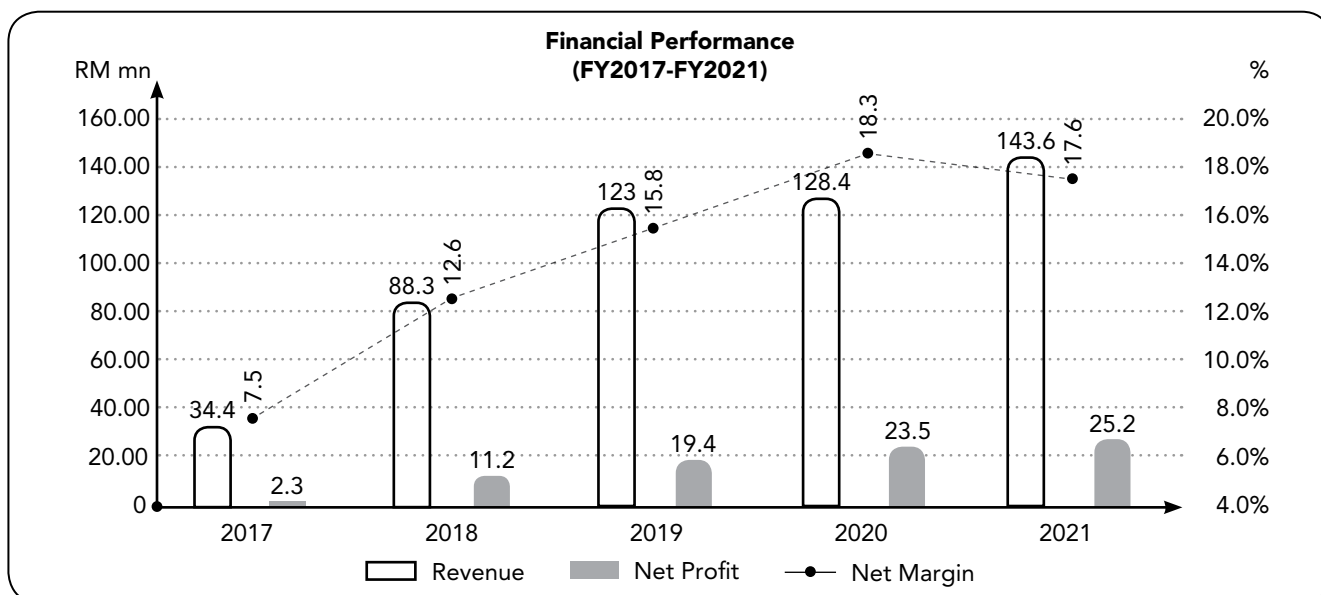
STB was listed on the ACE Market of Bursa Malaysia Securities on April 30, 1999. In April 2018, STB acquired the remaining stake in an associated company, SMP, to enhance and strengthen the Group’s future revenue and earnings while allowing synergistic integration opportunities to take place within the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Corporate Structure

Supercomnet Technologies Berhad (STB)	Supercomal Advanced Cables Sdn. Bhd. (SAC)	Supercomal Medical Products Sdn. Bhd. (SMP)
<ul style="list-style-type: none"> • Has a paid-up capital of RM245.9 million • Principally involved in the manufacture and assembly of wires for automotive, electrical appliances and other general cables assembly • Manufacture customised products with various OEMs for domestic and ASEAN markets 	<ul style="list-style-type: none"> • Wholly-owned subsidiary of STB • Has a paid-up capital of RM24.4 million • Principally involved in the manufacture and assembly of fuel tanks, wires and cables 	<ul style="list-style-type: none"> • Wholly-owned subsidiary of STB • Has a paid-up capital of RM10 million • Principally involved in the manufacture and assembly of medical cables and devices • The main characteristic of the cables for the medical industry requires the cable to transmit precise and continuous measurement of critical information from the patients to various display units • SMP products are accepted internationally by renowned manufacturers and industry players and majority of the SMP products carry the necessary qualifications such as the CE Marking certification for the European Economic Area, the American Food and Drug Administration (FDA) certification for the North American market etc • Developed strong R&D capabilities over the years and has successfully developed innovative prototypes that meet the demands of the industry leader in North America and Europe

Financial Performance Review



STB maintained its growth trajectory in FY2021, lifted by contributions from the medical segment. Revenue rose by RM15.2 million or 11.84% year-on-year to RM143.6 million in FY2021 as compared to RM128.4 million in the previous financial year. The improvement was due to higher sale orders received with adjusted selling prices to factor in the increase in raw material costs in tandem with the increase in cost of goods sold.

The Group's net profit increased by RM1.7 million or 7.29% to RM25.2 million from RM23.5 million in FY2020. This was achieved through higher gross profits and an increased in other operating income.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



Financial Performance Review (Cont'd)

STB's performance in FY2021 was partially affected by higher raw material prices and freight costs. The movement control order imposed had also reduced operating capacity and impacted bottom line.

As at FY2021, the Group holds cash and cash equivalent of RM41.7 million and other financial assets amounting to RM102.3 million mainly in money market funds. At present, STB does not have any borrowings from banks and thus there is no interest payable.

STB's net assets as of end-FY2021 stood at RM309.7 million, translating to a net asset per share of RM0.41. The Group has ample liquidity in managing its operations at current ratio measured at 9.6 times.

During the year, there was a payout of an interim single-tier dividend of 1 sen per ordinary share and a special interim single-tier dividend of 0.5 sen per ordinary share amounting to RM10,837,154.43 in respect of the financial year ended December 31, 2020. This represents a payout ratio of 46.11%.

Business Operations Review

The Group's manufacturing facility is located in Sungai Petani, Kedah on an industrial land spanning 32,392 square meter ("sqm"). Housed in four factory buildings with a total built up area of 17,668 sqm, STB occupies 61% of the total area while SAC and SMP occupy 17% and 22% respectively.

In year 2021, the Group expanded its production capacity to meet the increased orders by completing the first "second floor expansion" in February 2021. This provided an additional 360 sqm capacity to the Group. The construction of the second "second floor expansion" is awaiting council permission.

The plan for a five-storey building expansion next to current manufacturing facilities will be revisited after the completion of the second "second floor expansion". The Group can attain an additional 2,400 sqm per storey, totalling 12,000 sqm for overall additional production capacity. RM10 million has been earmarked for this expansion and it is estimated to complete three years after commencement.

At present, STB is operating at close to maximum capacity despite the additional capacity additions in year 2021. The Group meanwhile manages capacity and improve its output efficiency through automation where possible.

STB

STB is principally involved in the manufacture and assembly of wires for automotive, electrical appliances and other general cables assembly. It contributed to 26% of the Group's revenue.

SAC

SAC is principally involved in the manufacture and assembly of fuel tanks, wires and cables. The automotive segment made up 7% of the Group's revenue.

SMP

SMP is principally involved in manufacture and assembly of medical cables and devices. It has clients globally where the key clients of the Company are Edwards Lifesciences and Ambu A/S.

Edward Lifesciences is listed in NYSE and is based in California, United States specializing in artificial heart valves and hemodynamic monitoring. It had developed the SAPIEN transcatheter aortic heart valve made of cow tissue within a balloon-expandable, cobalt-chromium frame, deployed via catheter.

Ambu A/S is a Danish company founded in Denmark in 1937 as Testa Laboratorium by German engineer Holger Hesse that develops, produces and markets single-use endoscopy solutions, diagnostic and life supporting equipment to hospitals, private practices and rescue services.

The medical segment is the largest revenue contributor to the Group at 67%.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Risks and Challenges

1. Supply chain disruptions

The supply chain was not spared from COVID-19 pandemic with port congestions, out of place shipping containers, record high freight rates and manpower shortage for some countries. Almost all businesses were impacted one way or another and STB largely depend on sea freight for its cross-border shipments. Due to STB's long-term relationship with its customers, we were quick to arrive at a workaround in diverting some shipments using air freight while most still depended on sea freight with cost pass through resolution.

2. Foreign exchange exposure

STB is exposed to foreign currency risk in sales and purchases primarily in US Dollar. The Group's exposure to foreign exchange has been naturally hedged through the receipt of customers' proceeds in US dollars and the payment to suppliers through US dollars bank accounts.

3. Technical know-how

We recognize that our employees are the most valuable resource and believe the Group's continuous success depend significantly on the talent, hard work and value creation of our management. Development of STB's product range particularly medical device related products requires specific technical knowledge, thus hiring and retaining suitable technical talent in R&D and production is important to the Group. Other than internal training, we also explore opportunities such as collaboration with local higher learning institutions to facilitate the nurturing of new talent.

4. Supply of raw materials

The main materials used in the production of cables and wires are copper and PVC resin where any disruptions in the supply will impact operations. The Group has an experienced procurement team who understand the raw material landscape and can assist in situations of price hike and supply shortage. In response to the noticeable rise in copper price, STB has a workaround to reference the monthly average commodity price instead of a quarterly quote as a cost pass-through. Similar pass-through arrangements were made on electrical component cost.

5. Price competition

The Group faces market competition from various suppliers which can affect our revenue and profit margin. To address this, we have taken adequate measures to position ourselves through product quality consistency and after-sales services. Internally, we have also put in place proper controls to ensure operational efficiency, minimal wastage and effective cost control to protect our product margin.

Outlook for FY2022

With Malaysia moving into the endemic stage from April 1, 2022 and more countries are easing their international travel restrictions, the business outlook has turned more positive. Nevertheless, the Group remains cautious as recovery ahead could be uneven and resurgence of COVID-19 infections could disrupt recovery in the global economy.

However, the global affluence experienced over the past decades will continue to increase the needs for quality healthcare, as such the demand growth for advanced medical devices should continue to sustain the business for STB in the near term.

The Group has also managed to penetrate the more lucrative automotive business segment such as CIVUS cable wire harness and other critical automotive parts such as fuel tanks, etc.

Barring any unforeseen circumstances, we remain cautiously optimistic that the business prospect in the medical segment and to a lesser extent the automotive segment will continue to deliver the Group's profitability in year 2022.

SUSTAINABILITY STATEMENT



Supercomnet Technologies Berhad and its group of Companies (“the Company” or “the Group”) is a leading and trusted partner in the provision of advanced high technology cables for the IT sector and OEM medical cables assemblies. Our sustainability leadership is led by our Board of Directors (“Board”), which oversees and ensures that the Company pursues its commercial objectives, while remaining a responsible and sustainable organisation. We are committed to enhance long-term shareholders’ value with due regard to the economic, social and environmental responsibility to our stakeholders. These stakeholders include our shareholders, employees, regulatory bodies, clients, business partners, local communities as well as the natural environment. In this segment of our Annual Report, we aim to provide greater insight into sustainability practices based on Economic, Environmental and Social considerations in line with Bursa Malaysia Sustainability Reporting Guidelines.

Materiality and Our Areas of Focus

We have conducted a series of materiality assessments to identify topics prioritised by our stakeholders to provide a framework for our annual disclosure and alignment with the Group’s strategic objectives. Our stakeholders’ feedback throughout the years, combined with an assessment of industry trends and research forms the key areas on which our sustainability focus lies. These areas are:

- Developing Human Capital
- Stakeholder Engagement
- Ensuring Product Quality and Continuous Research & Development
- Promoting Health and Safety
- Protecting the Environment

Developing Human Capital

We believe that every organization’s success in business is based on the effectiveness of its people, and that strategic investments in human capital will add value to any organization in the long run. Every effort is expanded to identify, develop and retain our human capital, and we see the need to provide a more conducive environment for intellectual assets to grow by putting in the necessary infrastructure and ensuring that the right framework is in place. We create sustainable value through our yearly training and development programmes, which are part of our strategy to increase job satisfaction and attract talents from multinational corporate backgrounds. Furthermore, we pride ourselves in having a diverse workforce in terms of gender, age, ethnicity and cultural background which has translated into a more inclusive work environment and a stronger platform to excel. The numbers and range of our full-time employees are provided as below:

Employees by Gender	FY 2020	FY 2021
Male	338	274
Female	466	590
Total	804	864

Employees by Ethnicity		
Locals		
Malay	304	354
Chinese	61	63
Indian	261	289
Sub-Total	624	706
Non-locals		
Myanmarese	49	44
Nepalese	40	32
Vietnamese	1	1
Bangladeshi	90	81
Sub-Total	180	158
Total	804	864

SUSTAINABILITY STATEMENT (Cont'd)

Developing Human Capital (Cont'd)

We have also collaborated with various universities and colleges to offer training programmes for interns and management trainees as part of our efforts to identify and develop talents for our operations as well as for the community as a whole. The Group has entered into Memorandum of Understanding (MOU) with local universities for their student internship programme, as well as help students and lecturers with their research.

With a long-term view to scale mindfully and maximise our value, we have also incentivised our workforce to pursue long-term rewards. Such initiative was approved in year 2019, listing up to 10% of new shares under the Employees' Share Option Scheme (ESOS) where eligible employees are rewarded based on, among other considerations, their performance and the duration of their service, as well as to encourage the retention of our employees. In addition, the ESOS was also established to make the Group's remuneration scheme more attractive to entice more skilled and experienced individuals to join the Company and contribute to its continuous growth.

Stakeholder Engagement

Engaging with our stakeholders enables us to identify what is truly important to them, and develop initiatives that cater to their evolving needs. Fostering relationships with our key internal and external stakeholders would strengthen our Group and we ensure that communication channels are kept open as designated representatives from all divisions consistently engage with key stakeholders through various mechanisms, including dialogues and meetings. These engagements are vital to keep us on track towards our sustainability goals – they provide us with important feedback and inspiration as we work together to address material sustainability issues.

The following table summarises the Group's key stakeholders and how we engage them:

Stakeholders	Method of Engagement
Shareholders	<ul style="list-style-type: none">- General Meetings (Annual/Extraordinary)- Corporate communication and investor relations
Employees	<ul style="list-style-type: none">- Employee briefings- Open communication via internal channels such as in-house emails, memos and open-door policy
Customers	<ul style="list-style-type: none">- Customer surveys and feedback- Customers' meetings
Suppliers	<ul style="list-style-type: none">- Suppliers' audit- Suppliers' feedback- Suppliers' meetings- New suppliers evaluation procedure
Government and Regulatory	<ul style="list-style-type: none">- Compliance with regulatory legislative framework
Authorities	<ul style="list-style-type: none">- Workshops and seminars organised by relevant regulatory authorities
Communities	<ul style="list-style-type: none">- Meeting with local communities or associations

We also recognise that our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Company's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations as well as the financial performance and position of the Company, the Group's corporate website at www.supercomnet.com.my also provides a link for investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available. The Group is committed to ensure that not only our shareholders' interests are taken care of but also those of our customers and suppliers.

SUSTAINABILITY STATEMENT (Cont'd)



Ensuring Product Quality and Continuous Research & Development

A stringent product quality screening process is essential to achieve the Group's aim of producing products of the highest quality with zero defects. Due to the nature of the industry, cleanroom facilities of class 100K are utilized by personnel who have undergone extensive training to guarantee quality control in our manufacturing processes. Our Quality Management also adheres to current good manufacturing practice regulations which comply with FDA and GMP Systems in order to achieve System Quality Requirements set by our international customers. Obtaining international certifications such as the ISO 9001:2005 and EN ISO 13485:2016 add on to this by qualifying our products to be made and distributed to internationally renowned manufacturers and established players in the industry. These regulatory compliances provide the high standard on which our organization can ensure a long-standing and trustworthy relationship with our customers which in turn, enhance shareholders' value.

To ensure the sustainability of the business, the Group has been consistently seeking, adopting and introducing new initiatives and products to remain competitive. This is materialised under SMP, which produces medical cables, generally used for connecting various medical devices outside the human body. Through product innovation and technology, SMP offers a total solution without compromising on today's quality and reliability in healthcare standards. Due to the mission-critical nature of the product where failure can literally mean the difference between life and death, manufacturing medical cables demands the highest quality, which is the main focus of the Group.

In light of the immediate health crisis caused by COVID-19, STB had taken proactive measures which include the setup of a Safety Committee to monitor the COVID-19 situation within the workplace of the company. A strict Standard Operating Procedure was also introduced to ensure physical distancing, wearing of masks and other mitigating measures to reduce the potential of a virus outbreak within the workplace. The Group had leveraged on the Malaysian vaccination program for industry players (PIKAS) to complete a two-dose vaccination for the entire workforce and a booster shot was later administered.

Promoting Health and Safety

Health and safety procedures in the workplace are important for the well-being of our employees. We do not compromise on the wellness and welfare of our workforce, and our risk mitigation strategies have been designed to reduce and prevent major accidents from happening. Modelled on the internationally recognized Occupational Health and Safety Assessment Series ("OHSAS 18001") standard, the following systems and measures have been put in place to increase the knowledge and practice of health and safety principles among our employees:

1. Hazard identification and risk assessment
2. Feedback and learning system
3. Data collection and documentation system
4. Safety culture improvement

Fire Fighting Training



Correspondingly, we had several trainings, seminars and safety awareness events throughout the year to enhance and promote the importance of safety as well as to sharpen the skills set of the employees. The types of activities provided throughout the year were as follows:

DATE	LIST OF TRAINING
Oct-21	POST COVID-19 PREVENTION AT WORKPLACE
Nov-21	SEMINAR CUKAI KEBANGSAAN

SUSTAINABILITY STATEMENT (Cont'd)

Promoting Health and Safety (Cont'd)

In conjunction with the COVID-19 outbreak, the Group has set up a Safety Committee, which takes control of COVID-19 monitoring and reporting. We have also taken additional hygiene and protection measures such as briefing on wearing masks, sanitizing in the workplace, temperature measurements in compliance with government guidelines. These are provided on top of existing healthcare, welfare and sickness coverages such as the Employment Injury Scheme and Invalidity Scheme under Social Security Organization (SOCSO). A company panel doctor is also available on standby in the case there is a need for consultation due to sickness.

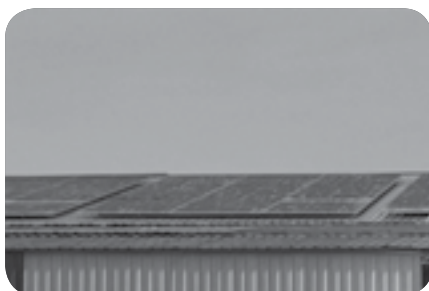
Protecting the Environment

We practice responsible disposal of our production waste in order to minimise our carbon footprint to the environment. Solid waste generated from our production operations are segregated, monitored, controlled and treated as required by local law prior to discharge and disposal. Trained safety and health officers in the Group help to oversee and execute these compliances in accordance to the Environmental Quality Act.

We have also identified opportunities to reduce or reuse the resources we consume as we believe that efficient reuse, recycling and efficient utilisation of resources will help to protect the environment as much as we can.

These steps include reducing our energy consumption through switching off unused lights and air conditioning units (especially during lunch and break hours), and our paper management initiative to print only where necessary and where possible, recycling of used printed papers. We have successfully implemented the use of electronic devices to capture most of the documentation process and approval of various documentations is done via electronic tabs.

In year 2022, the Group has installed solar panels on the roof of its buildings to generate photovoltaic power. The Company will continue to seek ways to promote renewable energy to reduce greenhouse gas emissions throughout its business activities.



Our Commitment

The Group believes that the improvement in the conditions surrounding our stakeholders, employees, society and the environment is vital to the growth of the Group. As a responsible corporate citizen which aims to further enhance shareholder value, the Group shall endeavour to undertake sustainable and responsible practices to continue to add value to sustainable business growth, environmental stewardship and social responsibility.

