

FACB Industries Incorporated Berhad
197901004632 (48850-K)

**Annual Report
2022**

FACB INDUSTRIES INCORPORATED BERHAD

ANNUAL REPORT 2022

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Corporate Information

BOARD OF DIRECTORS

Datuk Wan Kassim bin Ahmed
Chairman

Puan Sri Lee Chou Sarn

Dato' Dr. Abdul Razak bin Abdul

Mr Chen Yiy Fon

Mr Lim Mun Kee

EXECUTIVE PRESIDENT

Tan Sri Dr. Chen Lip Keong

GROUP COMPANY SECRETARY

Mr Lee Boo Tian
LS 0007987
PC NO. 202008002588

AUDIT COMMITTEE

Dato' Dr. Abdul Razak bin Abdul
Chairman, Independent Non-Executive Director

Datuk Wan Kassim bin Ahmed
Independent Non-Executive Director

Mr Lim Mun Kee
Independent Non-Executive Director

NOMINATING COMMITTEE

Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director

Mr Lim Mun Kee
Independent Non-Executive Director

REMUNERATION COMMITTEE

Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director

Dato' Dr. Abdul Razak bin Abdul
Independent Non-Executive Director

Mr Lim Mun Kee
Independent Non-Executive Director

REGISTERED OFFICE

Etiqa Twins, Tower 1
Level 13, 11 Jalan Pinang
50450 Kuala Lumpur
Tel : 603 2162 0060
Fax : 603 2162 0062
Website : www.facbi.com

SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 7784 3922
Fax : 603 7784 1988

AUDITORS

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants
Level 8, BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

PRINCIPAL BANKER

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market,
Bursa Malaysia Securities Berhad

Profiles of the Directors and Key Senior Management

DATUK WAN KASSIM BIN AHMED

Chairman, Independent Non-Executive Director

- Aged 73, Male, Malaysian
- Appointed to the Board on 29 March 2002
- Appointed as Chairman on 4 December 2013
- Chairman of Nominating and Remuneration Committees, a member of Audit Committee
- Graduated with Bachelor of Economics from University of Malaya in 1973
- Began his career with Messrs Kassim Chan, an audit firm in 1973 before joining Bank Bumiputra Malaysia Berhad. Joined Shamelin Berhad for 10 years before starting his own management consultancy firm, United Kadila Sdn. Bhd. Served as a Councilor for the Petaling Jaya Town Council between 1987 and 1991. Served as a Board member of the Malaysian Tourist Development Board from 1992 to 1996. Was a Director of Petaling Tin Berhad from 2001 to 2018
- Was a Director of Karambunai Corp Bhd. from 20 October 1998 to 31 July 2021. Was a director of Petaling Tin Berhad from 27 September 2019 to 31 July 2021

PUAN SRI LEE CHOU SARN

Non-Independent Executive Director

- Aged 75, Female, Malaysian
- Appointed to the Board on 17 March 1997 and as Acting Chief Executive Officer on 1 August 2007. On 15 December 2008, stepped down as Acting Chief Executive Officer
- Graduated with Bachelor of Economics in 1971 from University of Malaya
- Worked for 13 years in the Statistics Department of the Government of Malaysia. She has been a shareholder and a Director of Lipkland Holdings Sdn. Bhd., an investment holding company since December 1982. She was also a Director of Karambunai Corp Bhd. from 1994 to 2001

DATO' DR. ABDUL RAZAK BIN ABDUL

Independent Non-Executive Director

- Aged 72, Male, Malaysian
- Appointed to the Board on 12 April 1994. On 3 January 2005, re-designated from Executive Director to Non-Executive Director
- Chairman of Audit Committee and a member of Remuneration Committee
- Graduated with Master of Business Administration (Finance) in 1973 and obtained Ph.D (International Business) in 1979
- Commenced his career as a lecturer in Institut Teknologi MARA ("ITM") in 1973 and became the Head of ITM's School of Business in 1981. Has been actively involved in the insurance industry since 1983 and has vast experience in managing insurance companies. Was a Director of Petaling Tin Berhad from 1991 to 1992 and 1997 to 2000
- Currently, he is a Director of Atlan Holdings Berhad

CHEN YIY FON

Non-Independent Executive Director

- Aged 41, Male, Malaysian
- Appointed to the Board on 1 August 2007
- Graduated with Bachelor of Arts in Economics from University of Southern California, Los Angeles
- Previously worked in Morgan Stanley, Los Angeles, California and Credit Suisse First Boston, Singapore
- Currently, he is a Director of Karambunai Corp Bhd. and Petaling Tin Berhad

Profiles of the Directors and Key Senior Management

LIM MUN KEE

Independent Non-Executive Director

- Aged 55, Male, Malaysian
- Appointed to the Board on 1 August 2007
- A member of Audit, Nominating and Remuneration Committees
- A qualified accountant registered with the Malaysian Institute of Accountants (“MIA”) and the Malaysian Institute of Certified Public Accountants (“MICPA”)
- Started his career in KPMG Peat Marwick in 1989
- Has over 15 years of experience in auditing, finance and accountancy where he worked in several listed companies as Accountant, Financial Controller and Head of Internal Audit. Was a Director of Petaling Tin Berhad from 2007 to 2018
- Was a Director of Karambunai Corp Bhd. from 25 August 2010 to 31 July 2021. Was a director of Petaling Tin Berhad from 27 September 2019 to 31 July 2021

TAN SRI DR. CHEN LIP KEONG

Executive President

- Aged 75, Male, Malaysian
- Appointed to the Board on 3 August 1994 and retired on 30 November 2016
- Bachelor of Medicine and Surgery from University of Malaya 1973 (M.B.B.S. Malaya) and extensive corporate, managerial and business experience since 1976
- Controlling shareholder of Karambunai Corp Bhd., Petaling Tin Berhad and FACB Industries Incorporated Berhad

BONG SHEE CHENG

Chief Financial Officer

- Aged 65, Male, Malaysian
- Appointed as Chief Financial Officer on 2 May 2007
- A Chartered Accountant Malaysia (C.A.(M))
- Has more than 30 years of experience in the commercial and industrial sector prior to joining FACB Industries Incorporated Berhad. He held various senior positions in financial and corporate services of public listed corporations in Malaysia

GAN LEE BENG

Chief Executive Officer, Restonic (M) Sdn. Bhd.

- Aged 66, Male, Malaysian
- Joined Restonic (M) Sdn. Bhd. in 1998
- Graduated with Bachelor of Science (Honours) in Psychology and Post Graduate Diploma in Marketing
- Has over 30 years of work experience in consumer research, advertising and marketing. He last worked as Marketing Director with Kiwi Brands (M) Sdn. Bhd. before joining Restonic (M) Sdn. Bhd.

Other Information

- a. Family Relationship
Puan Sri Lee Chou Sarn is the spouse of Tan Sri Dr. Chen Lip Keong. Mr Chen Yiy Fon is the son of Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn.

Save as disclosed above, none of the Directors and Key Senior Management have any family relationship with any Director and/or major shareholder of the Company.

- b. Conflict of Interest
None of the Directors and Key Senior Management have any conflict of interest with the Company.

- c. Conviction of offences
None of the Directors and Key Senior Management have any conviction for offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Management Discussion and Analysis

FACB Industries Incorporated Berhad (“FACBII” or “Company”) is pleased to present the Annual Report of the Company and its subsidiaries (“Group”) for the financial year ended 30 June 2022 (“FY2022”).

OVERVIEW OF THE GROUP’S BUSINESS AND OPERATION

FACBII is a public company listed on the stock exchange in Malaysia since 1987.

FACBII is principally engaged in investment holding and provision of management services. Its subsidiaries are in the manufacturing and sale of bedding products in Malaysia and via its subsidiary and associates in China, marketing of steam and also manufacturing and marketing of bedding products.

FACBII has over the past two decades built up its reputation on excellent products and services. FACBII has been and will continue to be a reputable market leader in the bedding industry.

Bedding Division

The bedding division in Malaysia is under the Restonic (M) Sdn. Bhd. group of companies (“Restonic Group”). Restonic Group is a leading manufacturer of superior quality spring and foam mattresses as well as other bedding products in Malaysia. Its flagship brand is “Dreamland”.

The strength of its products lies in the patented Miracoil Spring System, a state-of-the-art spring technology from the United States that is used in all Dreamland Chiropractic mattresses. The Miracoil Spring System provides superior spinal support with its centre zoning of 49% more coil count and a vertical head-to-toe helical wire which reduces “roll-together” for less partner disturbance. In a research conducted by an independent survey company, 84.9% of Malaysians prefer the Miracoil Spring System over ordinary spring systems.

Dreamland is not only sought after by consumers in retail furniture stores and hypermarkets, it is also the choice mattress brand for the hotel industry in Malaysia. The brand has been awarded the Reader’s Digest Trusted Brand Award Gold every year since 2009. Dreamland is also a proud mattress supplier to Amway (M) Sdn. Bhd., the leading direct selling company in Malaysia.

Other quality and well sought after mattresses by different market segments are branded under Sleepmaker, Aristocrat and Resta.



Management Discussion and Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATION (continued)

Bedding Division (continued)

The bedding division also included investment in a subsidiary and associates in China which are held by its subsidiary, Dreamland Spring Sdn. Bhd. ("DS"). A subsidiary company via DS, is involved in retail marketing of bedding products whereas associates under DS are involved in manufacturing and marketing of spring mattress and other complimentary bedding products under the brand names of Dreamland and Aristocrat.

Other Operations

Other operations comprise investment holding, provision of management and secretarial services and marketing of steam. Investment holding, provision of management and secretarial services are in Malaysia whereas marketing of steam are via investments in associates in China held through subsidiary, Kanzen Energy Ventures Sdn. Bhd. ("KEV").

Miracoil™

The world's most advanced spring system



FINANCIAL RESULTS AND FINANCIAL CONDITION REVIEW

The Group's financial performance for FY2022 as compared to FY2021 is as follows:-

	FY2022 RM'000	FY2021 RM'000	Increase/ (Decrease) RM'000	%
Revenue	47,751	45,300	2,451	5.4
Gross profit	17,394	16,597	797	4.8
Profit before tax	12,235	3,383	8,852	261.7
Profit after tax	10,524	1,450	9,074	625.8
Profit attributable to owners of the parent	7,298	1,417	5,881	415.0
Total assets	239,191	238,286	905	0.4
Equity attributable to owners of the parent	211,921	214,402	(2,481)	(1.2)
Net assets per share attributable to owners of the parent (RM)	2.53	2.56	(0.03)	(1.2)
Earnings per share (sen)	8.70	1.69	7.01	414.8

For FY2022, the Group registered an increase in revenue by 5.4% to RM47.75 million as compared to RM45.30 million in the preceding financial year. The increase in revenue was due to the revenue growth by 7.6% in bedding operation in Malaysia.

Management Discussion and Analysis

FINANCIAL RESULTS AND FINANCIAL CONDITION REVIEW (continued)

The Group recorded a profit before tax of RM12.24 million for the current financial year, 261.7% higher compared to RM3.38 million in the preceding financial year. The higher profit before tax for the current financial year was mainly due to share of profit recorded by associates in China. Share of results of associates recorded profit of RM6.65 million in the current financial year compared to share of loss of RM0.31 million in the preceding year. The share of profit of the associates for the current year was mainly due to better operating performance and contribution from one-time gains totalled of RM4.40 million. The bedding operation in Malaysia reported higher pre-tax profit of RM4.04 million as compared to RM4.03 million in the preceding year.



Review of the financial results by segment

	Revenue			Profit/(Loss) before tax		
	FY2022 RM'000	FY2021 RM'000	Increase/ (Decrease) %	FY2022 RM'000	FY2021 RM'000	Increase/ (Decrease) %
Bedding	47,751	45,300	5.4	4,242	4,275	(0.8)
Other operations	-	-	-	7,993	(892)	996.1
	47,751	45,300	5.4	12,235	3,383	261.7

Bedding segment

The bedding segment registered an increase in revenue by 5.4% to RM47.75 million as compared to RM45.30 million in the preceding financial year. The increase in revenue was mainly due to the revenue growth by 7.6% in bedding operation in Malaysia. Revenue for the bedding operation in Malaysia increased by 7.6% to RM45.43 million as compared to RM42.21 million in the preceding year. The bedding segment recorded slightly lower profit before tax of RM4.24 million as compared to RM4.28 million in the preceding financial year. The decrease in the profit before tax was mainly due to decrease in sales generated in bedding operation in China. The China operation was disrupted due to the lockdown and generally weak retailing scenario in China. However, bedding operation in Malaysia recorded higher profit before tax of RM4.04 million in line with higher sales generated.

Management Discussion and Analysis

FINANCIAL RESULTS AND FINANCIAL CONDITION REVIEW (continued)

Other Operations

This segment recorded a profit before tax of RM7.99 million as compared to loss before tax of RM0.89 million in the preceding year. Share of results of associates recorded profit of RM6.65 million in the current financial year compared to share of loss of RM0.31 million in the preceding year. The share of profit of the associates for the current year was mainly due to better operating performance by RM1.64 million which contributed by the upward adjustment of steam selling price in response to surge in coal price, reversal of impairment loss on plant and equipment in power business totalled RM1.44 million and one-off gains totalled RM2.96 million. In the preceding year, share of loss of RM0.31 million was recorded due to the impairment loss on assets of power business associates amounted to RM3.42 million. For this current financial year, the investment division recorded profit of RM1.34 million as compared to loss before tax of RM0.58 million in the preceding year. Higher interest income was recorded mainly due to the purchase of Government bond of RM19.76 million in October 2021 resulting the Government bond income increased by RM0.46 million to RM0.85 million as compared to RM0.39 million in the preceding financial year. In the preceding year, it incurred higher operating expenses of RM1.69 million from corporate activities in identifying new businesses.

BUSINESS AND OPERATIONAL REVIEW

Bedding Division

Restonic Group recorded sales growth of 7.6% in FY2022 with turnover of RM45.43 million in spite of only 9 months of trading due to various stages of Movement Control Order (MCO) lockdowns from June to mid September 2021. Higher sales from Amway and Event contributed to the overall growth.

Despite the challenges of FY2022, Amway division generated a 40.0% increase in sales revenue derived from the high demand during January 2022 promotion. The growth was mainly attributable to the new buyer base stemming from the introduction of the Amway Privileged Customer (APC) initiative. APC enabled individuals to purchase products directly from Amway for personal consumption and earn points which can be redeemed for future purchases.

On the retail side, footfall at shopping malls across the country has picked up since COVID-19 restrictions were eased in late 2021. Solo fairs at concourse areas of shopping malls resumed from end September 2021 followed by exhibition sales in convention centers from mid October 2021. Improved sales offtake were recorded in both Dealers and Event sales divisions due to resumption of construction activities after the lifting of MCO lockdown which has enabled the completion of renovation works and handover of new properties. Retail sales climbed further in December 2021 due to Christmas and Chinese New Year festivities. The influx of Singaporeans and returning Malaysians has also spurred spending in the southern states after the Malaysia-Singapore border reopened on 1st April 2022.

Despite the reopening of borders since 1st April 2022, the Malaysian Association of Hotel Owners forecasted that it may take another year at least before hotel operators can operate at their full capacities at pre-pandemic levels following the debilitating lockdowns of 2020 and 2021. Whilst resort destinations are seeing full occupancies, city hotels still face low occupancy. Projects division that is reliant on the hospitality industry will continue to emphasize on institutional sales and refurbishment market in the short term.

Other Operations

COVID-19 related lockdown had affected the bedding retail segment. Performance of power business associates improved with strengthening of industrial activities.

Management Discussion and Analysis

LIQUIDITY AND CAPITAL MANAGEMENT

As at 30 June 2022, the non-current assets of the Group amounted to RM72.98 million, an increase of RM12.66 million from the preceding financial year. These were mainly due to investment in Government bond of RM19.76 million, an increase of RM4.38 million in investment in associates and netted against fair value loss on financial assets at fair value through other comprehensive income (FVTOCI) amounted to RM10.18 million. Current assets decreased by RM11.76 million to RM166.21 million mainly due to investment in Government bond of RM19.76 million and netted against increase in trade and other receivables. As at 30 June 2022, the Group's cash and cash equivalents amounted to RM149.70 million, approximately 62.58% of total assets. The Group's total liabilities amounted to RM12.13 million, an increase of RM2.59 million from the preceding financial year mainly due to an increase in trade and other payables.

BUSINESS OUTLOOK FOR FY2023

Malaysia's economy is now on an upwards track to recovery from the pandemic following successful vaccination drive and full withdrawal of movement restrictions. However, whilst most Malaysian businesses have recovered from the impact of the pandemic to a significant extent, economic recovery among households has been slow. Prices of many basic necessities and consumer goods have climbed since November 2021. In addition to the COVID-19 pandemic which has affected the take-home pay of many Malaysians, the war in Ukraine and renewed outbreaks of COVID-19 in China who adopt a zero-Covid policy has caused massive supply chain disruptions and lead to higher oil price.

Trading is expected to be challenging in the coming year as inflationary pressures from higher food and energy prices, interest rate hikes and the recently announced government austerity drive initiative severely dents consumers' confidence and discretionary spending. Various initiatives such as new product launches and increased promotional events will be rolled out to stimulate trading and create sales offtake.

Performance of power business associates in China will remain stable. Demand for power is expected to improve on the back of economy recovery.

The Group will continue the effort to look for new business opportunities for merger and acquisitions.



DIVIDEND

The Board of Directors do not recommend any payment of dividend in respect of FY2022.

Sustainability Statement

The Group strives to uphold its corporate mission to cultivate a caring, responsible and accountable organisation. We are committed to carry out business in a socially responsible and sustainable manner so as to enhance the quality of life for every level of our society while pursuing business sustainability to create value for our shareholders and various other stakeholders.



