STELLA HOLDINGS BERHAD
(199701004603) (420099-X)

ANNUAL REPORT 2023

CONTENTS

CORPORATE PROFILE

Stella Holdings Berhad (“Stella” or **“the Company”)** is an investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad on 17 November 1998.

The principal activities of Stella and its subsidiaries **(“the Group”)** can be segregated into construction and property development, which have grown tremendously since its formation.

CONSTRUCTION

The Group’s construction arm, Mewah Kota Sdn Bhd (“MKSB”) was established as a construction company more than 40 years ago and was involved in small and medium sized contracts for building of schools, houses, water treatment plants, pipe laying, security fencing and piling works. From then on, the Group gradually progressed to establish itself as a reliable contractor capable of undertaking bigger and more complex engineering and infrastructure projects nationwide.

Construction undertaken by MKSB is the main contributor to the Group’s revenue. With the years of experience in construction, particularly in water works have added confidence with the existing clients in entrusting MKSB.

PROPERTY DEVELOPMENT

In 2019, Stella expanded its business into property development which complements its existing businesses of construction. Its property arm, Paramount Ventures Sdn Bhd has been restructured to undertake property development activities for the Group and has since entered into a few joint ventures for residential and mix development projects in Port Dickson and Kuala Selangor.

Discontinued Operations

Stella has disposed its Oil & Gas segment and Healthcare segment during the financial year ended 31 March 2023.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Lau Beng Wei
Executive Deputy Chairman

Datuk Lau Beng Sin
Managing Director

Mr Manivannan a/l Ganapathy
Executive Director

Dato' Kamarulzaman bin Jamil
Senior Independent Non-Executive Director

Dato' Jamaluddin bin Sabeh
Independent Non-Executive Director

Datuk Wira Roslan bin Ab Rahman
Independent Non-Executive Director

Encik Shahrizam bin A Shukor
Independent Non-Executive Director

Puan Sharifah Rafidah binti Wan Mansor
Independent Non-Executive Director

Mr Koay Xing Boon
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman

Encik Shahrizam bin A Shukor

Members

Dato' Kamarulzaman bin Jamil
Dato' Jamaluddin bin Sabeh
Mr Koay Xing Boon

NOMINATION AND REMUNERATION COMMITTEE

Chairman

Dato' Kamarulzaman bin Jamil

Members

Dato' Jamaluddin bin Sabeh
Datuk Wira Roslan bin Ab Rahman
Encik Shahrizam bin A Shukor
Puan Sharifah Rafidah binti Wan Mansor

RISK MANAGEMENT COMMITTEE

Chairman

Encik Shahrizam bin A Shukor

Members

Dato' Kamarulzaman bin Jamil
Dato' Jamaluddin bin Sabeh
Datuk Wira Roslan bin Ab Rahman

SUSTAINABILITY COMMITTEE

Chairman

Datuk Lau Beng Sin

Members

Datuk Lau Beng Wei
Mr Manivannan a/l Ganapathy
Puan Sharifah Rafidah binti Wan Mansor
Mr Koay Xing Boon

SHARE ISSUANCE SCHEME COMMITTEE

Chairman

Mr Manivannan a/l Ganapathy

Members

Datuk Lau Beng Sin
Dato' Jamaluddin bin Sabeh

EXECUTIVE COMMITTEE

Chairman

Datuk Lau Beng Sin

Members

Datuk Lau Beng Wei
Mr Manivannan a/l Ganapathy
Puan Raizita binti Ahmad @ Harun
Ir. Hj Yusfi bin Mohamed Yusof
Mr Winston Ng Tiat Seng

COMPANY SECRETARY

Ms Chin Foong Ping
(MAICSA 7044276)
(SSM PC No. 202008002708)

REGISTERED OFFICE & BUSINESS ADDRESS

A-13A, Pusat Komersial Arena Bintang
Jalan Zuhal U5/178, Seksyen U5
40150 Shah Alam, Selangor, Malaysia
Tel : 603 2779 4003
Fax : 603 7832 5356
E-mail : stella@stella-holdings.com.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor Menara Symphony
No. 5 Jalan Prof Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor, Malaysia
Tel : 603 7890 4700
Fax : 603 7890 4670
E-mail : BSR.Helpdesk@boardroomlimited.com

AUDITORS

Baker Tilly Monteiro Heng PLT
Chartered Accountants
Baker Tilly Tower, Level 10, Tower 1
Avenue 5, Bangsar South City
59200 Kuala Lumpur
Tel : 603 2297 1000
Fax : 603 2282 9980

BANKERS

Malayan Banking Berhad
Maybank Islamic Berhad
AmBank (M) Berhad
AmBank Islamic Berhad
Bank Muamalat Malaysia Berhad
RHB Islamic Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : STELLA
Stock Code : 5006
Sector : Construction

WEBSITE

www.stella-holdings.com.my

CORPORATE STRUCTURE

STELLA HOLDINGS BERHAD
(199701004603)(420099-X)

100% **Mewah Kota Sdn Bhd** (198101010243) (76368-X)

100% **Paramount Ventures Sdn Bhd** (199301029712) (284451-V)

100% **Merge Properties Sdn Bhd** (197601003418) (29422-T)

100% **Ababil Perkasa Sdn Bhd** (199601025559) (397911-X)

100% **MEB Realty Sdn Bhd** (199101020972) (231283-A)

100% **Merge Readymix Sdn Bhd** (199601025320) (397672-V)

100% **Merge Energy O & G Sdn Bhd** (199601030952) (403304-X)

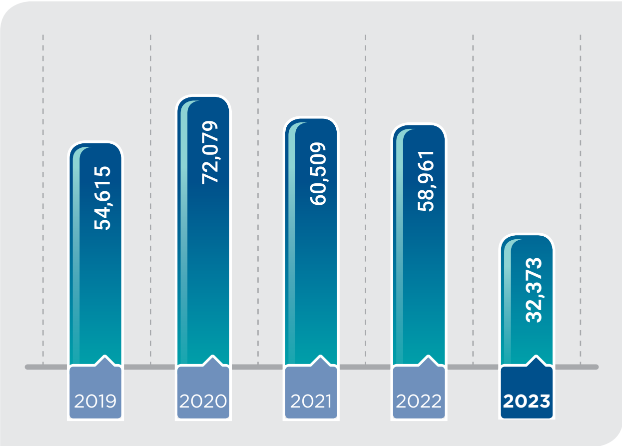
100% **Semarak Niaga Lanskap Sdn Bhd** (199701001202) (416698-W)

100% **Innovasi Hebat Sdn Bhd** (Dissolved on 22 June 2023)

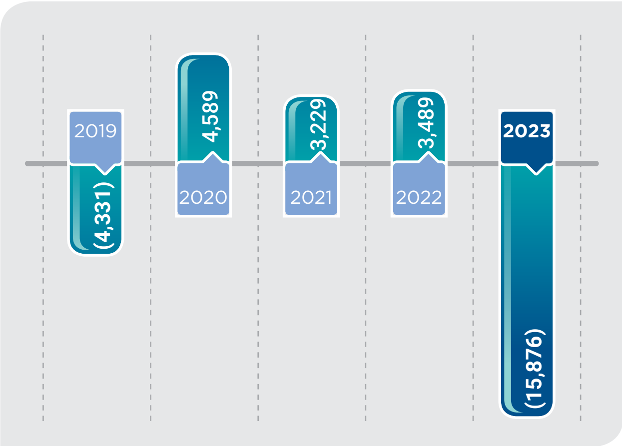
FINANCIAL HIGHLIGHTS

	Audited				
	2019 RM'000	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**
Revenue	54,615	72,079	60,509	58,961	**32,373**
Operating Profit/(Loss)	(3,788)	4,984	3,502	5,178	**(13,972)**
Profit/(Loss) before taxation	(4,331)	4,589	3,229	3,489	**(15,876)**
Profit/(Loss) after taxation	(4,656)	3,378	3,005	2,692	**(16,446)**
Retained Earnings/(Accumulated losses)	(28,857)	16,983	18,327	20,034	**5,315**
Shareholders' Funds	45,856	48,696	50,039	52,104	**37,028**
Cash & Bank Balances	6,646	23,354	14,556	7,227	**8,302**

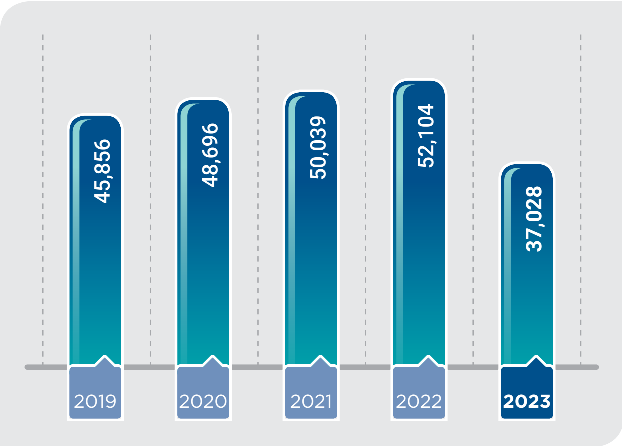
REVENUE
(RM'000)



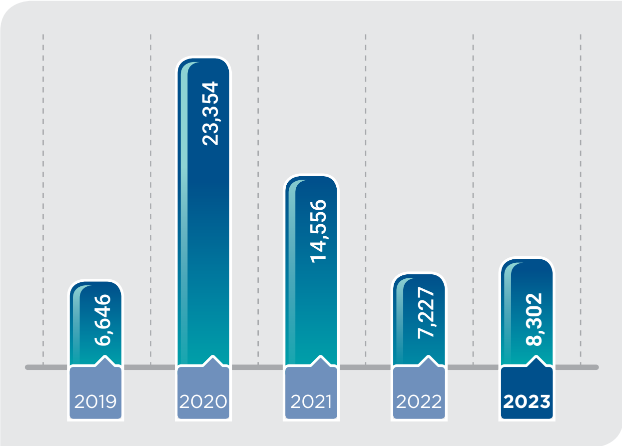
PROFIT/(LOSS) BEFORE TAXATION
(RM'000)



SHAREHOLDERS' FUNDS
(RM'000)



CASH & BANK BALANCES
(RM'000)



EXECUTIVE DEPUTY CHAIRMAN'S STATEMENT

Dear fellow Shareholders,

On behalf of the Board of Directors of Stella Holdings Berhad **("Stella"** or **"Group")**, I am honoured to present to you our Annual Report for financial year ended 31 March 2023 **("FYE2023")**. It is with great privilege that I share this comprehensive overview of our Group's performance and progress.

Datuk Lau Beng Wei
Executive Deputy Chairman

Executive Deputy Chairman's Statement (cont'd)

The year 2022 commenced on a note of economic stability but soon faced a rapid transformation as the first quarter unfolded, presenting us with new and complex macroeconomic challenges. The onset of FYE2023 brought unexpected inflation, surpassing initial expectations. Responding to these circumstances, central banks worldwide began tightening monetary conditions, leading to one of history's most rapid interest rate increases.

Undeniably, these events caused significant turbulence across capital markets and impacted the property and construction sectors, affecting Stella as well. We experienced losses due to various factors, including the escalation of material prices following the pandemic, inflationary pressures, and changes in the Overnight Policy Rate ("OPR"). In light of the losses incurred, our management adopted a transparent approach, openly addressing and communicating the challenges during this period.

Throughout FYE2023, our focus remained resolute on the property and construction segments, strategically divesting from unprofitable ventures and diligently advancing our essential strategic work. Additionally, we are pleased to introduce our new management team, who brings a fresh perspective and renewed optimism for the future. As a result, despite the challenges encountered, we have made substantial progress on various fronts.

ECONOMIC LANDSCAPE

The Covid-19 aftermaths and geopolitical uncertainties caused global economic and financial turmoil, leading to price increases in commodities like crude oil, natural gas, and steel. The global economic growth decelerated to 3.2%, attributed to inflationary pressures and reduced economic activity.

In April 2022, the reopening of Malaysia's business sectors and borders enabled the property and construction industry to resume operations fully. Amidst this transition, Malaysia experienced a noteworthy 8.7% growth of Gross Domestic Product ("GDP") in 2022, a significant improvement from the 3.1% growth in 2021.

Nevertheless, the property and construction industries encountered challenges such as escalating expenses for building materials due to the surge in commodity and energy prices, alongside a labour shortage resulting from the temporary suspension of foreign worker recruitment. However, as economic activities resumed in Malaysia, the construction sector experienced a remarkable rebound, with a substantial 8.8% increase in the value of completed construction projects in 2022, signifying a gradual recovery.

FINANCIAL PERFORMANCE

In FYE2023, many industries faced unprecedented challenges, including soaring material and oil prices and a shortage of skilled labour. During this financial year, the Group achieved a revenue of RM32.37 million, accompanied by a loss before tax of RM15.88 million. While this performance represents a decline compared to the preceding year, where we reported a revenue of RM58.96 million and a profit before tax of RM3.49 million, we maintain a strong optimism for the future and are determined to turn the tide.

It is important to note that these results were influenced by various factors, including estimated losses from the Nilai Impian 2 project and the reversal of a profit from the Pagoh project during the finalization of accounts. Additionally, the completion of the Taman Sengkang affordable housing project in the previous year and the recognition of a significant portion of revenue and profit in FYE2022 contributed to the decrease in our overall performance.

In the face of ever-changing economic and industry landscapes, Stella has embraced a resolute spirit of optimism, enabling us to maintain steadfast performance stability and deliver projects punctually. Throughout FYE2023, the Group has successfully executed various strategic business initiatives, showcasing our commitment to growth and progress. Some of the key highlights include:

1. **Apartment Construction Project:** Our subsidiary, Mewah Kota Sdn Bhd, was awarded a significant RM91.36 million sub-contract for a 40-storey medium-cost apartment project in Penang from Warisan Kesumi Enterprise Sdn Bhd. This sub-contract includes structure, architecture, mechanical, and electrical works, forming part of a larger mixed development. This 25-month contract is expected to positively impact Stella's earnings.

2. **Road Construction Project:** Mewah Kota Sdn Bhd has secured a significant RM41.22 million road construction project in Serendah, Selangor. The project involves building a new road in the UMW High-Value Manufacturing Park area. We expect to finish this project by 28 February 2024, positively impacting our earnings throughout the contract period.