The statement is made in accordance with a resolution of the Board of Directors dated April 18, 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Board of Directors (“the Board”) of Supercomnet Technologies Berhad (“STB” or “the Company”) presents this statement to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board during the financial year 2021. This overview takes guidance from the key corporate governance principles as set out in the Malaysian Code on Corporate Governance (“the Code” or “MCCG”).

This statement is prepared in compliance with Bursa Malaysia Securities Berhad (“Bursa Securities”) ACE Market Listing Requirements (“ACELR”) and it is to be read together with the Corporate Governance Report 2021 of the Company (“CG Report”) which is available on the Company’s website:

www.supercomnet.com.my

The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2021.

STB and its subsidiaries (“STB Group”) recognises the importance of adopting good corporate governance and acknowledges the importance of the principles set out in the MCCG and is committed to ensure high standards of good corporate governance are in place and practiced within our Group in order to safeguard the shareholders and relevant stakeholders’ interests as well as enhancing shareholders’ value.

The Board has continued its efforts in raising the bar in the Group’s corporate governance standards set out in the Code through various measures for implementation from time to time.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board is always mindful of the long-term success of our Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board governs and sets the strategic direction of the Company and exercising oversight on management. The Board will continue playing its role in setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.

Following the top-down strategic planning process adopted by the Group, the Executive Directors will periodically formulate Group’s strategy and communicate it down the organisation for implementation. The Chairman will continue leading the Board in establishing and monitoring good corporate governance practices in the Company by focusing on strategy, governance and compliance.

The Company continues practicing a division of responsibilities between the Chairman and the Managing Director. Their roles are separated and clearly defined in the Board Charter of the Company. The Board Charter serves as a reference and primary induction literature providing all Board members and Management insights into the fiduciary and leadership functions of the Board. It also clearly sets out the respective roles and responsibilities of the Board, Board Committees, individual directors and management.

The Board has established four (4) Committees, namely the Audit Committee, Nominating Committee, Remuneration Committee and Risk Management Committee. The primary functions of which are to assist the Board in overseeing the affairs of the Company and these Committees have been entrusted with specific responsibilities and authority. The authorities and functions of these Board committees are properly set out in their respective Terms of Reference.

The Board last reviewed its Board Charter on November 25, 2021 to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board’s strategic intent as well as relevant standards of corporate governance. The Company’s Code of Ethics for Directors continue to govern the standards of ethics and good conduct expected of Directors. The Code of Ethics for Directors includes principles relating to their duties, conflict of interest and dealings in securities are available at the Company’s website.

As a measure to govern the conduct of its employees, the Company has in place its Whistleblower Policy and Procedures (“WPP”). The WPP seek to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed. The Board has overall responsibility to oversee the implementation of the WPP and all whistle-blowing reports are to be addressed to the respective personnel as assigned pursuant to the Group’s WPP. This mechanism will allow the stakeholders of STB to report concerns about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group and about business improvement opportunities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I. BOARD RESPONSIBILITIES (Cont'd)

A copy each of the Board Charter, Codes of Ethics for Directors, WPP and Anti-Corruption Policy are available at the Company's website, www.supercomnet.com.my.

The Board is supported by suitably qualified and competent Company Secretaries who are qualified, experienced and competent to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices. Both the Company Secretaries are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016 and both of them are Associate members of the Malaysian Institute of Corporate Governance.

The Board together with the management takes responsibility for the governance of sustainability in the Group including setting the sustainability strategies, priorities and targets. Further details on the Company's multi-pronged approach to address sustainability risks and opportunities can be found in the Sustainability Statement.

II. BOARD COMPOSITION

The Board currently has nine (9) members comprising one (1) Independent Non-Executive Chairman, one (1) Managing Director, four (4) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This composition complies with Rule 15.02 of the ACE LR whereby the Company must have at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, who are Independent Directors.

In order to achieve the intended outcome of the Code, the Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. Our Group has met most of the good practices recommended by the Code as detailed in the CG Report 2021.

Nominating Committee

The Board has established its Nominating Committee on August 27, 2005 which comprised entirely of Non-Executive Directors. The detailed Terms of Reference of this Committee can be found in the Group website.

The present members and record of attendance were as follows:

Members	No of Meeting(s) Attended
Ng Ngoon Weng	-
Wu, Chung-Jung	1/1
Goh Chooi Eam	1/1
Ang Hwui Tee (Appointed w.e.f. April 11, 2022)	-

The Board has through its Nominating Committee (NC) conducted the annual assessment on its size and composition. Based on the assessment, the NC was satisfied that the Board comprises a mixture of qualified and experienced directors with diverse experience, background and expertise. The combination of diverse professionals with varied background, experience and expertise in finance and corporate affairs have also enabled the Board to discharge its responsibilities effectively and efficiently.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)



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

II BOARD COMPOSITION (Cont'd)

Nominating Committee (Cont'd)

The skill sets and diversity of the existing Board are as follows:

Directors	Nationality	Designation	Industry / Background Experience					By Composition							
			Technology	Marketing	Industrial	Corporate	Accounting / Finance	Internal Audit	Age	Ethic	Gender				
								40 – 49 years	50 – 59 years	60 – 70 years	71 years and above	Chinese	Foreigner	Male	Female
Shiue, Jong-Zone A.K.A. James Shiue	Taiwanese	Managing Director	√	√	√	√	√				√	√	√		
Wu, Huei-Chung	Taiwanese	Executive Director	√	√	√	√					√	√			√
Hsueh, Chih-Yu	Taiwanese	Executive Director	√	√	√			√				√	√		
Wu, Chung-Jung	Taiwanese	Non-Independent Non-Executive Director	√	√	√	√					√	√	√		
Ng Ngoon Weng	Malaysian	Independent Non-Executive Chairman	√	√	√	√	√			√		√		√	
Goh Chooi Eam	Malaysian	Independent Non-Executive Director		√		√	√	√		√		√		√	
Ang Hwui Tee	Malaysian	Independent Non-Executive Director	√			√	√	√	√			√			√
Tan Sok Suan	Malaysian	Executive Director		√			√	√	√			√			√
Lim Eng Chuan	Malaysian	Executive Director	√	√	√	√		√		√		√		√	

The newly updated MCGG encourages the Company to have women sitting on the board. The Company has newly appointed three Directors, two of which are female. The total female Directors accounted for 30% of the overall Board members.

The activities carried out by the NC during the FY2021 in discharging its functions are as follows:

- reviewed the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board;
- reviewed the new recommendations for the appointment of additional Directors;
- reviewed the training needs for the Directors; and
- reviewed the independency of Independent Directors.

Time Commitment

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to all Directors before the beginning of every year. The time table for the proposed Board meeting in the year 2022 was fixed in November 2021. Board meetings are held every quarter and additional meeting(s) are held as and when necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

II BOARD COMPOSITION (Cont'd)

Time Commitment (Cont'd)

There were five (5) Board Meetings held during the Financial Year 2021. Meeting agendas included review of quarterly financial results and announcements, plan and direction of the Group. During the financial year under review, the attendance record of each Director was as follows:

<u>Executive Directors</u>	<u>Attendance</u>
Shiue, Jong-Zone A.K.A. James Shiue	5/5
Wu, Huei-Chung	5/5
Hsueh, Chih-Yu	5/5
Lim Eng Chuan (Appointed w.e.f. December 01, 2021)	-
Tan Sok Suan (Appointed w.e.f. December 01, 2021)	-
 <u>Independent Non-Executive Directors</u>	
Ng Ngoon Weng	3/5
Goh Chooi Eam	5/5
Ang Hwui Tee (Appointed w.e.f. December 01, 2021)	-
 <u>Non-Independent Non-Executive Director</u>	
Wu, Chung-Jung	5/5

Directors' Training

The Board, as a whole, ensures that it recruits to the Board only individual who has the character, experience, integrity, competence and time to fulfill the duties of a director appropriately. As at the date of this statement, all Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) with the exception of Ang Hwui Tee, Tan Sok Suan and Lim Eng Chuan who attended the MAP in April 2022. The Directors will continue to undergo other relevant training programmes to enhance their skills and knowledge, where relevant.

During the financial year ended 31 December 2021, the conferences, seminars, courses, briefings and/or trainings attended by the Board encompass the following topics:

<u>Name of Director</u>	<u>Programmes</u>
Goh Chooi Eam	<ol style="list-style-type: none"> 1. Overview of the Malaysian Private Entities Reporting Standard (MPERS) Practical approach to recognition and measurement principles including updates 2. MPERS and MFRS: Case Studies in Key Areas of Financial Reporting 3. Qualifying Capital Expenditure & Allowances 4. Seminar Cukai Kebangsaan 2021
Shiue, Jong-Zone A.K.A. James Shiue	<ol style="list-style-type: none"> 1. Insights into Integrated Reporting for Corporate Directors
Wu, Huei-Chung	<ol style="list-style-type: none"> 1. Insights into Integrated Reporting for Corporate Directors
Hsueh, Chih-Yu	<ol style="list-style-type: none"> 1. Insights into Integrated Reporting for Corporate Directors
Wu, Chung-Jung	<ol style="list-style-type: none"> 1. Insights into Integrated Reporting for Corporate Directors
Ng Ngoon Weng	<ol style="list-style-type: none"> 1. Insights into Integrated Reporting for Corporate Directors

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)



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

III REMUNERATION

The Remuneration Committee ("RC") presently comprises one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. The RC is entrusted under its Terms of Reference to assist the Board, amongst others, to carry out annual review of salaries, incentive arrangements and other employment conditions of the Directors. Meetings of the RC are held as and when required, and at least once a year.

The Board has in place policies and procedures to determine the remuneration of Directors and Senior Management, which takes into account the demands, complexities and performance of the Company as well as skills and experience required. The Group's remuneration policies and decisions are made through a transparent and independent process. The policies and procedures are periodically reviewed to ensure it remain competitive and consistent with the Company's business strategy and long-term objectives.

Further details of the breakdown of Directors' Remuneration can be found in the Corporate Governance and page 20 of Annual Report 2021.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee ("AC") comprises majority of Independent Non-Executive Directors. The Chairman of the AC is not the Chairman of the Board. This composition of our AC meets the requirements of Rule 15.09(1)(a) and (b) of the ACE LR.

STB had on November 25, 2021 adopted the policy that requires a former key audit partner to observe a cooling-off period of at least three financial year ends before being appointed as a member of the AC. Accordingly, the Group's Board Charter and ToR of the AC has been updated to reflect the adoption of the above policy.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board fulfils its responsibilities in the risk governance and oversight functions through its Risk Management Committee ("RMC") in order to manage the overall risk exposure of the Group. The RMC team members comprised of Board member and management staffs. The RMC assessed and monitored the efficacy of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls were reviewed by the AC in relation to internal audit function for the Group. The Board through the AC reviewed the Group's internal control based on the audit test carried out by the Internal Auditors.

The Risk Management Committee ("RMC") is accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control.

Risk awareness sessions have been incorporated in the monthly management meetings attended by the Group's senior and middle management and key employees. This is part of the ongoing initiative to sustain risk awareness and risk management capabilities.

In essence, Risk Management is conducted through an ongoing process between the Board, the Management and employees in the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture amongst the employees.

Further details of the Risk Management and Internal Audit activities are set out in the Statement on Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I. COMMUNICATION WITH STAKEHOLDERS

STB would always ensure there is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Presently, the Board and management of Company communicate regularly with its shareholders and other stakeholders through the following channels of communication:

1. Website of Bursa Malaysia Securities Berhad ("Bursa Securities")
2. Company Website (www.supercomnet.com.my)

II. CONDUCT OF GENERAL MEETINGS

STB's Annual General Meetings (AGM) are the important and effective platforms for directors and senior management to communicate with the shareholders. Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decisions at general meetings.

In line with the best corporate governance practice, the Company despatched the notice of its 31st AGM on May 25, 2021, at least 28 days before the AGM to be held on June 24, 2021. The adequate time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney. All the resolutions set out in the notice of the AGM were voted by e-poll.

In line with the Practice 12.3 of the MCGG in promoting electronic voting, moving forward the Board will consider adopting electronic voting by taking into consideration the advantages of electronic voting versus the cost involved and the average number of attendees at the Meeting. The Company held its 31st AGM virtually for the first time in 2021 where shareholders were given opportunities to have their questions answered immediately by the Board.

This Statement is made in accordance with a resolution of the Board of Directors dated April 18, 2022.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance (“MCCG”) requires public listed companies to maintain a sound system of risk management and internal control to safeguard shareholders’ investments and company’s assets. Under the provisions of the Bursa Malaysia Securities Berhad Ace Listing Requirements (“Ace LR”), paragraph 15.26(b), Directors of public listed companies are required to produce a statement on the state of the company’s risk management and internal control in their Annual Report.

The Board of Directors (“Board”) continues with its commitment to maintain sound systems of risk management and internal control throughout Supercomnet Technologies Berhad and its subsidiaries (“Group”) and in compliance with the Ace LR and the Statement of Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) (“Internal Control Guidelines”), the Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group and covers all of its operations during the financial year under review.

BOARD RESPONSIBILITY

The Board acknowledges the importance of sound risk management and internal control being embedded into the culture, processes and structures of the Group. The systems of internal control cover risk management and financial, organizational, operational, project and compliance controls. The Board affirms its overall responsibility for the Group’s systems of internal control and for reviewing the effectiveness and efficiency of those systems to ensure its viability and robustness. It should be noted, however, that such systems are designed to manage, rather than eliminate, risks of failure to achieve corporate objectives. Inherently, it can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT COMMITTEE’S ROLE

The Risk Management Committee (“RMC”) is accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control. The RMC is led by the Non-Executive Chairman and comprises Executive Director and key management personnel. The Group Managing Director and Finance Manager have provided the Board the assurance that the Group’s risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

CONTROL STRUCTURE AND ENVIRONMENT

In furtherance to the Board’s commitment to maintain sound systems of risk management and internal control, the Board continues to maintain and implement a structured environment for the proper conduct of the Group’s business operations as follows:

- The Board meets at least quarterly and has set a schedule of matters which are required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. In addition, the Board is kept updated on the Group’s activities and its operations on a regular basis;
- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures, which is subject to review and improvement. A documented delegation of authority with clear lines of accountability and responsibility serves as a tool of reference in identifying the approving authority for various transactions including matters that require Board’s approval;
- Regular and relevant information provided by management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Regular visits to operating units by members of the Board and senior management.

RISK MANAGEMENT

The Group has established risk management practices to safeguard the Group’s business interests from risk events that may impede the achievement of business strategy and provide assurance to the Groups’ various stakeholders. The Group, with the support of an independent professional accounting and consulting firm, has implemented the Enterprise Risk Management (“ERM”) processes to identify, assess, monitor, report and mitigate risks impacting the Group’s business and supporting activities. The risk profile of the Group has been compiled to help the Board and management to prioritize their focus on areas of high risk in the risk profile, and the existence of significant risks of the Group have been identified and quantified. The corresponding controls to manage the risks have also been documented together with the management action plan to improve on the system of controls in order to manage the risks more effectively. The main components of the Group’s risk governance and structure consists of the Board, the Audit Committee and the RMC. The structure allows for strategic risk discussions to take place between the Board, the Audit Committee and the RMC on a periodical basis. The summary of the accountabilities for the Board, the Audit Committee and the RMC under the risk governance structure are as follows:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

RISK MANAGEMENT (Cont'd)

a. Board of Directors

- Overall risk oversight responsibility;
- Determines that the principal risks are identified, and appropriate as well as robust systems are implemented to manage these risks;
- Reviews the adequacy and the integrity of the Group's internal control systems and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

b. Audit Committee

- Reviews and endorses policies and frameworks and other key components of risk management for implementation within the Group;
- Reviews and endorses the corporate risk profile for the Group, and the progress of ongoing risk management activities to identify, evaluate, monitor and manage critical risks.

c. Risk Management Committee

- Oversees the effective implementation of risk policies and guidelines, Enterprise Risk Management and cultivation of risk management culture within the organization;
- Reviews and monitors periodically the status of the Group's principal risks and their mitigation actions and update the Board and Audit Committee accordingly.

Risk awareness sessions have been incorporated in the monthly management meetings attended by the Group's senior and middle management and key personnel. This is part of the ongoing initiative to sustain risk awareness and risk management capabilities.

In essence, Risk Management is conducted through an ongoing process between the Board, the Management and employees in the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the ownership and management culture amongst the employees.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional accounting and consulting firm, to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The Internal Auditors adopt a risk-based approach in developing their audit plan which addresses the core business processes of the Group based on their risk profile. Scheduled internal audits are carried out by the Internal Auditors based on the audit plan presented to and approved by the Audit Committee.

The Audit Committee has full and direct access to the Internal Auditors and the Audit Committee receives reports on all internal audits performed. The Internal Auditors continue to independently and objectively monitor compliance with regard to policies and procedures, and the effectiveness of the internal controls systems. Significant findings and recommendations for improvement are highlighted to the Management and the Audit Committee, with periodic follow-up of the implementation of action plans. The Management is responsible for ensuring that corrective actions were implemented accordingly.

Based on the Internal Auditors' reports for the financial year ended 31 December 2021, the Board has reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. Internal audit fee incurred in the financial year 2021 was RM 26,000.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement is issued in accordance with the resolution of the Board of Directors dated April 18, 2022 .

AUDIT COMMITTEE REPORT



The purpose of the setting up of the Audit Committee ("AC" or "the Committee") is to assist the Board in discharging its duties to identify principal risks, ensuring the implementation of appropriate systems of internal controls to manage such risks, and that such systems are working effectively to safeguard shareholders' investment and the long-term viability of the Group.

AUDIT COMMITTEE

Chairman

Mr. Goh Chooi Eam

Independent Non-Executive Director

Members

Mr. Ng Ngoon Weng

Independent Non-Executive Chairman

Mr. Wu, Chung-Jung

Non-Independent Non-Executive Director

Ms. Ang Hwui Tee (Appointed w.e.f. April 11, 2022)

Independent Non-Executive Director

This composition meets the requirements of -Rule 15.09(1)(a) and (b) of the Bursa Securities Ace Market Listing Requirements ("ACE LR"). Mr. Goh Chooi Eam, the Chairman of the Audit Committee is a Member of the Malaysian Institute of Accountants as well as a Fellow of the Association of Chartered Certified Accountants. Accordingly, the Company complies with Rule 15.09(1)(c)(i) of the ACE LR.

All AC members are financially literate to review and analyse the Company's financial statement, possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC.

The Nominating Committee had on April 20, 2021 assessed the performance of the AC and its members through an annual board committee effectiveness evaluation. The Nominating Committee is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference and supported the Board in ensuring that the Group upholds appropriate corporate governance standards.

Attendance at Meetings

The Audit Committee met five times during the year to discharge its duties and responsibilities. The information on the attendance of each member at the Committee meetings held during the financial year ended December 31, 2021 (FY 2021) is as follows:

Name of Director	Attendance
Mr. Goh Chooi Eam	5/5
Mr. Ng Ngoon Weng	3/5
Mr. Wu, Chung-Jung	5/5
Ms. Ang Hwui Tee (Appointed w.e.f. April 11, 2022)	-

Notices of meetings were sent to the AC members at least seven (7) days in advance. The AC members are provided with the agenda and relevant meeting papers before each meeting. All deliberations during the AC Meetings were duly minuted. Minutes of the AC Meetings were tabled for confirmation at every succeeding AC Meeting.