Economic

The Group strives to contribute to the economic stability of the country by ensuring profitability. Our economic impact spans over customers, suppliers, governments and society at large. In order to create long-term sustainable value for our shareholders, stakeholders and a sustainable economy for the country, we focus on the following areas:

- Streamline processes to find the most efficient ways to run the business
- Innovative product offerings and marketing to increase revenue
- Sound risk management and sustainable business practices
- Employ workers from the local community which help stimulates economic growth in the local economy
- Conduct business in an open, honest and ethical manner
- Maintain the highest standards of integrity and corporate governance practices in order to maintain excellence in the daily operations
- Comply with tax legislation, reporting requirements, other regulatory rules and pay legally imposed taxes. The Group is committed to operate in responsible way and comply with ethically acceptable principles in all business activities and transactions



Environmental

The Group is committed to sustainable and environmentally friendly approach in all its business operations. Exposure to hazardous chemicals would be prevented and eliminated by adopting, among others, the following measures:

- All staff and new hires are provided with safety training to address General Safety Rules (including handling of hazardous materials and personal protective equipment), first aid, fire procedures, tools and chemicals
- Audits are conducted at all sites to ensure the implementation of the Health and Safety Management System are in place and the requirements of the system are met
- Implement hazard control program which includes safety inspection checklist in guiding staff on best practices when handling potentially dangerous chemicals
- Provide workers with personal protective equipment e.g. goggles, respirator, dust and safety face protector
- Implement Annual Medical Surveillance Guidelines emphasizing on nervous system, liver and kidney
- Continuous monitoring of Isokinetic Stack Emission for chemical products
- Provide Self Contained Breathing Apparatus (SCBA) training for workers
- Use CFC Free products in production process
- Recycle foam scrap to produce rebond foam mattress
- Seek to keep waste to a minimum and maximize the efficient use of materials and resources
- Manage and dispose of all waste in a responsible manner

Sustainability Statement



As part of our corporate values and social responsibility, the Group strives to improve the lives of all those it comes to contact with in the course of carrying out its business by taking the following steps:

- Implement general safety procedures and training to ensure a conducive and safe work environment
- Compensation paid to employees is compliant with all applicable wage laws, including those related to minimum wages, overtime hours and legally mandated benefits
- Provide training and development, and embrace gender equality by providing equal opportunities to both genders to rise to leadership positions
- Practice ethical marketing and deliver quality products and services to customers

Corporate Governance Overview Statement

PREAMBLE

The Board of Directors of FACB Industries Incorporated Berhad (“the Company”) is committed to its fiduciary responsibilities for sound corporate governance in its business management practices. Accordingly, the Board supports the Principles and Practices laid out in the Malaysian Code on Corporate Governance 2021 (“the Code”) wherein an overview disclosure pursuant to the Code is mandated under paragraph 15.25(1) of the Bursa Malaysia Main Market Listing Requirements. Furthermore, embedded in this overview statement are integral disclosures on the Nominating Committee’s activities and Directors’ Training as prescribed under paragraphs 15.08A(3) and 15.08 of the foregoing Listing Requirements, respectively.

In particular, the Board is pleased to set out below the manner in which the Company has applied the 3 main principles in the Code known as, Board Leadership and Effectiveness (Principle A), Effective Audit And Risk Management (Principle B) and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Principle C) via 43 Practices and 5 Step Ups, throughout the financial year ended 30 June 2022, which is to be read together with the Corporate Governance Report (which details how the Company has applied each Practice of the Code), as available in the Company’s website www.facbi.com.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I Board Responsibilities

1.0 Every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.

1.1 Board Oversight

The Company is led and controlled by an experienced Board with a wide range of expertise. Board members’ judgements have a bearing on strategies, performances, resources and standards.

The Board is responsible for, among others, supervising the affairs of the Company to ensure its success is within the acceptable risks. It reviews management performance and ensures that necessary resources are available to meet the Company’s objectives. The Board has delegated day-to-day operational decisions to the Executive Director and the management who are also responsible for monitoring daily operational matters.

The Board has clear roles and responsibilities in discharging its fiduciary and leadership functions and has established clear functions reserved for the Board and those that were delegated to the management which are embodied in the Board Charter.

All Directors must act in the best interest of the Company and shall disclose to the Board of any potential conflict of interest as soon as he or she becomes aware of such interest.

The Board reviews the Company’s budgets and business operations, identifies risks and ensures the existence of adequate internal control systems to manage risks. It reviews quarterly performance, the subsequent three months and long term plans during Board meetings. It provides inputs and views in developing the Company’s business strategies and ensures the management has devoted sufficient time and resources and thorough thought in formulating the strategies.

Corporate Governance Overview Statement

Management

The Executive Director and the management are responsible for developing corporate strategies and implementing policies of the Board while managing business operations. The management would table quarterly performance, strategic plans, risks and challenges as well as status of their execution to the Board for deliberation during Board meetings.

The Non-Executive Directors are independent of management, free of any business relationship and ensure that business plans, strategies and new inputs proposed are objectively evaluated. They provide constructive inputs from different perspectives in addition to acting as a form of check and balance for the Executive Director and the management.

Board Committees

The Board has delegated specific responsibilities to Board Committees which comprise the Audit Committee, Nominating Committee and Remuneration Committee. These Committees operate within defined terms of reference and are limited to making recommendations to the Board for final decision on matters discussed and deliberated.

1.2 Board Chairman

The Board is led by the Chairman Datuk Wan Kassim Bin Ahmed, an Independent Non-Executive Director with broad and deep exposure in the business and corporate world. The Chairman assumes leadership in order that the Board can perform its responsibilities effectively and efficiently. The principal duties and responsibilities of the Board is to effectively lead and control the Company. The Board is to oversee the performance of management in a collegial relationship that is supportive yet vigilant. It is also responsible for the Company's strategies, objectives, succession plan and accountability to shareholders.

1.3 Board Accountability

To ensure balance of power and authority, the roles of Chairman and CEO are distinct and separate. The Chairman is primarily responsible for ensuring the Board's effectiveness while the CEO is responsible for the efficient management of the business and operations. The CEO has been vested with the authority and responsibility for implementing policies, strategies and decisions adopted by the Board. In the absence of CEO, the executive directors are responsible for implementing policies, strategies and decisions adopted by the Board.

1.4 Chairman Of The Board Should Not Be A Member Of Audit, Nominating Or Remuneration Committees

The Chairman currently is a member of the Audit Committee, Nominating Committee and Remuneration Committee. The Board acknowledges the importance of the Chairman not to be a member of the Audit Committee, Nominating Committee or Remuneration Committee which may give rise to risk of self-review and impair the objectivity of the Chairman and the Board.

The Company is mindful of the recommendation and is in the process of identifying candidates to fulfil the recommendation.

Corporate Governance Overview Statement

1.5 Company Secretary

The Company Secretary, Mr Lee Boo Tian is a licensed Company Secretary under the Companies Act 2016. He plays a supporting role to the Board to ensure adherence to the Board policies, procedures, Bursa Malaysia Main Market Listing Requirements and other compliances.

The Company Secretary maintains the statutory records in accordance with legal requirements, organizes and facilitates the convening of Board meetings, Board committee meetings and general meetings, in consultation with the Board members and the Chairman.

The Company Secretary records, prepares and circulates minutes of meeting of the Board and Board Committees and ensures that the minutes are properly kept at the registered office of the Company and produced for inspection, if required. In addition, the Company Secretary also updates and circulates to the Board members amendments to the Listing Requirements, practices and guidance notes from Bursa Malaysia Securities Berhad which affect the Company and its business operations.

In particular, the Company Secretary carries out among others, the following:

- attending Board and Board Committee meetings and ensuring that these meetings are properly convened and proceedings are properly recorded;
- ensuring that all appointments to the Board and Board Committees are properly made;
- maintaining records for the purpose of meeting statutory obligations;
- facilitating the ongoing provision of information as may be requested by the Directors and supporting the Board in ensuring ongoing adherence to Board policies and procedures.

1.6 Board Meetings

Minutes of proceedings and decisions taken during the Board meetings are recorded by the Company Secretary and were circulated promptly to the members of Board Committees.

Four (4) Board meetings were held during the financial year ended 30 June 2022 (with details of attendance presented under Other Compliance Statements of this Annual Report). In between scheduled meetings and where appropriate, Board decisions were effected via circular resolutions.

All Directors are committed and have devoted sufficient time to discharge their duties during the financial year. They are also accessible by the management on telephone calls for discussion on all matters affecting the Company. It is a practice that any director before accepting any new directorship would assure the Chairman that his or her time commitment and contribution to the Company would not be compromised.

The Board is provided with an agenda of Board meeting and detailed information to enable them to deliberate in the meeting and make decisions. Minutes of proceedings and decisions taken during the Board meetings are recorded by the Company Secretary and circulated to the Board members.

Corporate Governance Overview Statement

All Directors have complied with the minimum requirements on attendance at Board meetings as stipulated in the Bursa Malaysia Main Market Listing Requirements (minimum 50% attendance).

Supply Of Information

The Directors have full and unrestricted access to all information pertaining to the Company's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

Board meetings are held quarterly to deliberate inter-alia on the Company's corporate developments, financial results, business operations, risk management and internal audit reports with proceedings duly minuted and signed by the meeting Chairman.

During Board Meetings, management is required to furnish further details on any issues raised and to provide supplementary information at the Board's behest. The Board of Directors also has ready and unrestricted access to the advice and services of the Company Secretary to enable the Directors to discharge their duties effectively. Directors may also seek briefings from the management or auditors on specific matters in addition to the regular presentations to the Board. At least one week prior to the Board meetings, the Directors are provided with the agenda together with Board papers containing reports and information relevant to the business of the meeting to enable sufficient time frame to consider any matters arising.

The Directors whether as a full Board or in their individual capacity may obtain independent professional advice at the Company's expense in furtherance of their duties. In such a situation, a copy of the report or independent advice would be made available to the Chairman and all Directors for deliberation. No such Board matters were individually referred to external legal counsels for advice during the financial year ended 30 June 2022.

2.0 There is demarcation of responsibilities between the board, board committees and management. There is clarity in the authority of the board, its committees and individual directors.

2.1 Board Charter

The Company has in place a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members and senior management.

The Board Charter also outlines the roles and responsibilities of various Board Committees, the Chairman and the CEO/management of the Company as well as policies and practices in respect of matters such as the convening of Board and Board Committees' meetings. In particular, the Board Charter covers among others the following:

- Constitution, Duties and Responsibilities of the Board
- Chairman and CEO's Respective Responsibilities
- Board and Board Committees' meeting procedures
- Relationship of the Board to Management
- Access to Timely and Quality information

Corporate Governance Overview Statement

- Access to Advice and Procedure
- Board committees including Audit Committee, Nominating Committee and Remuneration Committee's Responsibilities
- Shareholders – Investor Relations
- Evaluation Mechanism/Framework

The Board Charter provides a basis for good governance, effective functioning and accountability of the Company. It also ensures that the Company and its subsidiaries are effectively led and controlled with the Board of Directors having the ultimate responsibility for maintaining the highest standards of integrity, accountability and corporate governance and acting in the interest of the Company as a whole. In particular, it includes the division of responsibilities and powers between the Board and management, the different committees established by the Board, and between the Chairman and the CEO.

The Board Charter is updated from time to time to reflect changes to the Company's policies, procedures and processes as well as the latest relevant legislations and regulations.

The Board Charter has wide coverage on the Company's operations and management and is viewable on the Company's website www.facbi.com.

3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

3.1 Code Of Conduct And Ethics

The Board has adopted a Code of Conduct and Ethics which outlines its standards of ethical behaviour in discharging duties and responsibilities. This Code and the Anti-corruption Policy aim to enhance the standard of corporate governance and behaviour as well as upholding the spirit of responsibility including legal and social responsibility in line with prevailing legislation, regulations and guidelines.

The Code and the Anti-corruption Policy reflect the commitment of the Company to run the Group's business that is legal, ethical, fair, efficient and effective, aligned to its business standards.

The Code and the Anti-corruption Policy are published on the Company's website.

3.2 Whistle-Blowing And Anti-Corruption Policies

Anti-corruption and Whistle-blowing policies have been established to assist in ensuring that the Group's business and operations are conducted in an ethical, moral and legal manner.

The policies are designed to encourage employees or external parties to disclose suspected malpractice, misconduct, address and mitigate corruption risks and to provide protection to employees or external parties who report allegations of such practices.

The Whistle-blowing and Anti-corruption policies are published on the Company's website.

Corporate Governance Overview Statement

4.0 The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

4.1 Governing Sustainability

The Board recognizes the need for strategies and plans to promote and contribute towards sustainable development with particular focus on economic, environmental, social and governance (“ESG”) aspect of business. Management is tasked to integrate sustainability considerations in the day-to-day operations of the Group and ensure the effective implementation of the Group’s sustainability strategies and plans.

The governance and reporting on the Group’s sustainability agenda are led by the senior management and overseen by the Board. Together with the management, the board would ensure that the strategic plan of the Group supports the long-term shareholder value creation in the Group’s operations.

The Group’s Sustainability Statement appears in the Company’s Annual Report.

4.2 Communicating Sustainability Implementation To Stakeholders

The Group’s sustainability implementation is communicated via its Sustainability Statement to its internal and external stakeholders. The Statement appears in the Company’s Annual Report which also appears on the Company’s website www.facbi.com.

4.3 Understand Sustainability Issues Relevant To The Group

The Board encourages directors and senior management to keep abreast with sustainability issues relevant to the Group’s business operations. The Nominating Committee also reviews the training needs of the Directors to ensure they stay abreast with the development in the industry including sustainability issues relevant to the Group.

4.4 Performance Evaluation Links To Addressing Sustainability

The Nominating Committee assess on an annual basis the effectiveness of the Board as a whole and the contribution of each director, including the Board and senior management’s performance in addressing the company’s sustainability risks and opportunities.

II Board Composition

5.0 Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

5.1 Board Composition

There were no new appointments during the financial year ended 30 June 2022. The Nominating Committee has an assessment mechanism in place to assess on an annual basis, the effectiveness of the Board as a whole and the tenure and contribution of each individual director, including the Independent Non-Executive Directors. Annual re-election of directors was contingent on satisfactory evaluation of the director’s performance and contribution to the board.

Corporate Governance Overview Statement

The Board comprises professionals drawn from varied backgrounds bringing with them in-depth and diversity in experience to the Group's business operations. The Board's composition reflects a commitment towards achieving a requisite mix of skills and experience in various business and financial competencies.

The Executive Directors have direct responsibility for business operations whereas Non-Executive Directors are responsible for bringing independent objective judgement to bear on Board deliberations.

The profiles of the Directors are set out under Profiles of the Directors and Key Senior Management of this Annual Report.

5.2 Half Of The Board Comprises Independent Directors

The Board currently consists of five (5) members comprising two (2) Executive Directors and three (3) Non-Executive Directors. Among the Non-Executive Directors, all three (3) are Independent, hence more than half of the Board is independent.

5.3 Tenure Of Independent Directors

The Board is mindful of the recommendation of the Code for the tenure of an Independent Director not exceeding a cumulative term of nine (9) years.

Independent Non-Executive Directors, Datuk Wan Kassim Bin Ahmed, Dato' Dr. Abdul Razak Bin Abdul and Mr Lim Mun Kee having served more than nine (9) years, have been recommended by the Board to continue to act as Independent Non-Executive Directors subject to shareholders' approval at the forthcoming AGM of the Company through a two-tier voting process.

The lengths of their services on the Board do not in any way interfere with their exercise of independent judgements and ability to act in the best interests of the Company, as they continue to be scrupulously independent in the discharge of their duties as constructive challengers of executive management.

5.4 Tenure Limits For Independent Directors

The Board acknowledges the risk to independence and objectivity of Independent Directors with long tenures. Nevertheless, in balancing the Company's control environment and culture, the Board has deferred the establishment of the policy to limit the tenure of independent directors to nine (9) years.

5.5 Board And Key Senior Management Appointments

The Board appoints its members and Key Senior Management through a selection process taking into consideration the assessment mechanism in the Board Charter and the criteria in the Directors' Fit and Proper Policy which can be located on the Company's website www.facbi.com.

Corporate Governance Overview Statement

5.6 Sources For Board Appointments

The Board has established Nominating Committee with appropriate terms of reference on 25 February 2002. In particular, Nominating Committee would look into a more diverse pool of candidates instead of being limited to recommendations from Board, management or major shareholders.

The Company has in place criteria for candidates taking into consideration the mix of skills, competencies, experience, professionalism and other relevant qualities to manage the Company.

5.7 Information On Candidates Who Stand For Appointment And Reappointment As Directors

The information for shareholders to make an informed decision on a candidate who stands for appointment or reappointment as director and the Board's statement/reasons as to whether it supports the appointment and reappointment are stated in the notice of general meeting.

5.8 Nominating Committee Chairman

The Nominating Committee is chaired by a Senior Independent Non-Executive Director identified by the Board, thereby enhancing the Committee's overall effectiveness.

The Board has identified Datuk Wan Kassim Bin Ahmed as the Senior Independent Non-Executive Director, to whom concerns may be raised.

5.9 Women Directors

The Company currently has five (5) directors and one of them is a woman director. More female representations will be considered when vacancies arise and suitable candidates are identified.

5.10 Policy On Gender Diversity

The Board acknowledges the importance of Board and senior management diversity, including gender diversity, to the effective functioning of the Board, underpinned by the overriding primary aim of selecting the best candidates to support the achievement of the Company's objectives.

The Company currently does not adopt any formal policy on gender diversity. Taking into consideration the nature and size of the current business operations and investments, the Board is of the view that the Company's current composition and structure should be maintained for the time being. More female representations will be considered when vacancies arise and suitable candidates are identified.

Corporate Governance Overview Statement

6.0 Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors

6.1 Board Evaluation

The Nominating Committee established by the Board, is responsible for screening, evaluating and recommending suitable candidates to the Board for appointment as Directors, as well as filling the vacant seats of the Board Committees. In respect of the appointment of Directors, the Company practises a transparent nomination process which involves the identification of candidates, evaluation of suitability of candidates, meeting up with candidates, final deliberation by the Nominating Committee and recommendation to the Board. The potential candidates may be proposed by an existing director, senior management staff, shareholders or third parties' referrals. Upon completion of the assessment and evaluation of the proposed candidates, the Nominating Committee would make its recommendation to the Board. Based on the recommendation, the Board would evaluate and decide on the appointment of the proposed candidates.

The Nominating Committee has an assessment mechanism in place to assess on an annual basis, the effectiveness of the Board as a whole and the contribution of each individual director, including the Independent Non-Executive Directors. The Committee shall meet at least once a year. Additional meetings are held as and when required. During the financial year, the Committee met once on 25 May 2022.

At the meeting, the Nominating Committee considered the compositions of the Board and its committees as well as their performance. As a result of discussions, succession planning has become an area frequently visited to ensure it would not become a material risk to the Company.

Re-election

In accordance with the Company's Constitution, all Directors are subject to retirement from office at least once in every three (3) years, but shall be eligible for re-election. This provision is fully in line with paragraph 7.26 (2) of the Bursa Malaysia Main Market Listing Requirements. The Constitution also provides that any director appointed during the year is required to retire and seek re-election at the following AGM immediately after such appointment.

The Directors who are subject to re-election at the AGM will be assessed by the Nominating Committee on their performance whereupon recommendations will be submitted to the Board for decision on the proposed re-election of the Directors concerned for shareholders' approval at the forthcoming AGM.

III Remuneration

7.0 The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Corporate Governance Overview Statement

7.1 Policies And Procedures

The Remuneration Committee's duty is to, inter-alia, review the remuneration framework and packages of newly appointed and existing Executive Directors and Key Senior Management and make recommendations to the Board for approval, with the underlying objective of attracting, motivating and retaining Directors needed to run the Company successfully. In particular, the remuneration package is structured to commensurate with corporate and individual performance, business strategy and long term objective of the Company.

In respect of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and is a matter for consideration by the Board as a whole. The Non-Executive Directors abstain from discussion pertaining to their own remuneration.