Executive Deputy Chairman's Statement (cont'd)

FINANCIAL PERFORMANCE (CONT')

3. **Strategic Business Disposal:** Stella has entered into a shares sale agreement with Panorama Elit Sdn Bhd to divest its healthcare business, Stella Healthcare Holdings Sdn Bhd, for RM12 million. This strategic move aligns with our focus on streamlining operations, concentrating on our core construction and property development segments, and strengthening our financial position.

4. **Water Distribution System Enhancement:** Mewah Kota Sdn Bhd has secured a contract valued at RM33.88 million to enhance the water distribution system in Johor. This contract, awarded by Pengurusan Aset Air Bhd, spans 18 months and is expected to contribute to our earnings during the contract period positively.

Our financial highlights reflect our dedication to value delivery for stakeholders. Through strategic opportunities and operational optimization, we drive sustainable growth. With a strong leadership team and clear vision, we are confident in Stella Holdings Berhad's continued success and long-term value creation.

CORPORATE GOVERNANCE

In response to evolving landscapes, the Board actively enhances corporate governance practices, meticulously evaluating their implications for stakeholders and the Group. Our unyielding dedication to upholding the highest standards is evident through our adherence to regulatory requirements and industry benchmarks. Additional information regarding these practices can be found in the subsequent sections of this Annual Report.

SUSTAINABILITY

Our Group recognizes our duty to infuse sustainability into every facet of our business undertakings. Our unwavering dedication lies in harmonizing our corporate responsibility and operational efficacy with the sustainability reporting guidelines of the Bursa Sustainability Reporting Guide and the Global Reporting Initiative ("GRI").

For more in-depth insights into our sustainable endeavours, please refer to the Sustainability Statement segment within this Annual Report.

POSITIVE OUTLOOK AHEAD

Against the backdrop of a challenging global landscape, including rising interest rates and the ongoing Russian-Ukraine war, there is optimism as the global real GDP growth rate is expected to rise to 3.1% in 2024, driven by the reopening of China's economy. Bank Negara Malaysia ("BNM") also maintains a positive outlook for Malaysia's economic growth in 2023, projecting an overall GDP growth rate of 4-5% in 2023, supported by firm domestic demand, improvements in the job market, and the resumption of foreign worker inflows.

While these projections provide a sense of optimism, our Group must remain cognizant of the prevailing global macroeconomic challenges that lie ahead. Geopolitical instability, inflationary pressures, and disruptions in the supply chain may continue to hinder the growth trajectory of developed economies worldwide.

As we embark on the new financial year, we are excited about the future brimming with promising opportunities. While maintaining a prudent strategy, we navigate through turbulent waters with cautious optimism, confident in the Group's ability to swiftly propel its revenue and profitability along a positive trajectory.

Executive Deputy Chairman's Statement (cont'd)

APPRECIATION AND ACKNOWLEDGMENT

On behalf of the Board, I would like convey our sincere appreciation to Dato' Hj Mohamad Haslah, Dato' Seri Lee Tian Hock, Cik Czarina Alia, Tuan Hj Mohamad Nor and Mr Ng Jun Lip for their valuable contribution and service to the Group.

I also wish to welcome our newly appointed Directors and we look forward to their contribution to the Group going forward.

Lastly, I wish to express my heartfelt gratitude to our esteemed Board, the exceptional Stella team, and our dedicated shareholders. Your unshakeable support and commitment during these demanding times have been crucial to our perpetual progression. Together, we build a sustainable corporate, providing fulfilling careers, exceptional property, and attractive returns to our shareholders.

Datuk Lau Beng Wei
Executive Deputy Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

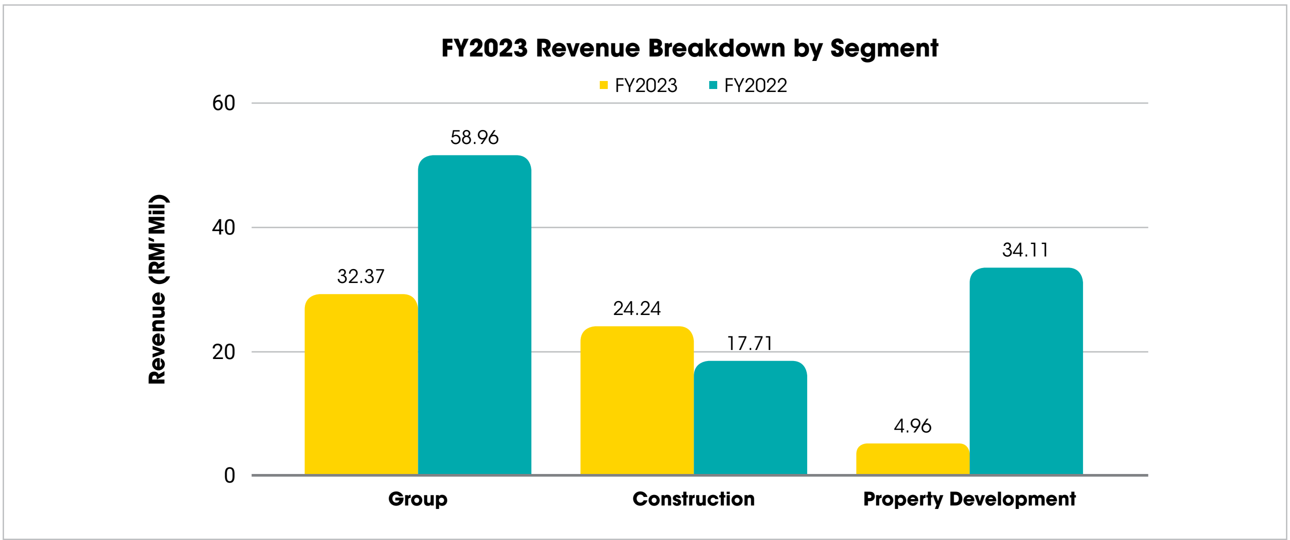
The purpose of this Management Discussion and Analysis ("MD&A") is to present an evaluation of Stella Holdings Berhad's ("Stella" or "Group") financial performance and provide a summary of Stella's financial position and operational results for the financial year ended on 31 March 2023 ("FYE2023"). This report should be reviewed alongside Stella's audited annual consolidated financial statements for FYE2023.

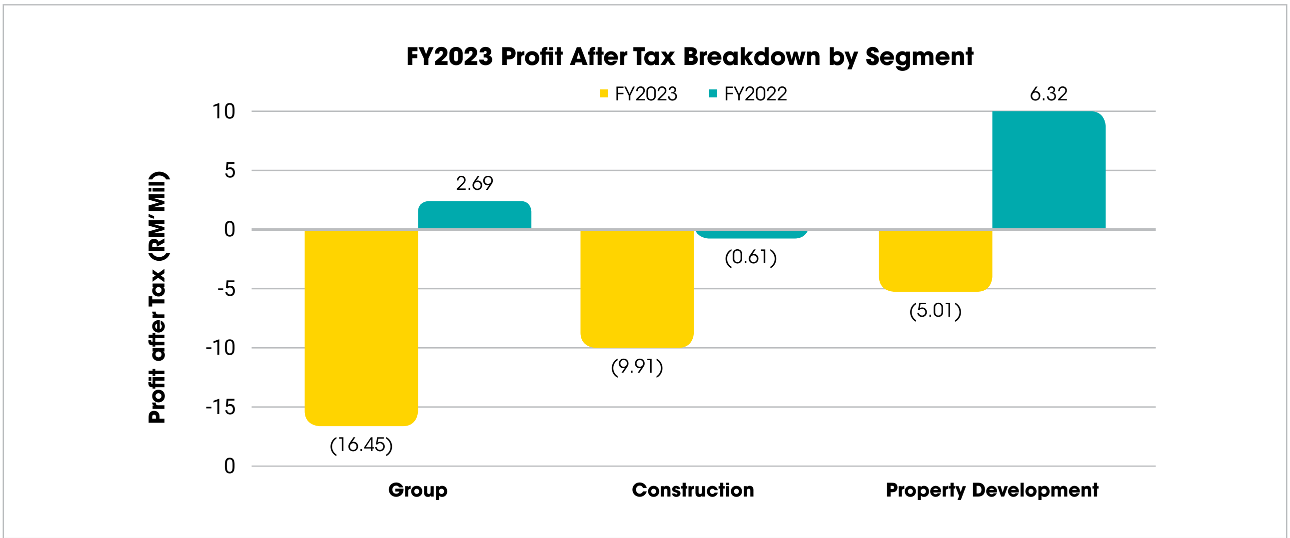
FINANCIAL OVERVIEW

FYE2023 presented persistent challenges due to the aftermath of the Covid-19 pandemic and the ongoing Russia-Ukraine War. Despite maintaining stable operations, our revenue and profit experienced a decline, instilling in us a sense of pressure and urgency to enhance our performance.

In the wake of unparalleled difficulties encountered by numerous businesses in the past couple of years, the current financial year represents a pivotal moment for recovery. Malaysia's transition into the National Recovery Plan ("NRP") stage, followed by the subsequent shift into the endemic phase, indicates a significant turning point.

During FYE2023, our primary sources of revenue were derived from our construction and property development segments. The performance of each segment within the Group will be elaborated upon in the following sections.





Management Discussion and Analysis (cont'd)

FINANCIAL OVERVIEW (CONT'D)

In FYE2023, our Group reported revenue of RM32.37 million (compared to FYE2022's revenue of RM58.96 million) which included a revenue of RM2.97 million from the discontinued operation of Iris Synergy Sdn Bhd. The construction segment has significantly generated a substantial portion of our revenue, closely followed by the property development division.

The noticeable decline in revenue and pre-tax loss, in comparison to the previous year, can be attributed primarily to estimated losses of RM7.04 million from the Nilai Impian 2 project. Furthermore, the decrease in performance is also influenced by the completion of the Taman Sengkang affordable housing project in the preceding year, which resulted in recognition of a significant portion of revenue and profit in FYE2022.

During the year, the Group's other income primarily comprised a gain of RM4.70 million from the disposal of property Lot 449, a gain of RM1.83 million from the disposal of Stella Healthcare Group, and a gain of RM360,000 from property fair value adjustments.

The Group incurred losses after tax amounting to RM16.45 million (compared to FYE2022's profit after tax of RM2.69 million), which included a loss of RM0.32 million from the discontinued operation of Iris Synergy Sdn Bhd, as well as losses of RM4.73 million from Stella Kasih Healthcare Group.

The Group's total assets declined from RM119.69 million in FYE2022 to RM70.01 million in FYE2023. The net assets per share attributable to the owners of the parent company for FYE2023 and FYE2022 were RM0.55 and RM0.78, respectively. On a positive note, the Group's total liabilities decreased 49.8%, from RM65.68 million in FYE2022 to RM32.99 million in FYE2023.

BUSINESS OPERATIONS OVERVIEW

1) Continuing Operations

a. Construction Segment

In FYE2023, the construction division, predominantly represented by Mewah Kota Sdn Bhd, experienced an increase in revenue, recording RM24.24 million, compared to RM17.71 million in FYE2022. However, the segment incurred a loss after tax of RM9.91 million, compared to a loss after tax of RM0.61 million in the previous year.

The substantial post-tax loss can be primarily attributed to the challenges faced in the Nilai Impian 2 project, where rising construction materials and labour costs had a significant impact. Mewah Kota Sdn Bhd initiated a Variation of Price (VOP) request, which was subsequently approved by Sime Darby Property (Nilai) Sdn Bhd on 30 December 2022, allowing for a claimable amount of up to RM2.30 million.

Despite the approved VOP and the potential for a Variation Order (VO) related to pipe jacking, the project still incurred losses totalling RM7.04 million. Consequently, the current reporting period reflects the recognition of the total projected losses of RM7.36 million, including the reversal of the RM319,793 profit recognized in the previous year.

Other revenue-generating projects for our construction segment include Perkeso, Serendah, Leachate Water Treatment Plant, Loji Rawatan Air Langat 2, and Parit Markom during FYE2023.

The Group's contract extension from Jabatan Pengurusan Sisa Pepejal Negara, Kementerian Perumahan dan Kerajaan Tempatan for the maintenance of the operational Leachate Water Treatment Plant presents a profitable opportunity for the Group, allowing us to offset the losses incurred partially.

Management Discussion and Analysis (cont'd)

BUSINESS OPERATIONS OVERVIEW (CONT'D)

1) Continuing Operations (Cont'd)

a. Construction Segment (Cont'd)

In summary, these adverse outcomes can be attributed to the notable escalation in raw material and labour costs across our ongoing projects, compounded by the detrimental effects of the Russia-Ukraine War, which have unfavourably impacted the projected profit margins for these specific undertakings. Our unwavering dedication remains focused on ensuring the punctual delivery of our existing projects while proactively managing potential cost overruns.

In August 2022, Mewah Kota Sdn Bhd successfully obtained a contract worth RM33.88 million to improve the water distribution system in Johor. This significant contract, granted by Pengurusan Aset Air Bhd, encompasses 18 months, with the scheduled completion set for 18 March 2024. We anticipate favourable financial outcomes from this project throughout the contract period, showcasing our proficiency and dedication to infrastructure development. This achievement underscores our capabilities and commitment to advancing critical infrastructure.

Additionally, Stella's construction segment secured a significant contract on January 4, 2023, awarded by RSM Builders Sdn Bhd. The project entails the construction of a new road within the UMW High-Value Manufacturing Park located in Serendah, Selangor. With a contract value of RM41.22 million and a projected timeline of 13 months and 12 days, this newly acquired project is poised to impact the Group's revenue and earnings positively.

To include the following projects subsequent to above paragraph:

	Contract sum (RM)	Commencement	Completion
Cadangan Pembangunan Pusat Rehabilitasi Neuro-Robotik dan Cybernics Kebangsaan Perkeso (Fasa 1) di atas Lot 530704, Lot 530714, PT 267639, PT 278365 dan Tanah Rezab Kerajaan Di Bandar Meru Raya – Subcontract for value engineering consultancy services	4,800,000	3 January 2023	29 March 2024
Civil works for VC 105 – VC 107 Pipeline Replacement at KLIA2	2,150,000	April 2023	April 2023
Cadangan Kerja-kerja Membina dan Menyiapkan Pembangunan Fasa 1 Putra Medical City yang mengandungi 4 Tingkat Tempat Letak Kereta Bertingkat, 3 Blok Kediaman Kakitangan, 11 Blok Kediaman Pelajar, Pusat Penyelidikan Medical Hub serta Kemudahan Sokongan Pelajar, Pencawang Elektrik dan Kemudahan Infrastruktur yang berkaitan di atas sebahagian Lot 535, Universiti Putra Malaysia, Mukim Dengkil, Daerah Sepang, Selangor – Site Clearance and Earthwork	4,800,000	7 April 2023	30 June 2023
Central Spine Road Kuala Krai ke Jambatan Sg. Lakit, Kelantan Kg. Rahmat ke Kg. sg. Peria	2,859,623	1 April 2023	31 July 2023

Management Discussion and Analysis (cont'd)

BUSINESS OPERATIONS OVERVIEW (CONT'D)

1) Continuing Operations (Cont'd)

b. Property Development Segment

During FYE2023, our property development segment, predominantly represented by Paramount Ventures Sdn Bhd experienced a decline in revenue. It achieved revenue of RM4.96 million and a loss after tax of RM5.01 million, compared to RM34.11 million and a profit after tax of RM6.32 million, respectively, in FYE2022.