Activities of the Audit Committee

The activities carried out by the Committee during the FY 2021 in discharging its duties and responsibilities are as follows:

1. Financial Reporting

In overseeing the Company's financial reporting, the Committee reviewed the quarterly financial statements for the fourth quarter of 2020 and the annual audited financial statements for the financial year ended December 31, 2020 ("FY2020") at its meeting on March 10, 2021 and April 20, 2021 respectively.

AUDIT COMMITTEE REPORT (Cont'd)

Activities of the Audit Committee (Cont'd)

1. Financial Reporting (Cont'd)

The Committee also reviewed the first, second and third quarterly financial statements of the Group for FY2021 and recommended the same to the Board for approval during its Audit Committee Meetings held on May 25, 2021, August 25, 2021 and November 25, 2021 respectively.

The Committee reviewed and was satisfied that the said quarterly financial statements were prepared in compliance with the Malaysian Financial Reporting Standards ("MFRS") 134 – Interim Financial Reporting, issued by Malaysian Accounting Standards Board and Rule 9.22 of the Ace LR.

2. External Audit

The AC has on November 25, 2021 respectively met with the External Auditors without the presence of the Executive Members.

On November 25, 2021, the External Auditors tabled the Audit Planning Memorandum prior to the commencement of audit of financial statements for FY 2021. This Audit Planning Memorandum particularly outlined the nature, approach, scope of audit and audit timetable to the Audit Committee.

On March 22, 2022, the External Auditors tabled the Final Report to those charged with Governance for FY2021 to the Audit Committee.

On March 22, 2022, the External Auditors' Performance and Independence Checklist in respect for the FY 2021, duly completed by the Management and key finance staff were compiled and tabled at the Meeting for review (the Assessment). The Committee concluded that based on the Assessment, amongst others as set out below, the External Auditors Performance for year 2021 was found to be adequate and thereby recommended the re-appointment of Deloitte PLT as the External Auditors of the Group for the ensuing year ending December 31, 2022 to the Board for approval by its shareholders:

- after being satisfied with its audit independence and the performance of Deloitte PLT throughout its course of audit for FY 2021;
- being satisfied with the quality processes/performance of External Auditors;
- being able to give adequate technical support when audit issue arises; and
- with the adequate experience and resources of Deloitte PLT and audit engagements.

3. Internal Audit Function

The Group has engaged the services of an independent professional accounting and consulting firm to provide the assurance regarding the effectiveness as well as the adequacy and integrity of the Group's internal control function. The Internal Auditors, JWC Consulting Sdn Bhd (JWC) is a reputable firm with vast exposure and having adequate resources and expertise in internal audit.

Internal Auditors report directly to the AC on its activities based on the approved annual Internal Audit Plans. Their principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes. Internal audit fee incurred for the FY 2021 was RM26,000.

During the FY 2021, the Internal Auditors have conducted review on internal control of the Group, focusing on the following areas:

Financial Period	Audit Areas	Reporting Date
Financial period ended June 30, 2021	1. Human Resource Management 2. Management Information System	November 25, 2021
Financial period ended December 31, 2021	1. ABC Policy	February 22, 2022

AUDIT COMMITTEE REPORT (Cont'd)



Activities of the Audit Committee (Cont'd)

The findings of internal audits including the audit recommendations made by the Internal Auditors and the Management responses to those recommendations were reported directly to the AC at the Meetings held on November 25, 2021 and February 22, 2022 respectively. Where appropriate, the AC will convey its findings to the Management to rectify and improve the control and workflow procedures based on the Internal Auditors' recommendations and suggestions.

On February 22, 2022, the AC reviewed and approved the Internal Audit Plan and approved the said Plan for the financial year ending December 31, 2022.

The Audit Committee reviewed the Statement on Risk Management and Internal Control in respect of FY 2021 on March 22, 2022 for publication in the Annual Report 2021. Information pertaining to the Company's internal controls is shown in the Statement on Risk Management and Internal Control set out on page 37 to 38 of this Annual Report.

This Statement is made in accordance with the resolution of the Board of Directors dated April 18, 2022.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to the Bursa Malaysia Securities Berhad Ace Market Listing Requirements

1. UTILIZATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposals during the financial year.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended December 31, 2021 (FY2021) by the Company's Auditors, or a firm or company affiliated to the Auditors' firm are as follows:

Category	Audit fees (RM)	Non-Audit Fees (RM)
Company	65,000	10,500
Subsidiaries	48,000	13,800
Total	113,000	24,300

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and substantial shareholders' interests as at December 31, 2021 or entered into since the end of the previous financial year.

4. CONTRACT RELATING TO LOAN

There were no contracts relating to loans entered into by the Company and its subsidiaries that involved the Directors and Major Shareholders.

5. EMPLOYEES' SHARE OPTION SCHEME

The Employees Share Option Scheme of the Company ("ESOS" or "Scheme") was implemented on September 18, 2019 and shall be in force for a period of five (5) years. During the financial year, the Company has not granted any options under the ESOS to the eligible Directors and employees of the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In Respect Of Audited Financial Statements



The Directors are required to prepare audited financial statements that give a true and fair view of the state of affairs, including the cashflows and results, of the Group and of the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the following:

- That the Group and the Company have used appropriate accounting policies, and these are consistently applied;
- That reasonable and prudent judgements and estimates were made;
- That the approved accounting standards in Malaysia have been adopted; and
- That the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company and the subsidiaries maintain proper accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 2016.

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the company, and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board of Directors dated April 18, 2022.

DIRECTORS' REPORT

The directors of **SUPERCOMNET TECHNOLOGIES BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2021.

PRINCIPAL ACTIVITIES

The Company is principally involved in the manufacture of PVC compound and cables/wires for electronic devices and data control switches. The information on the name, principal activities and percentage of issued share capital held by the Company in subsidiaries, which are all incorporated and operating in Malaysia, are as follows:

Name of Company	Principal Activities	Percentage of Ownership
Supercomal Advanced Cables Sdn. Bhd.	Manufacture and assembly of fuel tanks, wires and cables	100%
Supercomal Medical Products Sdn. Bhd.	Manufacture of medical cables and devices	100%

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit for the year	<u>25,214,049</u>	<u>28,915,826</u>

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

A final single tier dividend of RM0.01 per ordinary share amounting to RM7,224,769 and a special single tier dividend of RM0.005 per ordinary share amounting to RM3,612,385 in respect of the financial year ended December 31, 2020 were declared and paid on July 28, 2021 by the Company.

Subsequent to the financial year end, the directors proposed a final single tier dividend of RM0.015 per ordinary shares in respect of the current financial year. This dividend has not been included as a liability in the financial statements and is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company.

WARRANTS

On June 20, 2019, the Company issued 214,332,839 free warrants pursuant to the bonus issue of warrants undertaken by the Company on the basis of one warrant for every three existing ordinary shares held in the Company.

The warrants entitle the registered holder, at any time within a period of five years commencing on and including the date of issuance of the warrants and expiring on the close of business at 5p.m in Malaysia on the date immediately preceding the 5th anniversary of the date of issuance of the warrants on June 19, 2024, and if such date is not a market day, then on the preceding market day. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose. The exercise price of the warrants has been fixed by the Directors at RM0.65 per warrant. The exercise price and/or the number of warrants to be issued shall from time to time be adjusted under certain circumstances in accordance with the provision of the Deed Poll dated May 29, 2019.

The warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company, until and unless such holders exercise the rights under the warrants to subscribe to new ordinary shares; and the new ordinary shares to be issued upon exercise of the warrants shall, upon allotment and issue, rank pari passu with the then existing ordinary shares, including the entitlement to dividends, rights, allotments or other distribution except that they will not be entitled to the rights, allotment or other distributions declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the warrants.

The warrants were listed on Bursa Malaysia Securities Berhad on June 28, 2019.



WARRANTS (Cont'd)

The movements in the Company's warrants are as follows:

	Balance as of 1.1.2021	Number of warrants (unit)		Balance as of 31.12.2021
		Allotted	Exercised	
Number of unexercised warrants	180,294,574	-	(82,393,133)	97,901,441

Subsequent to the financial year, the issued and paid-up share capital of the Company was increased from RM245,917,363 to RM247,438,363 by way of issuance of 2,340,000 new ordinary shares at an exercise price of RM0.65 per ordinary share pursuant to the exercise of 2,340,000 warrants.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM192,361,826 to RM245,917,363 by way of issuance of 82,393,133 new ordinary shares of RM0.65 per ordinary shares pursuant to the exercise of 82,393,133 warrants.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

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

EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS")

On September 18, 2019, the Company implemented an ESOS for a period of 5 years. The ESOS is governed by the By-Laws, which were approved by the shareholders at an Extraordinary General Meeting held on May 28, 2019 ("the Scheme").

The salient terms of the ESOS are as follows:

- The total number of issued shares (excluding treasury shares) offered under the Scheme shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- Only eligible directors and employees of the Company and of the Group will be eligible to participate in the Scheme.
- The exercise price of the options shall be determined by the Directors upon recommendation of the ESOS Committee based on the 5-day volume weighted average price of the Company's shares immediately preceding the date of offer with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the duration of the Scheme.
- The number of options to be offered to an eligible employee in accordance with the Scheme shall be determined based on, inter alia, the eligible employee's position within the Group, fulfillment of the eligibility criteria, work performance and/or such other factors as the ESOS Committee deems fit and the offer shall be valid for acceptance by an employee for a period of 30 days from the date of offer.
- The new ordinary shares to be allotted upon any exercise of the ESOS shall upon allotment and issuance, rank pari passu in all respects with the then existing ordinary shares of the Company except that these new ordinary shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions which may be declared prior to the allotment of these shares.

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS' REPORT (Cont'd)

OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

- (a) which would require the writing off of bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, 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, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Shiue, Jong-Zone
Wu, Chung-Jung
Wu, Huei-Chung
Goh Chooi Eam
Ng Ngoon Weng
Hsueh, Chih-Yu
Lim Eng Chuan (appointed on December 1, 2021)
Ang Hwui Tee (appointed on December 1, 2021)
Tan Sok Suan (appointed on December 1, 2021)

DIRECTORS' REPORT (Cont'd)



DIRECTORS (Cont'd)

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Shiue, Jong-Zone
Shiue, Jyh-Jeh
Wu, Chung-Jung
Wu, Huei-Chung
Lim, Eng Chuan
Hsueh, Chih-Yu
Song Guik Teik

DIRECTORS' INTERESTS

The interest in shares in the Company and in related companies of those who were directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

Shares in the Company	Balance as of 1.1.2021/ date of appointment	Number of ordinary shares			Balance as of 31.12.2021
		Bought	Warrants exercised	Sold	
Registered in the name of the directors:					
Shiue, Jong-Zone	126,665,700	-	33,800,000	(1,818,500)	158,647,200
Wu, Chung-Jung	63,589,150	-	6,600,000	(1,000,000)	69,189,150
Wu, Huei-Chung	81,648,400	85,500	30,813,633	(1,818,500)	110,729,033
Hsueh, Chih-Yu	69,444,000	90,000	-	(1,000,000)	68,534,000
Lim Eng Chuan	53,479,450	-	-	-	53,479,450
Indirect interest:					
Shiue, Jong-Zone ^(a)	281,481,550	175,500	42,913,633	(4,818,500)	319,752,183
Wu, Chung-Jung ^(b)	344,558,100	175,500	70,113,633	(5,637,000)	409,210,233
Wu, Huei-Chung ^(c)	326,498,850	90,000	45,900,000	(4,818,500)	367,670,350
Hsueh, Chih-Yu ^(d)	338,703,250	85,500	76,713,633	(5,637,000)	409,865,383
Tan Sok Suan ^(e)	5,432,800	-	-	-	5,432,800

DIRECTORS' REPORT (Cont'd)

Warrants in the Company	Number of warrants over ordinary shares			
	Balance as of 1.1.2021/ date of appointment	Allotted	Exercised	Balance as of 31.12.2021
Direct interest:				
Shiue, Jong-Zone	44,786,066	-	(33,800,000)	10,986,066
Wu, Chung-Jung	23,760,550	-	(6,600,000)	17,160,550
Wu, Huei-Chung	30,813,633	-	(30,813,633)	-
Hsueh, Chih-Yu	14,984,000	-	-	14,984,000
Lim Eng Chuan	2,473,150	-	-	2,473,150
Indirect interest:				
Shiue, Jong-Zone ^(a)	85,085,683	-	(42,913,633)	42,172,050
Wu, Chung-Jung ^(b)	106,111,199	-	(70,113,633)	35,997,566
Huei-Chung ^(c)	99,058,116	-	(45,900,000)	53,158,116
Hsueh, Chih-Yu ^(d)	114,887,749	-	(76,713,633)	38,174,116
Tan Sok Suan ^(e)	1,810,933	-	-	1,810,933

^(a) Deemed interest through Mr. Wu, Chung-Jung, Madam Wu, Huei-Chung, Mr. Hsueh, Chih-Yu and Mr. Shiue, Jyh-Jeh.

^(b) Deemed interest through Mr. Shiue, Jong-Zone, Madam Wu, Huei-Chung, Mr. Hsueh, Chih-Yu and Mr. Shiue, Jyh-Jeh.

^(c) Deemed interest through Mr. Shiue, Jong-Zone, Mr. Wu Chung-Jung, Mr. Hsueh, Chih-Yu and Mr. Shiue, Jyh-Jeh.

^(d) Deemed interest through Mr. Shiue, Jong-Zone, Mr. Wu Chung-Jung, Madam Wu, Huei-Chung and Mr. Shiue, Jyh-Jeh.

^(e) Deemed interest through Pacific Rotary Sdn. Bhd.*

By virtue of their interests in the shares of the Company, Mr. Shiue, Jong-Zone, Mr. Wu, Chung-Jung, Madam Wu, Huei-Chung, Mr. Hsueh, Chih-Yu, Madam Tan Sok Suan and Mr. Lim Eng Chuan are also deemed to have interests in the shares of all the subsidiaries to the extent that the Company has an interest.

* A company in which Madam Tan Sok Suan has substantial interest and is a director.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company have received or become entitled to receive a benefit (other than those disclosed as directors' remuneration amounting to RM1,134,624 in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of transactions mentioned in Note 31 to the financial statements. Certain directors have also received remuneration from related corporations in their capacities as directors or executives of those related corporations.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There was no indemnity given to or insurance effected for any directors, officers and auditors of the Group and the Company in accordance with Section 289 of the Companies Act, 2016.

AUDITORS' REMUNERATION

The amount payable as remuneration of the auditors of the Group and of the Company for the financial year ended December 31, 2021 are RM113,000 and RM65,000.

DIRECTORS' REPORT (Cont'd)



SIGNIFICANT EVENTS

Details of the significant events are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the Directors,

SHIUE, JONG-ZONE

WU, HUEI-CHUNG

April 18, 2022

INDEPENDENT AUDITORS' REPORT

To The Members Of Supercomnet Technologies Berhad
(Incorporated In Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Supercomnet Technologies Berhad, which comprise the statements of financial position of the Group and of the Company as at December 31, 2021, 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 54 to 116.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent 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, are 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.

INDEPENDENT AUDITORS' REPORT (Cont'd)

To The Members Of Supercomnet Technologies Berhad
(Incorporated In Malaysia)



Key audit matter

Our audit performed and responses thereon

Impairment testing of goodwill

The Group has a goodwill amounting to RM87,477,804 in the financial statements.

The goodwill has been allocated to Supercomal Medical Products Sdn. Bhd. as a cash-generating unit ("CGU").

The annual impairment testing of goodwill is considered to be a key audit matter due to the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGU, which is based on the value in use, has been derived from discounted cash flows forecast model. This forecast uses several key assumptions including estimates of future sales volumes and prices, operating costs, terminal value growth rates and the weighted-average cost of capital (discount rate).

Key assumptions, judgements and sensitivities of the discounted cash flows forecast are disclosed in Note 15 to the financial statements.

We obtained, comprehended and evaluated management's discounted cash flows forecast and the process by which the forecast was developed and approved by the Board of Directors.

We accessed the discounted cash flows forecast with the approved next financial year's budget and subsequent years' forecasts set by the Group's Managing Director.

We performed a retrospective review of actual historical results against prior management's projections to assess the accuracy of the projection process and challenged any bias noted in the projections.

We tested the mathematical accuracy of the underlying value-in-use calculations and agreed them to the approved next financial year's budget and subsequent financial years' forecasts.

We evaluated the appropriateness of the assumptions applied to key inputs such as sales volumes and prices, operating costs, inflation and long-term growth rates with externally derived data as well as our own assessments based on our knowledge of the CGU and the industry.

We engaged our internal valuation specialists to assist in evaluating the appropriateness of the discount rate applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the CGU operates.

We performed our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates in the cash flows forecast to evaluate the impact on the currently estimated recoverable amount of the CGU.

We evaluated the adequacy of the disclosure of the key assumptions used by the Group in determining the recoverable amount of the CGU in the financial statements.