Policies and procedures are periodically reviewed and made available in the Company's website.

7.2 Remuneration Committee

The Board had established a Remuneration Committee with appropriate terms of reference, on 25 February 2002. The primary objective of the Remuneration Committee is to assist the Board in developing and establishing competitive remuneration policies and packages in all its forms, while drawing advice from experts if deemed necessary.

In compliance with the Code, wherein the Remuneration Committee should consist wholly of Non-Executive Directors, with a majority of Independent Directors, the Committee, currently comprising wholly of Independent Non-Executive Directors, are as follows:

1. Datuk Wan Kassim Bin Ahmed (Chairman)
2. Dato' Dr. Abdul Razak Bin Abdul
3. Mr Lim Mun Kee

The Committee shall meet at least once a year. Additional meetings shall be scheduled if considered necessary by the Committee or Chairman. During the financial year, the Committee met once on 29 September 2021.

8.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

8.1 Detailed Disclosure Of Directors Remuneration On A Named Basis

The details of Directors' Remuneration on a named basis are summarised under Other Compliance Statements of this Annual Report.

8.2 Disclosure Of Top Five Senior Management's Remuneration In Bands Of RM50,000

Top five Senior Management's Remuneration in bands of RM50,000 are summarised under Other Compliance Statements of this Annual Report.

Corporate Governance Overview Statement

The above disclosure represents a departure from the Principles of Malaysian Code on Corporate Governance, which prescribes individual disclosure of senior management's remuneration. At this time the Board is of the opinion that individual disclosure would result in a significant and adverse increase in the targeting and acquisition of human resources across the industry and will serve to be counter productive to the implementation of business initiatives that have been put in place.

8.3 Detailed Disclosure Of Every Senior Management's Remuneration On A Named Basis

This Step Up on the prevailing Code Practice, is not adopted as it would extensively impair the Company's interests, as explained in Practice 8.2 above.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

9.0 There is an effective and independent Audit Committee. The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

9.1 Audit Committee Chairman

To promote overall effectiveness and independence of the Audit Committee, the Audit Committee Chairman, Dato' Dr. Abdul Razak Bin Abdul, is not the Board Chairman.

9.2 Former Key Audit Partner

There is currently no Former Key Audit Partner on the Company's Board or Audit Committee. Nevertheless, the Company intends to establish a policy for Audit Committee membership in respect of a former Key Audit Partner to observe a cooling-off period of at least 3 years to avoid undue influence, in due course when the need arises.

9.3 Relationship With The Auditors

The Board via the establishment of an Audit Committee maintains a formal and transparent relationship with the Company's auditors and place great emphasis on the objectivity and independence of the Company's external auditors.

The roles of the Audit Committee in relation to the auditors in particular, and corporate governance in general, are detailed in the Audit Committee Report of this Annual Report.

9.4 Audit Committee Independence

The existing Audit Committee comprises solely of Independent Non-Executive Directors, a Step Up on the prevailing Code Practice.

9.5 Audit Committee Skills Composition

The Audit Committee members possess a wide range of skills and are financially literate as detailed in the Directors' Profile of this Annual Report.

Corporate Governance Overview Statement

Continuing Education Of Directors

Directors are required to attend the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. All the Directors have fulfilled the Mandatory Accreditation Programme requirement.

Directors' training is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape.

Board members were updated quarterly by the Group Internal Auditor on the developments and trends in Corporate Governance principles and best practices besides local regulatory developments.

During the financial year, the directors also attended a training on Related Party Transactions Simplified conducted by CKM Advisory Sdn Bhd (Trainer Mr Chee Kai Mun) on 12 May 2022.

Apart from inputs from Directors, the training needs of the Directors will also be considered by the Nominating Committee. The Company Secretary will also re-direct email invitations on seminars, breakfast talks and briefings from Bursa and various professional bodies from time to time to the Directors and management for consideration and participation.

II Risk Management and Internal Control Framework

10.0 Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The board is provided with a reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

10.1 Risk Management And Internal Control

The Statement on Risk Management and Internal Control, set out in this Annual Report, provides an overview of the Company's approach in maintaining a sound system of risk management and internal control to safeguard shareholders' investment and the Company's assets.

10.2 Key Features Of The Framework

Key features of the Risk Management and Internal Control Framework are detailed in the Statement on Risk Management and Internal Control of this Annual Report.

10.3 Establishment Of A Risk Management Committee

The Board is satisfied that the Risk Advisory Committee, comprising senior management personnel and reporting to the Audit Committee on risk management framework and policies, is adequate under the existing control environment. Nevertheless, this represents a non-adoption of the Step Up Code Practice which advocates a stand-alone Risk Management Committee.

Corporate Governance Overview Statement

11.0 Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

11.1 Internal Audit Effectiveness & Independence

The Audit Committee ensures that internal audit is effective and is able to function independently as detailed in the Audit Committee Report of this Annual Report.

11.2 Internal Audit Resource

The Group Internal Auditor, Mr Lee Poh Loong, was responsible for the function, during the financial year. Mr Lee is a Chartered Member of the Institute of Internal Auditors, Malaysia, a Chartered Management Accountant (UK), as well as a member of the Malaysian Institute of Accountants.

The above personnel is free from any relationships or conflict of interests which could impair objectivity and is organizationally independent of the auditees as Internal Audit reports functionally to the Audit Committee and administratively to the Executive Director.

Internal audit is carried out in accordance with the International Professional Practices Framework of the Institute of Internal Auditors (US).

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

I Communication with Stakeholders

12.0 There is continuous communication between the company and stakeholder to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

12.1 Dialogue Between Company And Stakeholders

The Company recognises the importance of keeping stakeholders well informed of the Company's major corporate developments and events. The Board had directed the Company to disclose all relevant information to stakeholders to enable them to exercise their rights. Such information is duly and promptly announced via Bursa Malaysia and other appropriate communication channels.

In particular, dissemination of information includes the distribution of Annual Reports, announcement of quarterly financial performances, issuance of circulars, press releases and holding of press conferences.

Corporate Governance Overview Statement

II Conduct of General Meetings

13.0 Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

13.1 Notice Of AGM

The AGM is the principal platform for dialogue with shareholders, wherein, the Board presents the operations and performance of the Company. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Company's business.

The Company has taken active steps to encourage shareholder participation at general meetings such as issuing notices for meetings 28 days or earlier prior to the meetings. The Chairman and members of the Board are available to respond to shareholders' queries during the meeting.

Financial Reporting

The Board is responsible for ensuring a balanced and understandable assessment of the Company's position and prospects in its quarterly announcements and annual reports. The Audit Committee assists the Board by reviewing the disclosure information to ensure completeness, accuracy and validity. A full Directors' Responsibility Statement is also included in this Annual Report.

13.2 Attendance At AGM

All Directors make it a point to attend AGMs in order to engage with shareholders on their concerns, in particular and quest for information, in general.

13.3 Facilitation Of Shareholders' Participation

As a listed company with a large number of shareholders, email questions before AGM and proxy voting are encouraged.

To further enhance transparency to all shareholders of the Company, the Company has established a website at www.facbi.com where shareholders can access information encompassing corporate information, financial highlights, annual reports and announcements via Bursa Malaysia Securities Berhad.

To leverage on technology and ensure good cyber hygiene practices, the Company engaged Tricor Investor & Issuing House Services Sdn Bhd to help conduct its 2021 AGM on a fully virtual basis through live streaming and online remote voting.

13.4 Engagement Between The Board, Senior Management And Shareholders

Questions from shareholders could be submitted through online portal before commencement of the 2021 AGM. Chairman had invited questions during the AGM and a question-and-answer session was held during the AGM. Shareholders could also use the query box to submit their questions during the meeting in real time.

Corporate Governance Overview Statement

13.5 Real-time Interaction With Shareholders

To ensure a smooth broadcast of the general meeting and interactive participation by shareholders, the Company engaged Tricor Investor & Issuing House Services Sdn Bhd and responded to all questions posed before and during the 2021 AGM.

13.6 Circulation Of Minutes Of AGM

Taking note of the large number of shareholders and that shareholders may change from time to time, instead of circulating the Minutes to shareholders, the Company makes available on the Company's website within 30 business days after the general meeting key matters discussed and other important points raised (if any) during the general meeting.

This statement is made in accordance with a resolution of the Board of Directors dated 7 October 2022.

Statement on Risk Management and Internal Control

PREAMBLE

Pursuant to paragraph 15.26(b) of the Bursa Malaysia Main Market Listing Requirements, the Board of Directors is required to include in its Annual Report, a statement on the state of risk management and internal control of the Company. In making this Statement on Risk Management and Internal Control, it is essential to address the principles and recommendations in the Malaysian Code on Corporate Governance (“the Code”) which relate to risk management and internal control.

RESPONSIBILITY

The Board of Directors has overall stewardship responsibility for the Company’s system of risk management and internal control and for reviewing its adequacy and integrity to safeguard shareholders’ investment and the Company’s assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The associated companies have not been dealt with as part of the Company for the purpose of this statement.

INTERNAL CONTROL FRAMEWORK

The embedded control system is designed to facilitate achievement of the Company’s business objectives. It comprises the underlying control environment, control procedures, communication and monitoring processes which manifest as follows:

- Organizational structure defining lines of responsibility, delegation of authority, segregation of duties and information flow. Besides the predominantly non-executive standing committees such as the Audit, Nominating and Remuneration Committees, the Board is supported by executive management operationally. These committees convene periodically to meet its strategic business agenda thus ensuring that the Board, properly apprised, maintains effective supervision over the entire operations.
- Policies, procedures and standards have been established, periodically reviewed and updated in accordance with changes in the operating environment.
- Comprehensive budgeting process for major operating units with periodical monitoring of performance so that major variances are followed up and management action taken.
- Functional limits of authority in respect of revenue and capital expenditure for all operating units. These commitment authority thresholds, working in tandem with budgeting and payment controls, serve to facilitate the approval process whilst keeping potential exposure in check.
- Detailed justification and approval process for major projects and acquisitions imposed, to ensure congruence with the Company’s strategic objectives.
- Independent appraisals by internal auditors to ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Company’s system of financial, compliance and operational controls.

Statement on Risk Management and Internal Control

RISK MANAGEMENT FRAMEWORK

Besides primary ownership over effectiveness of the Company's internal control systems, the Board regards risk management as an integral part of the business operations. The Board recognizes its responsibility over the principal risks of various aspects of the Company's business. For long term viability of the Company, the Board acknowledges that, it is crucial to achieve a critical balance between risks incurred and potential returns.

In response to the above challenge, the Company confirms that there is an on-going process of identifying, evaluating, managing, monitoring and reporting significant risks affecting the achievement of the Company's business objectives via the establishment of an in-house structured risk management framework.

A Risk Advisory Committee ("RAC") comprising senior management personnel, is responsible inter alia, for internal policy communications, acquiring risk management skills, developing skills through education and training, and ensuring adequate scale of recognition, rewards and sanctions was set up on 1 March 2002.

The process of identification, evaluation and management of significant risks faced by the Company is led by the Executive Director and the Chief Financial Officer and supported by senior management.

In particular, the Company's risk management process is focused on the following objectives:

- risks arising from business strategies and activities are identified and prioritized by functional heads;
- management and the Board have determined the Company's risk appetite vis-à-vis the accomplishment of the Company's strategic plans;
- risk mitigation activities are designed and implemented to manage risks at an acceptable level sanctioned by management and the Board.

A key Risk Register would be prepared by RAC, tabled at the Audit Committee meeting for review and circulated to the Board for notation. The risk management process involves:

1. Establishment of objectives.
2. Risk identification and evaluation.
3. Risk control identification and evaluation, and
4. Treatment or remedial actions.

The key risks identified by RAC include:

1. Brand protection, to remain as top consumer choice.
2. Risk of fire and flood.
3. Adverse impact of COVID-19 pandemic on sales and operations.
4. Succession planning.
5. Operational efficiency and sustainability.

During the financial year, the RAC monitored the Company's significant risks and recommended appropriate treatments. The Audit Committee facilitated by the internal audit function, establishes the adequacy and effectiveness of the Company's Risk Management Framework by regularly reviewing the resultant RAC risk register.

Statement on Risk Management and Internal Control

INTERNAL AUDIT

An in-house Internal Audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance on the effectiveness of the Company's system of internal control.

In particular, Internal Audit appraise and contribute towards improving the Company's risk management and internal control systems and reports to the Audit Committee on a quarterly basis. The internal audit work plan which reflects the risk profile of the Company's major business sectors is routinely reviewed and approved by the Audit Committee.

Quarterly, the Board of Directors, through its Audit Committee, has reviewed the adequacy and effectiveness of the Company's risk management process and internal control systems and relevant actions have been or are being taken as the case may be, to remedy the internal control weaknesses identified from the reviews, which was largely based on the outcome of observations raised by internal auditors directly to the Audit Committee.

INTERNAL CONTROL ISSUES

Management maintains an ongoing commitment to strengthen the Company's control environment and processes. The Executive Director and the Chief Financial Officer have provided assurance to the Board that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control frameworks of the Company.

The management will continue and take measures to ensure the ongoing effectiveness and adequacy of the system of risk management and internal controls, so as to safeguard shareholders' investment and the Company's assets. During the year, there were no material losses caused by breakdown in internal control.

This statement is made in accordance with a resolution of the Board of Directors dated 7 October 2022 and has been duly reviewed by the external auditors as required under Paragraph 15.23 of Bursa Malaysia Main Market Listing Requirements. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and, Audit and Assurance Practice Guide 3 ("AAPG 3") Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

Audit Committee Report

PREAMBLE

Pursuant to paragraph 15.15 of the Bursa Malaysia Main Market Listing Requirements, the Board is required to prepare an Audit Committee Report for inclusion in its Annual Report.

COMPOSITION

For the financial year, the members of the Audit Committee, their respective designations and directorships are as follows:

Chairman

Dato' Dr. Abdul Razak bin Abdul *Independent Non-Executive Director*

Members

Datuk Wan Kassim bin Ahmed *Independent Non-Executive Director*

Mr Lim Mun Kee *Independent Non-Executive Director*

TERMS OF REFERENCE

The primary objective of the Audit Committee (as a standing committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control. The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

The Terms of Reference comprising Purpose, Reporting responsibilities, Frequency of meetings, Quorum, Authority and Duties are detailed on the Company's website at www.facbi.com.

DETAILS OF MEETINGS

The Audit Committee met four (4) times during the financial year ended 30 June 2022 and details of attendance are as follows:

Dato' Dr. Abdul Razak bin Abdul 4/4

Datuk Wan Kassim bin Ahmed 4/4

Mr Lim Mun Kee 4/4

During the financial year, the relevant training attended by the above Committee members are detailed in the Corporate Governance Overview Statement of this Annual Report.

Audit Committee Report

SUMMARY OF AUDIT COMMITTEE WORK

In discharging its responsibilities for the financial year, the Audit Committee, in particular:

- Reviewed the quarterly and year end financial statements and made recommendation to the Board.
- Reviewed and approved the annual internal audit work plan.
- Deliberated over the internal audit and compliance reports, ensuring recommendations are carried out.
- Reviewed and assisted in the development and implementation of sound and effective internal controls and business systems within the Company.
- Reviewed the Risk Advisory Committee report, ensuring adequacy and effectiveness of the Company's Risk Management Framework.
- Discussed and reviewed with the external auditors the results of their examination, their auditor's reports and management letters in relation to the audit and accounting issues arising from the audit.
- Conducted an annual assessment of the suitability and independence of the external auditors and thereafter made recommendations to the Board for their reappointment and subsequently sought shareholders' approval at the forthcoming Annual General Meeting.
- Reviewed the Company's compliance with regards to the Bursa Malaysia Main Market Listing Requirements and compliance with accounting standards issued by the Malaysian Accounting Standards Board.

SUMMARY OF INTERNAL AUDIT WORK

The Audit Committee is supported by an Internal Audit Department which reports directly to the Committee and is independent of the activities they audit. In meeting its responsibilities, the internal audit function is necessarily guided by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. In particular, risk-based plans are established to determine the priorities of internal audit activities, consistent with the Company's goals. The cost incurred on this function which includes risk management and corporate governance was RM75,977/- for the financial year. During the financial year, the Internal Audit Department conducted, inter alia, the following activities:

- Formulated and agreed with the Audit Committee on the audit plan, strategy and scope of work.
- Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Company's internal control system.
- Analysed and assessed key business processes, report findings, and made recommendations to improve effectiveness and efficiency.
- Followed up on internal audit recommendations to ensure adequate implementation.
- Advised on the implementation of the Malaysian Code on Corporate Governance, Bursa Malaysia Main Market Listing Requirements and other regulatory requirements.
- Performed investigations or special reviews as requested by the Board and Management.
- Facilitated and reviewed the Company's risk management framework for adequacy and effectiveness in tandem with the business environment.

This report is made in accordance with a resolution of the Board of Directors dated 7 October 2022.

Directors' Responsibility Statement

PREAMBLE

Pursuant to Paragraph 15.26(a) of the Bursa Malaysia Main Market Listing Requirements, the Directors are required by Malaysian company law to prepare for each accounting period financial statements which give a true and fair view of the state of affairs of the Company as at the end of the accounting period and of the results of their operations and cash flows for that period.

RESPONSIBILITY

In preparing the financial statements the Directors are required to select and apply consistently suitable accounting policies and make reasonable and prudent judgements and estimates. Applicable accounting standards also have to be followed and a statement made to that effect in the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. The Directors are responsible for ensuring proper accounting records are kept which discloses with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016.

They are also responsible for taking reasonable steps to safeguard the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 7 October 2022.

Other Compliance Statements

1. DIRECTORS' ATTENDANCE AT BOARD MEETINGS

During the financial year, the Board held four (4) formal meetings. The attendance of Directors at the Board Meetings is as follows:

Directors	Board Meetings			
	29.9.2021	24.11.2021	23.2.2022	25.5.2022
Datuk Wan Kassim bin Ahmed	√	√	√	√
Puan Sri Lee Chou Sarn	√	√	√	√
Dato' Dr. Abdul Razak bin Abdul	√	√	√	√
Chen Yiy Fon	√	√	√	√
Lim Mun Kee	√	√	√	√

N/A Not Applicable

√ Attended

X Not attended

2. REMUNERATION OF DIRECTORS AND TOP SENIOR MANAGEMENT

The remuneration (in RM) of Directors for the financial year is as follows:

Description	Group				Company			
	Fees	Salaries and other Emoluments	Estimated Benefits-in-kind	Total	Fees	Salaries and other Emoluments	Estimated Benefits-in-kind	Total
Executive								
Puan Sri Lee Chou Sarn	-	324,757.80	17,100.00	341,857.80	-	-	-	-
Chen Yiy Fon	-	118,025.40	-	118,025.40	-	-	-	-
Non-Executive								
Datuk Wan Kassim bin Ahmed	98,400.00	-	-	98,400.00	98,400.00	-	-	98,400.00
Dato' Dr. Abdul Razak bin Abdul	81,600.00	-	-	81,600.00	81,600.00	-	-	81,600.00
Lim Mun Kee	53,040.00	-	-	53,040.00	53,040.00	-	-	53,040.00
Total	233,040.00	442,783.20	17,100.00	692,923.20	233,040.00	-	-	233,040.00

Other Compliance Statements

The top senior management of the Company whose total remuneration falls within the following bands are as follows:

RM100,001 to RM150,000	1
RM300,001 to RM350,000	2
RM500,001 to RM550,000	1
RM550,001 to RM600,000	1
Total	5

The above disclosure represents a departure from the Principles of Malaysian Code on Corporate Governance which prescribes individual disclosure of senior management's remuneration. At this time the Board is of the opinion that individual disclosure would result in a significant and adverse increase in the targeting and acquisition of human resources across the industry and will serve to be counter productive to the implementation of business initiatives that have been put in place.