The revenue decrease and loss before tax in the current year primarily stem from the recognition of revenue upon the successful completion of the Taman Sengkang project, a joint venture with Mega 3 Housing Sdn Bhd, in the preceding year. Furthermore, the Taman Sengkang affordable housing project experienced a profit reversal of RM1.14 million, primarily due to a reassessment of the budgeted Gross Development Value (GDV). Nonetheless, the project ultimately yielded final profits of RM15.25 million.

The Taman Sengkang project witnessed a successful sell-out of all its units, with timely delivery of the vacant property in the second half of June 2022. In August 2020, Stella initiated a mixed development project in Kuala Selangor by entering into a development rights agreement with Permodalan Negeri Selangor Berhad. This joint venture undertaking, situated on 61.65 acres of land, has received Development Order (KM). The comprehensive development plan includes single-storey and double-storey terrace houses, shophouses, and a commercial block, with an estimated gross development value of RM248.19 million.

The project will be executed in phases, with Phase 1 encompassing approximately 106 units of single-storey terrace houses and 147 units of double-storey super-linked houses. As economic activity resumes, we anticipate initiating construction for the first phase in the third quarter of FYE2024. This mixed development project will positively contribute to our earnings and cash flow, positioning us favourably for the future.

2) Discontinued Operations

a. Healthcare Services Division

On 14 October 2022, Stella's Board of Directors executed a Shares Sale Agreement with Panorama Elit Sdn Bhd for the complete disposal of its entire equity interest of two (2) ordinary shares, representing 100% ownership in Stella Healthcare Holdings Sdn Bhd ("SHH").

The transaction was completed for a cash consideration of RM12 million. SHH, incorporated in Malaysia on 14 September 2020, is a wholly-owned subsidiary of Stella, primarily engaged in investment holding. SHH has a subsidiary named Stella Kasih Healthcare Sdn Bhd ("Stella Kasih"), holding 60% ownership. SHH, and its subsidiary, Stella Kasih, will be divested as part of the Proposed Disposal.

Stella Kasih, established in Malaysia on 22 September 2020, is a 60%-owned subsidiary of SHH and a 40%-owned subsidiary of Kasih Holdings Sdn Bhd ("KHSB"). It has an issued share capital of RM1 million, comprising 1,000,000 ordinary shares. This joint venture aims to deliver comprehensive healthcare and medical services and establish a specialized hospital catering to the needs of women and children in Putrajaya.

On 13 January 2023, the Proposed Disposal of 100% Equity Interest in SHH was successfully finalized, with the Purchaser making the full payment to Stella. After the disposal, SHH is no longer a subsidiary of Stella Holdings Bhd.

The Group's decision to proceed with the disposal helped mitigate losses and streamline operations, enabling a greater focus on the core business segments, namely construction and property. This strategic move allows for the efficient allocation of cash flow and resources.

Management Discussion and Analysis (cont'd)

BUSINESS OPERATIONS OVERVIEW (CONT'D)

2) Discontinued Operations (Cont'd)

b. Oil and Gas Division

Due to the highly challenging and competitive market, the Board at Stella decided to divest our oil and gas division, represented by Iris Synergy Sdn Bhd ("Iris").

On 1 September 2022, our Group finalized a Shares Sale Agreement with Mohd Azali bin Abdul Rahman to sell off its complete ownership of 51% equity interest in Iris. The agreement entailed the transfer of all 1,530,000 ordinary shares, with a total cash consideration of RM2.4 million. As of 14 September 2022, Iris is no longer a subsidiary of Stella Holdings Berhad.

The divestitures form an integral part of the Group's strategic operational and organizational restructuring efforts, aimed at streamlining and sharpening the focus on our core business divisions. The disposal contributes to the Group's enhanced performance and positively impacts its overall outlook.

PROJECTED OUTLOOK

Despite the gradual economic recovery in Malaysia, the construction and property development sectors continue to grapple with persistent challenges stemming from escalating raw material costs and a shortage of skilled labour. These sectors are anticipated to require an additional one or two years to regain their pre-pandemic strength fully.

Nevertheless, our unfaltering commitment remains on our core operations, encompassing the construction endeavours undertaken by our subsidiary, Mewah Kota Sdn Bhd, and the property development activities managed by Paramount Ventures Sdn Bhd. We actively engage in tendering processes for new projects and diligently pursue domestic and international opportunities. Concurrently, we are dedicated to ensuring ongoing projects' timely and cost-efficient completion.

The property development project in Taman Sengkang has yielded promising results, with full occupancy achieved. Building on this success, our upcoming mixed development in Kuala Selangor is expected to further contribute to the Group's earnings.

The contract of the RM41.22 million project awarded by RSM Builders Sdn Bhd and the RM33.88 million project to enhance the water distribution system in Johor during the reviewed financial year will make a positive contribution to our financial performance in the following year. Furthermore, the recently awarded Perkeso value engineering services have also shown promising prospects for the Group's future earnings.

The divestment of the non-core businesses Stella Healthcare Group and Iris Synergy Sdn Bhd has improved the Group's cash flow and overall financial performance. With a renewed focus on the construction and property development segments, the Group, under new management, is determined to achieve long-term growth and establish a sustainable organization.

Under the stewardship of new management, the Group is proactively exploring potential projects and assessing viable opportunities. Nonetheless, our relentless focus remains on the core construction and property development businesses.

The Group will periodically evaluate strategic options for its businesses or assets. As part of this process, changes, disposals, or redeployments may be considered to streamline business activities, expand into new areas, divest non-core businesses, monetize assets, or optimize resource utilization. These actions aim to maintain the Group's competitiveness, sustainability, and viability in the industry while fostering improved prospects and growth.
As the economy gradually recovers, we anticipate a rise in awarded projects while enhancing our operational efficiency to ensure a positive and favourable outlook for the Group's financial performance.

Moving ahead, we will maintain a steadfast dedication to integrating ESG factors into our decision-making processes and embracing sustainable methodologies that generate value for all our stakeholders while minimizing our ecological footprint. Moreover, we will uphold our pledge to ethical business conduct, attract and retain exceptional professionals, and actively contribute to the betterment of our communities.

PROFILE OF DIRECTORS

DATUK LAU BENG WEI

Executive Deputy Chairman,
Non-Independent Executive Director

Nationality	Gender	Age
		57

Date of Appointment	13 January 2023

Board Committees Membership

Executive Committee (Member)
Sustainability Committee (Member)

Academic/Professional Qualification

Masters in Business Administration, Universiti Putra Malaysia
Bachelor of Electrical Engineering, Universiti Teknologi Malaysia

Board Meeting Attendance

During the financial year ended 31 March 2023, he attended 2 out of 2 Board meetings held since his appointment.

EXPERIENCES

Datuk Lau Beng Wei started his career with Tenaga Nasional Berhad ("TNB") where he had held various positions within TNB from 1990 until 2003. Subsequently, he served as an Independent Non-Executive Director of TNB from December 2021 until March 2023.

He was a shareholder and director of Synergy Goldtree Sdn Bhd, a construction company which had successfully completed over RM1 billion worth of commercial buildings, schools, road construction and government building projects within Malaysia. He is currently a director and shareholder of Varia Engineering & Services Sdn Bhd ("VES") where he is responsible for the overall strategic business direction and performance of VES.

Datuk Lau Beng Wei is currently the Chairman of Lembaga Pelesenan Eksais Wilayah Persekutuan Kuala Lumpur, Dewan Bandaraya Kuala Lumpur ("DBKL") and a member of the City Advisory Board, DBKL.

He does not hold directorship in any other public companies and listed issuers.

Profile of Directors (cont'd)

DATUK LAU BENG SIN

Managing Director,
Non-Independent Executive Director

Nationality	Gender	Age
		52

Date of Appointment	9 November 2022

Board Committees Membership

Executive Committee (Chairman)
Sustainability Committee (Chairman)
Share Issuance Scheme (Member)

Academic/Professional Qualification

Bachelor in Engineering (Majoring in Civil Engineering), Universiti Teknologi Malaysia

Board Meeting Attendance

During the financial year ended 31 March 2023, he attended 4 out of 4 Board meetings held since his appointment.

EXPERIENCES

Datuk Lau Beng Sin is a civil engineer with over 20 years of experience in the construction industry. He is a director of Pembinaan Teguh Maju Sdn Bhd where he is primarily responsible for the development and implementation of project processes ranging from construction, design, purchasing and staff maintenance. He was a shareholder and director of Synergy Goldtree Sdn Bhd, a construction company which had successfully completed over RM1 billion worth of commercial buildings, schools, road construction and government building projects within Malaysia.

He does not hold directorship in any other public companies and listed issuers.

Profile of Directors (cont'd)

Date of Appointment	17 January 2023

Board Committees Membership

Share Issuance Scheme (Chairman)
Executive Committee (Member)
Sustainability Committee (Member)

Academic/Professional Qualification

Bachelor of Economics (Business Administration), University of Malaya

Board Meeting Attendance

During the financial year ended 31 March 2023, he attended 1 out of 1 Board meeting held since his appointment.

MANIVANNAN A/L GANAPATHY

Executive Director,
Non-Independent Executive Director

Nationality	Gender	Age
		58

EXPERIENCES

Mr Manivannan Ganapathy started his career in the stockbroking industry at TA Securities Sdn Bhd as a management trainee from 1989 to 1990. He then became a remisier in 1990 and continued for a period of 32 years up until October 2022.

He has experiences in maintaining and serving the institutional client base as well as a group of high net worth individuals. His experiences also include underwriting for initial public offering, arranging financing for public listed companies and handling private placements for substantial blocks of shares.

Mr Manivannan Ganapathy does not hold any directorships in other public companies and listed issuers.

Profile of Directors (cont'd)

DATO' KAMARULZAMAN BIN JAMIL

Senior Independent Non-Executive Director

Nationality	Gender	Age
		68

Date of Appointment	1 September 2015

Board Committees Membership

Nomination and Remuneration Committee (Chairman)
Audit Committee (Member)
Risk Management Committee (Member)

Academic/Professional Qualification

Bachelor's Degree in Economics, Universiti Kebangsaan Malaysia

Board Meeting Attendance

During the financial year ended 31 March 2023, he attended 7 out of 8 Board meetings held.

EXPERIENCES

Dato' Kamarulzaman has extensive experience and knowledge in areas related to public services, human resource management and land administration as he had held various prominent position in his 35 years of services in various government departments/offices, among others in the Ministry of Transport, District and Land Offices, Public Services Department and Selangor Land and Mines Office. Dato' Kamarulzaman last held position was as the Director of Land and Mines with the Selangor Land and Mines Office where he served until he retired in January 2015.

Presently, he is a board member of Perbadanan Wakaf Selangor and its subsidiaries, namely, WSE 1 Sdn Bhd and WSE 2 Sdn Bhd and IIUM Properties (M) Sdn Bhd, the property arm of Universiti Islam Antarabangsa.

He is also one of the appeal board member (Lembaga Rayuan Negeri Selangor) of Jabatan Perancangan Bandar dan Desa Negeri Selangor, an agency under the Selangor State Government for 3 years' term effective from 1 January 2018 until 31 December 2020 and thereafter has been extended for another term from 1 January 2021 until 31 December 2023.

Dato' Kamarulzaman does not hold any directorships in other public companies and listed issuers.

Profile of Directors (cont'd)

SHAHRIZAM BIN A SHUKOR

Independent Non-Executive Director

Nationality	Gender	Age
		51

Date of Appointment	6 May 2019

Board Committees Membership

Audit Committee (Chairman)
Risk Management Committee (Chairman)
Nomination and Remuneration Committee (Member)

Academic/Professional Qualification

Bachelor of Accountancy (Hons), Universiti Putra Malaysia
Member of the Malaysian Institute of Accountants (MIA)
Associate member of Certified Practicing Accountant (CPA), Australia

Board Meeting Attendance

During the financial year ended 31 March 2023, he attended 8 out of 8 Board meetings held.

EXPERIENCES

Encik Shahrizam started his career in 1996 with Messrs Coopers & Lybrand, and thereafter joined Messrs. Azman, Wong Salleh & Co. until 2002, in the areas of auditing and financial advisory.

Currently, he is the founder and consultant at Shahrizam Shukor & Co. Prior to that, he was the Chief Financial Officer of Seri Pacific Hotel Corporation Sdn. Bhd. and was previously the Chief Financial Officer of TH Travel & Services Sdn. Bhd., a wholly owned subsidiary of Lembaga Tabung Haji. With his vast experience in corporate finance and accounting areas, he is also an Independent Non-Executive Director of Damansara Holdings Berhad, a strategic investment holding company since 15 December 2015 and KAF-Seagroatt & Campbell Bhd in 2022. He is also a Director of PDT Technique Sdn. Bhd., a subsidiary of Permodalan Darul Ta'zim since 19 December 2019.

He also sits on the Board of Damansara Holdings Berhad.

Save as disclosed above, he does not hold any directorships in other public companies and listed issuers.

Profile of Directors (cont'd)

Date of Appointment	1 March 2022

Board Committees Membership

Nomination and Remuneration Committee (Member)

Sustainability Committee (Member)

Academic/Professional Qualification

Degree (L.L.B) Law,
National University of Malaysia

Licensed Company Secretary issued by Companies Commission of Malaysia

Board Meeting Attendance

During the financial year ended 31 March 2023, she attended 6 out of 8 Board meetings held.

SHARIFAH RAFIDAH BINTI WAN MANSOR

Independent Non-Executive Director

Nationality	Gender	Age
		45

EXPERIENCES

Puan Sharifah Rafidah has more than 20 years of vast experiences in legal and company secretarial works including litigation, regulatory, compliance and corporate advisory.