The key audit matters referred to above is in respect of the Group. There are no key audit matters to communicate in our report on the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT (Cont'd)

To The Members Of Supercomnet Technologies Berhad
(Incorporated In Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (a) 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.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT (Cont'd)

To The Members Of Supercomnet Technologies Berhad
(Incorporated In Malaysia)



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

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

- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

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

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

ADRIAN LAM KEEN LEONG
Partner – 03553/02/2023 J
Chartered Accountant

Penang,
April 18, 2022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended December 31, 2021

	Notes	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	5	143,614,566	128,409,544	55,423,083	47,157,189
Cost of sales		(101,749,024)	(87,830,852)	(49,877,694)	(43,398,555)
Gross profit		41,865,542	40,578,692	5,545,389	3,758,634
Administrative expenses		(6,996,847)	(6,318,937)	(2,927,793)	(2,789,920)
Distribution costs		(3,046,356)	(2,795,484)	(380,043)	(487,970)
Investment income	6	1,648,920	1,132,495	21,176,128	7,199,838
Other (losses) and gains	7	(2,573,715)	(3,461,035)	5,523,374	(2,150,825)
Other income	8	1,485,653	1,322,924	915,764	606,748
Profit before tax		32,383,197	30,458,655	29,852,819	6,136,505
Tax expense	9	(7,169,148)	(6,957,204)	(936,993)	(507,330)
Profit for the year	10	25,214,049	23,501,451	28,915,826	5,629,175
Other comprehensive income, net of income tax		-	-	-	-
Total comprehensive income for the year		25,214,049	23,501,451	28,915,826	5,629,175
Earnings per share:					
Basic (sen per share)	11	3.50	3.61		
Diluted (sen per share)	11	3.13	3.11		

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

STATEMENTS OF FINANCIAL POSITION

At December 31, 2021



	Notes	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Assets					
Non-current assets					
Property, plant and equipment	12	17,605,801	15,926,384	7,758,062	7,342,117
Right-of-use assets	13	1,806,156	1,860,155	833,790	858,618
Investment in subsidiaries	14	-	-	161,858,140	156,253,031
Deferred tax assets	25	1,230,000	1,452,000	-	-
Goodwill on consolidation	15	87,477,804	87,477,804	-	-
Intangible assets	16	17,070,757	20,862,390	-	-
Term deposits with a licensed bank	21	186,500	186,500	-	-
Total non-current assets		125,377,018	127,765,233	170,449,992	164,453,766
Current assets					
Inventories	17	31,496,239	28,771,961	11,778,677	9,355,753
Trade and other receivables	18	28,956,580	26,297,962	14,279,996	13,398,599
Other assets	19	4,172,415	3,101,738	655,454	162,153
Other financial assets	20	102,256,393	38,070,347	78,015,477	21,052,963
Term deposits with licensed banks	21	16,350,000	24,190,000	2,500,000	-
Cash and bank balances	22	28,672,867	18,308,722	4,401,268	1,826,470
Total current assets		211,904,494	138,740,730	111,630,872	45,795,938
Total assets		337,281,512	266,505,963	282,080,864	210,249,704

STATEMENTS OF FINANCIAL POSITION (Cont'd)

At December 31, 2021

	Notes	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Equity and liabilities					
Capital and reserves					
Share capital	23	245,917,363	192,361,826	245,917,363	192,361,826
Retained earnings	24	63,765,274	49,388,379	29,640,154	11,561,482
Total equity		309,682,637	241,750,205	275,557,517	203,923,308
Non-current liability					
Deferred tax liabilities	25	5,465,884	6,034,790	885,842	821,817
Current liabilities					
Trade and other payables	26	19,149,610	15,822,567	5,216,280	5,376,027
Current tax payable		2,983,381	2,898,401	421,225	128,552
Total current liabilities		22,132,991	18,720,968	5,637,505	5,504,579
Total liabilities		27,598,875	24,755,758	6,523,347	6,326,396
Total equity and liabilities		337,281,512	266,505,963	282,080,864	210,249,704

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

STATEMENTS OF CHANGES IN EQUITY

For The Year Ended December 31, 2021



The Group

	Notes	Share capital RM	Distributable Retained earnings RM	Total RM
Balance as of January 1, 2020		170,236,954	35,531,928	205,768,882
Issuance of ordinary shares pursuant to exercise of warrants	23	22,124,872	-	22,124,872
Profit for the year		-	23,501,451	23,501,451
Other comprehensive income for the year, net of income tax		-	-	-
Total comprehensive income for the year		-	23,501,451	23,501,451
Dividends	27	-	(9,645,000)	(9,645,000)
Balance as of December 31, 2020		192,361,826	49,388,379	241,750,205
Balance as of January 1, 2021		192,361,826	49,388,379	241,750,205
Issuance of ordinary shares pursuant to exercise of warrants	23	53,555,537	-	53,555,537
Profit for the year		-	25,214,049	25,214,049
Other comprehensive income for the year, net of income tax		-	-	-
Total comprehensive income for the year		-	25,214,049	25,214,049
Dividends	27	-	(10,837,154)	(10,837,154)
Balance as of December 31, 2021		245,917,363	63,765,274	309,682,637

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For The Year Ended December 31, 2021

The Company

	Notes	Share capital RM	Distributable Retained earnings RM	Total RM
Balance as of January 1, 2020		170,236,954	15,577,307	185,814,261
Issuance of ordinary shares pursuant to exercise of warrants	23	22,124,872	-	22,124,872
Profit for the year		-	5,629,175	5,629,175
Other comprehensive income for the year, net of income tax		-	-	-
Total comprehensive profit for the year		-	5,629,175	5,629,175
Dividends	27	-	(9,645,000)	(9,645,000)
Balance as of December 31, 2020		192,361,826	11,561,482	203,923,308
Balance as of January 1, 2021		192,361,826	11,561,482	203,923,308
Issuance of ordinary shares pursuant to exercise of warrants	23	53,555,537	-	53,555,537
Profit for the year		-	28,915,826	28,915,826
Other comprehensive income for the year, net of income tax		-	-	-
Total comprehensive income for the year		-	28,915,826	28,915,826
Dividends	27	-	(10,837,154)	(10,837,154)
Balance as of December 31, 2021		245,917,363	29,640,154	275,557,517

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

STATEMENTS OF CASH FLOWS

For The Year Ended December 31, 2021



	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities				
Profit for the year	25,214,049	23,501,451	28,915,826	5,629,175
Tax expense recognised in profit or loss	7,169,148	6,957,204	936,993	507,330
Depreciation and amortisation of non-current assets	6,127,146	5,847,082	705,841	712,429
Allowance for expected credit losses	346,279	-	-	-
Inventories written down	108,129	-	108,129	-
Property, plant and equipment written off	1,717	11,334	1,717	2,842
Fair value gain on financial assets carried at fair value through profit or loss	(1,226,045)	(252,416)	(802,513)	(52,963)
Unrealised (gain)/loss on foreign exchange	(370,923)	583,356	53,847	(12,908)
Interest income recognised in profit or loss	(328,600)	(782,779)	(13,707)	(116,221)
(Gain)/loss on disposal of property, plant and equipment	(94,260)	3,983	(14,400)	(6,766)
Reversal of inventories written down	(77,167)	(10,730)	(33,686)	-
Dividend income from a subsidiary	-	-	(20,000,000)	(6,500,000)
(Reversal of impairment loss)/Impairment loss on investment cost of subsidiary	-	-	(5,605,109)	2,175,354
Cash generated from operating activities	36,869,473	35,858,485	4,252,938	2,338,272
Movements in working capital:				
Increase in trade and other receivables	(2,895,031)	(7,389,040)	(841,581)	(2,113,999)
Increase in inventories	(2,755,240)	(9,890,437)	(2,497,367)	(3,628,756)
(Increase)/Decrease in other assets	(1,008,154)	(1,846,173)	(493,301)	136,877
Increase/(Decrease) in trade and other payables	3,188,644	6,224,675	(263,929)	1,987,648
Cash generated from/(used in) operations	33,399,692	22,957,510	156,760	(1,279,958)
Income taxes paid	(7,431,074)	(6,900,435)	(580,295)	(150,434)
Net cash generated from/(used in) operating activities	25,968,618	16,057,075	(423,535)	(1,430,392)

STATEMENTS OF CASH FLOWS (Cont'd)

For The Year Ended December 31, 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from investing activities					
Decrease in term deposits		6,540,000	15,079,233	-	3,129,233
Interest received		1,131,113	871,669	816,220	205,111
Proceeds from disposal of property, plant and equipment		134,918	9,066	14,400	6,766
Purchases of other financial assets		(63,762,514)	(28,590,078)	(56,962,514)	(21,052,963)
Acquisition of property, plant and equipment		(4,003,306)	(3,950,999)	(1,098,675)	(377,910)
Dividends received		-	-	20,000,000	6,500,000
(Advances given to)/Repayment of advances by subsidiary		-	-	(39,454)	46,395
Net cash used in investing activities		(59,959,789)	(16,581,109)	(37,270,023)	(11,543,368)
Cash flows from financing activities					
Proceeds from exercise of warrants	23	53,555,537	22,124,872	53,555,537	22,124,872
Advances from/(Repayment of advances to) subsidiaries		-	-	74,238	(168,506)
Dividends paid to owners of the Company	27	(10,837,154)	(9,645,000)	(10,837,154)	(9,645,000)
Net cash from financing activities		42,718,383	12,479,872	42,792,621	12,311,366
Net increase/(decrease) in cash and cash equivalents		8,727,212	11,955,838	5,099,063	(662,394)
Cash and cash equivalents at the beginning of the year		32,608,722	21,175,679	1,826,470	2,490,000
Effects of exchange rate changes on the balances of cash held in foreign currencies		336,933	(522,795)	(24,265)	(1,136)
Cash and cash equivalents at the end of the year	28	41,672,867	32,608,722	6,901,268	1,826,470

STATEMENTS OF CASH FLOWS (Cont'd)

For The Year Ended December 31, 2021



Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, of future cash flows will be, classified in the Company's statements of cash flows as cash flows from financing activities:

The Company

	01.01.2021 RM	Cash flows from financing activities RM	31.12.2021 RM
Amount owing to subsidiaries	<u>11,593</u>	<u>74,238</u>	<u>85,831</u>

	01.01.2020 RM	Cash flows from financing activities RM	31.12.2020 RM
Amount owing to subsidiaries	<u>180,099</u>	<u>(168,506)</u>	<u>11,593</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Company is principally involved in the manufacture of PVC compound and cables/wires for electronic devices and data control switches. The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the Company in subsidiaries are as disclosed in Note 14.

The registered office of the Company is located at Suite S-21-H, 21st Floor, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang, Malaysia.

The principal place of business of the Company is located at Lot 172, Jalan PKNK 3/8, Kawasan Perusahaan Sungai Petani, 08000 Sungai Petani, Kedah, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on April 18, 2022.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Adoption of revised MFRSs

In the current year, the Group and the Company have applied a number of revised MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2021.

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

The adoption of these revised MFRSs have not had any material impact on the disclosures or on the amounts reported in the financial statements. There were no significant changes in the accounting policies of the Group and the Company during the financial year.

New and revised standards in issue but not yet effective

The Group and the Company have not applied the following new and revised MFRSs that have been issued but are not yet effective:

Amendments to MFRS 3	References to the Conceptual Framework ^(a)
Amendments to MFRS 116	Property, Plant, and Equipment – Proceeds before Intended Use ^(a)
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract ^(a)
Annual improvements to MFRS Standards 2018-2020	Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i> , MFRS 9 <i>Financial Instruments</i> , MFRS 16 <i>Leases</i> and MFRS 141 <i>Agriculture</i> ^(a)
MFRS 17	Insurance Contracts ^(b)
Amendments to MFRS 17	Insurance Contracts ^(b)
Amendments to MFRS 17	Initial Application of MFRS 17 <i>Insurance Contracts</i> and MFRS 9 <i>Financial Instruments</i> - Comparative Information ^(b)
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 <i>Financial Instruments</i> ^(b)
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ^(b)



2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Cont'd)

New and revised standards in issue but not yet effective (Cont'd)

The Group and the Company have not applied the following new and revised MFRSs that have been issued but are not yet effective: (Cont'd)

Amendments to MFRS 101 and MFRS Practice Statements 2	Disclosure of Accounting Policies ^(b)
Amendments to MFRS 108	Definition of Accounting Estimates ^(b)
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ^(b)
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^(c)

^(a) Effective for annual periods beginning on or after January 1, 2022, with earlier application permitted.

^(b) Effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

^(c) Effective date deferred to a date to be announced by MASB.

The directors anticipate that the abovementioned new and revised amendments to MFRSs will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these new and revised amendments to MFRSs will have no material impact on the financial statements of the Group and the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

The principal accounting policies are set out below.

Subsidiary and basis of consolidation

Investment in subsidiaries which are eliminated on consolidation, is stated at cost less impairment losses, if any, in the Company's separate financial statements.

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- (a) has power over the investee;
- (b) is exposed, or has rights, to variable returns from its involvement with the investee; and
- (c) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Subsidiary and basis of consolidation (Cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or a loss is recognised in profit or loss and is calculated as the difference between (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or at fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable MFRSs).

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Business combinations (Cont'd)

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

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

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets acquired in a business combination

The Group acquired customer contracts and the related relationship in a business combination and it is separately recognised from goodwill. It is recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets, other than goodwill, are amortised from the date that they are available for use.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives for the current periods are as follows:

Customer contracts and related relationship	5 - 10 years
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Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Revenue recognition

The Group and the Company recognise revenue from sale of goods and on consignment sales. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group and the Company recognise revenue when it transfers control of a product or service to a customer.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue from contract with customers

(a) Sale of manufacture goods

The Group and the Company generate revenue from the sale of PVC compound, electronic cables/wires, fuel tanks, medical cables and devices. Sales-related warranties associated with goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications and as such, is not considered as a separate performance obligation. Accordingly, the Group and the Company account for warranties in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*.

For sale of goods, revenue is recognised when control of the goods has transferred to the customer depending on the shipping term agreed with its customers i.e. at a point in time. The shipping term of the Group's and the Company's sales comprises of Ex Works ("EXW"), Cost, Insurance and Freight ("CIF"), and Delivered at Place ("DAP") terms.

Under the Group's and the Company's standard contract terms, customers have a right of return within 6 months. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group and the Company have rights to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Group and the Company use its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

(b) Consignment sales

The subsidiary, Supercomal Medical Products Sdn. Bhd. ("SMP") has consignment sales to one of its customers. The subsidiary will directly ship the goods with the shipping term of Cost, Insurance and Freight ("CIF") to a destination specified by the customer via mutually agreed upon carriers. Revenue is recognised when title to the products is passed upon withdrawal of products by the customer from consigned location i.e at a point in time.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income

Interest income is recognised using the effective interest method.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Other income

Other income comprises scrap sales and miscellaneous income. Scrap sales are recognised upon delivery of goods and miscellaneous income are recognised on an accrual basis.



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary and associate, except where the Group and the Company are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or to settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

(c) Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Group and the Company, and the presentation currency for the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currencies (Cont'd)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gain and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income.

Short-term employee benefits

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

Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees' Provident Fund. Such contributions are recognised as expenses in profit or loss as incurred. The Group and the Company have no further payment obligations once these contributions have been paid.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Leases

The Group and the Company as a lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leases (Cont'd)

The Group and the Company as a lessee (Cont'd)

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group and the Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group and the Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position. Right-of-use assets representing prepaid lease payments on leasehold land are amortised evenly over the lease period of 60 years.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leases (Cont'd)

The Group and the Company as a lessee (Cont'd)

The Group and the Company apply MFRS 136 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the property, plant and equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, MFRS 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Company have not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group and the Company allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group and the Company as lessor

The Group and the Company enter into lease agreements as a lessor with respect to its right-of-use asset.

Leases for which the Group and the Company are lessors are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's and the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's and the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contract with Customers* to allocate the consideration under the contract to each component.

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Factory buildings	2%
Factory equipment	10%
Plant and machinery	10% - 23%
Furniture and fittings	10% - 23%
Renovation	10%
Office equipment	10%
Tools and equipment	10% - 23%
Motor vehicles	20%
Electrical installation	10%
Moulds and dies	20% - 23%
Hostel	2%



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment (Cont'd)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible assets and intangible assets

At the end of each reporting period, the Group and the Company review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of raw materials comprises the original purchase price plus the cost incurred in bringing the inventories to their present location. The cost of work-in-progress and finished goods comprises the cost of raw materials, direct labour and appropriate portion of fixed and variable overhead expenses. Goods-in-transit is stated at cost. Cost is determined based on the weighted average basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit and loss ("FVTPL").

Despite the foregoing, the Group and the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- (i) the Group and the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- (ii) the Group and the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognise interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "investment income" line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or at FVTOCI are measured at FVTPL. Specifically:

- (i) Investments in equity instruments are classified as at FVTPL, unless the Group and the Company designate an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- (ii) Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group and the Company have not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other losses and gains" line item (Note 7). Fair value is determined in the manner described in Note 30.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- (i) for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" line item;
- (ii) for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the "other gains and losses" line item. Other exchange differences are recognised in other comprehensive income in the investment revaluation reserve;
- (iii) for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange difference are recognised in profit or loss in the "other gains and losses" line item; and
- (iv) for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, amounts due from customers, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognise lifetime expected credit loss ("ECL") for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's and Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's and the Company's core operations.



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Significant increase in credit risk (Cont'd)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- (i) an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- (ii) significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- (iii) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- (iv) an actual or expected significant deterioration in the operating results of the debtor;
- (v) significant increases in credit risk on other financial instruments of the same debtor;
- (vi) an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group and the Company presume that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group and the Company have reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group and the Company assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group and the Company consider a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

For financial guarantee contracts, the date that the Group and the Company become parties to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group and the Company consider the changes in the risk that the specified debtor will default on the contract.

The Group and the Company regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- (i) when there is a breach of financial covenants by the counterparty; or
- (ii) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group and the Company, in full (without taking into account any collaterals held by the Group and the Company).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Definition of default (Cont'd)

Irrespective of the above analysis, the Group and the Company consider that default has occurred when a financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group and the Company write off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's and the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's and the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with MFRS 16 *Leases*.

For a financial guarantee contract, as the Group and the Company are required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group and the Company expect to receive from the holder, the debtor or any other party.

If the Group and the Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determine at the current reporting date that the conditions for lifetime ECL are no longer met, the Group and the Company measure the loss allowance at an amount equal to 12 months ECL at the current reporting date, except for assets for which simplified approach was used.

The Group and the Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when the transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group and the Company, and commitments issued by the Group and the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which MFRS 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- (i) it has been acquired principally for the purpose of repurchasing it in the near term; or
- (ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and has a recent actual pattern of short-term profit-taking; or
- (iii) it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities at FVTPL (Cont'd)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's and the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- (iii) it forms part of a contract containing one or more embedded derivatives, and MFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other losses and gains" line item (Note 7).

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group and the Company that are designated by the Group and the Company as at FVTPL are recognised in profit or loss.

Fair value is determined in the manner described in Note 30.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Segment information

For management purpose, the Group and the Company are organised into operating segments based on their business segment which is regularly reviewed by the Group's chief operating decision maker for the performance of the respective segments under their charge. The segment chief operation officer reports directly to the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance.

Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, demand deposits which are not pledged and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and Company's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. The estimated useful lives applied by the Company as disclosed in Note 3 reflect the directors' estimate of the period that the Company expects to derive future economic benefits from the use of its property, plant and equipment. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. Further details are disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

(b) Key sources of estimation uncertainty (Cont'd)

(ii) Inventories

The Group and the Company make an allowance for slow moving/obsolete inventories based on an assessment of the net realisable value of the inventories. When estimating the net realisable value of inventories, management consider all of the facts relating to the inventories and the operating environment at the time the estimates are made. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the period in which such estimate has been changed. Further details are disclosed in Note 17.

(iii) Impairment of receivables

When measuring expected credit loss ("ECL"), the Group and the Company use reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Further details are disclosed in Note 18.

(iv) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit would be available against which those deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and level of future taxable profit together with future tax planning strategies.

Details of deferred tax assets not recognised in the financial statements at the end of the reporting period due to uncertainty of its realisation are disclosed in Note 25.

(v) Impairment of goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the end of the reporting period is disclosed in Note 15.