3. UTILISATION OF PROCEEDS

During the financial year, the Company did not raise funds from any corporate exercise.

4. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees for the financial year are listed below:

	Group (RM)	Company (RM)
Audit fees	163,596	49,050
Non-audit fees	14,311	4,500
Total	177,907	53,550

5. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries involving Directors, Chief Executive who is not a director or major shareholders during the financial year or subsisting at the end of the financial year.

6. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

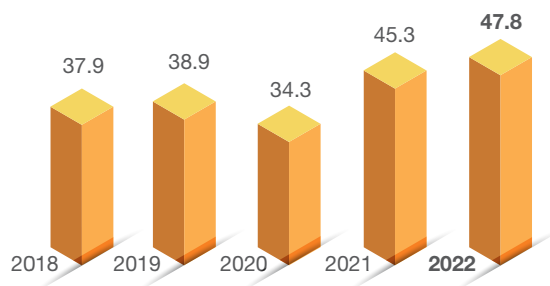
There were no material recurrent related party transactions of a revenue nature during the year.

These statements are made in accordance with a resolution of the Board of Directors dated 7 October 2022.

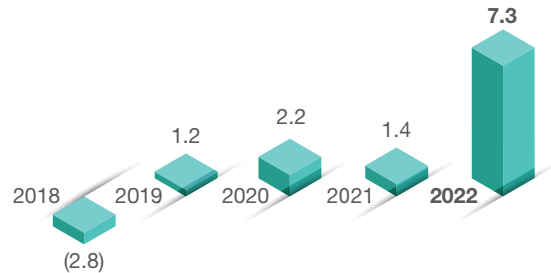
5 Years Group Financial Highlights

In RM'000	2018	2019	2020	2021	2022
Revenue from continuing operations	37,901	38,870	34,276	45,300	47,751
Profit from continuing operations before tax	6,275	4,216	4,504	3,383	12,235
Loss from discontinued operation before tax	(5,222)	-	-	-	-
(Loss)/Profit attributable to owners of the parent	(2,792)	1,190	2,211	1,417	7,298
Total assets	237,274	240,548	248,130	238,286	239,191
Equity attributable to owners of the parent	215,808	217,845	226,227	214,402	211,921
In RM					
Net assets per share attributable to owners of the parent	2.57	2.60	2.70	2.56	2.53
In Sen					
(Loss)/Earnings per share	(3.33)	1.42	2.64	1.69	8.70

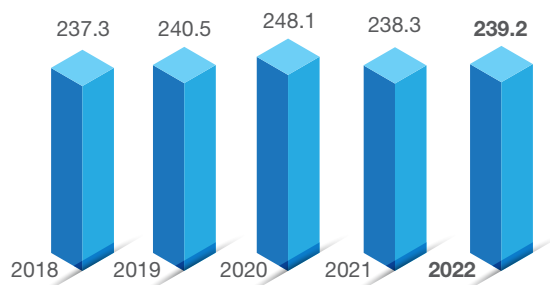
REVENUE FROM CONTINUING OPERATIONS
(RM' Million)



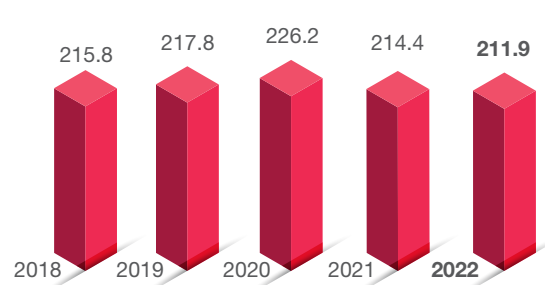
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT
(RM' Million)



TOTAL ASSETS
(RM' Million)



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



FACB INDUSTRIES INCORPORATED BERHAD ANNUAL REPORT 2022

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Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities and details of the subsidiaries are disclosed in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	10,523,637	4,377,714
Attributable to:		
Owners of the parent	7,297,848	4,377,714
Non-controlling interests	3,225,789	-
	10,523,637	4,377,714

DIVIDENDS

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividend in respect of the financial year ended 30 June 2022.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

Directors' Report

TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued and fully paid ordinary shares.

As at 30 June 2022, the Company held a total of 1,279,700 treasury shares out of its total issued and paid up share capital of 85,162,500 ordinary shares. Such treasury shares are recorded at a carrying amount of RM1,225,544.

Details of the treasury shares are set out in Note 19 to the financial statements.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Datuk Wan Kassim Bin Ahmed
Puan Sri Lee Chou Sarn*
Dato' Dr. Abdul Razak Bin Abdul*
Chen Yiy Fon
Lim Mun Kee

* *Director of the Company and its subsidiaries*

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the Directors of the subsidiaries of the Company who have held office since the date of the last report, excluding those who are listed above are:

Bong Shee Cheng	
Goh Shaw Ching	
Mej Jen (B) Dato' Jeyabalan A/L C. Sinnadurai	
Yeap Ling Weng	
Lee Boo Tian	
Zhao Bin	
Tan Lian Cheng	
Yuan Chao Yue	(Appointed on 11 August 2021)
Dayana Rogayah binti Omar	(Appointed on 5 April 2022)
(Alternate Director to Mej Jen (B)	
Dato' Jeyabalan A/L C. Sinnadurai)	
Muhammad Fitri bin Othman	(Appointed on 1 November 2021 and
(Alternate Director to Mej Jen (B)	resigned on 5 April 2022)
Dato' Jeyabalan A/L C. Sinnadurai)	
Yuan Ming	(Resigned on 11 August 2021)

Directors' Report

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	[----- Number of ordinary shares -----]			Balance as at 30.6.2022
	Balance as at 1.7.2021	Bought	Sold	
Shares in the Company				
<u>Direct interest:</u>				
Puan Sri Lee Chou Sarn	505,493	-	-	505,493
<u>Deemed interest:</u>				
Puan Sri Lee Chou Sarn*	25,299,389	-	-	25,299,389

* Deemed interest by virtue of Section 59 (11)(c) of the Companies Act 2016 held through spouse.

Notes:

- (i) Puan Sri Lee Chou Sarn is the spouse of Tan Sri Dr. Chen Lip Keong; and
- (ii) Chen Yiy Fon is the son of Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn.

By virtue of her interest in shares of the Company, Puan Sri Lee Chou Sarn is deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown 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 the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who received remuneration from the subsidiaries of the Company.

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

Directors' Report

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 30 June 2022 are as follows:

	Group RM	Company RM
Directors of the Company		
Non-executive Directors		
Directors' fees	233,040	233,040
Executive Directors		
Salaries, bonus and others	395,491	-
Defined contribution plan	47,292	-
Benefits-in-kind	17,100	-
	459,883	-
Directors of the subsidiaries		
Salaries, bonus, allowances and others	551,695	285,944
Defined contribution plan	49,524	33,984
Benefits-in-kind	8,800	8,800
	610,019	328,728
	1,302,942	561,768

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of insurance premium paid for the Directors and the officers of the Group and of the Company is RM10,200.

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

Directors' Report

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the 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.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

Directors' Report

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, BDO PLT 201906000013 (LLP0018825-LCA) & AF 0206, have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2022 are as follows:

	Group RM	Company RM
BDO PLT Malaysia		
- statutory audit		
- current year	157,050	49,050
- non-statutory audit	4,500	4,500
Other auditors		
- statutory audit		
- current year	6,546	-
- non-statutory audit	9,811	-
	177,907	53,550

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

Puan Sri Lee Chou Sarn
Director

Dato' Dr. Abdul Razak Bin Abdul
Director

Kuala Lumpur
7 October 2022

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 48 to 111 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Puan Sri Lee Chou Sarn
Director

Dato' Dr. Abdul Razak Bin Abdul
Director

Kuala Lumpur
7 October 2022

Statutory Declaration

I, Bong Shee Cheng (CA 5879), being the officer primarily responsible for the financial management of FACB Industries Incorporated Berhad, do solemnly and sincerely declare that the financial statements set out on pages 48 to 111 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur, this)
7 October 2022)

Bong Shee Cheng

Before me:

Mardhiyyah Abdul Wahab (W729)
Commissioner for Oaths

Independent Auditors' Report

To the Members of FACB Industries Incorporated Berhad
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FACB Industries Incorporated Berhad, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 111.

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 30 June 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Group and Company

Valuation of unquoted share investments

As at 30 June 2022, the carrying amounts of the unquoted shares in Malaysia amounted to RM13,567,250 as disclosed in Note 11 to the financial statements.

Fair values of the unquoted shares in Malaysia are estimated based on probability-weighted projected cash flows which require management to exercise significant judgements and estimates about the future results and key assumptions applied in determining the estimated fair values.

Independent Auditors' Report

To the Members of FACB Industries Incorporated Berhad
(Incorporated in Malaysia)

Key Audit Matters (continued)

Group and Company (continued)

Valuation of unquoted share investments (continued)

Audit response

Our audit procedures included the following:

- (i) Obtained an understanding and assessed the reasonableness of the valuation method adopted by management in estimating the fair value of the unquoted shares in Malaysia;
- (ii) Assessed the reasonableness of the management's assumptions on the basis of determining the probability-weighted projected cash flows by assessing evidence available to support these assumptions; and
- (iii) Performed sensitivity analysis to stress test the key assumptions in the probability-weighted projected cash flows.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Independent Auditors' Report

To the Members of FACB Industries Incorporated Berhad
(Incorporated in Malaysia)

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 decision 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 risk, 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (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.

Independent Auditors' Report

To the Members of FACB Industries Incorporated Berhad
(Incorporated in Malaysia)

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

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

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

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Kuala Lumpur
7 October 2022

Lum Chiew Mun
03039/04/2023 J
Chartered Accountant

Statements of Financial Position

As at 30 June 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	6	3,048,581	3,411,119	100,752	108,340
Right-of-use assets	7	1,774,974	2,709,627	549,340	809,717
Intangible assets	8	67,234	101,210	-	-
Investments in subsidiaries	9	-	-	15,464,957	15,464,957
Investments in associates	10	24,783,485	20,401,555	-	-
Other investments	11	43,310,426	33,698,914	43,310,426	33,698,914
Other receivables	12	-	-	120,616	216,799
		72,984,700	60,322,425	59,546,091	50,298,727
Current assets					
Inventories	13	5,933,431	6,941,924	-	-
Trade receivables	14	7,665,514	5,307,724	-	-
Other receivables	12	2,473,894	1,926,922	980,896	894,800
Amounts owing by subsidiaries	15	-	-	137,087	101,314
Amounts owing by associates	16	-	-	-	-
Current tax assets		438,318	289,686	160,104	134,173
Deposits with licensed banks	17	136,966,156	154,582,911	133,243,723	148,631,158
Cash and bank balances	17	12,729,319	8,914,392	248,554	440,792
		166,206,632	177,963,559	134,770,364	150,202,237
TOTAL ASSETS		239,191,332	238,285,984	194,316,455	200,500,964
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	114,151,835	114,151,835	114,151,835	114,151,835
Treasury shares	19	(1,225,544)	(1,225,544)	(1,225,544)	(1,225,544)
Other reserves	20	(18,425,923)	(8,670,034)	(24,115,786)	(13,940,349)
Retained earnings		117,420,319	110,145,623	104,584,557	100,206,843
		211,920,687	214,401,880	193,395,062	199,192,785
Non-controlling interests	9(e)	15,139,395	14,339,102	-	-
TOTAL EQUITY		227,060,082	228,740,982	193,395,062	199,192,785

Statements of Financial Position

As at 30 June 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
LIABILITIES					
Non-current liabilities					
Lease liabilities	7	524,154	1,403,604	440,969	815,359
Deferred tax liabilities	21	185,773	162,678	-	-
		709,927	1,566,282	440,969	815,359
Current liabilities					
Trade payables	22	3,028,831	2,429,159	-	-
Other payables and accruals	23	4,535,668	3,181,374	153,477	176,699
Contract liability	24	3,024,467	1,472,198	-	-
Lease liabilities	7	832,081	881,457	326,947	316,121
Current tax liabilities		276	14,532	-	-
		11,421,323	7,978,720	480,424	492,820
TOTAL LIABILITIES		12,131,250	9,545,002	921,393	1,308,179
TOTAL EQUITY AND LIABILITIES		239,191,332	238,285,984	194,316,455	200,500,964

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

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	25	47,750,933	45,299,666	3,250,000	4,690,000
Cost of sales	26	(30,356,713)	(28,702,377)	-	-
Gross profit		17,394,220	16,597,289	3,250,000	4,690,000
Other income		4,331,362	4,318,715	3,725,570	3,662,820
Selling and distribution costs		(9,332,285)	(9,198,837)	-	-
Administrative expenses		(6,659,657)	(8,678,318)	(1,883,769)	(3,767,865)
Net (loss)/gain on impairment of financial instruments	27	(25,743)	913,888	3,497	(2,213)
Other operating expenses		(1,475)	(72,574)	(89)	(226)
Profit from operations		5,706,422	3,880,163	5,095,209	4,582,516
Share of results of associates, net of tax		6,652,659	(310,866)	-	-
Finance costs	7	(124,350)	(185,930)	(61,370)	(90,606)
Profit before tax	28	12,234,731	3,383,367	5,033,839	4,491,910
Tax expense	30	(1,711,094)	(1,933,456)	(656,125)	(658,831)
Profit for the financial year		10,523,637	1,449,911	4,377,714	3,833,079
Other comprehensive loss, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		716,757	733,897	-	-
Fair value adjustment of: - financial assets at fair value through other comprehensive income ('FVTOCI')		(10,175,437)	(13,567,250)	(10,175,437)	(13,567,250)
Other comprehensive loss, net of tax		(9,458,680)	(12,833,353)	(10,175,437)	(13,567,250)
Total comprehensive income/ (loss)		1,064,957	(11,383,442)	(5,797,723)	(9,734,171)

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Profit attributable to:					
Owners of the parent		7,297,848	1,417,095	4,377,714	3,833,079
Non-controlling interests	9(e)	3,225,789	32,816	-	-
		10,523,637	1,449,911	4,377,714	3,833,079
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		(2,481,193)	(11,824,628)	(5,797,723)	(9,734,171)
Non-controlling interests		3,546,150	441,186	-	-
		1,064,957	(11,383,442)	(5,797,723)	(9,734,171)
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic and diluted	31	8.70	1.69		

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

Statements of Changes in Equity

For the Financial Year Ended 30 June 2022

Group	Share capital RM	Treasury shares RM	[----- Non-distributable -----] Distributable				Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
			Foreign currency translation reserve RM	FVTOCI reserve RM	Other reserves RM	Retained earnings RM			
Balance as at 1 July 2020	114,151,835	(1,225,544)	4,535,760	(373,099)	364,174	108,773,382	226,226,508	13,961,157	240,187,665
Profit for the financial year	-	-	-	-	-	1,417,095	1,417,095	32,816	1,449,911
Foreign currency translation	-	-	325,527	-	-	-	325,527	408,370	733,897
Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	(13,567,250)	-	-	(13,567,250)	-	(13,567,250)
Total comprehensive income/ (loss)	-	-	325,527	(13,567,250)	-	1,417,095	(11,824,628)	441,186	(11,383,442)
Transactions with owners									
Dividends paid to non- controlling interests	-	-	-	-	-	-	-	(63,241)	(63,241)
Transfer of reserves of a subsidiary	-	-	-	-	44,854	(44,854)	-	-	-
Total transactions with owners	-	-	-	-	44,854	(44,854)	-	(63,241)	(63,241)
Balance as at 30 June 2021	114,151,835	(1,225,544)	4,861,287	(13,940,349)	409,028	110,145,623	214,401,880	14,339,102	228,740,982

Statement of Changes in Equity

For the Financial Year Ended 30 June 2022

Group	Share capital RM	Treasury shares RM	[----- Non-distributable -----] Distributable				Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
			Foreign currency translation reserve RM	FVTOCI reserve RM	Other reserves RM	Retained earnings RM			
Balance as at 1 July 2021	114,151,835	(1,225,544)	4,861,287	(13,940,349)	409,028	110,145,623	214,401,880	14,339,102	228,740,982
Profit for the financial year	-	-	-	-	-	7,297,848	7,297,848	3,225,789	10,523,637
Foreign currency translation	-	-	396,396	-	-	-	396,396	320,361	716,757
Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	(10,175,437)	-	-	(10,175,437)	-	(10,175,437)
Total comprehensive income/ (loss)	-	-	396,396	(10,175,437)	-	7,297,848	(2,481,193)	3,546,150	1,064,957
Transactions with owners									
Dividends paid to non- controlling interests	-	-	-	-	-	-	-	(2,745,857)	(2,745,857)
Transfer of reserves of a subsidiary	-	-	-	-	23,152	(23,152)	-	-	-
Total transactions with owners	-	-	-	-	23,152	(23,152)	-	(2,745,857)	(2,745,857)
Balance as at 30 June 2022	114,151,835	(1,225,544)	5,257,683	(24,115,786)	432,180	117,420,319	211,920,687	15,139,395	227,060,082

Statement of Changes in Equity

For the Financial Year Ended 30 June 2022

Company	Share capital	Treasury shares	Non-distributable FVTOCI reserve	Distributable Retained earnings	Total equity
	RM	RM	RM	RM	RM
Balance as at 1 July 2020	114,151,835	(1,225,544)	(373,099)	96,373,764	208,926,956
Profit for the financial year	-	-	-	3,833,079	3,833,079
Fair value loss on financial assets at fair value through other comprehensive income	-	-	(13,567,250)	-	(13,567,250)
Total comprehensive (loss)/ income	-	-	(13,567,250)	3,833,079	(9,734,171)
Balance as at 30 June 2021	114,151,835	(1,225,544)	(13,940,349)	100,206,843	199,192,785
Balance as at 1 July 2021	114,151,835	(1,225,544)	(13,940,349)	100,206,843	199,192,785
Profit for the financial year	-	-	-	4,377,714	4,377,714
Fair value loss on financial assets at fair value through other comprehensive income	-	-	(10,175,437)	-	(10,175,437)
Total comprehensive (loss)/ income	-	-	(10,175,437)	4,377,714	(5,797,723)
Balance as at 30 June 2022	114,151,835	(1,225,544)	(24,115,786)	104,584,557	193,395,062