She is currently the Managing Director of RS Centre Cube Sdn Bhd, which provides services such as company secretarial, business registration and management, accounting, rental of office space and virtual office and other business related facilities.

Puan Sharifah has also ventured into other services including setting up a business incubator for business start-up and providing support services for business development and growth which led to collaborations with the Sarawak State Government for various entrepreneur development programmes.

She was the Associate Director, Legal & Secretarial of TERAJU Bumiputera Corporation from 2012 to 2015.

She sits on the Board of Orangebeam Berhad and currently is the Company Secretary of Bintulu Port Holdings Berhad, Malaysian Institute of Economic Research, Cradle Fund Sdn Bhd, Razak School of Government, Putrajaya Perdana Berhad and TFM Foundation.

Save as disclosed above, she does not hold any directorships in other public companies and listed issuers.

Profile of Directors (cont'd)

DATO' JAMALUDDIN BIN SABEH

Independent Non-Executive Director

Nationality	Gender	Age
		68

Date of Appointment	13 January 2023

Board Committees Membership

Audit Committee (Member)
Nomination and Remuneration Committee (Member)
Risk Management Committee (Member)
Share Issuance Scheme (Member)

Academic/Professional Qualification

B.A. (Hons) majoring in Mass Communications (Public Relations), Universiti Kebangsaan Malaysia

Board Meeting Attendance

During the financial year ended 31 March 2023, he attended 2 out of 2 Board meetings held since his appointment.

EXPERIENCES

Dato' Jamaluddin began his civil service career as an Assistant Director, Registry of Companies in the Ministry of Trade and Industry in 1980.

He then joined the Ministry of Foreign Affairs in 1983 and subsequently served in various capacities in the Malaysian Administrative and Diplomatic Service namely as the Assistant Secretary (Protocol Division); Second Secretary, Permanent Mission of Malaysia to the United Nations, New York; Assistant Director (ASEAN Department), Ministry of Foreign Affairs; Consul, Malaysian Consulate, Pekan Baru, Riau, Indonesia; Assistant Secretary (South-East Asia Division), Ministry of Foreign Affairs; Counsellor, Embassy of Malaysia, Hanoi, Vietnam; Consul General, Consulate General of Malaysia, Ho Chi Minh City, Vietnam; Chargé d Affaires/Counsellor, Embassy of Malaysia, Romania; Deputy Director-General (Socio-Cultural Community), ASEAN-Malaysia National Secretariat, Ministry of Foreign Affairs and High Commissioner of Malaysia to Bangladesh. His last posting was the Ambassador of Malaysia to Poland concurrently accredited to Lithuania from 2012 to 2015.

Dato' Jamaluddin does not hold any directorships in other public companies and listed issuers.

Profile of Directors (cont'd)

DATUK WIRA ROSLAN BIN AB RAHMAN

Independent Non-Executive Director

Nationality	Gender	Age
		66

Date of Appointment	10 May 2023

Board Committees Membership

Nomination and Remuneration Committee (Member)

Risk Management Committee (Member)

Academic/Professional Qualification

BSc in Electrical Engineering, University of Southampton, England

Ordinary National Diploma in Engineering, Brighton Technical College, England

Board Meeting Attendance

Since he was appointed as a Director subsequent to the financial year ended 31 March 2023, he did not attend any Board meeting held during the said financial year.

EXPERIENCES

Datuk Wira Roslan is an engineer with extensive experience in the electricity supply industry. He started his career with Lembaga Lektrik Negara ("LLN"), now known as Tenaga Nasional Berhad ("TNB"), in 1980 and retired in December 2022. He has served in the several districts throughout Malaysia. He was responsible for the planning, construction, operations and maintenance of the distribution network for east of Pahang, which include Temerloh, Maran and Jerantut, which he led the conversion of more than 50 villages from 12 hours diesel supply to 24 hours grid connected supply under the Rural Electrification Program (Bekalan Elektrik Luar Bandar).

Having served more than 42 years in various management capacities in TNB, he has gained extensive knowledge of the industry, being involved in the transformation and modernisation of TNB. His strength in industrial relations was an asset to the organisation in enhancing work culture and improving harmony with the unions and employees.

His exposure in customer services and commercial aspect of TNB has enabled him to successfully coordinate efforts with Malaysia Investment Development Authority (MIDA) in facilitating the supply of electricity for big investments and Foreign Direct Investment (FDIs), and other important stakeholders such as Federation of Malaysian Manufactures (FMM) and Federation of Malaysian Consumers Association (FOMCA).

Datuk Wira Roslan was the spokesperson for TNB while serving as the Chief Corporate Officer. His major role was to monitor and advise the CEO and Board of Directors on corporate communication related matters. In the international front, Datuk Wira Roslan represented TNB in various capacities, namely as Country Coordinator in Head of ASEAN Power Utility (HAPUA) and Association of Energy Supply Industry of East Asia and Asia Pacific (AESIEAP).

His last position as the Chief Regulatory and Stakeholder Management Officer saw him working closely with the Ministry of Energy and Natural Resources (KETSA) and Energy Commission (EC) on issues pertaining to energy for the benefit of the country. His service with TNB was extended beyond his retirement age for 6 years, as his services were invaluable to TNB. He brings with him vast knowledge, experience and networking within the industry, which enables him to look after the interest of the various stakeholders.

Datuk Wira Roslan also sits on the Board of Malakoff Corporation Berhad.

Save as disclosed above, he does not hold any directorships in other public companies and listed issuers.

KOAY XING BOON

Independent Non-Executive Director

Nationality | Gender | Age 40

Date of Appointment 10 May 2023

Board Committees Membership

Audit Committee (Member)

Sustainability Committee (Member)

Academic/Professional Qualification

Bachelor in Law; LLB (Second Upper Honors), University of Northumbria, United Kingdom

Board Meeting Attendance

Since he was appointed as a Director subsequent to the financial year ended 31 March 2023, he did not attend any Board meeting held during the said financial year.

EXPERIENCES

Mr Koay is the co-founder and owner of THB Power Sdn Bhd, which is part of the THB Group of Companies involving in construction, infrastructure, roadwork maintenance and energy sector. THB Power Sdn Bhd is an Independent Power Producer which obtains the concession license from the Government of Malaysia to build and operate a 1200 MW Combined Cycle Power Plant in Gurun, Kedah with a total project cost annual turnover of RM2 billion.

Mr Koay is also one of the major shareholders in Technodex Berhad, a ICT company listed on Bursa Malaysia ACE Market with an estimate market capital of RM100 million. Technodex Berhad is principally involved in government IT infrastructure projects and communication technologies.

He also sits on the Board of Technodex Berhad.

Save as disclosed above, he does not hold any directorships in other public companies and listed issuers.

Note:

Except for Datuk Lau Beng Wei and Datuk Lau Beng Sin who are siblings, none of the other Directors are related to one another, nor with any major shareholder.

Save as disclosed above, none of the Directors:

(i) has any conflict of interest with Stella; and

(ii) has any convictions for offences (other than traffic offences) within the past 5 years and have any public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

RAIZITA BINTI AHMAD @ HARUN

Chief Financial Officer

Nationality	Gender	Age
Malaysian	Female	55

Puan Raizita was re-designated as the Chief Financial Officer of Stella Group on 30 January 2019. She was the Executive Director of Stella from 1 September 2015 until 30 January 2019. Prior to her appointment as Executive Director, she was the Senior General Manager of Finance and Accounts Division, responsible for the overall financial management for the Group. She leads the Group finance as an active strategic financial partner in driving Stella business directions including formulation of policies, corporate finance, treasury, risk management, compliances and best practices of accounting policies for Stella Group.

She graduated with Bachelor of Science in Administration (Accountancy) from California State University, Sacramento in 1990.

Puan Raizita has more than 31 years working experience and 19 years financial leadership position with Stella Group. She has advised the Board on numerous project-financing arrangements, structured debts and schemes of arrangements and represented the Company in several major corporate exercises.

She does not hold any directorship in public companies and listed issuers.

IR. YUSFI BIN MOHAMED YUSOF

Director of Mewah Kota Sdn Bhd, a wholly-owned subsidiary of Stella

Nationality	Gender	Age
Malaysian	Male	57

Ir. Yusfi was appointed as the Director, Group Business Development on 20 October 2021 to head the Business Development Division of the Group. He was also appointed as a Director of Mewah Kota Sdn Bhd on 1 December 2021 to oversee the operation of Mewah Kota Sdn Bhd, the construction arm of the Group.

Ir. Yusfi graduated with a Bachelor degree in Civil Engineering from Arkansas State University USA (1989) and further obtained his Masters in Integrated Construction Project Management from UiTM (2003).

He is a registered professional engineer with the practising certificate from Board of Engineers, a certified member of Institute of Engineers Malaysia and Asean Associated Engineers.

Ir. Yusfi has over 32 years of experience in various fields in construction and property industry. He started his career in 1989 from Site Engineer to Project Manager serving conglomerate companies at Pilecon Engineering Bhd, Imatex Bhd, Island & Peninsular Bhd and Intria Berhad.

His experience in managing corporate strategy started as a Senior Manager with Bank Negara Malaysia Tabung Projek Perumahan Terbengkalai in 2002, General Manager of Infraworks Oil & Gas Tabung Haji Heavy Engineering in 2013, Head of Management Consultancy Permodalan Negeri Selangor Bhd in 2017 and Technical Director of C&S Consultant IR. Perunding Sdn Bhd in 2019.

He does not hold any directorship in public companies and listed issuers.

Profile of Key Senior Management (cont'd)

WINSTON NG TIAT SENG

Chief Operating Officer of Paramount Ventures Sdn Bhd, a wholly-owned subsidiary of Stella

Nationality	Gender	Age
		56

Mr Winston Ng joined Stella Group as an Adviser in November 2022 and subsequently appointed as the Chief Operating Officer of Paramount Ventures Sdn Bhd ("PVSB") on 1 June 2023, where he is responsible for the management of all projects and operations of PVSB, including Mewah Kota Sdn Bhd, another wholly-owned subsidiary of Stella.

He obtained his Diploma in Building Technology and Certificate in Civil Engineering from Tunku Abdul Rahman College and further obtained his Masters of Science (Major in Project Management) from University of UMIST, United Kingdom.

Mr Winston Ng has more than 30 years of extensive experience in the construction and property development industries overseeing various types of projects ranging from residential, commercial and industrial, hostel and joint venture developments.

He does not hold any directorship in public companies and listed issuers.

Note:

Save as disclosed above, none of the Key Senior Management:

(i) has any family relationship with any Director and/or major shareholder of Stella;

(ii) has any conflict of interest with Stella; and

(iii) has any convictions for offences (other than traffic offences) within the past 5 years and has any public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

SUSTAINABILITY STATEMENT

REPORT OVERVIEW

Stella Holdings Berhad ("Stella") proudly presents the Sustainability Statement ("Statement") for financial year ended 31 March 2023 ("FYE2023"). This extensive report exemplifies our resolute determination to incorporate sustainable practices into our business strategies and policies. By adopting industry best practices, we strive to create a well-rounded approach that caters to the interests of both internal and external stakeholders.

As we progress towards the end of 2023, we have taken proactive steps to conduct a sustainability baseline assessment. This assessment is a vital foundation for our ongoing efforts to meet our reporting policy. Furthermore, we are undergoing a materiality reassessment to ensure our focus remains aligned with the most significant sustainability issues affecting our operations.

At Stella, sustainability is not just a buzzword but a fundamental aspect of responsible corporate citizenship. This report demonstrates our commitment to integrating sustainable practices across all facets of our business. By doing so, we can better address the evolving needs of our stakeholders and contribute meaningfully to a more sustainable future.

We invite you to explore the valuable insights in this report and join us as we continue our journey towards a more sustainable and prosperous future.

REPORTING GUIDELINES AND STANDARDS

The compilation of this Statement adheres to the Sustainability Reporting Guide, as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). In addition, we have incorporated the Global Reporting Initiative Standards ("GRI Standards") to ensure comprehensive coverage and alignment with internationally recognized sustainability guidelines.

REPORTING DURATION

The scope of this Statement encompasses the Group's sustainability achievements spanning from 1 April 2022 to 31 March 2023.

The Group actively implements the policies and strategies outlined in this Statement unless expressly stated otherwise.

REPORTING SCOPE AND BOUNDARIES

Our commitment to sustainability is reflected in our comprehensive Statement, which encompasses two (2) business entities within our Group:

1. Mewah Kota Sdn Bhd (Construction Segment)
2. Paramount Ventures Sdn Bhd (Property Development Segment)

These entities, over which Stella exercises direct managerial control, form the primary focus of this report.

To ensure compliance, we have thoroughly reviewed our internal procedures related to report preparation. This Statement provides valuable insights into our sustainable development and management practices, catering to the interests of the investment community and our stakeholders. Unless distinctly stated otherwise, all financial figures mentioned in this Statement are presented in Ringgit Malaysia ("RM") currency.

DATA PREPARATION AND CONSOLIDATION

The methodology employed for data preparation involved adhering to the reporting principles and requirements outlined in the GRI Standard. The calculation, collection, and consolidation of economic, environmental, and social indicators presented in this Statement were conducted per these guidelines.

Furthermore, the current procedures established within our Group for collecting and preparing management information were followed to ensure accuracy and reliability.

SUSTAINABILITY STATEMENT

At Stella, sustainability is an ongoing journey of growth, innovation, and continuous improvement. We are committed to integrating the latest guidance and best practices into our sustainability priorities, positively transforming our work and operation practices.

Our sustainability approach at Stella is deeply rooted in our core values of prioritizing safety, creating opportunities, fostering collaboration, and leading with integrity. These values guide every aspect of our operations, ensuring we deliver sustainable value to our clients, employees, shareholders, and communities.

To shape our Environmental, Social, and Governance ("ESG") Program, we rely on extensive research, industry best practices, stakeholder materiality, specialized teams' expertise, and external guidance. This holistic approach enables us to optimize our positive social and environmental impact while upholding a robust corporate governance framework that ensures accountability and responsible stewardship across all our activities.

Sustainability is a complex and interconnected domain, and our long-term strategic approach requires adaptability. Therefore, this annual Statement provides a snapshot of select ESG initiatives in progress at the Group. It showcases some of the notable achievements from the past year and highlights key initiatives that align with our ESG program.