(vi) Impairment of investment in a subsidiary

Impairment exists when the carrying value of the investment in the subsidiary exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Company has determined the recoverable amount of the investment in a subsidiary, Supercomal Advanced Cables Sdn. Bhd. ("SAC") based on its fair value less cost of disposal. The fair value was determined based on the adjusted net tangible assets of SAC. During the current financial year, the Company reversed an impairment loss of RM5,605,109 on its investment in SAC. Further details are disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



5. REVENUE

Revenue comprises the following:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers	143,614,566	128,409,544	55,423,083	47,157,189

Disaggregation of Group's revenue from contracts with customers:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Segment revenue				
Sale of manufacture goods	112,301,191	98,442,022	55,423,083	47,157,189
Consignment Sales	31,313,375	29,967,522	-	-
	143,614,566	128,409,544	55,423,083	47,157,189
Geographical markets				
Malaysia	92,115,975	71,328,043	53,951,508	47,043,727
Dominican Republic	34,399,557	27,994,432	-	-
United States	12,800,317	20,791,275	1,335,042	-
Republic of Singapore	2,723,118	2,652,749	-	-
Denmark	1,333,103	3,166,145	-	-
Taiwan R.O.C.	201,841	164,610	136,533	113,462
China	40,655	123,620	-	-
Switzerland	-	1,656,459	-	-
Hong Kong	-	532,211	-	-
	143,614,566	128,409,544	55,423,083	47,157,189
Timing of revenue recognition				
At a point in time				
Sale of goods	112,301,191	98,442,022	55,423,083	47,157,189
Consignment sales	31,313,375	29,967,522	-	-
	143,614,566	128,409,544	55,423,083	47,157,189

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. INVESTMENT INCOME

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fair value gain on financial assets carried at fair value through profit or loss	1,226,045	252,416	802,513	52,963
Interest income on short-term deposits	328,600	782,779	13,707	116,221
Rental income	94,275	97,300	359,908	530,654
Dividend income from a subsidiary	-	-	20,000,000	6,500,000
	1,648,920	1,132,495	21,176,128	7,199,838

The following is an analysis of investment income by category of asset:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fair value gain on financial assets carried at fair value through profit or loss	1,226,045	252,416	802,513	52,963
Interest income for financial assets not designated as at fair value through profit or loss:				
Amortised cost (including cash and bank balances)	328,600	782,779	13,707	116,221
Investment income earned on non-financial assets	94,275	97,300	359,908	530,654
Dividend income from a subsidiary	-	-	20,000,000	6,500,000
	1,648,920	1,132,495	21,176,128	7,199,838

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



7. OTHER (LOSSES) AND GAINS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Foreign exchange gain/(loss):				
Realised	1,131,693	918,541	33,872	7,697
Unrealised	370,923	(583,356)	(53,847)	12,908
Reversal of inventories written down	77,167	10,730	33,686	-
Gain/(Loss) on disposal of property, plant and equipment	94,260	(3,983)	14,400	6,766
Amortisation of intangible asset	(3,791,633)	(3,791,633)	-	-
Allowance for expected credit losses	(346,279)	-	-	-
Inventories written down	(108,129)	-	(108,129)	-
Property, plant and equipment written off	(1,717)	(11,334)	(1,717)	(2,842)
Reversal of impairment loss/ (Impairment loss) on investment cost of subsidiary	-	-	5,605,109	(2,175,354)
	(2,573,715)	(3,461,035)	5,523,374	(2,150,825)

8. OTHER INCOME

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Scrap sales	929,851	626,934	915,052	604,934
Miscellaneous income	555,802	695,990	712	1,814
	1,485,653	1,322,924	915,764	606,748

9. TAX EXPENSE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax:				
Income tax expense in respect of current year	7,862,053	7,972,960	868,889	388,000
(Over)/Underprovision in prior years	(345,999)	(148,009)	4,079	85
Deferred tax:				
Relating to the origination and reversal of temporary differences (Note 25)	(346,906)	(867,747)	64,025	119,245
	7,169,148	6,957,204	936,993	507,330

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. TAX EXPENSE (Cont'd)

The total income tax expense for the year can be reconciled to the accounting profit as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	32,383,197	30,458,655	29,852,819	6,136,505
Tax expense calculated using the statutory income tax rate of 24% (2020: 24%)	7,771,967	7,310,077	7,164,677	1,472,761
Effect of expenses that are not deductible in determining taxable profit	290,042	290,570	106,066	594,484
Utilisation of previously unrecognised unused tax losses	(161,000)	(354,620)	-	-
Effect of income that are not taxable in determining taxable profit	(385,862)	(140,814)	(6,337,829)	(1,560,000)
	7,515,147	7,105,213	932,914	507,245
(Over)/Underprovision of income tax expense in prior years	(345,999)	(148,009)	4,079	85
Income tax recognised in profit or loss	7,169,148	6,957,204	936,993	507,330

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
After charging:				
Amortisation of intangible assets (Note 16)	3,791,633	3,791,633	-	-
Depreciation of property, plant and equipment (Note 12)	2,281,514	2,001,450	681,013	687,601
Audit fee	113,000	113,000	65,000	65,000
Amortisation of right-of-use assets (Note 13)	53,999	53,999	24,828	24,828
Rental expenses on short-term leases and leases of low value assets:				
Hostel	21,644	16,125	21,644	16,125
Machinery	100	500	100	500

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



10. PROFIT FOR THE YEAR

Employee benefit expenses recognised as an expense during the financial year is as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Post employment benefits:				
Employee salaries and benefits	23,217,937	19,620,199	6,525,534	5,148,270
Defined contribution plan	1,592,963	1,235,488	391,606	328,633
Total employee benefit expenses	24,810,900	20,855,687	6,917,140	5,476,903

The employees of the Group and of the Company are required by law to make contributions to the Employees' Provident Fund ("EPF"), a post-employment plan. The Group and the Company are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group and of the Company with respect to the retirement benefit plan is to make the specified contributions.

Details of remuneration of directors, who are also the key management personnel of the Group and of the Company, are as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive:				
Directors of the Company:				
Fee	95,000	90,000	95,000	90,000
Contributions to Employees' Provident Fund	11,604	45,432	11,604	45,432
Other emoluments	895,520	813,900	895,520	813,900
Directors of subsidiaries:				
Fee	396,000	396,000	-	-
Contributions to Employees' Provident Fund	64,464	73,512	-	-
Other emoluments	1,252,250	1,033,200	-	-
Non-executive:				
Directors of the Company:				
Fee	110,500	108,000	110,500	108,000
Other emoluments	22,000	19,000	22,000	19,000
Directors of a subsidiary:				
Fee	60,000	60,000	-	-
Other emoluments	5,000	5,000	-	-
	2,912,338	2,644,044	1,134,624	1,076,332

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. EARNINGS PER SHARE

Basic earnings per share

The net profit and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	The Group	
	2021	2020
Profit for the year attributable to owners of the Company (RM)	25,214,049	23,501,451
Weighted average number of ordinary shares for the purpose of basic earnings per share	719,379,785	650,603,493
Basic earnings per share (sen)	3.50	3.61

Diluted earnings per share

The diluted earnings per share has been calculated by dividing the Group's profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares that would have been in issue assuming exercise of the warrants, adjusted for the number of such ordinary shares that would have been issued at fair value:

	The Group	
	2021	2020
Profit for the year attributable to owners of the Company (RM)	25,214,049	23,501,451
Weighted average number of ordinary shares for the purpose of basic earnings per share	719,379,785	650,603,493
Warrant shares deemed to be issued for no consideration	86,994,086	104,220,474
	806,373,871	754,823,967
Diluted earnings per share (sen)	3.13	3.11

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



12. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost	Beginning of year RM	Additions RM	Disposals RM	Write-off RM	End of year RM
2021:					
Factory buildings	8,050,010	-	-	-	8,050,010
Factory equipment	173,000	-	-	-	173,000
Plant and machinery	39,267,236	2,328,263	-	(332,227)	41,263,272
Furniture and fittings	2,998,722	287,561	-	(17,200)	3,269,083
Renovation	613,550	656,663	-	-	1,270,213
Office equipment	1,658,271	154,840	(11,785)	(3,698)	1,797,628
Tools and equipment	6,891,794	74,580	(13,956)	(4,300)	6,948,118
Motor vehicles	1,709,218	348,773	(359,308)	-	1,698,683
Electrical installation	1,511,604	-	-	-	1,511,604
Moulds and dies	4,991,644	152,626	-	-	5,144,270
Hostel	1,807,000	-	-	-	1,807,000
	69,672,049	4,003,306	(385,049)	(357,425)	72,932,881
2020:					
Factory buildings	8,050,010	-	-	-	8,050,010
Factory equipment	173,000	-	-	-	173,000
Plant and machinery	36,991,373	2,818,108	-	(542,245)	39,267,236
Furniture and fittings	2,928,679	105,043	(30,888)	(4,112)	2,998,722
Renovation	247,760	365,790	-	-	613,550
Office equipment	1,589,231	96,739	(5,500)	(22,199)	1,658,271
Tools and equipment	6,451,887	463,370	(5,500)	(17,963)	6,891,794
Motor vehicles	1,770,700	-	(59,922)	(1,560)	1,709,218
Electrical installation	1,511,604	-	-	-	1,511,604
Moulds and dies	4,890,501	101,949	-	(806)	4,991,644
Hostel	1,807,000	-	-	-	1,807,000
	66,411,745	3,950,999	(101,810)	(588,885)	69,672,049

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group (Cont'd)

Accumulated depreciation	Beginning of year RM	Charge for the year (Note 10) RM	Disposals RM	Write-off RM	End of year RM
2021:					
Factory buildings	3,535,475	161,000	-	-	3,696,475
Factory equipment	155,700	-	-	-	155,700
Plant and machinery	33,100,938	1,369,297	-	(332,227)	34,138,008
Furniture and fittings	2,036,954	154,801	-	(17,200)	2,174,555
Renovation	210,178	95,165	-	-	305,343
Office equipment	1,158,378	87,596	(8,696)	(1,981)	1,235,297
Tools and equipment	5,679,755	145,118	(1,047)	(4,300)	5,819,526
Motor vehicles	1,381,503	121,794	(334,648)	-	1,168,649
Electrical installation	1,424,217	17,085	-	-	1,441,302
Moulds and dies	4,692,207	93,518	-	-	4,785,725
Hostel	101,887	36,140	-	-	138,027
	53,477,192	2,281,514	(344,391)	(355,708)	55,058,607
2020:					
Factory buildings	3,374,475	161,000	-	-	3,535,475
Factory equipment	155,700	-	-	-	155,700
Plant and machinery	32,449,777	1,192,196	-	(541,035)	33,100,938
Furniture and fittings	1,919,800	136,141	(17,839)	(1,148)	2,036,954
Renovation	192,730	17,448	-	-	210,178
Office equipment	1,098,948	80,299	(5,500)	(15,369)	1,158,378
Tools and equipment	5,575,301	127,668	(5,500)	(17,714)	5,679,755
Motor vehicles	1,293,428	149,557	(59,922)	(1,560)	1,381,503
Electrical installation	1,405,055	19,162	-	-	1,424,217
Moulds and dies	4,611,093	81,839	-	(725)	4,692,207
Hostel	65,747	36,140	-	-	101,887
	52,142,054	2,001,450	(88,761)	(577,551)	53,477,192

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group (Cont'd)

Accumulated impairment losses	Beginning of year RM	Charge from the year RM	Disposals/ write-off RM	End of year RM
2021:				
Plant and machinery	67,539	-	-	67,539
Furniture and fittings	39,854	-	-	39,854
Office equipment	10,189	-	-	10,189
Tools and equipment	134,237	-	-	134,237
Moulds and dies	16,654	-	-	16,654
	268,473	-	-	268,473
2020:				
Plant and machinery	67,539	-	-	67,539
Furniture and fittings	39,854	-	-	39,854
Office equipment	10,189	-	-	10,189
Tools and equipment	134,237	-	-	134,237
Moulds and dies	16,654	-	-	16,654
	268,473	-	-	268,473

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Company

Cost	Beginning of year RM	Additions RM	Disposals RM	Write-off RM	End of year RM
2021:					
Factory buildings	6,597,000	-	-	-	6,597,000
Plant and machinery	21,842,506	972,159	-	(332,227)	22,482,438
Furniture and fittings	1,574,961	64,500	-	(17,200)	1,622,261
Office equipment	930,127	56,896	(4,999)	(3,698)	978,326
Tools and equipment	4,106,788	5,120	-	(4,300)	4,107,608
Motor vehicles	605,127	-	(112,711)	-	492,416
Electrical installation	1,025,400	-	-	-	1,025,400
Moulds and dies	3,450,395	-	-	-	3,450,395
Hostel	1,807,000	-	-	-	1,807,000
	<u>41,939,304</u>	<u>1,098,675</u>	<u>(117,710)</u>	<u>(357,425)</u>	<u>42,562,844</u>
2020:					
Factory buildings	6,597,000	-	-	-	6,597,000
Plant and machinery	22,140,295	244,456	-	(542,245)	21,842,506
Furniture and fittings	1,554,478	21,118	-	(635)	1,574,961
Office equipment	914,809	27,755	(4,290)	(8,147)	930,127
Tools and equipment	4,045,670	84,581	(5,500)	(17,963)	4,106,788
Motor vehicles	666,609	-	(59,922)	(1,560)	605,127
Electrical installation	1,025,400	-	-	-	1,025,400
Moulds and dies	3,450,395	-	-	-	3,450,395
Hostel	1,807,000	-	-	-	1,807,000
	<u>42,201,656</u>	<u>377,910</u>	<u>(69,712)</u>	<u>(570,550)</u>	<u>41,939,304</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Company (Cont'd)

Accumulated depreciation	Beginning of year RM	Charge for the year (Note 10) RM	Disposals RM	Write-off RM	End of year RM
2021:					
Factory buildings	2,942,164	131,940	-	-	3,074,104
Plant and machinery	20,531,053	367,019	-	(332,227)	20,565,845
Furniture and fittings	1,272,724	55,842	-	(17,200)	1,311,366
Office equipment	793,066	29,857	(4,999)	(1,981)	815,943
Tools and equipment	3,953,962	29,233	-	(4,300)	3,978,895
Motor vehicles	555,373	24,760	(112,711)	-	467,422
Electrical installation	997,368	6,103	-	-	1,003,471
Moulds and dies	3,449,590	119	-	-	3,449,709
Hostel	101,887	36,140	-	-	138,027
	34,597,187	681,013	(117,710)	(355,708)	34,804,782
2020:					
Factory buildings	2,810,224	131,940	-	-	2,942,164
Plant and machinery	20,693,630	378,458	-	(541,035)	20,531,053
Furniture and fittings	1,221,044	52,314	-	(634)	1,272,724
Office equipment	776,772	27,349	(4,290)	(6,765)	793,066
Tools and equipment	3,947,980	29,196	(5,500)	(17,714)	3,953,962
Motor vehicles	592,095	24,760	(59,922)	(1,560)	555,373
Electrical installation	991,043	6,325	-	-	997,368
Moulds and dies	3,448,471	1,119	-	-	3,449,590
Hostel	65,747	36,140	-	-	101,887
	34,547,006	687,601	(69,712)	(567,708)	34,597,187

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Company (Cont'd)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Net book value:				
Factory buildings	4,353,535	4,514,535	3,522,896	3,654,836
Factory equipment	17,300	17,300	-	-
Plant and machinery	7,057,725	6,098,759	1,916,593	1,311,453
Furniture and fittings	1,054,674	921,914	310,895	302,237
Renovation	964,870	403,372	-	-
Office equipment	552,142	489,704	162,383	137,061
Tools and equipment	994,355	1,077,802	128,713	152,826
Motor vehicles	530,034	327,715	24,994	49,754
Electrical installation	70,302	87,387	21,929	28,032
Moulds and dies	341,891	282,783	686	805
Hostel	1,668,973	1,705,113	1,668,973	1,705,113
	17,605,801	15,926,384	7,758,062	7,342,117

In prior years, one of the Company's subsidiary, Supercomal Advanced Cables Sdn. Bhd., had suffered continuous losses from its manufacturing of wires and cables for the automotive industry. The directors of the subsidiary carried out an impairment test in the prior years and concluded that the recoverable amounts of certain property, plant and equipment were lower than their carrying amounts. Accordingly, an accumulated impairment loss of RM268,473 (2020: RM268,473) was recognised by the subsidiary.

As of December 31, 2021, certain factory buildings of the Group and of the Company with a total carrying value of RM2,502,050 (2020: RM2,599,850) are charged to local licensed banks as securities for bank credit facilities granted to the Group and the Company as disclosed in Note 29.

13. RIGHT-OF-USE ASSETS

The Group

Cost	Beginning of year RM	Additions RM	End of year RM
2021			
Short-term leasehold lands	3,073,574	-	3,073,574
2020			
Short-term leasehold lands	3,073,574	-	3,073,574

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



13. RIGHT-OF-USE ASSETS (Cont'd)

The Group (Cont'd)

	Beginning of year RM	Amortisation charge for the year (Noted 10) RM	End of year RM
Accumulated amortisation			
2021			
Short-term leasehold lands	<u>1,213,419</u>	<u>53,999</u>	<u>1,267,418</u>
2020			
Short-term leasehold lands	<u>1,159,420</u>	<u>53,999</u>	<u>1,213,419</u>

The Company

Cost	Beginning of year RM	Additions RM	End of year RM
2021			
Short-term leasehold land	<u>1,440,000</u>	<u>-</u>	<u>1,440,000</u>
2020			
Short-term leasehold land	<u>1,440,000</u>	<u>-</u>	<u>1,440,000</u>

Accumulated amortisation	Beginning of year RM	Amortisation charge for the year (Note 10) RM	End of year RM
2021			
Short-term leasehold land	<u>581,382</u>	<u>24,828</u>	<u>606,210</u>
2020			
Short-term leasehold land	<u>556,554</u>	<u>24,828</u>	<u>581,382</u>

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM

Net carrying amount:

Short-term leasehold lands	<u>1,806,156</u>	<u>1,860,155</u>	<u>833,790</u>	<u>858,618</u>
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As of December 31, 2021, the unexpired lease periods of the Group's and the Company's leasehold lands are 32 to 33 years (2020: 33 to 34 years) and 33 years (2020: 34 years) respectively.

As of December 31, 2021, leasehold lands of the Group and of the Company with carrying value of RM1,806,156 (2020: RM1,860,155) and RM833,790 (2020: RM858,618) respectively are charged to a local licensed bank as security for bank credit facilities granted to the Group and to the Company as disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14. INVESTMENT IN SUBSIDIARIES

	The Company	
	2021 RM	2020 RM
Unquoted shares, at cost	168,850,000	168,850,000
Less: Accumulated impairment losses	(6,991,860)	(12,596,969)
Carrying amount	161,858,140	156,253,031

In the previous year, the Company recognised an impairment charge of RM12,596,969 on its investment in Supercomal Advanced Cables Sdn. Bhd. ("SAC"). During the current financial year, the recoverable amount of the Company's investment in SAC has been determined based on the adjusted net tangible assets of the subsidiary. As a result of this analysis, the management has recognised a reversal of impairment charge of RM5,605,109 in the current year. The reversal of impairment charge is recorded within other gains and losses in the statement of profit or loss and other comprehensive income.

Details of the subsidiaries are as follows:

Name	Country of incorporation and operation	Proportion of ownership interest (%)		Principal activities
		2021	2020	
Held by the Company:				
Supercomal Advanced Cables Sdn. Bhd.	Malaysia	100	100	Manufacture and assembly of fuel tanks, wires and cables
Supercomal Medical Products Sdn. Bhd.	Malaysia	100	100	Manufacture of medical cables and devices

15. GOODWILL ON CONSOLIDATION

The Group

	2021 RM	2020 RM
Cost		
At beginning/end of year	87,477,804	87,477,804

The carrying amount of goodwill has been allocated to CGU as follows:

	2021 RM	2020 RM
Supercomal Medical Products Sdn. Bhd. business segment – manufacture of medical cables and devices	87,477,804	87,477,804

Supercomal Medical Products Sdn. Bhd. business segment

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses discounted cash flows forecast based on financial budgets approved by the directors covering a five-year period and a pre-tax discount rate of 19.5% (2020: 15.5%) per annum. The cash flows beyond that five-year period have been extrapolated using a steady 1% (2020: 1%) per annum growth rate.

Sensitivity analysis



15. GOODWILL ON CONSOLIDATION (Cont'd)

Supercomal Medical Products Sdn. Bhd. business segment (Cont'd)

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount of the CGU to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of the Supercomal Medical Products Sdn. Bhd. business segment is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

A 2% (2020: 2%) underperformance against budgeted sales would reduce the recoverable amount but would not result in an impairment charge.