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

Statements of Cash Flows

For the Financial Year Ended 30 June 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		12,234,731	3,383,367	5,033,839	4,491,910
Adjustments for:					
Accretion of discount on financial assets at amortised cost		(26,949)	(10,810)	(26,949)	(10,810)
Amortisation of intangible assets	8	33,963	48,150	-	-
Depreciation of right-of-use assets	7	864,817	887,229	211,918	243,544
Depreciation of property, plant and equipment	6	420,937	410,075	38,378	35,011
Dividend income	25	-	-	(3,250,000)	(4,690,000)
Gain on derecognition of an associate	28	-	(182,594)	-	-
Gain on disposal of property, plant and equipment	28	(1,967)	(37,065)	-	-
Gain on early termination of lease	7	-	(3,938)	-	-
Impairment losses on:					
- amounts owing by subsidiaries	15	-	-	7,766	7,559
- trade receivables	14	70,663	216,663	-	-
Interest expense on lease liabilities	7	124,350	185,930	61,370	90,606
Interest income	28	(3,788,031)	(3,720,877)	(3,666,798)	(3,631,010)
Inventories written down	13	95,120	53,565	-	-
Intangible assets written off	8	13	-	-	-
Property, plant and equipment written off	6	112	-	89	-
Reversal of impairment losses on:					
- amount owing by a subsidiary	15	-	-	(11,263)	(5,346)
- trade receivables	14	(44,920)	(1,130,551)	-	-
Reversal of inventories written down	13	(114,958)	(50,847)	-	-
Share of results of associates, net of tax		(6,652,659)	310,866	-	-
Unrealised (gain)/loss on foreign exchange	28	(852)	3,780	(623)	226
Operating profit/(loss) before working capital changes		3,214,370	362,943	(1,602,273)	(3,468,310)

Statement of Cash Flows

For the Financial Year Ended 30 June 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Operating profit/(loss) before working capital changes (continued)		3,214,370	362,943	(1,602,273)	(3,468,310)
Inventories		1,034,290	(2,216,421)	-	-
Trade and other receivables		(2,838,251)	1,691,831	91,463	127,709
Trade and other payables		1,935,645	1,804,042	(23,222)	13,376
Contract liability		1,552,269	344,536	-	-
Cash generated from/(used in) operations		4,898,323	1,986,931	(1,534,032)	(3,327,225)
Tax paid		(1,614,256)	(1,911,500)	(685,547)	(901,123)
Withholding tax paid		(299,652)	(281,671)	-	-
Tax refunded		62,987	8,139	3,491	-
Net cash from/(used in) operating activities		3,047,402	(198,101)	(2,216,088)	(4,228,348)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of other investment		(19,760,000)	-	(19,760,000)	-
Dividends received from:					
- associates		2,965,683	2,786,465	-	-
- subsidiaries		-	-	3,250,000	4,690,000
Interest received		3,709,992	3,489,472	3,564,045	3,377,438
Net withdrawal/(placement) of deposits placed with licensed banks with original maturity of more than three (3) months		19,532,605	(859,919)	15,802,748	1,224,523
Proceeds from disposal of property, plant and equipment		2,000	37,070	-	-
Purchase of property, plant and equipment	6	(58,544)	(512,017)	(30,879)	-
Repayments to subsidiaries		-	-	(32,276)	(4,641,498)
Net cash from investing activities		6,391,736	4,941,071	2,793,638	4,650,463

Statement of Cash Flows

For the Financial Year Ended 30 June 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to non-controlling interests by subsidiaries		(2,745,857)	(63,241)	-	-
Payments of lease liabilities	7	(983,340)	(988,382)	(355,098)	(388,996)
Net cash used in financing activities		(3,729,197)	(1,051,623)	(355,098)	(388,996)
Net increase in cash and cash equivalents		5,709,941	3,691,347	222,452	33,119
Effects of exchange rate changes on cash and cash equivalents		20,836	27,701	623	(226)
Cash and cash equivalents at beginning of financial year		10,917,657	7,198,609	944,057	911,164
Cash and cash equivalents at end of financial year	17	16,648,434	10,917,657	1,167,132	944,057

Statement of Cash Flows

For the Financial Year Ended 30 June 2022

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 7)	
	Group RM	Company RM
Balance as at 1 July 2021	2,285,061	1,131,480
Cash flows	(983,340)	(355,098)
Non-cash flows:		
- Interest expense	124,350	61,370
- Reversals during the financial year	(69,836)	(69,836)
	54,514	(8,466)
Balance as at 30 June 2022	1,356,235	767,916
Balance as at 1 July 2020	2,761,500	1,429,870
Cash flows	(988,382)	(388,996)
Non-cash flows:		
- Interest expense	185,930	90,606
- Addition during the financial year	401,340	-
- Early termination during the financial year	(75,327)	-
	511,943	90,606
Balance as at 30 June 2021	2,285,061	1,131,480

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

Notes to the Financial Statements

30 June 2022

1. CORPORATE INFORMATION

FACB Industries Incorporated Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Etiqa Twins, Tower 1, Level 13, 11 Jalan Pinang, 50450 Kuala Lumpur.

The consolidated financial statements for the financial year ended 30 June 2022 comprise the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 7 October 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 34.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

For management purposes, the business of the Group is presented in respect of the business and geographical segments of the Group.

Segment revenue, expenses, assets and liabilities are those amounts from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

Notes to the Financial Statements

30 June 2022

4. OPERATING SEGMENTS (continued)

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under negotiated terms.

Business Segments

The Group comprises the following two reportable operating segments:

(a) Bedding

Manufacturing and marketing of mattresses, bedding related products and furniture.

(b) Other operations

Investment holding, provision of management and secretarial services and marketing of steam.

Geographical Segments

The Group operates in two principal geographical areas of the world:

(a) Malaysia

Manufacturing and marketing of mattresses, bedding related products, furniture, investment holding and provision of management and secretarial services.

(b) Asia (excluding Malaysia)

Manufacturing of mattresses, bedding related products, furniture and marketing of steam.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The measurement basis and classification are consistent with those adopted in the previous financial year.

Notes to the Financial Statements

30 June 2022

4. OPERATING SEGMENTS (continued)

Business Segments

2022	Bedding RM	Other Operations RM	Eliminations RM	Total RM
Revenue				
External revenue	47,750,933	-	-	47,750,933
Inter-segment revenue	-	9,698,846	(9,698,846)	-
	47,750,933	9,698,846	(9,698,846)	47,750,933
Results				
Interest expense on lease liabilities	(63,762)	(78,160)	17,572	(124,350)
Interest income	26,028	3,762,003	-	3,788,031
Amortisation of intangible assets	(33,793)	(170)	-	(33,963)
Depreciation of right-of-use assets	(579,363)	(285,454)	-	(864,817)
Depreciation of property, plant and equipment	(380,901)	(40,036)	-	(420,937)
Other non-cash (expenses)/ income	(3,942)	27,680	-	23,738
Share of results of associates, net of tax	-	6,652,659	-	6,652,659
Segment profit before tax	4,241,699	7,993,032	-	12,234,731
Tax expense	(729,182)	(981,912)	-	(1,711,094)
Assets				
Additions to non-current assets	13,415	45,129	-	58,544
Investments in associates	-	24,783,485	-	24,783,485
Segment assets	34,433,351	204,757,981	-	239,191,332
Segment liabilities	11,113,847	1,017,403	-	12,131,250

Notes to the Financial Statements

30 June 2022

4. OPERATING SEGMENTS (continued)

Business Segments (continued)

2021	Bedding RM	Other Operations RM	Eliminations RM	Total RM
Revenue				
External revenue	45,299,666	-	-	45,299,666
Inter-segment revenue	-	7,691,914	(7,691,914)	-
	45,299,666	7,691,914	(7,691,914)	45,299,666
Results				
Interest expense on lease liabilities	(96,336)	(113,181)	23,587	(185,930)
Interest income	27,592	3,693,285	-	3,720,877
Amortisation of intangible assets	(47,980)	(170)	-	(48,150)
Depreciation of right-of-use assets	(565,992)	(321,237)	-	(887,229)
Depreciation of property, plant and equipment	(375,022)	(35,053)	-	(410,075)
Other non-cash income	952,173	189,624	-	1,141,797
Share of results of associates, net of tax	-	(310,866)	-	(310,866)
Segment profit/(loss) before tax	4,274,903	(891,536)	-	3,383,367
Tax expense	(972,970)	(960,486)	-	(1,933,456)
Assets				
Additions to non-current assets	913,357	-	-	913,357
Investments in associates	-	20,401,555	-	20,401,555
Segment assets	28,081,675	210,204,309	-	238,285,984
Segment liabilities				
	8,133,489	1,411,513	-	9,545,002

Notes to the Financial Statements

30 June 2022

4. OPERATING SEGMENTS (continued)

Business Segments (continued)

- (a) Inter-segment revenues are eliminated on consolidation.
- (b) Other material non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:

	2022	2021
	RM	RM
Accretion of discount on financial assets at amortised cost	26,949	10,810
Gain on derecognition of an associate	-	182,594
Gain on disposal of property, plant and equipment	1,967	37,065
Gain on early termination of lease	-	3,938
Impairment losses on trade receivables	(70,663)	(216,663)
Inventories written down	(95,120)	(53,565)
Intangible assets written off	(13)	-
Property, plant and equipment written off	(112)	-
Reversal of impairment losses on trade receivables	44,920	1,130,551
Reversal of inventories written down	114,958	50,847
Unrealised gain/(loss) on foreign exchange	852	(3,780)
	23,738	1,141,797

- (c) Additions to non-current assets consist of:

	2022	2021
	RM	RM
Property, plant and equipment	58,544	512,017
Right-of-use assets	-	401,340
	58,544	913,357

Geographical information

- (a) Revenue information based on geographical location of its customers:

	2022	2021
	RM	RM
Malaysia	45,053,888	41,070,517
Asia (excluding Malaysia)	2,697,045	4,229,149
	47,750,933	45,299,666

Notes to the Financial Statements

30 June 2022

4. OPERATING SEGMENTS (continued)

Geographical information (continued)

- (b) Non-current assets (property, plant and equipment, right-of-use assets, intangible assets and investments in associates) based on geographical location:

	2022 RM	2021 RM
Malaysia	4,818,402	6,053,052
Asia (excluding Malaysia)	24,855,872	20,570,459
	29,674,274	26,623,511

Major customer

Revenue from one major customer amounted to RM18,617,309 (2021: RM13,299,518), arising from sales in the bedding segment.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT

- (a) Capital management

The objectives of the Group when managing capital are to safeguard the ability of the Group to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

Pursuant to the requirements of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement for the financial year ended 30 June 2022.

The Group is not subject to any externally imposed capital requirements.

- (b) Financial risk management objectives and policies

The financial risk management policy of the Group is to ensure that adequate financial resources are available for the development of the operations of the Group whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the policy of the Group is not to engage in speculative transactions.

Notes to the Financial Statements

30 June 2022

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

The following sections provide details regarding the exposure of the Group to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The exposure of the Group to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the maximum exposure of the Group to credit risk.

The Group determines concentration of credit risks by monitoring its trade receivables profile on an ongoing basis based on geographical location and the business segment.

The credit risk concentration profiles have been disclosed in Notes 12 and 14 to the financial statements.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company would encounter difficulty in meeting their financial obligations as they fall due. The exposure of the Group and of the Company to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The funding requirements and liquidity risk of the Group and of the Company are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 7, 22 and 23 to the financial statements respectively.

Notes to the Financial Statements

30 June 2022

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are mainly Singapore Dollar, United States Dollar and Chinese Renminbi.

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group would apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The foreign currency risk exposure profiles and sensitivity analysis for foreign currency risk have been disclosed in Notes 12, 14, 17, 22 and 23 to the financial statements.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining prudent short term deposits.

The interest rate risk profile and sensitivity analysis of interest rate risk have been disclosed in Notes 7, 11, 12 and 17 to the financial statements.

6. PROPERTY, PLANT AND EQUIPMENT

Group 2022	Balance as at 1.7.2021	Additions	Disposals	Written off	Depreciation	Balance as at 30.6.2022
	RM				RM	
Carrying amount						
Buildings	1,490,912	-	-	-	(73,873)	1,417,039
Plant and machinery	780,757	-	-	(2)	(130,636)	650,119
Motor vehicles	827,142	-	(2)	-	(159,706)	667,434
Office equipment, furniture and fittings	149,348	58,544	(6)	(109)	(33,970)	173,807
Renovation	162,960	-	(25)	(1)	(22,752)	140,182
	3,411,119	58,544	(33)	(112)	(420,937)	3,048,581

Notes to the
Financial Statements
30 June 2022

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2022	[----- At 30.6.2022 -----]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Buildings	3,693,675	(2,276,636)	1,417,039
Plant and machinery	5,813,281	(5,163,162)	650,119
Motor vehicles	2,997,064	(2,329,630)	667,434
Office equipment, furniture and fittings	911,562	(737,755)	173,807
Renovation	973,576	(833,394)	140,182
	14,389,158	(11,340,577)	3,048,581

Group 2021	Balance as at 1.7.2020 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Balance as at 30.6.2021 RM
Carrying amount					
Buildings	1,564,786	-	-	(73,874)	1,490,912
Plant and machinery	871,372	44,000	(4)	(134,611)	780,757
Motor vehicles	660,477	326,708	(1)	(160,042)	827,142
Office equipment, furniture and fittings	67,493	103,911	-	(22,056)	149,348
Renovation	145,054	37,398	-	(19,492)	162,960
	3,309,182	512,017	(5)	(410,075)	3,411,119

	[----- At 30.6.2021 -----]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Buildings	3,693,675	(2,202,763)	1,490,912
Plant and machinery	5,869,781	(5,089,024)	780,757
Motor vehicles	3,047,256	(2,220,114)	827,142
Office equipment, furniture and fittings	929,532	(780,184)	149,348
Renovation	1,091,823	(928,863)	162,960
	14,632,067	(11,220,948)	3,411,119

Notes to the Financial Statements

30 June 2022

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2022	Balance as at 1.7.2021 RM	Additions RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 30.6.2022 RM
Carrying amount					
Motor vehicles	97,775	-	-	(30,876)	66,899
Office equipment, furniture and fittings	7,089	30,879	(89)	(7,005)	30,874
Renovation	3,476	-	-	(497)	2,979
	108,340	30,879	(89)	(38,378)	100,752

[----- At 30.6.2022 -----]

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Motor vehicles	154,381	(87,482)	66,899
Office equipment, furniture and fittings	192,241	(161,367)	30,874
Renovation	195,150	(192,171)	2,979
	541,772	(441,020)	100,752

Company 2021	Balance as at 1.7.2020 RM	Depreciation charge for the financial year RM	Balance as at 30.6.2021 RM
Carrying amount			
Motor vehicles	128,651	(30,876)	97,775
Office equipment, furniture and fittings	10,727	(3,638)	7,089
Renovation	3,973	(497)	3,476
	143,351	(35,011)	108,340

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30 June 2022

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2021	[----- At 30.6.2021 -----]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Motor vehicles	154,381	(56,606)	97,775
Office equipment, furniture and fittings	186,060	(178,971)	7,089
Renovation	195,150	(191,674)	3,476
	<u>535,591</u>	<u>(427,251)</u>	<u>108,340</u>

(a) Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

(b) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the business of the Group. The principal annual depreciation rates used are as follows:

Buildings	2%
Plant and machinery	10% - 20%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Renovation	10% - 20%

7. LEASES

The Group as lessee

Right-of-use assets

	Balance as at 1.7.2021 RM	Reversals RM	Depreciation RM	Balance as at 30.6.2022 RM
Carrying amount				
Leasehold land	538,309	-	(25,769)	512,540
Buildings and car parks	2,171,318	(69,836)	(839,048)	1,262,434
	<u>2,709,627</u>	<u>(69,836)</u>	<u>(864,817)</u>	<u>1,774,974</u>

Notes to the Financial Statements

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7. LEASES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

	Balance as at 1.7.2020 RM	Addition RM	Early termination RM	Depreciation RM	Balance as at 30.6.2021 RM
Carrying amount					
Leasehold land	564,078	-	-	(25,769)	538,309
Buildings and car parks	2,702,827	401,340	(71,389)	(861,460)	2,171,318
	3,266,905	401,340	(71,389)	(887,229)	2,709,627

Lease liabilities

	Balance as at 1.7.2021 RM	Reversals RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2022 RM
Carrying amount					
Buildings and car parks	2,285,061	(69,836)	(983,340)	124,350	1,356,235

	Balance as at 1.7.2020 RM	Addition RM	Early termination RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2021 RM
Carrying amount						
Buildings and car parks	2,761,500	401,340	(75,327)	(988,382)	185,930	2,285,061

Represented by:		2022	2021
		RM	RM
Current liabilities		832,081	881,457
Non-current liabilities		524,154	1,403,604
Lease liabilities owing to non-financial institutions		1,356,235	2,285,061

Notes to the
Financial Statements
30 June 2022

7. LEASES (continued)

The Company as lessee

Right-of-use assets

	Balance as at 1.7.2021 RM	Reversals RM	Depreciation RM	Balance as at 30.6.2022 RM
Carrying amount				
Buildings and car parks	809,717	(48,459)	(211,918)	549,340

	Balance as at 1.7.2020 RM	Depreciation RM	Balance as at 30.6.2021 RM
Carrying amount			
Buildings and car parks	1,053,261	(243,544)	809,717

Lease liabilities

	Balance as at 1.7.2021 RM	Reversals RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2022 RM
Carrying amount					
Buildings and car parks	1,131,480	(69,836)	(355,098)	61,370	767,916

	Balance as at 1.7.2020 RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2021 RM
Carrying amount				
Buildings and car parks	1,429,870	(388,996)	90,606	1,131,480

Notes to the Financial Statements

30 June 2022

7. LEASES (continued)

The Company as lessee (continued)

Lease liabilities (continued)

Represented by:	2022	2021
	RM	RM
Current liabilities	326,947	316,121
Non-current liabilities	440,969	815,359
Lease liabilities owing to non-financial institutions	767,916	1,131,480

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	60 years
Buildings and car parks	2 - 6 years

- (b) The Group has certain lease of building with lease term of 12 months or less, and low value leases of office equipment of RM20,000 and below. The Group applies the “short-term lease” and “lease of low-value assets” exemptions for these leases.