STELLA'S SUSTAINABILITY APPROACH

Our Group is committed to embracing the principles and ideals of sustainable development and embedding them within our operational workflows. We firmly believe that sustainable development is an integral component of our business achievements, serving as the bedrock for generating value for our stakeholders. Stella's operations are centred around four key dimensions of sustainable development, outlined as follows.

1. **Economic Prosperity and Sustainable Green Business**

   Our Group strives to foster sustainable economic growth and generate long-term value for our stakeholders and is actively seeking sustainable innovative green recurring business which we believe is one of the business of the future and in line with our ESG objectives.

2. **Environmental Conservation**

   We are committed to mitigating the environmental footprint of our business activities and minimizing any adverse impacts on the natural surroundings. We place great emphasis on compliance with environmental management plans in our construction work.

3. **Safety**

   We adhere to high safety standards in all our construction work with thorough safety training and compliance at all times. We also have proper COVID 19 protection procedures in place to help break the chain of contagion in line with national objectives and social responsibility.

4. **Employee Empowerment**

   In creating a nurturing environment, we prioritize the well-being of our employees, enabling them to unlock their full potential.

5. **Community Collaboration**

   By actively engaging with the local communities in which we operate, we contribute to their economic prosperity through job creation and uphold our corporate social responsibility (CSR) commitments.

Sustainability Statement (cont'd)

GLOBAL REPORTING INITIATIVE (GRI)

The Global Reporting Initiative ("GRI") is an internationally recognised framework for sustainability reporting. It gives organisations guidelines to transparently disclose their economic, environmental, and social performance, offering a comprehensive approach to communicating their sustainability endeavours.

Within our investment strategy, we meticulously identify the relevant GRI indicators and assess the alignment of our projects with the GRI framework. Our goal is to contribute to realising sustainability objectives by addressing the critical areas identified by GRI.

By integrating our ESG (Environmental, Social, and Governance) framework, we position ourselves to actively support the goals and targets that are connected and harmonised with our business operations, as outlined by GRI. Our concerted efforts are directed towards generating positive impacts and fostering sustainable progress in the areas of utmost importance for our stakeholders and the wider community.

BURSA'S SUSTAINABILITY REPORTING GUIDE

Aligned with the guidelines outlined in the 3rd Edition of Bursa Malaysia Securities Berhad's Sustainability Reporting Guide, our Group is committed to integrating economic, environmental, and social ("EES") considerations into our governance framework and social responsibilities. By doing so, we strive to enhance our corporate performance and accountability, allowing the public to assess and evaluate our actions and achievements.

SUSTAINABILITY GOVERNANCE

Each year, the Board of Directors discusses sustainability matters, including evaluating Material Matters for their relevance and up-to-date significance. All Heads of Departments across the Group are responsible for implementing the Group's sustainability activities, which the Board carefully reviews.

Our esteemed Board is committed to advancing our sustainability agenda and setting the strategic course. Regular meetings ensure that sustainability remains a top priority and that our initiatives align with current trends and precedence. This contributes to the overall efficacy of evaluating ESG risks and opportunities, thereby safeguarding the robustness of the Group's business model.

Governance Structure

Ensuring solid and robust sustainability governance is of paramount importance to Stella. This entails establishing clear lines of accountability, defining roles and responsibilities, and adhering to our sustainability policy. By taking these measures, we can actively propel our journey towards achieving sustainability goals with resolute dedication.

The structure of our sustainability governance is outlined as follows:

Role	Responsibilities
Board of Directors	The Board holds accountability for the Group's sustainability practices and performance: • Oversees sustainability initiatives, addressing material matters • Approves sustainability strategies, policies, and initiatives • Reviews sustainability strategy and progress, setting goals
Sustainability Committee	The Sustainability Committee comprises five (5) members from the Board. The committee is assigned the responsibility of supporting the Board in handling sustainability-related matters: • Integrates sustainability and manages ESG risks in the Group's business • Aligns sustainability initiatives with business strategies and operations. • Reports to the Board on key sustainability decisions and resource allocation • Monitors sustainability for compliance and development

SUSTAINABILITY GOVERNANCE (CONT'D)

Governance Structure (Cont'd)

Role	Responsibilities
Management Committee	The Management Committee, comprising Heads of Departments or subsidiaries, provides support to the Sustainability Committee: • Implements and monitors sustainability and ESG risk management in daily operations • Oversees daily sustainability management for Group integration • Executes sustainability initiatives, tracks progress, and reports to the Sustainability Committee • Gathers and monitors data to evaluate sustainability progress

Concerning the diversity of our Board, our sustainability approach emphasizes our dedication to fostering a workplace culture that embraces diversity and inclusivity. This commitment extends to the composition of our Board, where we currently have a 11% representation of women.

We recognize the significance of having a diverse group of directors who bring a range of perspectives to inform Stella's decision-making and drive the attainment of our strategic goals. To further enhance diversity at the highest level, we aim to achieve a minimum representation of 30% women on the Board.

Promoting Ethics and Integrity

We are deeply committed to upholding integrity and business ethics as the foundation of our business practices. Our Group strictly adheres to the highest ethical standards and fully complies with relevant laws, rules, and regulations. We believe in fostering a culture of accountability among our employees and stakeholders, reinforcing our dedication to integrity and ethical conduct. To effectively communicate this core principle, we have established a comprehensive set of policies and codes, which include:

- Code of Conduct and Ethics
- Whistleblowing Policy
- Anti-Corruption and Bribery Policy
- Anti-Discrimination and Harassment Policy
- Child Labour and Forced Labour Policy
- Corporate Social Responsibility Policy
- Data Privacy Policy

These policies are available on our corporate website at https://www.stella-holdings.com.my/ specifically under the "Investor Relations -> Policy" section. We ensure that our stakeholders, including employees and subsidiaries, fully understand and comply with these policies through various communication channels, such as internal memos and emails.

Code of Conduct and Ethics

The Stella Code of Conduct and Ethics sets the standard and provides clear guidelines for ethical conduct, ensuring that our operations align with all relevant laws, rules, and regulations.

This code is effectively communicated to all employees through our website and during the onboarding process, and they are expected to adhere to it strictly. Any violations or non-compliance may result in disciplinary measures, including termination of employment.

All our employees are comprehensively educated about the Code of Conduct and Ethics. There have been no cases of violations among our workforce in FYE2023.

Sustainability Statement (cont'd)

SUSTAINABILITY GOVERNANCE (CONT'D)

Whistleblowing Policy

The Whistleblowing Policy outlines comprehensive guidelines for individuals affiliated with our Group to report concerns regarding potential violations or inappropriate behaviour confidentially. We encourage all stakeholders to use our whistleblowing channels to report suspicious activities.

Stakeholders who have suspicions of any corporate misconduct are encouraged to raise their concerns via our dedicated medium:

Attention : En. Shahrizam bin A Shukor, Chairman of Audit Committee
Address : A-13A, Pusat Komersial Arena Bintang Jalan Zuhal U5/178, Seksyen U5, 40150 Shah Alam, Selangor

Upon receipt, all reports will undergo meticulous analysis by the Internal Auditor designated by the Independent Director of the Audit Committee. Subsequently, the findings will be deliberated with the Audit Committee or the Board of Directors to ascertain the most appropriate steps.

The investigation results will be presented during the Audit Committee Meeting, and any reports or findings necessitating attention and approval will be reported to the Board of Directors.

In FYE2023, no non-compliance, corruption, or fraud incidents were reported via our whistleblowing channel.

Anti-Corruption and Anti-Bribery Policy

Stella conducts periodic assessments to identify and mitigate risks associated with corruption. The Board of Directors reviews fraud and corruption risks every three years.

Our Anti-Corruption and Anti-Bribery Policy, in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009, reinforces the Group's firm commitment against bribery and corruption.

We prioritize areas susceptible to corruption risk within our business processes and thoroughly evaluate existing controls and procedures. Our policies are subject to regular review, with a minimum frequency of once every three years.

It is mandatory for all employees, both new and existing, to adhere to this policy, with thorough briefings provided upon employment. Failure to comply with this policy may result in disciplinary measures, including the possibility of termination.

In FYE2023, all newly hired employees received comprehensive information on the Anti-Corruption and Anti-Bribery Policy, and there was no non-adherence among them.

Data Privacy Policy

At Stella, we are committed to upholding the principles outlined in the Personal Data Protection Act 2010, prioritising the utmost confidentiality of personal information. Our Group collects personal data exclusively with the explicit consent of individuals, ensuring that it is used solely for legitimate business purposes. We guarantee that this data will never be shared or sold to any third parties.

To ensure the security of this valuable information, Stella employs a robust IT-based data protection system. Access to the data is strictly limited to authorised employees who require it for legitimate business use, thereby maintaining the highest level of confidentiality.

The Group utilises a centralised document server to streamline and facilitate day-to-day operations by securely storing scanned documents. Additionally, our meeting rooms have conference PCs to enable efficient collaboration. To ensure network security, we employ a Firewall, and staff working remotely can securely access office files through a VPN. Daily backups are conducted, explicitly focusing on the Document Server and Finance Server, to safeguard crucial data. Access to files and folders within the document server is meticulously managed through our active directory system.

SUSTAINABILITY GOVERNANCE (CONT'D)

Data Privacy Policy (Cont'd)

Throughout FYE2023, Stella demonstrated its unremitting dedication to protecting personal information by maintaining an impeccable track record of zero data breaches. This accomplishment reinforces our commitment to safeguarding personal data's privacy and security, solidifying our stakeholders' trust in us.

Procurement Protocols

Within our main construction arm, Mewah Kota Sdn Bhd, we prioritize excellence in procurement. We are proud to have achieved ISO 9001:2015 certification for our Quality Management System, ensuring that our material and service acquisitions conform to specified requirements.

To maintain this high standard, we maintain a meticulously curated list of approved suppliers and subcontractors, rigorously evaluating potential additions based on their ability to meet our specific needs. Furthermore, we assess subcontractors based on their on-site performance.

At Stella, we are dedicated to fostering relationships with suppliers and subcontractors who align with our competitiveness, efficiency, and ethical conduct values. Our procurement department operates within well-defined standard operating procedures, and to ensure fairness and transparency, we have established a dedicated Tender Committee. This committee conducts comprehensive evaluations encompassing quality, supply specifications, pricing, and other essential factors.

We require suppliers and contractors to provide an Anti-Corruption and Bribery Declaration to fortify our resolute dedication to upholding ethical business practices. By signing this declaration, they affirm their commitment to complying with relevant laws, rules, and regulations and adopting robust measures against corruption. This aligns with the MACC Act 2009 and MACC (Amendment) Act 2018. We expect our suppliers and contractors to proactively prevent corruption when engaging in business activities with our Group.

By adhering to stringent procurement practices and cultivating strong partnerships with ethical suppliers and contractors, we maintain the highest standards of quality and integrity throughout our operations.

Supplier Selection and Environmental Compliance at Stella

At Stella, the careful selection of suppliers aligns with our commitment to environmental protection and sustainable development. We value collaboration with numerous reputable domestic and international suppliers, recognizing that managing these partnerships is crucial to our long-term success.

When choosing suppliers and partners, we prioritize their adherence to a range of criteria, encompassing legal compliance, quality standards for materials and components, capacity, and sustainability measures such as labour practices, social impacts, and environmental protection.

Stella's procurement department conducts a rigorous evaluation process during supplier selection to ensure the highest standards. For industrial production activities, particular emphasis is placed on safety, health, and environmental assessments. We hold our suppliers accountable for maintaining controlled and traceable supplies while actively promoting clean energy, reducing emissions, and eradicating child labour.

Through these stringent measures, Stella remains dedicated to upholding ethical and environmentally responsible practices across our supply chain, fostering a sustainable future for all stakeholders.

Sustainability Statement (cont'd)

SUSTAINABILITY GOVERNANCE (CONT'D)

Communication Platforms and Engagement

In our pursuit of comprehensive stakeholder engagement, our Group employs diverse communication channels to facilitate two-way dialogue and gather valuable feedback. This commitment was particularly evident during the pandemic, as we utilized various online technologies to enhance communication with our stakeholders. To ensure effective communication, we utilize a range of internal and external channels:

1. **Internal Communication:**
   - Employee engagement through memos and dedicated group messaging platforms, such as WhatsApp.
   - Internal bulletins to disseminate important information within the organization.

2. **External Communication:**
   - Our Group's official website, located at https://www.stella-holdings.com.my/, is a reliable source of information for stakeholders.
   - Annual reports provide comprehensive overview of our performance, progress, and strategic direction.
   - Group announcements, enabling us to share important updates and news with our external stakeholders.

The Group values stakeholder input in assessing the quality and relevance of this Statement, enhancing our sustainability achievements and reporting practices. We encourage stakeholders to share their thoughts and recommendations by contacting us through our official website. Your contributions drive our commitment to transparency and accountability.

Stakeholder Engagement

Our ongoing interactions with stakeholders have consistently provided valuable insights, reinforcing our understanding of the Group's ESG priorities and enabling us to stay ahead of global developments. Establishing and nurturing strong relationships with stakeholders is our core focus at Stella.

To this end, we have implemented stakeholder engagement processes at all levels, including project-specific engagements. This collaborative effort ensures that our extended value chain comprehends and meets Stella's expectations regarding this critical matter.

The following section highlights our key stakeholder engagements and the outcomes achieved during FYE2023.