16. INTANGIBLE ASSETS

Customers contracts and related relationship

The Group

	2021 RM	2020 RM
Cost		
At beginning/end of year	<u>31,289,380</u>	<u>31,289,380</u>
Accumulated amortisation		
At beginning of year	10,426,990	6,635,357
Current amortisation (Note 10)	<u>3,791,633</u>	<u>3,791,633</u>
At end of year	<u>14,218,623</u>	<u>10,426,990</u>
Net carrying amount		
At end of year	<u>17,070,757</u>	<u>20,862,390</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. INVENTORIES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At cost:				
Raw materials	13,971,559	13,036,388	4,677,613	3,823,114
Work-in-progress	4,138,661	3,462,680	2,723,940	2,082,403
Finished goods	13,322,016	10,784,255	4,313,121	3,378,546
Spare parts	64,003	71,690	64,003	71,690
Goods-in-transit	-	1,416,948	-	-
	31,496,239	28,771,961	11,778,677	9,355,753
At net realisable value:				
Raw materials	487,571	516,319	255,692	251,736
Less: inventories written down	(487,571)	(516,319)	(255,692)	(251,736)
	-	-	-	-
Work-in-progress	5,178	5,178	-	-
Less: inventories written down	(5,178)	(5,178)	-	-
	-	-	-	-
Finished goods	117,500	57,790	117,500	47,013
Less: inventories written down	(117,500)	(57,790)	(117,500)	(47,013)
	-	-	-	-
	31,496,239	28,771,961	11,778,677	9,355,753

The cost of inventories of the Group and of the Company recognised as an expense during the financial year is RM101,749,024 (2020: RM87,830,852) and RM49,877,694 (2020: RM43,398,555) respectively.

The amount recognised as an expense during the year in respect of write-down of inventories to net realisable value of the Group and of the Company are RM108,129 (2020: RM Nil) and RM108,129 (2020: RM Nil) respectively. The amount of reversal of inventories written down recognised in profit or loss of the Group and of the Company during the financial year are RM77,167 (2020: RM10,730) and RM33,686 (2020: RM Nil) respectively. Previous write-downs have been reversed as a result of utilisation during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables	29,268,765	26,180,906	10,164,063	11,061,035
Less: Allowance for expected credit losses	(346,279)	-	-	-
	28,922,486	26,180,906	10,164,063	11,061,035
Amount owing by subsidiaries:				
Trade	-	-	3,948,510	2,213,174
Non-trade	-	-	162,156	122,702
	-	-	4,110,666	2,335,876
Other receivables	34,094	117,056	5,267	1,688
	28,956,580	26,297,962	14,279,996	13,398,599

The currency exposure profile of trade and other receivables is as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	25,906,505	20,713,626	14,247,886	13,379,979
United States Dollars	3,050,075	5,584,336	32,110	18,620
	28,956,580	26,297,962	14,279,996	13,398,599

Included in trade receivables of the Group and the Company is an amount owing by a related party in which a director of the Group and the Company is also a director and has interest as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
King Royal Electrical Inc.	26,192	43,642	26,192	18,614

The credit periods granted by the Group and by the Company on sale of goods range from 30 to 90 days (2020: 30 to 90 days). No interest is charged on outstanding trade receivables.

The Group and the Company always measure the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. TRADE AND OTHER RECEIVABLES (Cont'd)

The Group and the Company write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivable is over 90 days past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

	Not past due RM	< 30 RM	31-90 RM	91-365 RM	> 365 RM	Total RM
The Group						
December 31, 2021						
Estimated credit loss rate	0.01%	0.01%	0.01%	0.01%	100%	
Estimated total gross carrying amount at default	<u>24,261,869</u>	<u>2,112</u>	<u>2,539,683</u>	<u>8,104</u>	<u>346,279</u>	<u>29,268,765</u>
Lifetime ECL	<u>*2,426</u>	<u>*211</u>	<u>*254</u>	<u>*1</u>	<u>346,279</u>	<u>346,279</u>
	Not past due RM	< 30 RM	31-90 RM	91-365 RM	> 365 RM	Total RM
December 31, 2020						
Estimated credit loss rate	0.01%	0.01%	0.01%	0.01%	100%	
Estimated total gross carrying amount at default	<u>22,239,422</u>	<u>2,843,715</u>	<u>746,891</u>	<u>204,081</u>	<u>146,797</u>	<u>26,180,906</u>
Lifetime ECL	<u>*2,224</u>	<u>*284</u>	<u>*75</u>	<u>*20</u>	<u>*146,797</u>	<u>-</u>

* Lifetime ECL determined to be not material. As such, loss allowance is not recognised in the statement of profit or loss.

During the year and in prior year, the risk profile of trade receivables based on the Company's provision matrix does not show significant loss patterns, thus loss allowance is not recognised.

Movement in the allowance for expected credit losses on trade receivables of the Group is as follows:

	2021 RM	2020 RM
Balance at beginning of the year	-	-
Allowance for expected credit losses recognised during the year	<u>346,279</u>	-
Balance at end of the year	<u>346,279</u>	-

The credit period granted by the Company for trade transactions with subsidiaries is 60 days (2020: 60 days). No interest is charged on trade amount owing by subsidiaries.

The non-trade amount owing by subsidiaries arose mainly from unsecured advances which are interest free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



19. OTHER ASSETS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Refundable deposits	255,465	244,635	65,965	59,135
Prepayments	3,916,950	2,857,103	589,489	103,018
	4,172,415	3,101,738	655,454	162,153

The currency exposure profile of other assets is as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	1,901,200	590,333	655,454	162,153
United States Dollars	2,271,188	2,448,413	-	-
Euro	27	62,992	-	-
	4,172,415	3,101,738	655,454	162,153

20. OTHER FINANCIAL ASSETS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM

Financial assets carried at fair value through profit or loss:

Non-derivative financial assets:

Investments in money market funds	102,256,393	38,070,347	78,015,477	21,052,963
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The currency exposure profile of other financial assets is as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	100,171,781	36,061,278	78,015,477	21,052,963
United States Dollars	2,084,612	2,009,069	-	-
	102,256,393	38,070,347	78,015,477	21,052,963

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. TERM DEPOSITS WITH LICENSED BANKS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Not later than one year (current portion)	16,350,000	24,190,000	2,500,000	-
Later than one year and not later than two years (non-current portion)	186,500	186,500	-	-
	16,536,500	24,376,500	2,500,000	-

As of December 31, 2021, the Group's current portion of term deposits with licensed banks carry interest at rates ranging from 0.45% to 1.90% (2020: 1.45% to 3.23%) per annum and will mature from January 2022 to December 2022. The Company's current portion of term deposits with licensed banks carry interest at a rate of 1.05% (2020: N/A) per annum and will mature in January 2022.

As of December 31, 2021, non-current portion of term deposits with licensed banks of the Group with a carrying value of RM186,500 (2020: RM186,500) are pledged to the bank for a bank guarantee facility granted to a subsidiary and carry interest at a rate of Nil % (2020: Nil %).

22. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	6,015,808	3,642,306	3,415,980	1,810,914
United States Dollars	22,657,059	14,666,416	985,288	15,556
	28,672,867	18,308,722	4,401,268	1,826,470

23. SHARE CAPITAL

	2021		2020	
	No. of shares	RM	No. of shares	RM
Issued and fully paid:				
Ordinary shares				
At beginning of year	677,038,265	192,361,826	643,000,000	170,236,954
Exercise of warrants	82,393,133	53,555,537	34,038,265	22,124,872
At end of year	759,431,398	245,917,363	677,038,265	192,361,826

During the financial year, the issued and paid-up share capital of the Company was increased from RM192,361,826 to RM245,917,363 by way of issuance of 82,393,133 new ordinary shares of RM0.65 per ordinary shares pursuant to the exercise of 82,393,133 warrants. The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

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. All ordinary shares rank equally with regard to the Company's residual assets.

Subsequent to the financial year, the issued and paid-up share capital of the Company was increased from RM245,917,363 to RM247,438,363 by way of issuance of 2,340,000 new ordinary shares at an exercise price of RM0.65 per ordinary share pursuant to the exercise of 2,340,000 warrants.



23. SHARE CAPITAL (Cont'd)

Warrants

On June 20, 2019, the Company issued 214,332,839 free warrants pursuant to the bonus issue of warrants undertaken by the Company on the basis of one warrant for every three existing ordinary shares held in the Company.

The warrants entitle the registered holder, at any time within a period of five years commencing on and including the date of issuance of the warrants and expiring on the close of business at 5p.m in Malaysia on the date immediately preceding the 5th anniversary of the date of issuance of the warrants on June 19, 2024, and if such date is not a market day, then on the preceding market day. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose. The exercise price of the warrants has been fixed by the Directors at RM0.65 per warrant. The exercise price and/or the number of warrants to be issued shall from time to time be adjusted under certain circumstances in accordance with the provision of the Deed Poll dated May 29, 2019.

The warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company, until and unless such holders exercise the rights under the warrants to subscribe to new ordinary shares; and the new ordinary shares to be issued upon exercise of the warrants shall, upon allotment and issue, rank pari passu with the then existing ordinary shares, including the entitlement to dividends, rights, allotments or other distribution except that they will not be entitled to the rights, allotment or other distributions declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the warrants.

The warrants were listed on Bursa Malaysia Securities Berhad on June 28, 2019.

The movements in the Company's warrants are as follows:

	Number of warrants (unit)			
	Balance as of 1.1.2021	Allotted	Exercised	Balance as of 31.12.2021
Number of unexercised warrants	180,294,574	-	(82,393,133)	97,901,441

Employees' share options scheme ("ESOS")

On September 18, 2019, the Company implemented an ESOS for a period of 5 years. The ESOS is governed by the By-Laws, which were approved by the shareholders at an Extraordinary General Meeting held on May 28, 2019 ("the Scheme").

The salient terms of the ESOS are as follows:

- (a) The total number of issued shares (excluding treasury shares) offered under the Scheme shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- (b) Only eligible directors and employees of the Company and of the Group will be eligible to participate in the Scheme.
- (c) The exercise price of the options shall be determined by the Directors upon recommendation of the ESOS Committee based on the 5-day volume weighted average price of the Company's shares immediately preceding the date of offer with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the duration of the Scheme.
- (d) The number of options to be offered to an eligible employee in accordance with the Scheme shall be determined based on, inter alia, the eligible employee's position within the Group, fulfillment of the eligibility criteria, work performance and/or such other factors as the ESOS Committee deems fit and the offer shall be valid for acceptance by an employee for a period of 30 days from the date of offer.
- (e) The new ordinary shares to be allotted upon any exercise of the ESOS shall upon allotment and issuance, rank pari passu in all respects with the then existing ordinary shares of the Company except that these new ordinary shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions which may be declared prior to the allotment of these shares.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. SHARE CAPITAL (Cont'd)

Employees' share options scheme ("ESOS")

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

24. RETAINED EARNINGS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM

Distributable reserve:

Retained earnings	<u>63,765,274</u>	49,388,379	<u>29,640,154</u>	11,561,482
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As of December 31, 2021, the entire retained earnings of the Company is available for distribution as single-tier dividends to the shareholders of the Company.

25. DEFERRED TAX (ASSETS)/LIABILITIES

The Group

	Opening balance RM	Recognised in profit or loss (Note 9) RM	Closing balance RM
2021:			
Deferred tax liabilities:			
Intangible assets	5,006,973	(909,992)	4,096,981
Property, plant and equipment	<u>1,027,817</u>	<u>341,086</u>	<u>1,368,903</u>
	<u>6,034,790</u>	<u>(568,906)</u>	<u>5,465,884</u>
Deferred tax assets:			
Unused tax losses	<u>(1,452,000)</u>	<u>222,000</u>	<u>(1,230,000)</u>
	<u>(1,452,000)</u>	<u>222,000</u>	<u>(1,230,000)</u>
Net	<u>4,582,790</u>	<u>(346,906)</u>	<u>4,235,884</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



25. DEFERRED TAX (ASSETS)/LIABILITIES (Cont'd)

The Group (Cont'd)

	Opening balance RM	Recognised in profit or loss (Note 9) RM	Closing balance RM
2020:			
Deferred tax liabilities:			
Intangible assets	5,916,965	(909,992)	5,006,973
Property, plant and equipment	914,572	113,245	1,027,817
	<u>6,831,537</u>	<u>(796,747)</u>	<u>6,034,790</u>
Deferred tax assets:			
Unused tax capital allowances	(1,381,000)	(71,000)	(1,452,000)
	<u>(1,381,000)</u>	<u>(71,000)</u>	<u>(1,452,000)</u>
Net	<u>5,450,537</u>	<u>(867,747)</u>	<u>4,582,790</u>

The Company

	Opening balance RM	Recognised in profit or loss (Note 9) RM	Closing balance RM
2021:			
Deferred tax liabilities:			
Property, plant and equipment	<u>957,817</u>	<u>109,025</u>	<u>1,066,842</u>
Deferred tax assets:			
Inventories	(72,000)	(18,000)	(90,000)
Others	(64,000)	(27,000)	(91,000)
	<u>(136,000)</u>	<u>(45,000)</u>	<u>(181,000)</u>
Net	<u>821,817</u>	<u>64,025</u>	<u>885,842</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. DEFERRED TAX (ASSETS)/LIABILITIES (Cont'd)

The Company (Cont'd)

	Opening balance RM	Recognised in profit or loss (Note 9) RM	Closing balance RM
2020:			
Deferred tax liabilities:			
Property, plant and equipment	929,572	28,245	957,817
Deferred tax assets:			
Unused tax capital allowances	(50,000)	50,000	-
Inventories	(71,000)	(1,000)	(72,000)
Unused tax losses	(38,000)	38,000	-
Others	(68,000)	4,000	(64,000)
	(227,000)	91,000	(136,000)
Net	702,572	119,245	821,817

Deferred tax balances are presented in the statements of financial position after appropriate offsetting as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax liabilities	5,465,884	6,034,790	885,842	821,817
Deferred tax assets	(1,230,000)	(1,452,000)	-	-
	4,235,884	4,582,790	885,842	821,817

As of December 31, 2021, deferred tax assets have not been recognised in respect of the following:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unused tax losses	1,921,000	2,717,000	-	-

As mentioned in Note 3, the tax effects of unused tax losses which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



25. DEFERRED TAX (ASSETS)/LIABILITIES (Cont'd)

As of December 31, 2021, the Group has the following amounts of unused tax losses which are available for set off against future taxable profits:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unused tax losses*	7,046,000	8,767,000	-	-

* The Finance Act 2021 gazetted on December 31, 2021 enacts that the time frame to carry forward unutilised tax losses be extended from 7 to 10 consecutive years of assessment. In connection to this, the initial unused tax losses that will expire in the financial year ending December 31, 2025 will be extended for an additional 3 years to December 31, 2028.

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables	6,074,551	9,377,925	3,926,884	4,083,743
Amount owing to subsidiaries:				
Trade	-	-	-	1,263
Non-trade	-	-	85,831	11,593
	-	-	85,831	12,856
Other payables	2,975,881	1,584,809	162,909	322,669
Advances from customers	6,879,515	1,827,878	-	-
Accrued expenses	3,219,663	3,031,955	1,040,656	956,759
	13,075,059	6,444,642	1,203,565	1,279,428
	19,149,610	15,822,567	5,216,280	5,376,027

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. TRADE AND OTHER PAYABLES (Cont'd)

The currency exposure profile of trade and other payables is as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	14,467,087	8,921,411	5,082,184	4,696,960
United States Dollars	4,680,251	6,834,939	134,096	679,067
Singapore Dollars	2,272	2,981	-	-
Euro	-	63,236	-	-
	<u>19,149,610</u>	<u>15,822,567</u>	<u>5,216,280</u>	<u>5,376,027</u>

The credit periods granted to the Group and the Company for trade purchases range from 30 to 60 days (2020: 30 to 60 days). No interest is charged on outstanding trade payables. The Group and the Company have financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

In 2020, the credit period granted to the Company for trade transactions with subsidiaries was 60 days. No interest was charged on trade amount owing to subsidiaries. The non-trade amount owing to subsidiaries arose mainly from unsecured advances which are interest free and are repayable on demand.

Other payables comprise mainly amounts outstanding for ongoing costs.

27. DIVIDENDS

	2021 RM	2020 RM
Dividends declared and paid:		
Final single tier dividend of RM0.01 per ordinary share in respect of the financial year ended December 31, 2020	7,224,769	-
Special single tier dividend of RM0.005 ordinary share in respect of the financial year ended December 31, 2020	3,612,385	-
First and final single tier dividend of RM0.01 per ordinary share in respect of the financial year ended December 31, 2019	-	6,430,000
Special single tier dividend of RM0.005 per ordinary share in respect of the financial year ended December 31, 2019	-	3,215,000
	<u>10,837,154</u>	<u>9,645,000</u>

Subsequent to the financial year end, the directors proposed a final single tier dividend of RM0.015 per ordinary shares in respect of the current financial year. This dividend has not been included as a liability in the financial statements and are subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Term deposits with licensed banks	16,536,500	24,376,500	2,500,000	-
Cash and bank balances	28,672,867	18,308,722	4,401,268	1,826,470
	45,209,367	42,685,222	6,901,268	1,826,470
Less: Deposits pledged as security	(186,500)	(186,500)	-	-
Less: Deposits (which are greater than 90 days but less than one year) not recognised as cash and cash equivalents	(3,350,000)	(9,890,000)	-	-
	41,672,867	32,608,722	6,901,268	1,826,470

29. CREDIT FACILITIES

As of December 31, 2021, the Group and the Company have unused credit facilities as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Secured - Term loan	2,000,000	2,000,000	2,000,000	2,000,000
Secured - Bank overdraft	500,000	500,000	500,000	500,000
	2,500,000	2,500,000	2,500,000	2,500,000

The bank overdrafts and term loan of the Group and of the Company bear interest at a rate of 1.5% (2020: 1.5%) per annum above the lending banks' lending rates.

The credit facilities of the Group and of the Company are secured, either singly or collectively as follows:

- legal charges over certain land and buildings of the Group and of the Company; and
- negative pledges over the assets of the Group and of the Company.

30. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or to achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment. Management monitors capital based on ability of the Group to generate sustainable profits and availability of retained earnings for dividend payments to shareholders. The Group's and the Company's overall strategy remain unchanged from 2020.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. FINANCIAL INSTRUMENTS (Cont'd)

b. Categories of financial instruments

	2021 RM	2020 RM
The Group		
Financial assets		
At amortised cost:		
Cash and bank balances	28,672,867	18,308,722
Term deposits with licensed banks	16,536,500	24,376,500
Trade and other receivables	28,956,580	26,297,962
Refundable deposits	255,465	244,635
	<u> </u>	<u> </u>
At fair value through profit or loss:		
Other financial assets	102,256,393	38,070,347
	<u> </u>	<u> </u>
Financial liabilities		
At amortised cost:		
Trade and other payables	19,149,610	15,822,567
	<u> </u>	<u> </u>
The Company		
Financial assets		
At amortised cost:		
Cash and bank balances	4,401,268	1,826,470
Term deposits with licensed banks	2,500,000	-
Trade and other receivables	14,279,996	13,398,599
Refundable deposits	65,965	59,135
	<u> </u>	<u> </u>
At fair value through profit or loss:		
Other financial assets	78,015,477	21,052,963
	<u> </u>	<u> </u>
Financial liabilities		
At amortised cost:		
Trade and other payables	5,216,280	5,376,027
	<u> </u>	<u> </u>



30. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives

The operations of the Group and of the Company are subject to a variety of financial risks, including market risk, foreign currency risk, credit risk, interest rate risk, liquidity risk and cash flow risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

i. Market risk management

The Group and the Company have in place policies to manage the Group's and the Company's exposures to fluctuation in the prices of the raw materials used in the operations.

ii. Foreign currency risk management

The Group and the Company have exposure to foreign exchange risk as a result of transactions, receivables and payables in foreign currencies arising from normal operating activities. The Group and the Company do not speculate in foreign currencies.