Notes to the Financial Statements

30 June 2022

7. LEASES (continued)

(c) The following are the amounts recognised in profit or loss:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Depreciation of right-of-use assets (included in administrative expenses)	676,162	711,945	211,918	243,544
Depreciation of right-of-use assets (included in cost of sales)	25,769	25,769	-	-
Depreciation of right-of-use assets (included in selling and distribution costs)	162,886	149,515	-	-
Interest expense on lease liabilities (included in finance costs)	124,350	185,930	61,370	90,606
Expense relating to leases of low-value assets (included in administrative expenses)	16,770	16,130	-	-
Expense relating to short-term lease (included in selling and distribution costs)	-	15,300	-	-
Gain on early termination (included in other income)	-	(3,938)	-	-
Variable lease payments (included in administrative expenses):				
- arising from COVID-19 related rent concessions	(28,554)	-	(21,221)	-
	977,383	1,100,651	252,067	334,150

(d) The Group and the Company entered into several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

As at the end of each reporting period, there are no undiscounted potential future rental payments that are not included in the lease term.

Notes to the Financial Statements

30 June 2022

7. LEASES (continued)

(e) The following are total cash outflows for leases as a lessee:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Included in net cash from/ (used in) operating activities:				
Payment relating to short-term lease and leases of low-value assets	16,770	31,430	-	-
Included in net cash used in financing activities:				
Payments of lease liabilities	983,340	988,382	355,098	388,996
	1,000,110	1,019,812	355,098	388,996

(f) The table below summarises the maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	Incremental borrowing rate per annum %	On demand or within one year RM	One to five years RM	Total RM
30 June 2022				
Lease liabilities	7%	899,257	547,818	1,447,075
30 June 2021				
Lease liabilities	7%	1,013,446	1,499,193	2,512,639
Company				
30 June 2022				
Lease liabilities	7%	370,315	463,818	834,133
30 June 2021				
Lease liabilities	7%	385,240	886,251	1,271,491

Lease liabilities are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as it is not affected by changes in interest rates.

Notes to the Financial Statements

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9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Unquoted shares, at cost	24,033,698	24,033,698
Accumulated impairment losses	(8,568,741)	(8,568,741)
	15,464,957	15,464,957

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.
- (b) All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.
- (c) There is no movement in impairment losses of investments in subsidiaries.
- (d) The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective direct interest		Principal activities
		2022 %	2021 %	
Held by the Company				
Dreamland Spring Sdn. Bhd.	Malaysia	100	100	Investment holding
Kanzen Management Sdn. Bhd.	Malaysia	100	100	Providing management and secretarial services
Kanzen Ventures Sdn. Bhd.	Malaysia	100	100	Investment holding
Kanzen Shindo Sdn. Bhd.	Malaysia	70	70	Dormant
Restonic (M) Sdn. Bhd.	Malaysia	85.72	85.72	Investment holding
KT Fittings Sdn. Bhd.	Malaysia	100	100	Dormant

Notes to the Financial Statements

30 June 2022

9. INVESTMENTS IN SUBSIDIARIES (continued)

(d) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective indirect interest		Principal activities
		2022 %	2021 %	
Held through Dreamland Spring Sdn. Bhd.				
Dreamland Marketing (Shanghai) Co. Ltd. ⁽¹⁾	The People's Republic of China	65	65	Retail marketing of bedding products
Held through KT Fittings Sdn. Bhd.				
Kanzen Marketing Sdn. Bhd.	Malaysia	100	100	Dormant
Held through Kanzen Ventures Sdn. Bhd.				
Kanzen Energy Ventures Sdn. Bhd.	Malaysia	55	55	Investment holding
Held through Restonic (M) Sdn. Bhd.				
Dreamland Corporation (Malaysia) Sdn. Bhd.	Malaysia	85.72	85.72	Wholesales dealership and retailing of mattresses, furniture and related accessories
Dreamland Spring Manufacturing Sdn. Bhd.	Malaysia	85.72	85.72	Manufacture and wholesale dealership of mattresses
Eurocoir Products Sdn. Bhd.	Malaysia	85.72	85.72	Manufacture and sale of polyester pillows and bolsters
Dream Products Sdn. Bhd.	Malaysia	85.72	85.72	Manufacture and sale of synthetic foam, bedding co-ordinates, sponge pillows and bolsters

Notes to the Financial Statements

30 June 2022

9. INVESTMENTS IN SUBSIDIARIES (continued)

(d) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective indirect interest		Principal activities
		2022 %	2021 %	
Held through Restonic (M) Sdn. Bhd. (continued)				
Dream Crafts Sdn. Bhd.	Malaysia	85.72	85.72	Marketing and sales promotion of furniture, mattresses and related accessories
Sleepmaker Sdn. Bhd.	Malaysia	85.72	85.72	Wholesales of mattresses and related accessories

⁽¹⁾ Audited by firms of auditors other than BDO PLT Malaysia or BDO member firms.

(e) The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

	Restonic (M) Sdn. Bhd. (Group)	Kanzen Energy Ventures Sdn. Bhd. (Economic Entity)	Other individual immaterial subsidiaries	Total
	RM	RM	RM	RM
2022				
NCI percentage of ownership and voting interest	14.28%	45%		
Carrying amount of NCI	3,173,771	11,568,243	397,381	15,139,395
Profit allocated to NCI	476,012	2,698,011	51,766	3,225,789
2021				
NCI percentage of ownership and voting interest	14.28%	45%		
Carrying amount of NCI	2,697,759	11,257,502	383,841	14,339,102
Profit/(Loss) allocated to NCI	441,570	(471,232)	62,478	32,816

Notes to the
Financial Statements
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9. INVESTMENTS IN SUBSIDIARIES (continued)

- (f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

2022	Restonic (M) Sdn. Bhd. (Group) RM	Kanzen Energy Ventures Sdn. Bhd. (Economic Entity) RM
Assets and liabilities		
Non-current assets	4,007,515	24,835,268
Current assets	28,928,782	922,374
Non-current liabilities	(274,647)	(29,226)
Current liabilities	(10,425,626)	(37,977)
Net assets	<u>22,236,024</u>	<u>25,690,439</u>
Results		
Revenue	45,434,833	-
Profit for the financial year	3,309,659	5,991,344
Other comprehensive income	-	694,954
Total comprehensive income	<u>3,309,659</u>	<u>6,686,298</u>
Cash flows from/(used in) operating activities	5,702,613	(761,734)
Cash flows from investing activities	13,552	6,739,371
Cash flows used in financing activities	(519,183)	(6,021,779)
Net increase/(decrease) in cash and cash equivalents	<u>5,196,982</u>	<u>(44,142)</u>
Dividends paid to non-controlling interests	-	<u>2,700,000</u>

Notes to the Financial Statements

30 June 2022

9. INVESTMENTS IN SUBSIDIARIES (continued)

- (f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows (continued):

2021	Restonic (M) Sdn. Bhd. (Group) RM	Kanzen Energy Ventures Sdn. Bhd. (Economic Entity) RM
Assets and liabilities		
Non-current assets	4,914,651	20,468,161
Current assets	21,764,606	4,698,505
Non-current liabilities	(677,758)	(52,062)
Current liabilities	(7,075,134)	(110,463)
Net assets	<u>18,926,365</u>	<u>25,004,141</u>
Results		
Revenue	42,210,973	-
Profit/(Loss) for the financial year	3,068,238	(1,052,846)
Other comprehensive income	-	875,991
Total comprehensive income/(loss)	<u>3,068,238</u>	<u>(176,855)</u>
Cash flows from/(used in) operating activities	4,682,006	(818,737)
Cash flows (used in)/from investing activities	(448,416)	855,234
Cash flows used in financing activities	(502,099)	(23,479)
Net increase in cash and cash equivalents	<u>3,731,491</u>	<u>13,018</u>

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9. INVESTMENTS IN SUBSIDIARIES (continued)

- (g) Reconciliation of profit or loss of the subsidiaries that have material NCI to the profit/(loss) allocated to NCI are as follows:

	Restonic (M) Sdn. Bhd. (Group) RM	Kanzen Energy Ventures Sdn. Bhd. (Economic Entity) RM
2022		
Profit for the financial year	3,309,659	5,991,344
Add: Others	23,756	4,235
Profit, net of Group's adjustments	3,333,415	5,995,579
NCI percentage of ownership and voting interest	14.28%	45%
Profit allocated to NCI	476,012	2,698,011
2021		
Profit/(Loss) for the financial year	3,068,238	(1,052,846)
Add: Others	23,987	5,664
Profit/(Loss), net of Group's adjustments	3,092,225	(1,047,182)
NCI percentage of ownership and voting interest	14.28%	45%
Profit/(Loss) allocated to NCI	441,570	(471,232)

10. INVESTMENTS IN ASSOCIATES

	Group	
	2022 RM	2021 RM
Outside Malaysia		
Unquoted shares, at cost	11,264,591	11,264,591
Share of post-acquisition reserve, net of Group's dividends	4,612,842	925,866
Exchange differences	9,057,651	8,362,697
Accumulated impairment loss	(151,599)	(151,599)
	24,783,485	20,401,555

- (a) Investments in associates are measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.

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10. INVESTMENTS IN ASSOCIATES (continued)

- (b) In the previous financial year, the Group had written off its investment in Dreamland Dalian Pte. Ltd. (“DD”) subsequent to a decision to discontinue the joint venture operations. The Company’s wholly owned subsidiary, Dreamland Spring Sdn. Bhd. (“DSS”) subsequently transferred its shareholding in DD to its joint venture partner. The Group had ceased to equity account for its share of losses of DD from the financial statements as the carrying amount of this investment had reached nil. Subsequent to the derecognition of the investment, the Group recognised a gain on derecognition of an associate amounted to RM182,594 due to realisation of foreign currency translation reserve. The gain on derecognition was included as part of other income in the statements of profit or loss and other comprehensive income of the Group for the year.
- (c) The details of the associates are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective indirect interest		Principal activities
		2022 %	2021 %	
Held through Dreamland Spring Sdn. Bhd.				
Dreamland Shanghai Pte. Ltd. ^{*(1)}	The People’s Republic of China	40	40	Manufacturing and marketing of spring mattresses
Held through Dreamland Shanghai Pte. Ltd.				
Shanghai Mengge Household Products Pte. Ltd. ⁽²⁾	The People’s Republic of China	40	40	Dormant
Held through Kanzen Energy Ventures Sdn. Bhd. (“KEV”)				
Jiangyin Binjiang Power Supply Co. Ltd. (“JBP”)*	The People’s Republic of China	16.5	16.5	Marketing of steam
Jiangyin Chengdong Power Supply Co. Ltd. (“JCP”)*	The People’s Republic of China	16.5	16.5	Marketing of steam

* Audited by firms of auditors other than BDO PLT Malaysia or BDO member firms.

⁽¹⁾ The financial statements of the above associate is not coterminous with those of the Group, which have a financial year end of 31 December 2021. For the purpose of applying the equity method of accounting, the unaudited financial statements of the associates as at 30 June 2022 has been used as the associate is not material to the Group.

⁽²⁾ Management accounts of the associate for the financial year ended 30 June 2022 is used by the Group for the purpose of applying the equity method of accounting. The financial statements of the associate is not required to be audited in its country of incorporation as it was dormant since the previous financial years.

Notes to the Financial Statements

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10. INVESTMENTS IN ASSOCIATES (continued)

- (d) The most recent available financial statements of associates are used by the Group in applying the equity method. The share of results of associates of the Group are based on the audited financial statements of JBP and JCP, net of Group's adjustments.
- (e) The summarised financial information in respect of each of the material associates, i.e. JBP and JCP of the Group is set out below, net of Group's adjustments:

	JBP	JCP
	RM	RM
2022		
Assets and liabilities		
Non-current assets	31,504,971	18,857,112
Current assets	63,491,369	41,536,438
Current liabilities	(49,489,461)	(23,288,812)
Net assets	<u>45,506,879</u>	<u>37,104,738</u>
Results		
Revenue	122,688,828	56,005,205
Profit for the financial year	15,545,054	6,630,476
Total comprehensive income	<u>16,982,071</u>	<u>7,776,532</u>
Dividend income received	<u>1,079,979</u>	<u>1,885,704</u>
2021		
Assets and liabilities		
Non-current assets	32,430,187	15,814,472
Current assets	42,634,632	38,095,765
Current liabilities	(42,705,107)	(21,808,374)
Net assets	<u>32,359,712</u>	<u>32,101,863</u>
Results		
Revenue	89,710,395	44,393,547
Loss for the financial year	(3,292,302)	(1,287,525)
Total comprehensive (loss)/income	<u>(1,188,279)</u>	<u>552,389</u>
Dividend income received	<u>1,014,914</u>	<u>1,771,551</u>

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10. INVESTMENTS IN ASSOCIATES (continued)

- (f) Reconciliation of net assets of the material associates to the carrying amounts of the investments in associates is as follows:

2022	JBP RM	JCP RM
Share of net assets	7,508,635	6,122,282
Add: Share by non-controlling interests of KEV	6,143,429	5,009,139
Carrying amount	13,652,064	11,131,421
Share of results for the financial year		
Share of profit or loss	2,564,934	1,094,029
Share of other comprehensive income	208,527	173,698
	2,773,461	1,267,727
Add: Share by non-controlling interests of KEV		
Share of profit or loss	2,098,582	895,114
Share of other comprehensive income	170,612	142,117
	2,269,194	1,037,231
Share of total comprehensive income	5,042,655	2,304,958
Total share of profit	4,663,516	1,989,143
Total share of other comprehensive income	379,139	315,815
Share of total comprehensive income	5,042,655	2,304,958
Dividend income from associates	1,079,979	1,885,704

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10. INVESTMENTS IN ASSOCIATES (continued)

- (f) Reconciliation of net assets of the material associates to the carrying amounts of the investments in associates is as follows (continued):

2021	JBP RM	JCP RM
Share of net assets	5,329,163	5,891,692
Add: Share by non-controlling interests of KEV	4,360,225	4,820,475
Carrying amount	9,689,388	10,712,167
Share of results for the financial year		
Share of profit or loss	(553,420)	382,444
Share of other comprehensive income	281,085	200,710
	(272,335)	583,154
Add: Share by non-controlling interests of KEV		
Share of profit or loss	(452,798)	312,908
Share of other comprehensive income	229,979	164,217
	(222,819)	477,125
Share of total comprehensive (loss)/income	(495,154)	1,060,279
Total share of (loss)/profit	(1,006,218)	695,352
Total share of other comprehensive income	511,064	364,927
Share of total comprehensive (loss)/income	(495,154)	1,060,279
Dividend income from associates	1,014,914	1,771,551

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11. OTHER INVESTMENTS

	Group and Company	
	2022	2021
	RM	RM
Financial asset at fair value through other comprehensive income (“FVTOCI”)		
- Unquoted shares in Malaysia	13,567,250	23,742,687
Financial assets at amortised cost		
- 3.88% p.a. Malaysian quoted Government Bonds due on 14 March 2025	9,967,720	9,956,227
- 3.47% p.a. Malaysian quoted Government Bonds due on 15 October 2030	19,775,456	-
	29,743,176	9,956,227
	43,310,426	33,698,914

- (a) Unquoted shares investment are not held for trading for which the Group and the Company have irrevocably elected at initial recognition to recognise at fair value through other comprehensive income. This is strategic investment for which the Group and the Company consider this classification to be appropriate and relevant.
- (b) Unquoted shares of the Group are categorised as Level 3 in the fair value hierarchy. The fair values of investments in unquoted shares are determined based on the income approach by investment method which involves capitalisation of the net annual income stream that is expected to be received from the investment after deducting the annual outgoings and other operating expenses incidental to the investment. This method of valuation is more reflective of the carrying amount of the investment.

It requires management to exercise significant judgements and estimates about the future results and key assumptions applied to probability-weighted projected cash flows of the unquoted shares in determining its estimated fair values.

- (c) The fair values of investments in unquoted shares of the Group and the Company are categorised as follows:

Group and Company	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2022	-	-	13,567,250	13,567,250
2021	-	-	23,742,687	23,742,687

There was no transfer between levels during the financial year ended 30 June 2022.

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11. OTHER INVESTMENTS (continued)

(d) The following table shows a reconciliation of level 3 fair values of other investments:

	Group and Company	
	2022	2021
	RM	RM
Financial assets		
Balance as at 1 July 2021/2020	23,742,687	37,309,937
Loss recognised in other comprehensive income	(10,175,437)	(13,567,250)
Balance as at 30 June 2022/2021	13,567,250	23,742,687

(e) The significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, were detailed in the table below:

Financial instrument	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair values
2022		
Other investments		
Unquoted shares in Malaysia	Occupancy rate (2022: range of 30% - 90%)	The higher the occupancy rate, the higher the fair value of the unquoted shares would be.
	Pre-tax discount rate (2022: 5%)	The higher the pre-tax discount rate, the lower the fair value of the unquoted shares would be.
2021		
Other investments		
Unquoted shares in Malaysia	Occupancy rate (2021: range of 22% - 85%)	The higher the occupancy rate, the higher the fair value of the unquoted shares would be.
	Pre-tax discount rate (2021: 5%)	The higher the pre-tax discount rate, the lower the fair value of the unquoted shares would be.

(f) The Group and the Company neither have the intention nor historical trend of active trading in these financial instruments, the Directors are of the opinion that the Group and the Company are not subject to significant exposure to price risk. Accordingly, no sensitivity analysis is being presented at the end of the reporting period.

Notes to the Financial Statements

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11. OTHER INVESTMENTS (continued)

- (g) Malaysian quoted Government Bonds are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (h) The carrying amount of the financial assets at amortised cost is reasonable approximation of its fair value.
- (i) Sensitivity analysis for fixed rate bonds at the end of the reporting period is not presented as it is not affected by changes in interest rates.

12. OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current				
Lease receivables	-	-	120,616	216,799
Total other receivables (non-current)	-	-	120,616	216,799
Current				
Lease receivables	-	-	82,021	79,548
Other receivables	1,222,405	1,048,872	769,266	684,085
Sundry deposits	493,758	490,675	120,303	124,605
Prepayments	757,731	387,375	9,306	6,562
Total other receivables (current)	2,473,894	1,926,922	980,896	894,800
Total other receivables (non-current and current)	2,473,894	1,926,922	1,101,512	1,111,599
Less: Prepayments	(757,731)	(387,375)	(9,306)	(6,562)
Total other receivables	1,716,163	1,539,547	1,092,206	1,105,037

- (a) Total other receivables are classified as financial assets measured at amortised cost.

Notes to the Financial Statements

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12. OTHER RECEIVABLES (continued)

- (b) Impairment for the other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. A significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by the other receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables.

No expected credit losses is recognised arising from other receivables as it is negligible.

- (c) The Company has classified its subleases of buildings and car parks as finance lease because the sublease is for the whole of the remaining term of the head lease. During the financial year, the movement on the finance lease receivables are as follows:

	Company	
	2022 RM	2021 RM
Balance as at 1 July 2021/2020	296,347	370,532
Reversals during the financial year	(21,377)	-
Lease payments received during the financial year	(89,905)	(97,772)
Finance lease interest income	17,572	23,587
Balance as at 30 June 2022/2021	202,637	296,347

Notes to the Financial Statements

30 June 2022

12. OTHER RECEIVABLES (continued)

- (d) Lease receivables represent lease rental and interest receivables due from subsidiaries in relation to the rental of building and car parks by the Company.