Stakeholder Group	Areas of Concern	Type of Engagement	Frequency of Engagement	Outcome
Project Clients	- Project quality - On-time delivery - Client support	- Correspondence - Site visits - Meetings - Corporate website	Ongoing	- Clear communication - Quality control - Competitive pricing
Employees	- Welfare and benefits - Skills enhancement through training and development - Performance rewards and recognition - Occupational health and safety - Conducive workplace - Career growth and stability	- Performance appraisal - Open communication via WhatsApp and email - Staff and management meetings - Sports club activities - Feedback sessions - Trainings, presentations, and initiatives	Ongoing / As required	- Staff engagement initiatives - Implementation of environment, safety, and health programs - Training as necessary - Cultivating a culture of continuous improvement

SUSTAINABILITY GOVERNANCE (CONT'D)

Stakeholder Engagement (Cont'd)

Stakeholder Group	Areas of Concern	Type of Engagement	Frequency of Engagement	Outcome
Shareholders and Investors	- Financial performance - Corporate governance - Sustainable growth - Shareholder value - Public perception - Legal compliance	- Corporate communications - Quarterly updates - Online presence - General meetings - Performance evaluations	Annually / Quarterly	- Investor engagement - Timely and accurate performance reporting - Effective communication
Contractors, Suppliers, and Consultants	- Reliable operations - Ethical procurement - Timely payments - Business continuity - Regulatory compliance - Transparent tender processes - Ethical business practices - Punctual and quality deliveries	- Meetings and interactions - Written communications - Assessments and evaluations - Site visits	Ongoing	- Constant and regular communication - Process improvement - Sharing concerns with relevant parties - Effective engagement - Enhanced operational efficiency
Regulatory Authorities	- Eco-friendly development - Regulatory compliance	- Statutory reporting - Audits and inspections - Meetings - Consultation - Written correspondence	As required	- Ethical reporting - Adherence to legal requirements
Communities	- Community welfare - Environmental impact - Safety and health - Sustainability and CSR - Employment opportunities	- Community involvement through events - Active participation in CSR programs - Donations and sponsorships - Internship opportunities	Ongoing / As required	- Local social needs addressed - Social engagement and recognition - Environmental impact management - Safety and health considerations - Community involvement - Value added to the local community

Sustainability Statement (cont'd)

MATERIALITY

During FYE2023, our Group proactively undertook assessments of our material ESG topics. These assessments played a pivotal role in aligning our sustainability agenda and effectively reporting on critical issues that hold substantial sway over our stakeholders and the growth of our business.

The principle of materiality guided our approach to identifying material topics. We conducted thorough evaluations and discerned 18 material topics paramount to our stakeholders. These topics not only wield influence over the strategic direction of our Group but also serve as critical inputs for our decision-making processes, both in the short and long term.

Material Topics

We carefully considered topics directly impacting our business modeland the various forms of capital involved.

Furthermore, we emphasised topics that affect our stakeholders, recognising their perspectives and interests as integral to our operations. Lastly, we evaluated topics that directly influence our environmental, economic, and social ("EES") performance, encompassing financial and non-financial aspects, intending to generate sustainable value.

By adhering to these criteria, we have ensured that our material topics encompass the most significant issues that shape our sustainability endeavours. This comprehensive approach drives positive outcomes for our stakeholders and the broader community, demonstrating our commitment to creating lasting and meaningful impact.

Material Topics		
Environmental	**Social**	**Economic**
Greenhouse Gas Emissions	Employee Welfare & Development	Economic Performance
Energy	Diversity & Equal Opportunity	Economic Impacts
Water Management	Occupational Health & Safety	Corporate Governance
Waste and Effluents	Community Engagement	Supply Chain Control
	Legal Compliance	Client Satisfaction
	Ethical Business Conduct	Innovation
	Stakeholder Relation	
	Data Privacy	

Materiality Matrix

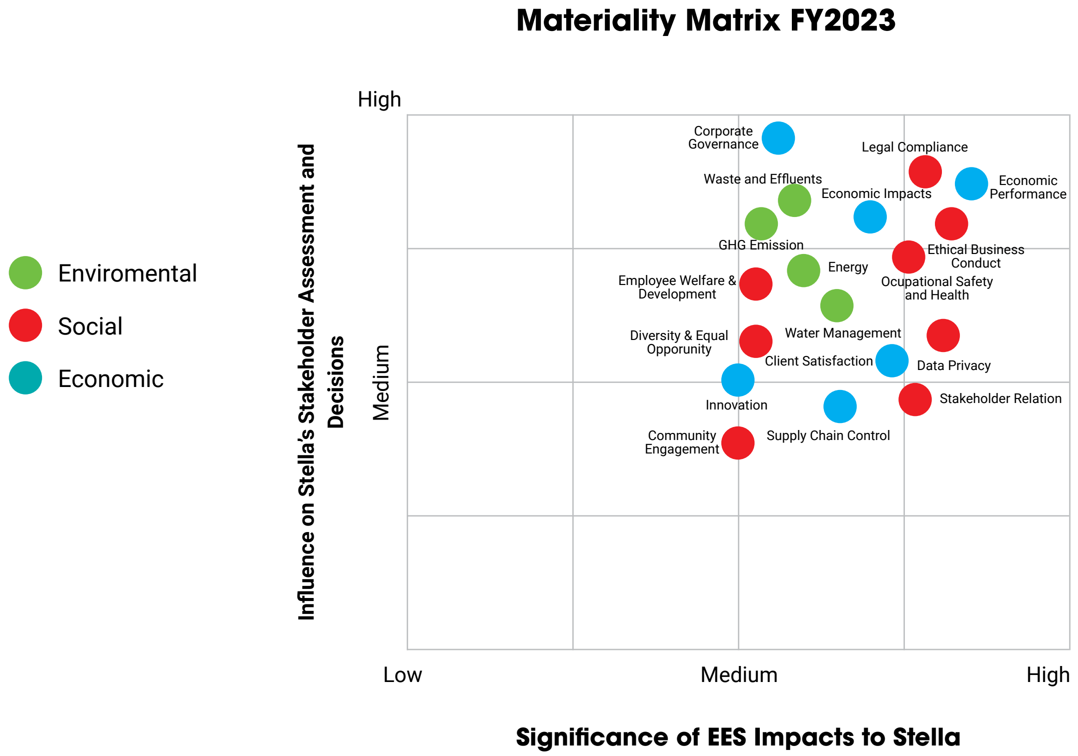
To enhance the congruence between our ESG impacts and stakeholder requirements, we strategically correlated our significant concerns with stakeholder preferences and our corresponding actions while considering the applicable GRI Standards.

A comprehensive materiality assessment has been undertaken to identify and prioritize the most significant issues that profoundly impact the operations of Stella in terms of their economic, environmental, and social aspects. The results of this assessment are presented in the following chart and table, providing a concise summary of the key findings.

MATERIALITY (CONT'D)

Materiality Matrix (Cont'd)

Below, we present our Materiality Matrix for FYE2023:



High Materiality	Medium Materiality
Legal Compliance	Client Satisfaction
Economic Performance	Innovation
Corporate Governance	Community Engagement
Ethical Business Conduct	Supply Chain Control
Occupational Health & Safety	Diversity & Equal Opportunity
Data Privacy	
Economic Impacts	
Water Management	
Water & Affluents	
Stakeholder Relation	
GHG Emissions	
Energy	
Employee Welfare & Development	

Sustainability Statement (cont'd)

MATERIALITY (CONT'D)

Materiality Assessment Process

To ascertain the significance of our key concerns, we undertake an annual materiality assessment to prioritize significant matters that impact Stella's business across economic, environmental, and social dimensions. The Group conducts the material assessment through the following comprehensive methodology:

1. **Assessment:** The initial step in the process involves evaluating the existing matrix and topic list to identify gaps and improvement areas. This assessment ensures that our approach aligns with both local and global standards.
2. **Alignment:** To ensure alignment with stakeholders, the list of topics is carefully reviewed, considering global and industry trends and developments. This helps us stay congruent with the ever-evolving landscape.
3. **Engagement:** We actively seek inputs from subject matter experts and stakeholders. Meetings and surveys are conducted to gather valuable insights and perspectives.
1. **Prioritization:** The preliminary material matters are presented to the management team for review and input. Through focus groups, meetings, and interviews, we facilitate meaningful discussions to refine our understanding.
2. **Validation:** The final stage involves seeking confirmation from the Board for the Materiality Matrix, which represents the prioritized material matters. Their endorsement ensures the robustness and credibility of our approach.

In FYE2023, senior management from all functional groups actively participated in rigorous materiality review sessions. Of the material matters assessed, 18 were deemed relevant and applicable to the business and its stakeholders of Stella.

Sustainability Assessment and Development

A) Environmental

At Stella, we understand the importance of addressing environmental challenges and fulfilling our obligations as a construction and property development company. We are committed to managing our operations responsibly and ensuring compliance with environmental impact assessments for all our projects. Our medium and long-term objectives focus on minimizing the adverse effects of our site planning and development, creating a safe environment, and reducing our ecological footprint.

- Stella prioritizes environmental sustainability in its projects by implementing low construction density in residential constructions. This approach allows ample land allocation for natural surroundings, including trees and public facilities. The goal is to create a desirable living environment that promotes environmental friendliness and enhances the well-being of residents and surrounding communities.

- Stella fully commits to complying with Malaysia's environmental protection laws in all project phases. We prioritize adherence to regulations and standards related to wastewater discharge, emissions, waste management, and noise control. Our comprehensive sustainability policy includes annual environmental monitoring reports to track our progress. We proactively implement various initiatives to ensure sustainable and eco-friendly project execution.

- Stella has proactively adopted new policies in alignment with the Environmental Quality Act 1974, incorporating effective solutions throughout the construction, operation, and business processes. We prioritize using green building materials, implementing energy-saving lighting systems, promoting water efficiency, and harnessing renewable energy sources.

- Waste management is also a key focus as we embrace innovative initiatives like utilizing recycled materials in construction, implementing wastewater treatment systems, and establishing waste sorting practices. Stella is currently developing a comprehensive waste management plan to further enhance our sustainability practices as part of our ongoing efforts.

- Stella is dedicated to fostering a sense of environmental consciousness among residents and staff through a range of carefully curated programs aimed at promoting the spirit of environmental protection. We are committed to raising awareness and encouraging active participation in sustainable practices to safeguard our planet for future generations.

MATERIALITY (CONT'D)

Sustainability Assessment and Development (Cont'd)

A) Environmental (Cont'd)

a. Emissions

At Stella, we prioritize raising staff awareness of environmental protection to respond to climate change. Our focus is on waste treatment and greenhouse gas ("GHG") emissions at Stella buildings and project sites, ensuring waste minimization and the reduction of carbon emissions. Throughout FYE2023, the Group had no instances of non-compliance with environmental management cited by state agencies.

	FYE2022		FYE2023	
Energy	Total Consumption	Total CO2 Emission (tCO2e)	Total Consumption	Total CO2 Emission (tCO2e)
Electricity (kWh)	382,762	265.64	42,706	29.67
Water (Cubic Metre)	3,060	12.82	219	0.92
Diesel (Litre)	2,532	7.94	15,595.10	48.93
Petrol (Litre)	21,610	54.4	27,258.52	68.8
	Total Amount of tCO2e	340.8	**Total Amount of tCO2e**	148.32
	Scope 1 – Direct CO_2 Emission	129.51	**Scope 1 – Direct CO_2 Emission**	47.16
	Scope 2 – Indirect CO_2 Emission	211.29	**Scope 2 – Indirect CO_2 Emission**	101.16

Stella strongly emphasises environmental consciousness throughout its operations, striving to conserve energy, electricity, and water resources. Our initiatives include engaging in awareness campaigns to promote energy efficiency and sustainability. Despite the challenges posed by the pandemic, Stella saw a marked improvement in our total greenhouse gas emissions (measured in tCO2e) from FYE2022 to FYE2023, reflecting our commitment to sustainability and transparent reporting.

Through our steadfast commitment to climate action and proactive measures to reduce greenhouse gas emissions, Stella has achieved an impressive 56.48% decrease in total CO_2 emissions (measured in tCO2e) during FYE2023 (148.32 tCO2e) compared to FYE2022 (340.8 tCO2e). This remarkable achievement can be attributed to our unyielding devotion to implementing environmentally conscious practices across our operations.

We have successfully reduced our carbon footprint by embracing energy-efficient technologies and optimizing our processes. Furthermore, our strategic restructuring efforts, which involved streamlining our business portfolio and eliminating unprofitable ventures, have contributed to this significant reduction in emissions. This positive outcome underscores our firm resolve to foster a greener and more sustainable future for our organization and the communities we serve.

Most of our greenhouse gas (GHG) emissions are derived from diesel usage in vehicles, heavy machinery, and the leachate water treatment plant. The combustion of diesel fuel releases carbon dioxide (CO_2) emissions, while the energy-intensive processes in the treatment plant contribute to GHG emissions. To address these environmental impacts, we prioritize sustainability through fuel efficiency measures, alternative energy sources, and innovative technologies. We aim to minimize our carbon footprint and promote environmentally responsible waste management practices.

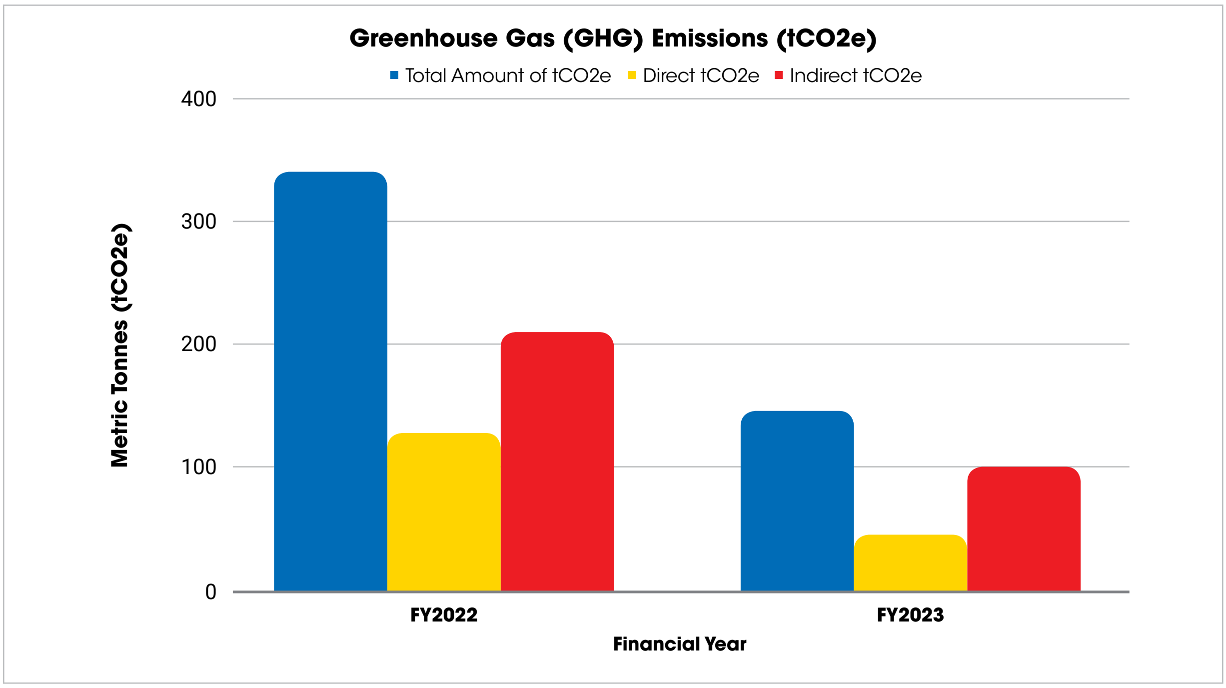
Sustainability Statement (cont'd)

MATERIALITY (CONT'D)

Sustainability Assessment and Development (Cont'd)

A) Environmental (Cont'd)

a. Emissions (Cont'd)



b. Energy

Given the property development and construction-related nature of our operations, energy usage primarily stems from construction activities, transportation, and system operations equipment.