The carrying amounts of the Group's and of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2021 RM	2020 RM
The Group		
Assets		
United States Dollars	30,062,934	24,708,234
Euro	<u>27</u>	<u>62,992</u>
Liabilities		
United States Dollars	4,680,251	6,834,939
Singapore Dollars	2,272	2,981
Euro	<u>-</u>	<u>63,236</u>
The Company		
Assets		
United States Dollars	<u>1,017,398</u>	<u>34,176</u>
Liabilities		
United States Dollars	<u>134,096</u>	<u>679,067</u>

The following table details the sensitivity analysis when the RM strengthens 3% (2020: 3%) against the relevant foreign currencies. 3% (2020: 3%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the financial period for a 3% (2020: 3%) change in foreign currency rates. A positive number below indicates an increase in profit after tax and a negative number indicates a decrease in profit after tax where the RM strengthens 3% (2020: 3%) against the relevant currency.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives (Cont'd)

ii. Foreign currency risk management (Cont'd)

	2021 RM	2020 RM
The Group		
Impact on profit or loss:		
United States Dollars	(761,480)	(536,199)
Singapore Dollars	68	89
Euro	<u>(1)</u>	<u>7</u>

The Company

Impact on profit or loss:

United States Dollars	<u>(26,499)</u>	<u>19,347</u>
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For a 3% (2020: 3%) weakening of the RM against the relevant currency, it would have an equal but opposite effect on the above currencies to the amounts shown above.

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group and the Company only transact with entities that are rated the equivalent of investment grade and above. The Group and the Company use its own trading records to rate its major customers. The Group's and the Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



30. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives (Cont'd)

iii. Credit risk management (Cont'd)

The tables below detail the credit quality of the Group's and the Company's financial assets and other items, as well as the Group's and the Company's maximum exposure to credit risk by credit risk rating grades:

The Group

	Note	External credit rating	Internal credit rating	12 months or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
31.12.2021							
Trade and other receivables	18	N/A	(i)	Lifetime ECL (simplified approach)	29,268,765	(346,279)	28,922,486
31.12.2020							
Trade and other receivables	18	N/A	(i)	Lifetime ECL (simplified approach)	26,180,906	-	26,180,906

The Company

31.12.2021							
Trade and other receivables	18	N/A	(i)	Lifetime ECL (simplified approach)	10,164,063	-	10,164,063
31.12.2020							
Trade and other receivables	18	N/A	(i)	Lifetime ECL (simplified approach)	11,061,035	-	11,061,035

- (i) For trade receivables, the Group and the Company has applied the simplified approach in MFRS 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The Group and the Company determine the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At the end of the reporting period, approximately 82% (2020: 83%) and 89% (2020: 89%) of the Group's and of the Company's trade receivables respectively were due from five (2020: five) and three (2020: three) major customers respectively. Apart from these major customers, the Group and the Company do not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group and the Company defines counterparties as having similar characteristics if they are related entities or concentration of credit risk to any counterparty exceeded 3% (2020: 4%) and 7% (2020: 3%) of gross trade receivables at the end of reporting period respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives (Cont'd)

iii. Credit risk management (Cont'd)

The Group (Cont'd)

The carrying amounts of financial assets recognised in the financial statements, which is net of impairment losses, represents the Group's and the Company's maximum exposure to credit risk.

Further details of credit risks on trade and other receivables are disclosed in Notes 18 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are reputable banks.

iv. Interest rate risk management

The Group's and the Company's exposure to changes in interest rates relate primarily to the Group's and the Company's term deposits with licensed banks. There was no interest-bearing financial liabilities for the Group or for the Company as of the end of the reporting period.

No sensitivity analysis is prepared as the Group and the Company do not expect any material effect on the Group's and the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on fixed interest bearing financial instruments at the end of reporting period.

v. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's and of the Company's funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and financial liabilities.

Details of undrawn credit facilities that the Group and the Company have at its disposal to further reduce liquidity risk are set out in Note 29.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest curves at the end of the reporting period.

The Group

	2021 RM	2020 RM
Trade and other payables		
Not later than one year	<u>19,149,610</u>	<u>15,822,567</u>

The Company

	2021 RM	2020 RM
Trade and other payables		
Not later than one year	<u>5,216,280</u>	<u>5,376,027</u>



30. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives (Cont'd)

vi. Cash flow risk management

The Group and the Company review their cash flow position regularly to manage its exposures to fluctuations in future cash flows associated with its monetary financial instruments.

d. Fair value of financial instruments

This note provides information about how the Group and the Company determine fair values of various financial assets and financial liabilities.

i. Financial assets and financial liabilities that are measured at fair value on a recurring basis

The carrying value of current financial assets and current financial liabilities of the subsidiary approximate their values due to their short-term nature.

There were no transfers between the various levels in the fair value hierarchy during the year.

Some of the Group's and the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

The Group	2021 RM	2020 RM
Non-derivative financial asset:		
Fair value	<u>102,256,393</u>	<u>38,070,347</u>
The Company	2021 RM	2020 RM
Non-derivative financial asset:		
Fair value	<u>78,015,477</u>	<u>21,052,963</u>
Fair value hierarchy	Level 2	
Valuation technique and key input	Market-corroborated inputs	
Significant unobservable input	Not applicable	
Relationship of unobservable input to fair value	Not applicable	

There was no transfer between Levels 1 and 2 in the period.

ii. Financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of the short-term financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values due to the short-term nature of the financial assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. RELATED PARTY TRANSACTIONS

The following details of transactions between the Group and the Company with related parties were carried out under terms and conditions negotiated amongst the related parties.

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
With subsidiaries:				
Dividends received	-	-	20,000,000	6,500,000
Sale of finished goods	-	-	17,901,005	6,885,003
Rental received	-	-	332,208	502,704
(Advances given to)/repayment of advances by subsidiary	-	-	(39,454)	46,396
Purchase of raw materials, and packing materials	-	-	687,123	5,600
Advances from/(repayment of advances to) subsidiary	-	-	74,238	(168,506)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
With other related party:				
King Royal Electrical Inc. ^(a)				
Sale of finished goods	174,523	181,413	136,533	113,462
Poly Feats Sdn. Bhd. ^(b)				
Rental Paid	20,000	-	-	-

^(a) A company in which a director of the Group and the Company is also a director and has interest.

^(b) A company in which certain directors of the Group and the Company are also directors and have interests.

32. SEGMENTAL INFORMATION

Products and services from which reportable segments derive their revenue

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance comprises single type of goods delivered, namely manufactured products and consignment products. Accordingly, the segment revenue information of the Group has been presented in Note 5.

Segment assets and liabilities

The Group is only involved in manufacturing activities. As such, there is only one reportable segment is provided and reviewed by the chief operating decision maker.

Geographical information

The Group's operations are located in Malaysia.

The Group's revenue from external customers attributed to countries from which the Company and its subsidiaries derive revenue are disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



32. SEGMENTAL INFORMATION (Cont'd)

Information about major customers

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

	Revenue		Segments
	2021 RM	2020 RM	
Customer A	34,420,480	29,967,522	Manufacture of medical cables and devices
Customer B	20,161,194	24,439,499	Manufacture of PVC compound and cables/wires for electronic devices and data control switches
Customer C	46,717,438	23,066,250	Manufacture of medical cables and devices
Customer D	8,492,339	20,002,951	Manufacture of medical cables and devices
Customer E	7,448,298	8,780,990	Manufacture of PVC compound and cables/wires for electronic devices and data control switches
	117,239,749	106,257,212	

33. OPERATING LEASE ARRANGEMENTS

The Company as a lessor

Operating leases, in which the Company is the lessor, relate to right-of-use asset, premises and equipment owned by the Company with lease term of 2 years (2020: 2 years). The lessees do not have an option to purchase at the expiry of the lease period.

The unguaranteed residual values of right-of-use asset and premises do not represent a significant risk for the Company, as they relate to properties which are located in locations with a constant increase in value over the last 2 years (2020: 2 years). The Company did not identify any indications that this situation will change.

Maturity analysis of operating lease payments:

	2021 RM	2020 RM
Year 1	122,202	502,705
Year 2	-	122,202
	122,202	624,907

34 CAPITAL COMMITMENTS

As of December 31, 2021, the Group has the following commitments in respect of capital expenditure on acquisition of property, plant and equipment:

	2021 RM	2020 RM
Contracted and not provided for:		
Property, plant and equipment	91,480	300,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. SIGNIFICANT EVENTS

The World Health Organization in March 2020 declared the Coronavirus disease outbreak ("COVID-19") as a global pandemic. In Malaysia, the Malaysian Government had taken certain actions in dealing with the pandemic, which included the declaration of the Movement Control Order ("MCO") which came into effect on March 18, 2020.

Due to the rising number of COVID-19 infections in 2021, the Malaysian Government had reimplemented the MCO 2.0 and MCO 3.0. MCO 2.0 and MCO 3.0 came into effect on January 13, 2021 and May 10, 2021 respectively, in which only selected sectors of the economy were allowed to operate, subject to certain restrictions and compliance to the standard operating procedures. As the manufacturing sector is one of the selected sectors which was allowed to operate, the operations and business activities of the Company and its subsidiaries in Malaysia had not been significantly affected by the implementation of the MCO 2.0 and MCO 3.0.

Following MCO 2.0 and MCO 3.0, a nationwide full lockdown ("FMCO") was introduced from June 1, 2021 due to the significant spike in COVID-19 cases in Malaysia. All economy sectors were not allowed to operate during this period except for the essential economic and service sectors. Approval from MITI allowed the Group to operate at 60% workforce with effect from June 1, 2021 and at 100% with effect from September 1, 2021.

As disclosed above, the Company's and its subsidiaries' businesses and operations were not significantly affected by the outbreak of COVID-19 and the implementation of MCO 2.0, MCO 3.0 and FMCO. On March 8, 2022, the Malaysian Government announced that Malaysia will begin transitioning into the endemic phase starting on April 1, 2022 with all restrictions on business operating hours removed and with relaxed COVID-19 rules and standard operating procedures.

Nevertheless, there continues to be considerable uncertainty over the scale and duration of the impact arising from COVID-19. As the related financial impact cannot be estimated with sufficient reliability, the Group does not consider it practical to provide a quantitative estimate of the potential impact of COVID-19 on the Group as at the date of this report.

Overall, the outbreak of COVID-19 and the implementation of the MCO 2.0, MCO 3.0 and FMCO have not resulted in any material impact to the Group's businesses and operations as of the date of these financial statements.

STATEMENT BY DIRECTORS



The directors of **SUPERCOMNET TECHNOLOGIES BERHAD** state that, in their opinion, the accompanying financial statements 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 December 31, 2021 and of the financial performance and the cash flows of the Group and of the Company for the year then ended on that date.

Signed in accordance with
a resolution of the Directors,

SHIUE, JONG-ZONE

April 18, 2022

WU, HUEI-CHUNG

DECLARATION BY THE OFFICER

Primarily Responsible For The Financial Management Of The Company

I, TAY QIU JIE (MIA - 49246), the officer primarily responsible for the financial management of SUPERCOMNET TECHNOLOGIES BERHAD, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **TAY QIU JIE at**
SUNGAI PETANI in the State of **KEDAH**
on April 18, 2022.

Before me,

COMMISSIONER FOR OATHS

GROUP PROPERTIES

As At December 31, 2021

The details of the landed properties owned by the Supercomnet Technologies Berhad as at December 31, 2021 are set out below:

Title / Location	Description	Land area/ Built- up area sq. meters	Existing use	Tenure	Approximate Age of buildings	Net book value as at December 31, 2021 RM	Date of Acquisition / Last revaluation
Registered Owner : Supercomnet Technologies Berhad							
Lot P.T. 30512 H.S.(D) 2808/95 Mukim of Sungai Petani bearing postal address : Lot 172, Jalan PKNK 3/8, Kawasan Perusahaan Sungai Petani, 08000 Sungai Petani, Kedah Darul Aman.	Two storey factory buildings situated on a 60 years leasehold land with the option to extend lease for a further 39 years	12,158/ 9,566*	wire and cable manufacturing plant	Leasehold expiring on 05/05/2055	Building 1 is approx. 29 years and Building 2 is approx. 25 years	4,356,687 [^]	July 1997
Registered Owner : Supercomal Advanced Cables Sdn Bhd							
Lot P.T. 30511 H.S.(D) 2807/95 Mukim of Sungai Petani bearing postal address : Lot 171, Jalan PKNK 3/8, Kawasan Perusahaan Sungai Petani, 08000 Sungai Petani, Kedah Darul Aman.	Two storey factory buildings situated on a 60 years leasehold land with the option to extend lease for a further 39 years	20,234.3 /8,830**	wire and cable manufacturing cable assembly plant	Leasehold expiring on 05/05/2055	Building 3 is approx. 19 years and Building 4 is approx. 18 years.	1,803,003 ^{^^}	February 2015

GROUP PROPERTIES Cont'd

As At December 31, 2021



Title / Location	Description	Land area/ Built- up area sq. meters	Existing use	Tenure	Approximate Age of buildings	Net book value as at December 31, 2021 RM	Date of Acquisition / Last revaluation
Registered Owner : Supercomnet Technologies Berhad							
Geran 63467 Lot 26507 Bandar Sungai Petani, Daerah Kuala Muda Kedah Darul Aman bearing postal address No. 369 Jalan Batik 1/1, Taman Batik, 08000 Sungai Petani, Kedah Darul Aman.	Double storey terrace house	151	Employee hostel	Freehold	Hostel building 1 is approx. 17 years.	151,525	September 2017
Geran 63537 Lot 26505 Bandar Sungai Petani, Daerah Kuala Muda Kedah Darul Aman bearing postal address No. 371 Jalan Batik 1/1, Taman Batik, 08000 Sungai Petani, Kedah Darul Aman.	Double storey terrace house	151	Employee Hostel	Freehold	Hostel building 2 is approx. 17 years.	188,258	September 2017
Geran 61767 Lot 26609 Bandar Sungai Petani, Daerah Kuala Muda Kedah Darul Aman bearing postal address No. 267 Jalan Batik 1/5, Taman Batik, 08000 Sungai Petani, Kedah.	Double storey terrace house	130	Employee hostel	Freehold	Hostel building 3 is approx. 17 years.	156,043	September 2017

GROUP PROPERTIES (Cont'd)

As At December 31, 2021

Title / Location	Description	Land area/ Built-up area sq. meters	Existing use	Tenure	Approximate Age of buildings	Net book value as at December 31, 2021 RM	Date of Acquisition / Last revaluation
Geran 63396 Lot 26514 Bandar Sungai Petani, Daerah Kuala Muda Kedah Darul Aman bearing postal address No. 362 Jalan Batik 1/1, Taman Batik, 08000 Sungai Petani, Kedah Darul Aman.	Double storey terrace house	361	Employee hostel	Freehold	Hostel building 4 is approx. 17 years.	277,500	March 2018
Geran 63398 Lot 26512 Bandar Sungai Petani, Daerah Kuala Muda Kedah Darul Aman bearing postal address No. 364 Jalan Batik 1/1, Taman Batik, 08000 Sungai Petani, Kedah Darul Aman.	Double storey terrace house	151	Employee hostel	Freehold	Hostel building 5 is approx. 17 years.	194,250	March 2018
Geran 63399 Lot 26511 Bandar Sungai Petani, Daerah Kuala Muda Kedah Darul Aman bearing postal address No. 365 Jalan Batik 1/1, Taman Batik, 08000 Sungai Petani, Kedah Darul Aman.	Double storey terrace house	151	Employee hostel	Freehold	Hostel building 6 is approx. 17 years.	194,250	March 2018

GROUP PROPERTIES (Cont'd)

As At December 31, 2021



Title / Location	Description	Land area/ Built- up area sq. meters	Existing use	Tenure	Approximate Age of buildings	Net book value as at December 31, 2021 RM	Date of Acquisition / Last revaluation
Geran 62991 Lot 26520 Bandar Sungai Petani, Daerah Kuala Muda Kedah Darul Aman bearing postal address No.315 Jalan Batik 1/1, Fasa 1, Taman Batik, 08000 Sungai Petani, Kedah Darul Aman.	Double storey terrace house	130	Employee hostel	Freehold	Hostel building 7 is approx. 17 years.	175,750	March 2018
Geran 63400 Lot 26510 Bandar Sungai Petani, Daerah Kuala Muda Kedah Darul Aman bearing postal address No.366 Jalan Batik 1/1, Taman Batik, 08000 Sungai Petani, Kedah Darul Aman.	Double storey terrace house	151	Employee hostel	Freehold	Hostel building 8 is approx. 17 years.	194,250	March 2018
Geran 62531 Lot 26531 Bandar Sungai Petani, Daerah Kuala Muda Kedah Darul Aman bearing postal address No. 326 Jalan Batik 1/1, Taman Batik, 08000 Sungai Petani, Kedah Darul Aman.	Double storey terrace house	130	Employee hostel	Freehold	Hostel building 9 is approx. 17 years.	137,146	March 2018

Notes:

- * There are two main buildings on the land. Building 1 measures 3,350 sq. meters whilst Building 2 measures 5,788 sq. meters. Other structures such as the guard house, pump house, canteen, etc., measure approximately 428 sq. meters.
- ^ Of the total, the net book value for the land as at December 31, 2021 was RM833,791 whilst the net book value of the buildings was RM3,522,896.
- ** There are two main buildings on the land. Building 3 measures 3,690 sq. meters whilst Building 4 measures 4,840 sq. meters. Other structures such as the guard house, parking, canteen, etc., measure approximately 300 sq. meters.
- ^^ Of the total, the net book value for the land as at December 31, 2021 was RM972,366 whilst the net book value of the buildings was RM830,637.