	Company	
	2022 RM	2021 RM
Minimum lease receivables:		
Not later than one (1) year	93,607	97,773
Later than one (1) year and not later than five (5) years	127,173	236,283
Total minimum lease payments	<u>220,780</u>	334,056
Less: Future interest charges	(18,143)	(37,709)
Present value of minimum lease payments	<u>202,637</u>	296,347
Present value of lease receivables:		
Not later than one (1) year	82,021	79,548
Later than one (1) year and not later than five (5) years	120,616	216,799
Present value of minimum lease payments	<u>202,637</u>	296,347
Less: Repayable within one (1) year	(82,021)	(79,548)
Repayable after one (1) year	<u>120,616</u>	216,799

- (e) The currency profile of other receivables excluding prepayments of the Group and of the Company are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	1,291,735	1,182,632	1,092,206	1,105,037
Chinese Renminbi	419,700	352,187	-	-
Singapore Dollar	4,728	4,728	-	-
	<u>1,716,163</u>	1,539,547	<u>1,092,206</u>	1,105,037

- (f) Sensitivity analysis of RM against foreign currencies (currencies which are other than the functional currency of the Group) at the end of the reporting period is not presented as the effect is immaterial to the Group.

Notes to the Financial Statements

30 June 2022

12. OTHER RECEIVABLES (continued)

- (g) The Group and the Company have no significant concentration of credit risk of other receivables that may arise from exposures to a single debtor or to groups of debtors.
- (h) The estimated market interest rate used for discounting contracted cash flows to determine the fair value of lease receivables are approximately equal to the effective interest rate used for computing the carrying amount of lease receivables. In this respect, the carrying amounts of lease receivables of the Company as at the end of the reporting period approximate their fair value.
- (i) The effective interest rate for lease receivables of the Company is 7% per annum.

13. INVENTORIES

	Group	
	2022	2021
	RM	RM
At cost		
Raw materials	3,373,824	3,308,814
Work-in-progress	282,340	254,233
Finished goods	2,260,787	3,372,006
Consumables	16,480	6,871
	5,933,431	6,941,924
Recognised in profit or loss		
Inventories recognised as costs of sales	23,930,535	23,387,083
Inventories written down	95,120	53,565
Reversal of inventories written down	(114,958)	(50,847)
	23,910,697	23,283,771

- (a) Raw materials, work-in-progress, finished goods and consumables are stated at lower of cost and net realisable value.
- (b) Cost of inventories are determined using the weighted average basis.
- (c) The Group reversed RM114,958 (2021: RM50,847) in respect of inventories written down in the previous financial years that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.

Notes to the Financial Statements

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14. TRADE RECEIVABLES

	Group	
	2022 RM	2021 RM
Trade receivables		
Third parties	8,258,912	5,970,454
Less: Impairment losses	(593,398)	(662,730)
Total trade receivables	7,665,514	5,307,724

- (a) Total trade receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal credit terms of trade receivables granted by the Group ranged from 30 days to 120 days (2021: 30 days to 120 days). They are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- (c) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses ("ECL"). Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the asset. The trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within net gain or loss on impairment of financial instruments in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

The Group has identified the gross domestic product, unemployment rate and inflation rate as the key macroeconomic factors of the forward looking information.

It requires management to exercise judgement in determining the probability of default by trade receivables and appropriate forward looking information in assessing the expected credit losses.

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

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14. TRADE RECEIVABLES (continued)

(c) (continued)

Lifetime expected loss provision for trade receivables of the Group are as follows:

	Expected loss rate	Group Gross carrying amount RM	Impairment RM
2022			
Current	1%	7,639,027	79,687
Past due:			
More than 30 days	19%	31,991	5,980
More than 60 days	32%	23,714	7,597
More than 90 days	56%	31,991	18,068
More than 120 days	91%	532,189	482,066
		619,885	513,711
		8,258,912	593,398
2021			
Current	1%	5,092,097	76,095
Past due:			
More than 30 days	17%	102,775	17,051
More than 60 days	20%	108,994	21,657
More than 90 days	51%	49,356	25,308
More than 120 days	85%	617,232	522,619
		878,357	586,635
		5,970,454	662,730

Notes to the Financial Statements

30 June 2022

14. TRADE RECEIVABLES (continued)

(d) Reconciliation of movements in impairment losses of trade receivables are as follows:

Group	Lifetime ECL		Total allowance
	Not credit impaired	Credit impaired	
2022	RM	RM	RM
Balance as at 1 July	204,336	458,394	662,730
Impairment losses recognised during the financial year	66,133	4,530	70,663
Written off	-	(95,075)	(95,075)
Reversal of impairment losses	-	(44,920)	(44,920)
Balance as at 30 June	270,469	322,929	593,398
2021			
Balance as at 1 July	1,309,222	421,416	1,730,638
Impairment losses recognised during the financial year	-	216,663	216,663
Written off	(6,769)	(147,251)	(154,020)
Reversal of impairment losses	(1,098,117)	(32,434)	(1,130,551)
Balance as at 30 June	204,336	458,394	662,730

(e) The currency profile of trade receivables of the Group are as follows:

	Group	
	2022	2021
	RM	RM
Ringgit Malaysia	7,651,994	5,271,993
Chinese Renminbi	13,520	35,731
	7,665,514	5,307,724

(f) Sensitivity analysis of RM against foreign currency (a currency which is other than the functional currency of the Group) at the end of the reporting period is not presented as the effect is immaterial to the Group.

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14. TRADE RECEIVABLES (continued)

- (g) The Group determines concentration of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period is as follows:

	Group			
	2022		2021	
	RM	%	RM	%
By country				
Malaysia	7,638,860	99.7	5,216,762	98.3
Asia (excluding Malaysia)	26,654	0.3	90,962	1.7
	7,665,514	100.0	5,307,724	100.0

- (h) The Group has a significant concentration of credit risk to an individual customer, which constitutes 54% (2021: 35%) of total trade receivables as at the end of the reporting period.

15. AMOUNTS OWING BY SUBSIDIARIES

	Company	
	2022	2021
	RM	RM
Current assets		
Amounts owing by subsidiaries	13,080,819	13,048,543
Less: Impairment losses	(12,943,732)	(12,947,229)
	137,087	101,314

- (a) Amounts owing by subsidiaries are classified as financial assets measured at amortised cost.
- (b) The amounts owing by subsidiaries mainly represent advances and payments made on behalf, which are unsecured, interest-free and payable in cash and cash equivalents within next twelve (12) months.
- (c) Impairment for the amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Company assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. A significant increase in credit risk is presumed if a subsidiary is more than 90 days past due in making a contractual payment. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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15. AMOUNTS OWING BY SUBSIDIARIES (continued)

- (d) Reconciliation of movements in impairment losses of amounts owing by subsidiaries are as follows:

	Company	
	Credit impaired	
	2022	2021
	RM	RM
Balance as at 1 July 2021/2020	12,947,229	12,945,016
Impairment losses recognised during the financial year	7,766	7,559
Reversal of impairment losses	(11,263)	(5,346)
Balance as at 30 June 2022/2021	12,943,732	12,947,229

- (e) Amounts owing by subsidiaries are denominated in RM.

16. AMOUNTS OWING BY ASSOCIATES

	Group	
	2022	2021
	RM	RM
Amounts owing by associates	424,565	424,565
Less: Impairment losses	(424,565)	(424,565)
	-	-

- (a) Amounts owing by associates are classified as financial assets measured at amortised cost.
- (b) The amounts owing by associates mainly represent dividend receivables, advances and payments made on behalf, which are unsecured, interest-free and payable in cash and cash equivalents within next twelve (12) months.
- (c) Impairment for the amounts owing by associates are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. A significant increase in credit risk is presumed if an associate is more than 90 days past due in making a contractual payment. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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16. AMOUNTS OWING BY ASSOCIATES (continued)

- (d) Reconciliation of movements in impairment losses of amounts owing by associates are as follows:

	Group Credit impaired	
	2022 RM	2021 RM
Balance as at 1 July 2021/2020	424,565	1,047,326
Written off during the financial year	-	(622,761)
Balance as at 30 June 2022/2021	424,565	424,565

17. DEPOSITS WITH LICENSED BANKS AND CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deposits with licensed banks	136,966,156	154,582,911	133,243,723	148,631,158
Cash and bank balances	12,729,319	8,914,392	248,554	440,792
As reported in the statements of financial position	149,695,475	163,497,303	133,492,277	149,071,950
Less:				
- Deposits placed with licensed banks with maturity of more than three (3) months	(133,047,041)	(152,579,646)	(132,325,145)	(148,127,893)
Cash and cash equivalents included in the statements of cash flows	16,648,434	10,917,657	1,167,132	944,057

- (a) Deposits with licensed banks and cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Deposits with licensed banks have maturity period ranging from fifteen (15) days to four (4) months (2021: fourteen (14) days to four (4) months).
- (c) The weighted average effective interest rate of deposits with licensed banks of the Group and of the Company are 2.11% (2021: 2.04%) and 2.12% (2021: 2.05%) per annum respectively.
- (d) Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments are not significantly affected by changes in interest rates.

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17. DEPOSITS WITH LICENSED BANKS AND CASH AND BANK BALANCES (continued)

- (e) The currency profile of deposits with licensed banks and cash and bank balances of the Group and of the Company are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Ringgit Malaysia	148,839,068	162,836,335	133,480,578	149,060,874
Chinese Renminbi	818,777	625,482	1,581	1,535
United States Dollar	37,630	35,486	10,118	9,541
	149,695,475	163,497,303	133,492,277	149,071,950

- (f) Sensitivity analysis of RM against foreign currencies (currencies which are other than the functional currency of the Group) at the end of the reporting period are not presented as the effect is immaterial to the Group and the Company.
- (g) No expected credit losses are recognised arising from the deposits with financial institutions because the probability of default by these financial institutions are negligible.

18. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of shares	RM	Number of shares	RM
Issued and fully paid with no par value				
Balance as at 1 July/30 June	85,162,500	114,151,835	85,162,500	114,151,835

Owners of the parent (except holders of treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

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19. TREASURY SHARES

	Group and Company			
	2022		2021	
	Number of shares	RM	Number of shares	RM
Balance as at 1 July/30 June	1,279,700	1,225,544	1,279,700	1,225,544

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

There was no share repurchased during the financial year.

No resale, cancellation or distribution of treasury shares were made during the financial year.

20. OTHER RESERVES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-distributable				
Foreign currency translation reserve	5,257,683	4,861,287	-	-
FVTOCI reserve	(24,115,786)	(13,940,349)	(24,115,786)	(13,940,349)
Other reserves	432,180	409,028	-	-
	(18,425,923)	(8,670,034)	(24,115,786)	(13,940,349)

(a) Foreign currency translation reserve

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

(b) FVTOCI reserve

FVTOCI reserve represents the cumulative net changes in the fair value, net of tax, of financial assets measured at FVTOCI until they are derecognised.

(c) Other reserves

Other reserves relate to discount on acquisition of non-controlling interest and reserve funds arising from regulatory requirements of a foreign country.

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21. DEFERRED TAX LIABILITIES

- (a) The components and movements of deferred tax liabilities during the financial year are as follows:

	Group	
	2022 RM	2021 RM
Property, plant and equipment		
Balance as at 1 July 2021/2020	162,678	146,189
Recognised in profit or loss (Note 30)	23,095	16,489
Balance as at 30 June 2022/2021	185,773	162,678

- (b) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unused tax losses, expired by				
- 30 June 2025	-	20,232,631	-	-
- 30 June 2026	-	625,067	-	-
- 30 June 2027	-	2,767,484	-	-
- 30 June 2028	17,743,921	11,172	-	-
- 30 June 2029	625,067	-	-	-
- 30 June 2030	2,767,484	-	-	-
- 30 June 2031	11,172	-	-	-
- 30 June 2032	29,253	-	-	-
Unabsorbed capital allowances	1,148,726	1,686,020	205,617	205,617
Other deductible temporary differences	4,728,702	2,770,737	28,961	45,486
	27,054,325	28,093,111	234,578	251,103

Deferred tax assets of the Company and certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the Company and the subsidiaries would be available against which the deductible temporary differences could be utilised.

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21. DEFERRED TAX LIABILITIES (continued)

- (b) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows (continued):

For Malaysian entities, unused tax losses from a year of assessment which were previously allowed to be carried forward up to seven (7) consecutive years of assessment, effective from year of assessment 2019, was extended to ten (10) consecutive year of assessment during the financial year. Unabsorbed capital allowances do not expire under current tax legislation.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

22. TRADE PAYABLES

	Group	
	2022	2021
	RM	RM
Trade payables		
Third parties	3,028,831	2,429,159

- (a) Trade payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 days to 120 days (2021: 30 days to 120 days).
- (c) The currency profile of trade payables of the Group are as follows:

	Group	
	2022	2021
	RM	RM
Ringgit Malaysia	2,727,008	1,900,992
United States Dollar	15,561	330,232
Chinese Renminbi	286,262	197,935
	3,028,831	2,429,159

- (d) Sensitivity analysis of RM against foreign currencies (currencies which are other than the functional currency of the Group) at the end of the reporting period is not presented as the effect is immaterial to the Group.
- (e) Maturity profile of trade payables of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is payable within next twelve (12) months.

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23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Other payables	1,084,109	524,839	31,138	35,356
Accruals	3,451,559	2,656,535	122,339	141,343
	4,535,668	3,181,374	153,477	176,699

- (a) Other payables and accruals are classified as financial liabilities measured at amortised cost.
- (b) Maturity profile of other payables and accruals of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is payable within next twelve (12) months.
- (c) The currency profile of other payables and accruals of the Group and of the Company are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Ringgit Malaysia	4,473,435	3,164,260	153,477	176,699
Chinese Renminbi	61,505	17,114	-	-
Singapore Dollar	728	-	-	-
	4,535,668	3,181,374	153,477	176,699

- (d) Sensitivity analysis of RM against foreign currencies (currencies which are other than the functional currency of the Group) at the end of the reporting period is not presented as the effect is immaterial to the Group.
- (e) Included in the other payables is withholding tax payable amounting to RM46,150 (2021: RM44,811).

24. CONTRACT LIABILITY

	Group	
	2022	2021
	RM	RM
Deferred income	3,024,467	1,472,198

Notes to the Financial Statements

30 June 2022

24. CONTRACT LIABILITY (continued)

- (a) Contract liability is classified as financial liabilities measured at amortised cost.
- (b) Contract liability is denominated in RM.
- (c) Deferred income arose from sale of goods which are yet to be recognised as revenue due to unsatisfied performance obligations i.e. delivery of goods at the end of reporting period.
- (d) The amount of RM1,116,045 (2021: RM833,119) recognised in contract liability at the beginning of the financial year has been recognised as revenue for the financial year ended 30 June 2022.
- (e) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the end of the reporting period, are as follows:

	Group	
	2022 RM	2021 RM
Within 1 year	3,024,467	1,472,198

25. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers				
Sale of goods	47,750,933	45,299,666	-	-
Other revenue				
Dividend revenue from subsidiaries	-	-	3,250,000	4,690,000
	47,750,933	45,299,666	3,250,000	4,690,000

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements based on geographical location from which the sale transactions originated.

Notes to the Financial Statements

30 June 2022

25. REVENUE (continued)

Revenue from contracts with customers

Sale of goods

Revenue from sale of goods is recognised at a point in time when the products have been transferred to the customers and coincides with the delivery of products and acceptance by customers.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve months.

The contracts for the sale of goods provide customers with a right of return the goods within a specified period. No refund liability is recognised arising from the right of return as it is negligible.

Other revenue

Dividend revenue from subsidiaries

Dividend is recognised when the rights of the Company to receive payment is established.

26. COST OF SALES

	Group	
	2022	2021
	RM	RM
Costs of goods sold	30,356,713	28,702,377

27. NET (LOSS)/GAIN ON IMPAIRMENT OF FINANCIAL INSTRUMENTS

		Group		Company	
	Note	2022	2021	2022	2021
		RM	RM	RM	RM
Impairment losses on amounts owing by subsidiaries	15	-	-	(7,766)	(7,559)
Impairment losses on trade receivables	14	(70,663)	(216,663)	-	-
Reversal of impairment losses on amount owing by a subsidiary	15	-	-	11,263	5,346
Reversal of impairment losses on trade receivables	14	44,920	1,130,551	-	-
		(25,743)	913,888	3,497	(2,213)

Notes to the Financial Statements

30 June 2022

28. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
After charging:				
Auditors' remuneration:				
BDO PLT Malaysia				
- statutory audit				
- current year	157,050	152,750	49,050	44,300
- non-statutory audit	4,500	4,500	4,500	4,500
Other auditors				
- statutory audit				
- current year	6,546	5,019	-	-
- non-statutory audit	9,811	-	-	-
Expenses relating to the leases of low-value assets	16,770	16,130	-	-
Expense relating to short-term lease	-	15,300	-	-
Loss on foreign exchange				
- realised	8	24,016	-	-
- unrealised	-	3,780	-	226
And crediting:				
Bad debt recovery	7,500	13,000	-	-
Gain on disposal of property, plant and equipment	1,967	37,065	-	-
Gain on derecognition of an associate	-	182,594	-	-
Gain on foreign exchange				
- unrealised	852	-	623	-
Interest income	3,788,031	3,720,877	3,666,798	3,631,010

Interest income

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

Notes to the Financial Statements

30 June 2022

29. EMPLOYEE BENEFITS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Wages, salaries and others	10,499,163	11,085,860	1,066,195	1,190,686
Defined contribution plan	1,031,836	1,088,476	120,075	135,525
	11,530,999	12,174,336	1,186,270	1,326,211

Included in employee benefits of the Group and of the Company are Executive Directors' remuneration excluding benefits-in-kind amounting to RM1,044,002 (2021: RM1,132,602) and RM319,928 (2021: RM336,505) respectively as disclosed in Note 32 to the financial statements.

30. TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current income tax				
Malaysian income tax	1,452,102	1,648,279	657,000	660,000
Foreign income tax	2,844	7,864	-	-
	1,454,946	1,656,143	657,000	660,000
Overprovision in prior years				
Malaysian income tax	(66,599)	(20,847)	(875)	(1,169)
	1,388,347	1,635,296	656,125	658,831
Withholding tax	299,652	281,671	-	-
Deferred tax (Note 21)				
Relating to origination and reversal of temporary differences	(1,803)	(82,659)	-	-
Underprovision in prior years	24,898	99,148	-	-
	23,095	16,489	-	-
	1,711,094	1,933,456	656,125	658,831

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profit for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

Notes to the
Financial Statements
30 June 2022

30. TAX EXPENSE (continued)

- (c) A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	12,234,731	3,383,367	5,033,839	4,491,910
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	2,936,335	812,008	1,208,121	1,078,058
Difference in tax rates in foreign jurisdiction	67,965	(1,131)	-	-
Non-taxable income	(90,642)	(127,147)	(794,558)	(1,137,584)
Non-allowable expenses	451,959	924,744	247,403	715,005
Share of tax of associates	(1,663,165)	77,717	-	-
Deferred tax assets not recognised	1,526	7,575	-	4,521
Utilisation of previously unrecognised deferred tax assets	(250,835)	(120,282)	(3,966)	-
Withholding tax in foreign jurisdiction	299,652	281,671	-	-
	1,752,795	1,855,155	657,000	660,000
(Over)/Under provision in prior years				
- income tax	(66,599)	(20,847)	(875)	(1,169)
- deferred tax	24,898	99,148	-	-
	1,711,094	1,933,456	656,125	658,831

Notes to the Financial Statements

30 June 2022

31. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

	Group	
	2022	2021
Profit for the financial year attributable to equity holders of the parent (in RM)	7,297,848	1,417,095
Weighted average number of ordinary shares in issue	85,162,500	85,162,500
Weighted average number of treasury shares held	(1,279,700)	(1,279,700)
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	83,882,800	83,882,800
Basic earnings per ordinary share (in sen)	8.70	1.69

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share equal basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.

32. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 9 to the financial statements;
- (ii) Associates as disclosed in Note 10 to the financial statements; and
- (iii) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company.

Notes to the Financial Statements

30 June 2022

32. RELATED PARTY DISCLOSURES (continued)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transaction with related party during the financial year:

	Company	
	2022 RM	2021 RM
Subsidiaries		
- Secretarial fees paid/payable	24,000	24,000
- Secretarial disbursement paid/payable	960	960
- Dividend income	3,250,000	4,690,000

The related party transaction described above was carried out in the normal course of business and has been established under negotiated and mutually agreed terms.

Information regarding outstanding balances arising from related party transaction as at 30 June 2022 are disclosed in Notes 15 and 16 to the financial statements.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors and key management personnel are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company				
Non-executive Directors				
Directors' fees	233,040	233,040	233,040	233,040
Executive Directors				
Salaries, bonus and others	395,491	418,666	-	-
Defined contribution plan	47,292	50,064	-	-
Benefits-in-kind	17,100	17,100	-	-
	459,883	485,830	-	-

Notes to the Financial Statements

30 June 2022

32. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

The remuneration of Directors and key management personnel are as follows (continued):

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Directors of the subsidiaries				
Salaries, bonus, allowances and others	551,695	593,048	285,944	300,745
Defined contribution plan	49,524	70,824	33,984	35,760
Benefits-in-kind	8,800	8,800	8,800	8,800
	610,019	672,672	328,728	345,305
Other key management personnel				
Salaries, bonus, allowances and others	1,012,871	1,099,496	-	-
Defined contribution plan	59,256	66,360	-	-
Benefits-in-kind	18,700	15,783	-	-
	1,090,827	1,181,639	-	-
	2,393,769	2,573,181	561,768	578,345

33. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The COVID-19 pandemic, which started in 2020, remained an international concern as the number of COVID-19 cases continued to increase with the appearance of various variants of concern. As a result, the Movement Control Order (“MCO”) initially imposed by the Government of Malaysia had subsequently entered into various phases of the MCO, followed by the announcement of the National Recovery Plan (“NRP”) in June 2021, which details a roadmap to control the COVID-19 pandemic while progressively reopening society and the economic sectors towards the new normal under four progressive phases. In March 2022, the Government of Malaysia announced that the country will enter into the “Transition to Endemic” phase starting 1 April 2022, which includes the opening of national borders for tourism and the abolishment of limitation capacity and operating hours of business premises.

Based on the assessment of the Group and of the Company, the judgements and assumptions used in the preparation of the financial statements for the financial year ended 30 June 2022 have not been impacted significantly by the COVID-19 pandemic. The Group and the Company will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group and of the Company for the financial year ending 30 June 2023.

The Group and the Company will also continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic.

Notes to the Financial Statements

30 June 2022

34. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

34.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial year:

Title	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and <i>MFRS 16 Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendments to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021

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

34.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The following are Standard and Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standard and Amendments since the effects would only be observable for future financial years.

List of Properties

As at 30 June 2022

Location/ Address	Description	Area M ² (acres)	Approximate age (year)	Existing use	Tenure	Net carrying amount RM '000	Year of last revaluation
K8 Lot PLO 25 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	4,047 (1)	44	Factory Premises	Leasehold for 60 years expiring in 2038	491	1991
Lot 22 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	6,070 (1.5)	42	Factory Premises	Leasehold for 60 years expiring in 2040	635	1991
Lot 24 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	4,047 (1)	42	Factory Premises	Leasehold for 60 years expiring in 2040	245	1991
PLO 97 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	6,070 (1.5)	36	Sales Office & Factory Premises	Leasehold for 60 years expiring in 2046	559	1991

Shareholders Information

As at 7 October 2022

ANALYSIS OF SHAREHOLDINGS

Paid-Up Share Capital	: RM114,151,835/-
Total Number Issued Shares	: 85,162,500 Ordinary Shares
Voting Rights	: 1 vote per share

Size of Holdings	No. of Shareholders	No. of Shares #	% #
Less than 100	147	2,450	0.003
100 – 1,000	1,003	908,431	1.083
1,001 – 10,000	1,375	5,549,747	6.616
10,001 – 100,000	242	7,208,558	8.594
100,001 to less than 5%	41	44,914,225	53.544
5% and above	2	25,299,389	30.160
Total	2,810	83,882,800	100.000

After deducting 1,279,700 treasury shares retained by the Company as per Record of Depositors.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% #
1	Cartaban Nominees (Tempatan) Sdn. Bhd. <i>Exempt An For LGT Bank AG (Local)</i>	16,925,000	20.177
2	Cartaban Nominees (Asing) Sdn. Bhd. <i>Exempt An For LGT Bank AG (Foreign)</i>	8,374,389	9.983
3	Quantum Symbol Sdn. Bhd.	4,191,500	4.997
4	Jin Fu	4,189,900	4.995
5	Keo Yonvirya	4,189,800	4.995
6	Chea Putheany	4,189,200	4.994
7	Sak Sinak	4,176,300	4.979
8	Affin Hwang Nominees (Asing) Sdn. Bhd. <i>Selvione Limited</i>	4,152,000	4.950
9	Lim Porleng	3,689,200	4.398
10	Thun Phaned	3,298,000	3.932
11	Teo Kwee Hock	1,810,000	2.158
12	Lim Pei Tiam @ Liam Ahat Kiat	1,000,000	1.192

Shareholders Information

As at 7 October 2022

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	% #
13	Kenanga Nominees (Asing) Sdn. Bhd. <i>Exempt An For Monex Boom Securities (HK) Limited</i>	820,400	0.978
14	Goh Yoke Aie	768,000	0.916
15	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Chee Sai Mun</i>	641,500	0.765
16	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Teo Siew Lai</i>	613,600	0.731
17	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Lee Chee Kong</i>	607,700	0.724
18	Yeoh Phek Leng	539,000	0.642
19	Sanjeev Chadha	533,100	0.636
20	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Ting Poi Ling</i>	524,800	0.626
21	Lee Chou Sarn	505,493	0.603
22	Chong Yok Thai	367,700	0.438
23	Yeoh Swee Leng	351,900	0.420
24	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt An For DBS Bank Ltd.</i>	339,000	0.404
25	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Liu Wen Jong</i>	298,800	0.356
26	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. <i>Exempt An For UOB Kay Hian Pte. Ltd.</i>	280,100	0.334
27	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB For Leow Ming Fong @ Leow Min Fong</i>	260,000	0.310
28	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Lee Yoon Sing</i>	249,400	0.297
29	Ang Hong Mai	203,900	0.243
30	Lee Yang Chan @ Lee Biang Chan	200,000	0.238
	Total	68,289,682	81.411

Shareholders Information

As at 7 October 2022

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Number of Ordinary Shares			
	Direct Interest	% #	Indirect Interest	% #
Tan Sri Dr. Chen Lip Keong	16,925,000 ^{*a}	20.177	8,374,389 ^{*b}	9.983
Blue Velvet Property Corp	8,374,389	9.983	-	-

Notes:

^{*a} 16,925,000 ordinary shares are held by Cartaban Nominees (Tempatan) Sdn. Bhd., Exempt An For LGT Bank AG (Local).

^{*b} Indirect interest by virtue of his interest in Blue Velvet Property Corp.

SHAREHOLDINGS OF DIRECTORS / CHIEF EXECUTIVE WHO IS NOT A DIRECTOR*

	Number of Ordinary Shares			
	Direct Interest	% #	Deemed Interest	% #
Directors				
Datuk Wan Kassim bin Ahmed	-	-	-	-
Puan Sri Lee Chou Sarn ^{*a}	505,493	0.603	25,299,389 ^{*b}	30.160
Dato' Dr. Abdul Razak bin Abdul	-	-	-	-
Chen Yiy Fon ^{*a}	-	-	-	-
Lim Mun Kee	-	-	-	-

Notes:

^{*a} Puan Sri Lee Chou Sarn is the spouse of Tan Sri Dr. Chen Lip Keong. Mr Chen Yiy Fon is the son of Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn.

^{*b} Deemed interest by virtue of Section 59(11)(c) of the Companies Act 2016 held by the spouse.

* Acting chief executive officer of the Company resigned on 31 December 2017.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty Third Annual General Meeting of FACB Industries Incorporated Berhad will be conducted on a fully virtual basis through live streaming and online remote voting as below:

Day and date	: Thursday, 1 December 2022
Time	: 11.00 a.m.
Broadcast venue	: Tricor Business Centre, Manuka 2 & 3 Meeting Room Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Online meeting platform	: https://tiih.online
Mode of communication	: Typed text to be submitted in the online meeting platform

for the following purposes:

AGENDA

As Ordinary Business:

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of Directors and Auditors thereon. | (Please see Explanatory Notes 1) |
| 2. | To approve payment of Directors' fees and benefits up to RM292,000/- for the period 1 December 2022 until the conclusion of the next Annual General Meeting of the Company. | Resolution 1 |
| 3. | To re-elect the following Directors who are retiring pursuant to Article 21.2 of the Company's Constitution: | |
| | (i) Datuk Wan Kassim bin Ahmed | Resolution 2 |
| | (ii) Mr Chen Yiy Fon | Resolution 3 |
| 4. | To re-appoint BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 4 |

As Special Business:

To consider and, if thought fit, pass the following Ordinary Resolutions:

- | | | |
|----|---|---------------------|
| 5. | Authority to Allot and Issue Shares pursuant to Section 75 and 76 of the Companies Act 2016 | Resolution 5 |
|----|---|---------------------|

"THAT subject to Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Company's Constitution, the Directors of the Company be and are hereby authorised, pursuant to Section 75 and 76 of the Companies Act 2016, to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the number of issued shares of the Company for the time being."

Notice of Annual General Meeting

6. Continuing in Office as Independent Non-Executive Directors
- | | |
|---|---------------------|
| (i) “THAT subject to the passing of Resolution 2, approval be and is hereby given for Datuk Wan Kassim bin Ahmed, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance.” | Resolution 6 |
| (ii) “THAT approval be and is hereby given for Dato’ Dr. Abdul Razak bin Abdul, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance.” | Resolution 7 |
| (iii) “THAT approval be and is hereby given for Mr Lim Mun Kee who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance.” | Resolution 8 |
7. To transact any other ordinary business of which due notice shall have been received.

By Order of the Board

Lee Boo Tian
LS0007987
PC NO. 202008002588
Company Secretary

Kuala Lumpur
28 October 2022

Notes:

- The 43rd Annual General Meeting (“AGM”) will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting facilities (“RPV”). The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the poll administrator for the AGM to facilitate the RPV via **TIIH Online** website at <https://tiih.online>. Please follow the procedures set out in the Administrative Guide for the 43rd AGM to register, participate, speak and vote remotely via the RPV.
- The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Members/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the AGM in person at the Broadcast Venue on the day of the meeting.

Notice of Annual General Meeting

3. A member entitled to attend and vote at the Meeting via RPV is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if such appointer is a corporation, either under its common seal or the hand of an officer or attorney duly authorised.
5. The appointment of proxy may be made in a hard copy form or by electronic means in the following manner before **11.00 a.m. on Tuesday, 29 November 2022**:
 - a) In hard copy form (applicable to all members)
Submit to Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - b) By electronic form (applicable to all members)
Lodge via TIIH Online website at <https://tiih.online> by following the procedures provided in the Administrative Guide.
6. A member who has appointed a proxy or authorised representative to participate in the AGM via RPV must request his/her proxy or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the procedures in the Administrative Guide.
7. Only members whose names appear in the Record of Depositors on **23 November 2022** shall be eligible to attend the Meeting.
8. Shareholders' attention is hereby drawn to the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") to appoint multiple proxies in respect of each omnibus account it holds.
9. Voting for all resolutions set out in the Notice of Meeting shall be by poll via RPV.

Explanatory Notes:

1. Agenda 1 – The provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.
2. Ordinary Resolution on Directors' fees and benefits
With the implementation of the twelve (12) years limit for independent directors on or after 1 June 2023 under Bursa Malaysia Listing Requirements, there would be changes to the current Board composition. Resolution 1 refers to fees and benefits payable to Directors for the period 1 December 2022 until the next Annual General Meeting which shall be held within 6 months after the conclusion of the financial year 2023.

Notice of Annual General Meeting

3. Ordinary Resolution on Section 75 and 76 of the Companies Act 2016
Resolution 5 proposed under Agenda 5 above if passed will empower the Directors to issue shares up to 10% of the total number of issued shares of the Company. This authority unless revoked or varied by the Company in a general meeting, shall expire at the next Annual General Meeting of the Company.

No proceeds were raised from the previous mandate. The renewed mandate provides flexibility for fund raising activities including placement of shares, for the purpose of funding further investment project(s), working capital and/or acquisitions.

4. Ordinary Resolutions 6, 7 and 8 – Continuing in Office as Independent Non-Executive Directors of the Company

The Board has via the Nominating Committee conducted an annual performance evaluation and assessment on Datuk Wan Kassim bin Ahmed, Dato' Dr. Abdul Razak bin Abdul and Mr Lim Mun Kee, who have each served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The Board is satisfied that Datuk Wan Kassim bin Ahmed, Dato' Dr. Abdul Razak bin Abdul and Mr Lim Mun Kee continue to be independent and recommended that they continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

- (i) they meet the criteria under the definition of “Independent Director” as stated in the MMLR of Bursa Malaysia Securities Berhad;
- (ii) they are able to exercise independent and objective judgement and to act in the best interest of the Company, notwithstanding their tenure of service;
- (iii) they have devoted sufficient time and efforts and exercised due care in all undertakings of the Company and have acted and carried out their fiduciary duties in the interest of the Company during their tenure as independent directors; and
- (iv) they are independent from Management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

Resolutions 6, 7 and 8 on retaining Datuk Wan Kassim bin Ahmed, Dato' Dr. Abdul Razak bin Abdul and Mr Lim Mun Kee as Independent Non-Executive Directors, respectively, will be subject to a two-tier voting process in accordance with the Malaysian Code on Corporate Governance. The implementation of the twelve (12) years limit for independent directors on or after 1 June 2023 under Bursa Malaysia Listing Requirements applies to them as they are independent directors of the Company for more than twelve (12) years.

Notice of Annual General Meeting

Statement Accompanying Notice of Annual General Meeting

1. The Directors standing for re-election:

Datuk Wan Kassim bin Ahmed - Resolution 2

Mr Chen Yiy Fon - Resolution 3

2. Information on Directors standing for re-election and all other Directors is set out under Profiles of the Directors and Key Senior Management of this Annual Report. Details of attendance of Board Meetings held during the financial year ended 30 June 2022 for the Directors are set out under Other Compliance Statements of this Annual Report.

Annual Report/Administrative Guide

Annual Report 2022 and Administrative Guide for participating in the virtual AGM are available at www.facbi.com (under Investor Relations – Annual Report).

For further information on the AGM, please contact Tricor Investor & Issuing House Services Sdn. Bhd.:

Tel : +603-2783 9299

Fax : +603-2783 9222

Contact persons : Encik Mohammad Amirul Iskandar/Encik Mohamad Khairudin bin Tajudin

FACB INDUSTRIES INCORPORATED BERHAD

197901004632 (48850-K)
(Incorporated in Malaysia)

PROXY FORM

Number of Shares	CDS Account No.

I/We, _____

of _____

being a member of **FACB INDUSTRIES INCORPORATED BERHAD** hereby appoint _____

of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Forty Third Annual General Meeting of the Company which will be conducted on a fully virtual basis through live streaming and online remote voting from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Thursday, 1 December 2022 at 11.00 a.m. and at any adjournment thereof.

No.	Resolutions	For	Against
1	Approval of Directors' fees and benefits		
2	Re-election of Datuk Wan Kassim bin Ahmed as Director		
3	Re-election of Mr Chen Yiy Fon as Director		
4	Re-appointment of BDO PLT as Auditors and their remuneration		
5	Authority pursuant to Section 75 and 76 of the Companies Act 2016		
6	Continuing in office for Datuk Wan Kassim bin Ahmed as an Independent Non-Executive Director		
7	Continuing in office for Dato' Dr. Abdul Razak bin Abdul as an Independent Non-Executive Director		
8	Continuing in office for Mr Lim Mun Kee as an Independent Non-Executive Director		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your vote to be cast. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he/she thinks fit.)

Signed this _____ day of _____ 2022

Signature/Seal of Shareholder

NOTES:

- The 43rd Annual General Meeting ("AGM") will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting facilities ("RPV"). The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the poll administrator for the AGM to facilitate the RPV via **TIIH Online** website at <https://tiih.online>. Please follow the procedures set out in the Administrative Guide for the 43rd AGM to register, participate, speak and vote remotely via the RPV.
- The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.
Members/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the AGM in person at the Broadcast Venue on the day of the meeting.
- A member entitled to attend and vote at the Meeting via RPV is entitled to appoint a proxy or proxies in his/her stead. A proxy need not be a member of the Company. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if such appointer is a corporation, either under its common seal or the hand of an officer or attorney duly authorised.
- The appointment of proxy may be made in a hard copy form or by electronic means in the following manner before **11.00 a.m. on Tuesday, 29 November 2022**:
 - In hard copy form (applicable to all members)
Submit to Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - By electronic form (applicable to all members)
Lodge via TIIH Online website at <https://tiih.online> by following the procedures provided in the Administrative Guide.
- A member who has appointed a proxy or authorised representative to participate in the AGM via RPV must request his/her proxy or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the procedures in the Administrative Guide.
- Only members whose names appear in the Record of Depositors on **23 November 2022** shall be eligible to attend the Meeting.
- Shareholders' attention is hereby drawn to the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") to appoint multiple proxies in respect of each omnibus account it holds.
- Voting for all resolutions set out in the Notice of Meeting shall be by poll via RPV.

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AFFIX
STAMP

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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