Our Group diligently manages operating time and material movement distances and employs high-efficiency equipment to minimize material loss and conserve energy.

At our project sites and office, we prioritize energy management across our diverse portfolio by implementing sustainable practices. These practices include incorporating solar panels, transitioning to energy-efficient LED lighting, adopting environmentally friendly cooling solutions, and leveraging automated and intelligent technologies to optimize energy efficiency.

Item	Total Consumption		Change
	FYE2022	FYE2023	
Electricity (kWh)	382,762	186,228	-51.3%
Diesel (Liters)	2,532	15,595	515.9%
Petrol (Liters)	21,610	35,925	66.2%

In FYE2023, Stella significantly reduced electricity usage, with consumption decreasing from 382,762 kWh in FYE2022 to 186,228 kWh, representing a remarkable 51.3% decrease. This notable achievement can be attributed to various factors, including restructuring our businesses, where we optimized energy usage and streamlined operations.

MATERIALITY (CONT'D)

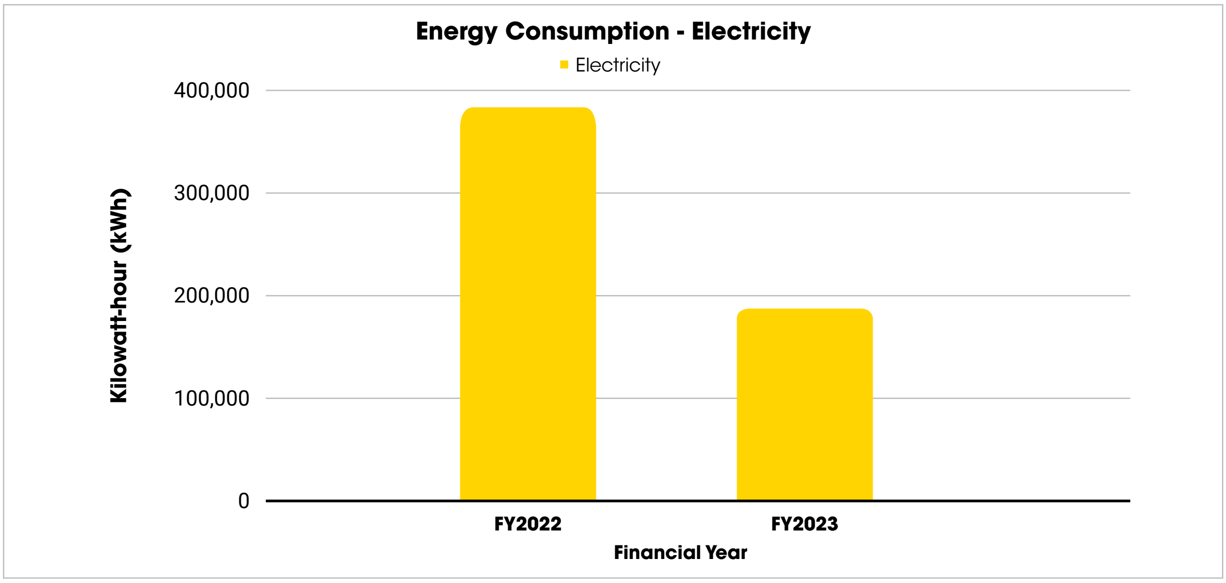
Sustainability Assessment and Development (Cont'd)

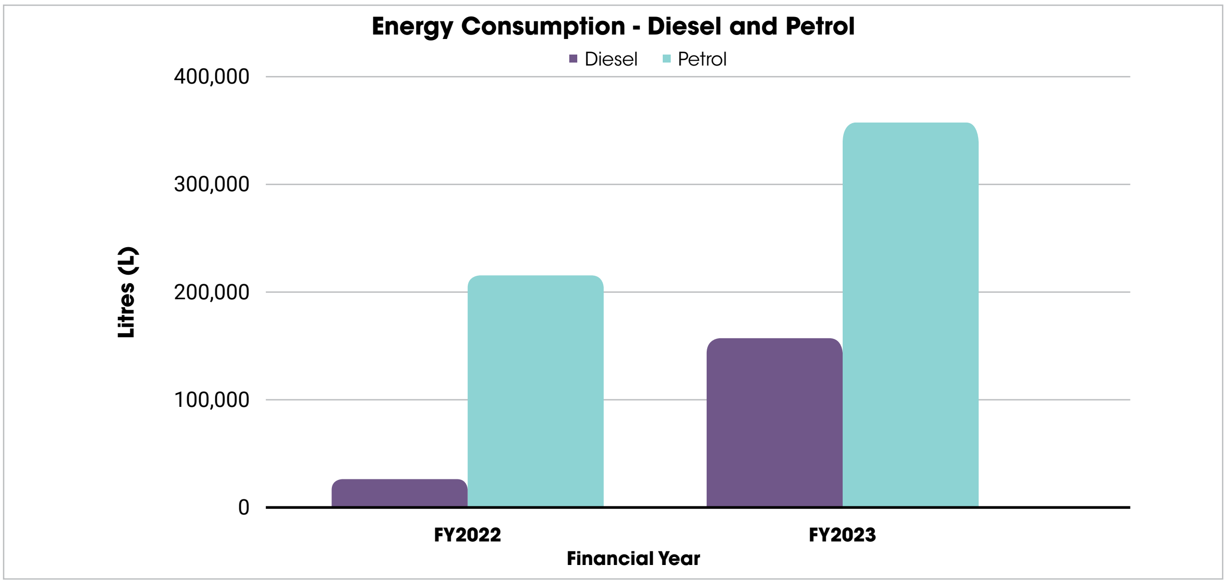
A) Environmental (Cont'd)

b. Energy (Cont'd)

Stella has witnessed a spike of 515.9% in diesel consumption, soaring from 2,532 litres in FYE2022 to 15,595 litres in FYE2033. Our petrol usage also experienced a 66.2% increase, rising from 21,610 litres in FYE2022 to 35,925 litres in FYE2023. This substantial surge can be attributed to various factors, particularly within our construction division's operations. Our ongoing projects encompass larger-scale endeavours, demanding more robust machinery and extended working hours to meet project requirements successfully.

Furthermore, transporting equipment, materials, and personnel over long distances has increased diesel fuel consumption. These developments highlight Stella's construction projects' evolving demands and expanded scope, necessitating a greater reliance on diesel resources to ensure efficient project execution.





Sustainability Statement (cont'd)

MATERIALITY (CONT'D)

Sustainability Assessment and Development (Cont'd)

A) Environmental (Cont'd)

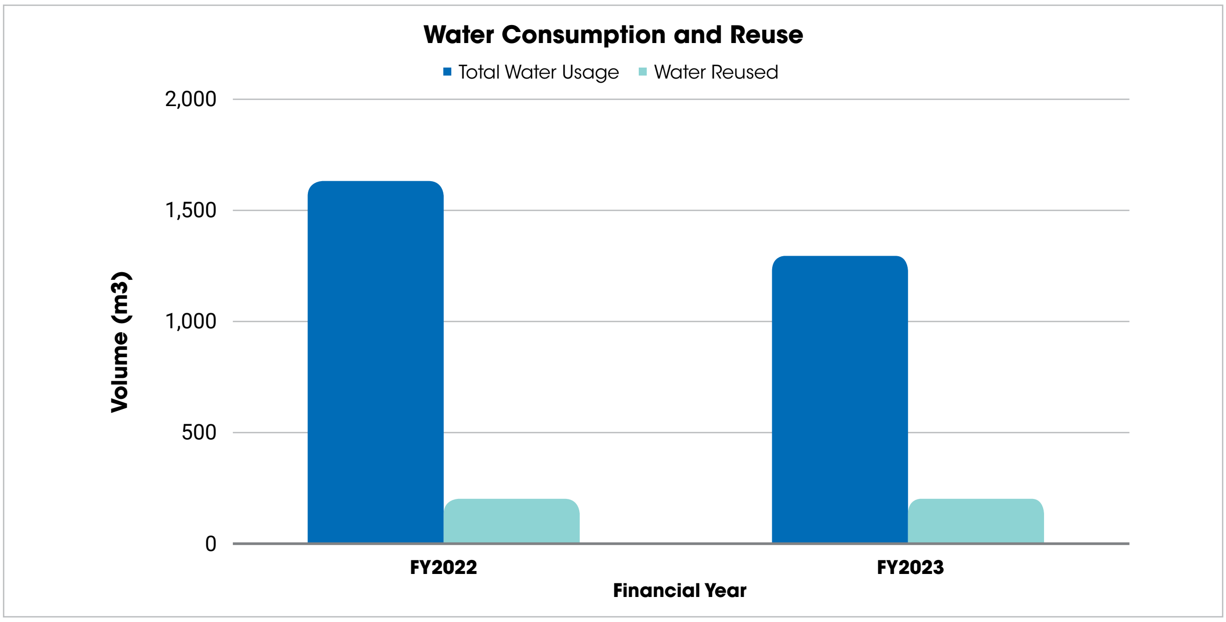
c. Water

Stella places a strong emphasis on the efficient utilization of water resources by implementing various water-saving practices during the construction phase. We conduct comprehensive inspections and enforce strict control measures at raw water supply points throughout our construction projects. In the operation of our buildings, we are committed to managing water usage and reuse responsibly, ensuring efficient consumption.

Our ongoing construction projects strictly adhere to regulations governing groundwater exploitation, water resource utilization, and wastewater treatment, operating within the prescribed limits stated in the approved construction plans. We prioritize using clean water from local supply plants, carefully adjusting the flow to suit each project's requirements.

We implement water-saving solutions at our project sites and offices and closely monitor raw water supply points using electronic devices. Our technical designs incorporate water-conserving features such as automatic sensor faucets, dual flush toilets, low-flow plumbing fixtures, water-efficient irrigation systems, and recycled water for non-potable purposes.

	FYE2022	FYE2023
Water Consumption (m^3)	1,634	1,290
Water Reused (m^3)	200.9	202.5
Water Reused (%)	12.3%	15.7%



In FYE2023, our Group has demonstrated its commitment to water conservation through dedicated initiatives and the strategic disposal of non-profitable businesses. As a result, the total water usage decreased from 1,634m³ in FYE2022 to 1,290m³ in FYE2023. Furthermore, Stella achieved an impressive 15.7% water reuse, amounting to 202.5m³, marking a significant 3.4% increase from the previous year's 12.3% water reuse, equivalent to 200.9m³.

These remarkable achievements highlight our dedication to sustainability within our operations and exemplify our contribution to a more environmentally conscious business landscape.

MATERIALITY (CONT'D)

Sustainability Assessment and Development (Cont'd)

A) Environmental (Cont'd)

d. Waste and Effluents

As a responsible construction and property development organization, Stella prioritizes effective waste and effluent management and environmental stewardship throughout the construction process.

Our Group implemented comprehensive waste management practices involving employees, contractors, and all relevant parties at our sites and offices. Waste is sorted, stored, and transported according to regulations, with recycling as a key focus. Initiatives are in place to reduce plastic waste, promote environmentally-friendly production practices, and optimize costs.

We established waste collection contracts with certified suppliers who comply with all the requirements for waste treatment activities as mandated by the law and stringent environmental standards.

In FYE2023, Stella has made significant strides in environmental sustainability. We successfully upgraded our leachate treatment plant, owned by Mewah Kota Sdn Bhd, to rectify ammoniacal nitrogen and selenium discharges, reducing hazardous and domestic waste.

We are committed to providing an effective system and facility for treating harmful landfill leachate. Our goal is to ensure that the leachate is treated to meet the acceptable levels set in the Environmental Quality (Control of Pollution from Solid Waste Transfer Station and Landfill) Regulations 2009 before it is discharged into nearby waterways.

During FYE2023, our leachate treatment plant successfully treated 32,267.8 m^3 of raw leachate, resulting in 30,135.2 m^3 of treated leachate. Approximately 62.4 tons of scheduled waste were generated throughout this process, specifically sludges containing various metals such as chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium, and beryllium (SW204). Additionally, 1.08 tons of domestic solid waste were generated.

To ensure proper disposal, domestic solid waste and scheduled waste are handed over to qualified contractors specializing in waste management and disposal methods. This approach guarantees the responsible and environmentally sound handling of these waste streams.