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT APRIL 05, 2022

Total Number of Issued Shares	: 761,771,398
Class of Shares	: Ordinary Shares with equal voting right
Number of Shareholders	: 5,478

DISTRIBUTION OF SHAREHOLDERS AS AT APRIL 05, 2022

Size of Holdings	No. of Holders	Total Holdings	%
1 - 99	21	383	0.00
100 - 1,000	914	606,557	0.08
1,001 - 10,000	2,941	14,572,100	1.91
10,001 - 100,000	1,342	42,410,492	5.57
100,001 – 38,088,568	254	171,615,033	22.53
38,088,569 and above	6	532,566,833	69.91
Total	5,478	761,771,398	100

THIRTY LARGEST SECURITIES HOLDERS AS AT APRIL 05, 2022

No.	Name	Shareholdings	%
1	Shiue, Jong-Zone Also Known As James Shiue	158,735,200	20.84
2	Wu, Huei-Chung	111,029,033	14.58
3	Shiue, Jyh-Jeh @ Jerry	71,350,000	9.37
4	Wu, Chung-Jung	69,189,150	9.08
5	Hsueh, Chih-Yu	68,784,000	9.03
6	Lim Eng Chuan	53,479,450	7.02
7	Amanahraya Trustees Berhad PB Growth Fund	9,580,000	1.26
8	Amanahraya Trustees Berhad Public Strategic Smallcap Fund Level	8,974,000	1.18
9	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	7,522,800	0.99
10	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Manulife Investment Shariah Progress Fund	7,076,100	0.93
11	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 TR01)	6,002,100	0.79
12	Pacific Rotary Sdn. Bhd.	5,432,800	0.71
13	DB (Malaysia) Nominee (Asing) Sdn Bhd The Bank Of New York Mellon For Greatlink Asean Growth Fund	5,274,100	0.69
14	CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund	4,429,400	0.58
15	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Kenanga Growth Opportunities Fund (50154 TR01)	3,448,200	0.45
16	Lin Ho, Shu-Li	3,408,000	0.45
17	Ng Wai Sim	3,400,000	0.45
18	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Yau Kong	3,147,500	0.41

ANALYSIS OF SHAREHOLDINGS (Cont'd)



THIRTY LARGEST SECURITIES HOLDERS AS AT APRIL 05, 2022

No.	Name	Shareholdings	%
19	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn. Bhd. (Affin 2)	3,051,900	0.40
20	Chen Cheng-Chun	3,036,000	0.40
21	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Public Industry Growth Fund (N14011930270)	2,917,200	0.38
22	Liu, Shou-Lun	2,903,000	0.38
23	Liu, Mei-Hsin	2,899,100	0.38
24	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	2,247,200	0.30
25	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For William Desmond York	2,200,500	0.29
26	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad Kenanga Malaysian Inc Fund	2,149,900	0.28
27	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Progress Fund (4082)	2,017,800	0.26
28	Low Mooi Choo	1,790,000	0.23
29	Citigroup Nominees (Asing) Sdn Bhd UBS AG	1,599,600	0.21
30	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Hung Thiam (7000997)	1,572,000	0.21

SUBSTANTIAL SHAREHOLDERS AS AT APRIL 05, 2022

Name	Direct		Indirect	
	Share Holding	%	Share Holding	%
Shiue, Jong-Zone A.K.A. James Shiue	158,735,200	20.84	320,352,183 ^(a)	42.05
Wu, Huei-Chung	111,029,033	14.58	368,058,350 ^(b)	48.32
Wu, Chung-Jung	69,189,150	9.08	409,898,233 ^(c)	53.81
Hsueh, Chih-Yu	68,784,000	9.03	410,303,383 ^(d)	53.86
Shiue, Jyh-Jeh @ Jerry	71,350,000	9.37	413,170,183 ^(e)	54.24
Lim Eng Chuan	53,479,450	7.02	-	-

Notes:

^(a) Indirect interest held through:

Wu, Huei-Chung	111,029,033
Wu, Chung-Jung	69,189,150
Hsueh, Chih-Yu	68,784,000
Shiue, Jyh-Jeh @ Jerry	71,350,000

ANALYSIS OF SHAREHOLDINGS (Cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT APRIL 05, 2022 (Cont'd)

Notes: (Cont'd)

(b) Indirect interest held through:

Shiue, Jong-Zone	158,735,200
Wu, Chung-Jung	69,189,150
Hsueh, Chih-Yu	68,784,000
Shiue, Jyh-Jeh @ Jerry	71,350,000

(c) Indirect interest held through:

Shiue, Jong-Zone	158,735,200
Wu, Huei-Chung	111,029,033
Hsueh, Chih-Yu	68,784,000
Shiue, Jyh-Jeh @ Jerry	71,350,000

(d) Indirect interest held through:

Shiue, Jong-Zone	158,735,200
Wu, Huei-Chung	111,029,033
Wu, Chung-Jung	69,189,150
Shiue, Jyh-Jeh @ Jerry	71,350,000

(e) Indirect interest held through:

Shiue, Jong-Zone	158,735,200
Wu, Huei-Chung	111,029,033
Wu, Chung-Jung	69,189,150
Hsueh, Chih-Yu	68,784,000
Pacific Rotary Sdn. Bhd.	5,432,800

DIRECTORS' SHAREHOLDING AS AT APRIL 05, 2022

Name	Direct Share Holding	%	Indirect Share Holding	%
Shiue, Jong-Zone A.K.A. James Shiue	158,735,200	20.84	320,352,183 ^(a)	42.05
Wu, Huei-Chung	111,029,033	14.58	368,058,350 ^(b)	48.32
Wu, Chung-Jung	69,189,150	9.08	409,898,233 ^(c)	53.81
Hsueh, Chih-Yu	68,784,000	9.03	410,303,383 ^(d)	53.86
Lim Eng Chuan	53,479,450	7.02	-	-
Tan Sok Suan	-	-	5,432,800 ^(e)	0.71
Goh Chooi Eam	-	-	-	-
Ng Ngoon Weng	-	-	-	-
Ang Hwui Tee	-	-	-	-

ANALYSIS OF SHAREHOLDINGS (Cont'd)



DIRECTORS' SHAREHOLDING AS AT APRIL 05, 2022 (Cont'd)

Notes: (Cont'd)

(a) Indirect interest held through:

Wu, Huei-Chung	111,029,033
Wu, Chung-Jung	69,189,150
Hsueh, Chih-Yu	68,784,000
Shiue, Jyh-Jeh @ Jerry*	71,350,000

(b) Indirect interest held through:

Shiue, Jong-Zone	158,735,200
Wu, Chung-Jung	69,189,150
Hsueh, Chih-Yu	68,784,000
Shiue, Jyh-Jeh @ Jerry*	71,350,000

(c) Indirect interest held through:

Shiue, Jong-Zone	158,735,200
Wu, Huei-Chung	111,029,033
Hsueh, Chih-Yu	68,784,000
Shiue, Jyh-Jeh @ Jerry *	71,350,000

(d) Indirect interest held through:

Shiue, Jong-Zone	158,735,200
Wu, Huei-Chung	111,029,033
Wu, Chung-Jung	69,189,150
Shiue, Jyh-Jeh @ Jerry*	71,350,000

(e) Indirect interest held through:

Pacific Rotary Sdn. Bhd.	5,432,800
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* **Shiue, Jyh-Jeh @ Jerry is a substantial shareholder/person connected and principal officer of STB's subsidiary.**

ANALYSIS OF WARRANT HOLDINGS

WARRANT CAPITAL AS AT APRIL 05, 2022

Total Number of Issued Warrant	: 96,561,441
Class of Warrant	: A
Exercise Price of Warrant	: RM0.65
Expiry Date of Warrant	: June 26,2024
Number of Warrant Holders	: 1,209

DISTRIBUTION OF WARRANT HOLDERS AS AT APRIL 05, 2022

Size of Holdings	No. of Holders	Total Holdings	%
1 - 99	357	15,192	0.02
100 - 1,000	180	88,863	0.09
1,001 - 10,000	390	1,678,979	1.76
10,001 - 100,000	211	7,524,815	7.87
100,001 – 4,778,071	67	33,095,476	34.63
4,778,072 and above	4	53,158,116	55.63
Total	1,209	95,561,441	100.00

THIRTY LARGEST WARRANT HOLDERS AS AT APRIL 05, 2022

No	Name	No. of Holdings	%
1	Wu, Chung-Jung	17,160,550	17.96
2	Hsueh, Chih-Yu	14,984,000	15.68
3	Shiue, Jong-Zone Also Known As James Shiue	10,986,066	11.50
4	Shiue, Jyh-Jeh @ Jerry	10,027,500	10.49
5	Ong Poh Gaik	3,051,800	3.19
6	Lim Eng Chuan	2,473,150	2.59
7	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kevin Tan Chee Ming (My2091)	2,282,000	2.39
8	Liu, Mei-Hsin	2,225,066	2.33
9	Liu, Shou-Lun	2,225,066	2.33
10	Pacific Rotary Sdn. Bhd.	1,810,933	1.90
11	Colin Soh Cheng Hoe	1,742,200	1.82
12	Lin Ho, Shu-Li	1,136,000	1.19
13	Ong Poh Gaik	1,090,400	1.14
14	Chen Cheng-Chun	1,012,000	1.06
15	Paul Ian Brown-Kenyon	964,033	1.01
16	Tee Keng Hoon	885,000	0.93
17	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Colin Soh Cheng Hoe	508,900	0.53
18	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Foong Ai Lin	491,666	0.51
19	Ong Eng Khoon	476,700	0.50
20	Tan Joo Lim	465,000	0.49
21	Lim Seh Wie	453,000	0.47

ANALYSIS OF WARRANT HOLDINGS (Cont'd)



THIRTY LARGEST WARRANT HOLDERS AS AT APRIL 05, 2022 (Cont'd)

No	Name	No. of Holdings	%
22	Pacesetters & Associates Sdn Bhd	452,000	0.47
23	Too Chin Kiong	400,066	0.42
24	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Ai Ming (E-KLC)	378,300	0.40
25	Tommy Lee Chee Yeow	360,000	0.38
26	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chee Sai Mun	327,466	0.34
27	Soo Ai Lin	311,200	0.33
28	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ho Xi Wen	308,000	0.32
29	Cassandra Ng Leigh Cum	301,566	0.32
30	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For Bank Of Singapore Limited (Local)	300,000	0.31

SUBSTANTIAL WARRANT HOLDERS AS AT APRIL 05, 2022

Name	Direct		Indirect	
	Warrant Holding	%	Warrant Holding	%
Shiue, Jong-Zone Also Known As James Shiue	10,986,066	11.50	42,172,050 ^(a)	44.13
Wu, Huei-Chung	-	-	53,158,116 ^(b)	55.63
Wu, Chung-Jung	17,160,550	17.96	35,997,566 ^(c)	37.67
Hsueh, Chih-Yu	14,984,000	15.68	38,174,116 ^(d)	39.95
Shiue, Jyh-Jeh @ Jerry	10,027,500	10.49	44,941,549 ^(e)	47.03
Lim Eng Chuan	2,473,150	2.59	-	-

Notes:

^(a) Indirect interest held through:

Wu, Chung-Jung	17,160,550
Hsueh, Chih-Yu	14,984,000
Shiue, Jyh-Jeh @ Jerry	10,027,500

^(b) Indirect interest held through:

Shiue, Jong-Zone A.K.A. James Shiue	10,986,066
Wu, Chung-Jung	17,160,550
Hsueh, Chih-Yu	14,984,000
Shiue, Jyh-Jeh @ Jerry	10,027,500

^(c) Indirect interest held through:

Shiue, Jong-Zone A.K.A. James Shiue	10,986,066
Hsueh, Chih-Yu	14,984,000
Shiue, Jyh-Jeh @ Jerry	10,027,500

ANALYSIS OF WARRANT HOLDINGS (Cont'd)

SUBSTANTIAL WARRANT HOLDERS AS AT APRIL 05, 2022 (Cont'd)

Notes: (Cont'd)

(d) Indirect interest held through:

Shiue, Jong-Zone A.K.A. James Shiue	10,986,066
Wu, Chung-Jung	17,160,550
Shiue, Jyh-Jeh @ Jerry	10,027,500

(e) Indirect interest held through:

Shiue, Jong-Zone A.K.A. James Shiue	10,986,066
Wu, Chung-Jung	17,160,550
Hsueh, Chih-Yu	14,984,000
Pacific Rotary Sdn. Bhd.	1,810,933

DIRECTORS' WARRANT HOLDING AS AT APRIL 05, 2022

Name	Direct Warrant Holding	%	Indirect Warrant Holding	%
Shiue, Jong-Zone A.K.A. James Shiue	10,986,066	11.50	42,172,050 ^(a)	44.13
Wu, Huei-Chung	-	-	53,158,116 ^(b)	55.63
Wu, Chung-Jung	17,160,550	17.96	35,997,566 ^(c)	37.67
Hsueh, Chih-Yu	14,984,000	15.68	38,174,116 ^(d)	39.95
Lim Eng Chuan	2,473,150	2.59	-	-
Tan Sok Suan	-	-	1,810,933 ^(e)	1.90
Goh Chooi Eam	-	-	-	-
Ng Ngoon Weng	-	-	-	-
Ang Hwui Tee	-	-	-	-

Notes:

(a) Indirect interest held through:

Wu, Chung-Jung	17,160,550
Hsueh, Chih-Yu	14,984,000
Shiue, Jyh-Jeh @ Jerry*	10,027,500

(b) Indirect interest held through:

Shiue, Jong-Zone A.K.A. James Shiue	10,986,066
Wu, Chung-Jung	17,160,550
Hsueh, Chih-Yu	14,984,000
Shiue, Jyh-Jeh @ Jerry*	10,027,500

(c) Indirect interest held through:

Shiue, Jong-Zone A.K.A. James Shiue	10,986,066
Hsueh, Chih-Yu	14,984,000
Shiue, Jyh-Jeh @ Jerry*	10,027,500

ANALYSIS OF WARRANT HOLDINGS (Cont'd)



DIRECTORS' WARRANT HOLDING AS AT APRIL 05, 2022

Notes:

(d) Indirect interest held through:

Shiue, Jong-Zone A.K.A. James Shiue	10,986,066
Wu, Chung-Jung	14,984,000
Shiue, Jyh-Jeh @ Jerry *	10,027,500

(e) Indirect interest held through:

Pacific Rotary Sdn. Bhd.	1,810,933
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* **Shiue, Jyh-Jeh @ Jerry is a substantial shareholder and principal officer of the STB's subsidiary.**

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Supercomnet Technologies BERHAD

Registration No. 199001005958 (197527-H)

PROXY FORM

NO. OF ORDINARY SHARES HELD

I/We _____ (*NRIC No./ Registration No. _____) of _____ being a member/members of **SUPERCOMNET TECHNOLOGIES BERHAD** hereby appoint *the Chairman of the meeting or _____ (*NRIC No./ Passport No. _____) of _____ or failing him, _____ (*NRIC No./ Passport No. _____) of _____ as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf at the Thirty-Second Annual General Meeting of the Company to be held at Tasha Hall, Cinta Sayang Resort, Persiaran Cinta Sayang, 08000 Sungai Petani, Kedah on Friday, June 10, 2022, at 10.00 a.m. and at every adjournment thereof to vote as indicated below:

ORDINARY RESOLUTIONS		*FOR	*AGAINST
1.	To declare a Final Single-Tier Dividend of 1.5 sen per share for the year ended December 31, 2021.		
2.	To approve Directors' Fees of up to RM312,000.00 from this Annual General Meeting (AGM) until the date of next AGM of the Company.		
3.	To approve the Directors' Benefits payable (excluding Directors' Fees) of up to RM21,500.00 from this AGM until the date of next AGM of the Company.		
	To re-elect the following Directors retiring under the provision of Paragraphs 102(1) and 107(2) of the Constitution of the Company respectively, and who, being eligible, had offered themselves for re-election:		
4.	Mr. Shiue, Jong-Zone A.K.A. James Shiue [Paragraph 102(1)]		
5.	Mr. Wu, Chung-Jung [Paragraph 102(1)]		
6.	Mr. Lim Eng Chuan [Paragraph 107(2)]		
7.	Ms. Ang Hwui Tee [Paragraph 107(2)]		
8.	Ms. Tan Sok Suan [Paragraph 107(2)]		
9.	To re-appoint Messrs. Deloitte PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to determine their remuneration.		
	To pass the following resolutions as Special Business:		
10.	Authority to Issue Shares		
11.	Renewal of Authority to Purchase the Company's own shares		
12.	Continuing in Office for Mr. Ng Ngoon Weng as Independent Non-Executive Director		
13.	Continuing in Office for Mr. Goh Chooi Eam as Independent Non-Executive Director.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

The Proportions of *my/our holdings to be represented by *my/our proxy/proxies *is/are as follows:

First Proxy : %
 Second Proxy : %
100 %

* Strike out whichever is not desired.

As witness my hand this day of....., 2022.

.....
 Signature of Member(s)

Notes:

A proxy may but need not be a member of the Company and in accordance with Section 334 of the Companies Act 2016, a member of a company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at the meeting.

A member of the Company (Except Exempt Authorised Nominee) may appoint up to two (2) proxies in relation to a general meeting, provided that he specifies the proportion of his shareholdings to be represented by each proxy.

To be valid, the proxy form duly completed must be deposited at the registered office of the Company at Suite S-21-H, 21st Floor, Menara Northam, 55, Jalan Sultan Ahmad Shah, 10050 George Town, Penang not less than forty-eight (48) hours before the time fixed 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.

Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

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

The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under its Common Seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.

Personal Data Privacy:

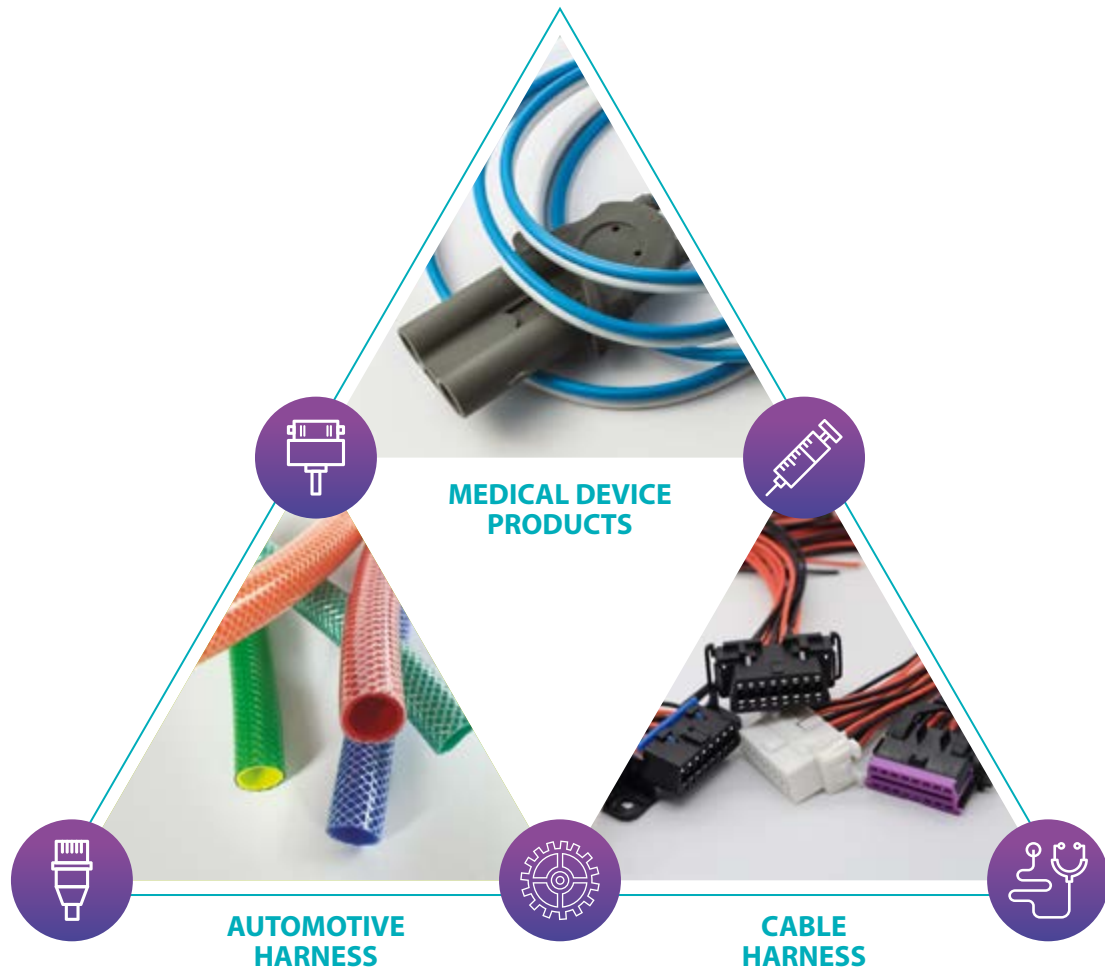
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 32nd Annual General Meeting dated April 29, 2022.

Fold here

Affix
Stamp
Here

To: The Company Secretaries
SUPERCOMNET TECHNOLOGIES BERHAD
c/o TMF Administrative Services Malaysia Sdn. Bhd.
Suite S-21-H, 21st Floor
Menara Northam
55, Jalan Sultan Ahmad Shah
10050 George Town
Penang

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Supercomnet Technologies Berhad

[Registration No. 199001005958 (197527-H)]

(ACE Market of Bursa Malaysia Securities Berhad)

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