	FYE2022	FYE2023
Raw Leachate	30,498.4 m^3	32,267.8 m^3
Treated Leachate	28,812.5 m^3	30,135.2 m^3
Scheduled Waste (SW204)	60.6 tons	62.4 tons
Domestic Solid Waste	0.96 tons	1.08 tons

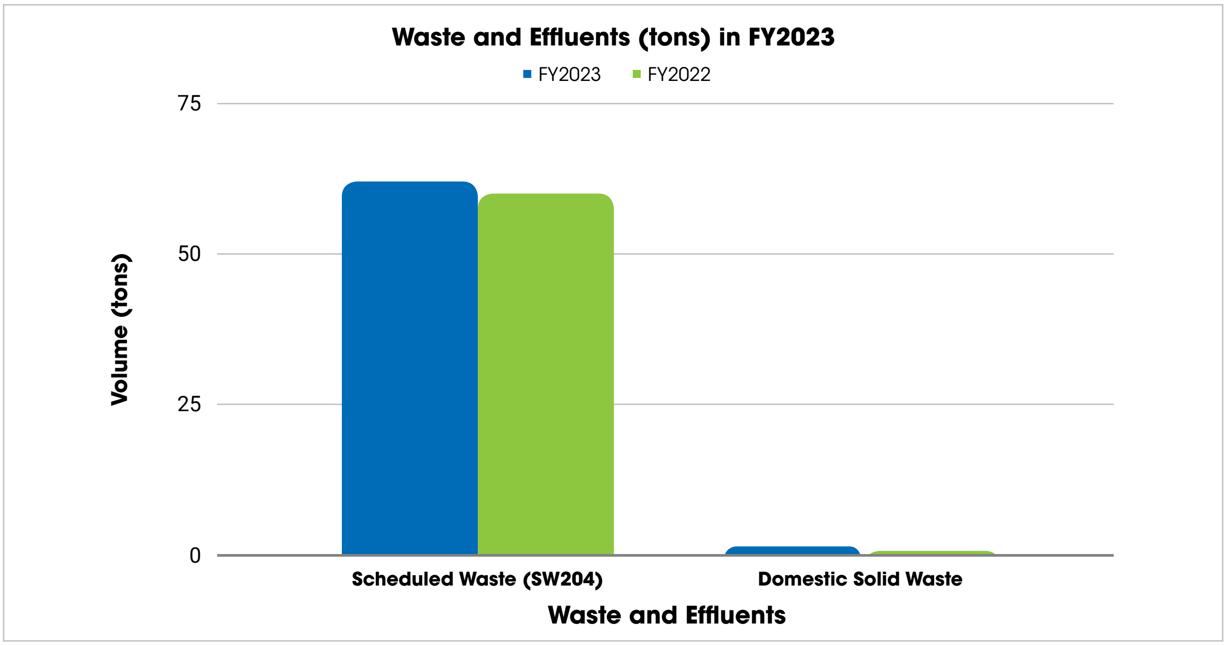
Sustainability Statement (cont'd)

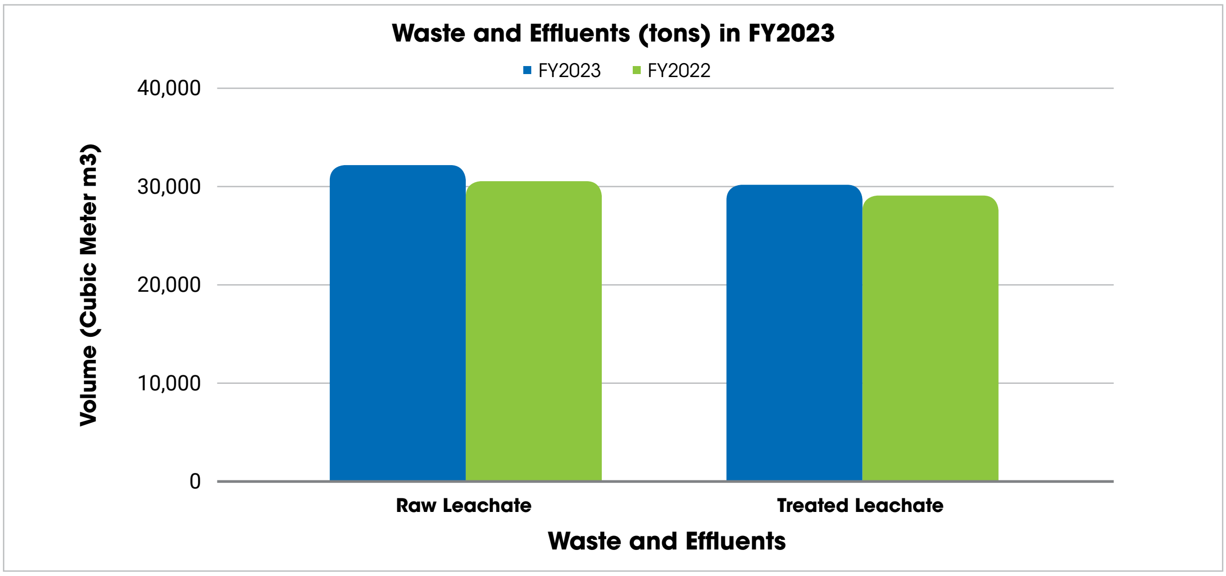
MATERIALITY (CONT'D)

Sustainability Assessment and Development (Cont'd)

A) Environmental (Cont'd)

d. Waste and Effluents





The increase in raw and treated leachate, domestic solid waste, and scheduled waste (SW204) can be attributed to Stella's ramped-up operations following the full swing of industry reopening in April 2022. As Malaysia gradually transitions into the endemic phase, our Group has experienced a surge in activity.

Operations have grown significantly with increased economic activities and a return to normalcy. This upturn has led to an upsurge in raw and treated leachate, domestic solid waste and scheduled waste (SW204), reflecting the vibrant business environment and our commitment to meeting the evolving needs of our clients.

MATERIALITY (CONT'D)

Sustainability Assessment and Development (Cont'd)

B) Social

Nurturing Our Employee Talent

At our Group, we prioritize the well-being of our employees and foster a culture of adaptability and growth in line with the evolving business landscape. To achieve this, we strive to enhance the efficacy of our personnel management strategies, encompassing various aspects such as recruitment, retention, training, and professional development.

We underscore performance management, actively engage our employees, and implement internal social initiatives. Furthermore, we are committed to upholding respect, equality, and equal opportunities for all workforce members, implementing measures to ensure their well-being and success.

Workforce Composition

As of 31 March 2023, our workforce comprised 56 employees, a decrease of 59.3% compared to the beginning of FYE2022 when we had 140 employees. This reduction was primarily due to the restructuring within our Group for greater efficiency.

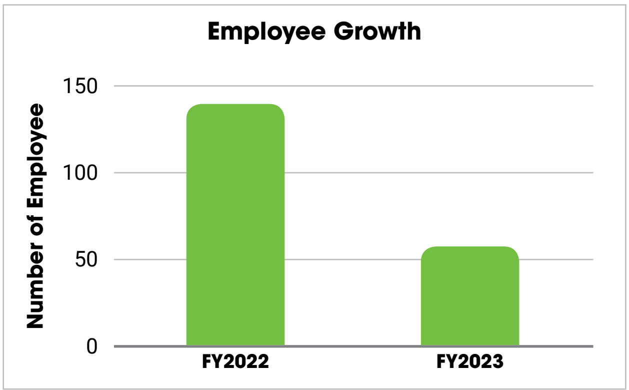
We value the importance of gender diversity within our workforce, and while our current distribution shows 66.7% male and 33.3% female employees, we acknowledge room for improvement. The lower proportion of female workforce can be attributed to our recent restructuring efforts.

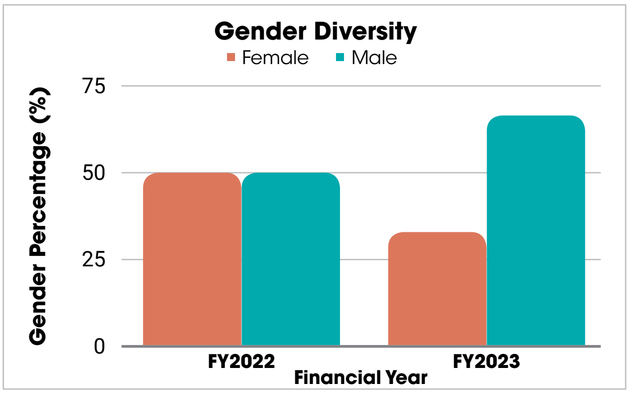
However, we are firmly committed to promoting diversity and achieving gender equality. We are actively working towards achieving a more balanced 50% male and 50% female workforce in the foreseeable future. It is also worth noting that 31.6% of our employees are below 40, creating ample opportunities for career growth and mentorship within our Group.

Our diverse workforce also brings fresh perspectives and innovative ideas, ensuring our Group remains agile and forward-thinking. Investing in their development is crucial as they represent the future leaders who will drive our continued success.

Stella Holdings Berhad – Employee Summary

	FYE2022	FYE2023
Number of Employee	140	56
Female	70	21
Male	70	35





Sustainability Statement (cont'd)

MATERIALITY (CONT'D)

Sustainability Assessment and Development (Cont'd)

B) Social (Cont'd)

Recruitment and Adaptation

In our Group, we recognize the importance of comprehensive training in facilitating the successful adaptation of our employees to our Group's environment. We are dedicated to unlocking the full potential of our workforce at the earliest possible stage.

To support our continuous development, we strongly emphasise attracting new talent to meet the increasing demand, particularly in our sales and marketing division. It is worth noting that we exclusively hire full-time employees and do not employ any part-time staff.

Employee Learning and Development

At our Group, we firmly believe that cultivating disciplined character and nurturing employee knowledge is integral to our success.

At Stella, we prioritize the holistic development of our employees through comprehensive training programs and workshops. Our objective is to equip them with the necessary skills and knowledge to excel in the ever-evolving property development industry. We foster a culture of continuous learning and personal growth, encouraging our employees to embrace new opportunities and take on additional responsibilities.

Investing in their professional development benefits their individual growth and contributes to our Group's overall success. By staying well-informed and adaptable, our employees are empowered to deliver exceptional results and drive our collective growth.

Employee Motivation and Engagement

In our Group, we understand the crucial role of employee engagement in enhancing operational efficiency and driving overall growth. We prioritize financial and non-financial incentives and create a conducive work environment to foster employee motivation.

Financial Motivation

To remain relevant and attractive in today's market, we continuously update our pay scale system and are committed to improving our remuneration structure further. Our bonus system is based on a comprehensive evaluation methodology, and bonus distribution is at the discretion of management. We consistently evaluate industry best practices to refine our remuneration framework.

Non-Financial Motivation

As a socially responsible corporate, we provide our employees with a comprehensive non-financial compensation package that aligns with employment regulations and is integral to their total remuneration. Our employees receive medical benefits and entitlements as outlined in our Human Resource Policy Handbook. We offer various types of leave, including annual leave, sick leave, compassionate leave, maternity and paternity leave, and marriage leave. Additionally, all employees are covered by group personal accident and hospitalization insurance.

We have established the Kelab Sukan dan Kebajikan to strengthen the bond with our employees. This club organizes a wide range of activities, including sports and games, community programs, dinners, fruit festivals, and festive celebrations. These initiatives promote camaraderie and enhance the overall employee experience.

MATERIALITY (CONT'D)

Sustainability Assessment and Development (Cont'd)

B) Social (Cont'd)

Enhancing Social and Labour Conditions

Ensuring the well-being of our employees is paramount to us. At Stella, we are deeply dedicated to fostering an empowering work environment that enables our employees to reach their maximum potential. Central to this commitment is providing contemporary and ergonomic office spaces, ensuring our employees have a comfortable and conducive setting to excel in their roles.

Furthermore, our operations and service teams are equipped with comprehensive resources, including high-quality uniforms, vehicles, and essential safety gear. These provisions adhere to the highest health and safety standards, guaranteeing the well-being and security of our valued employees.

By prioritizing their needs and creating an environment that nurtures their growth, we empower our workforce to thrive and contribute to our collective success.

Respect for Human Rights

Stella recognizes the paramount importance of upholding human rights. We have implemented a strong culture of respect within our workplace, prioritizing detecting and promptly rectifying any human rights violations. Additionally, we place particular emphasis on fostering diversity among our employees.

We unequivocally prohibit all forms of modern slavery, including child labour, harassment, forced labour, inhumane working conditions, and human trafficking, both within our Group and throughout our supply chain.

To ensure compliance, we remain diligent in our supplier due diligence efforts, ensuring strict adherence to relevant legislation regarding human trafficking. Moreover, our Group fully commits to abiding by Malaysia's Children and Young Person Act (Employment) 1966. Considering the nature of our business environment, we do not employ individuals under the age of 18 years.

We demonstrate our unwavering dedication to fostering an inclusive and ethical workplace by upholding these principles and actively promoting respect for human rights.

Promoting a Fair Workplace

Our Group upholds fair employment practices and prioritizes the development of a healthy and safe working environment for our employees. We are committed to fostering a diverse and inclusive workplace where the human rights of our employees are respected. To ensure the well-being and rights of our employees, we have implemented policies and procedures that promote a healthy, safe, and secure workplace.

Outlined below are key policies that form part of our Code of Ethics, reflecting our commitment to fair employment practices:

a. Equal Employment Opportunity: We take pride in being an employer that provides equal opportunities to all individuals, irrespective of their religious beliefs, age, creed, marital status, gender, family status, or disability. This commitment extends across all areas of our working environment.

b. Workforce Diversity: We believe in actively engaging our employees, empowering them to reach their full potential and fostering fulfilling careers. Furthermore, we strive to maintain a balanced representation of female employees within our organization. We actively promote the recruitment of local talents from the communities in which we operate, contributing to the local economies.

MATERIALITY (CONT'D)

Sustainability Assessment and Development (Cont'd)

B) Social (Cont'd)

Promoting a Fair Workplace (Cont'd)

c. Adherence to Minimum Wages: We strictly adhere to the Minimum Wages Order 2023, ensuring that our employees receive fair remuneration in compliance with the prevailing regulations.

d. Prohibition of Harassment: Creating a safe and conducive working environment free from any form of harassment or unlawful discrimination is of utmost importance to us. We view sexual harassment as a severe violation and have implemented a sexual harassment policy along with a grievance procedure. These measures are communicated to all employees to prevent and address any incidents of discrimination.

e. Prevention of Child Labour and Forced Labour: In alignment with the Children and Young Persons (Employment) (Amendment) Act 2010, we only employ individuals aged 18 years and above, strictly prohibiting the employment of minors. This commitment aligns with the standards set by the International Labour Organization.

f. Employees' Benefits and Compensation: We deeply value the contributions of our diverse workforce and strive to attract talented individuals by providing a supportive work environment and growth opportunities. Our comprehensive welfare system ensures that all employees receive fair treatment across all our sites. We also comply with local statutory requirements, including minimum wages, employees' provident fund, and social security contributions.

In addition to these measures, we provide various employee welfare bonuses such as travel allowances, subsidies for hospitalization and surgical insurance coverage, group personnel accident insurance, communication expenses, uniforms, personal protective equipment, festive gifts, and events. These initiatives underscore our commitment to promoting work-life integration and personal effectiveness.

Through these fair employment practices, we demonstrate our unwavering commitment to fostering a workplace that respects the rights and well-being of our employees.

Promoting Health and Safety

Ensuring a safe and conducive working environment is a top priority for our Group. Occupational Health and Safety ("OHS") is deeply integrated into our sustainability efforts and long-term success, strongly focusing on preventing work-related injuries, illnesses, and fatalities.

We prioritize compliance with OHS legislation, monitor risk factors, and promote safety culture among employees and contractors. Our health and safety management system is continually improving. Employees and workers at project sites are equipped with Personal Protective Equipment ("PPE") for their well-being. Regular safety briefings and training sessions raise awareness and enable swift responses to emergencies.

To maintain strict safety standards, our Safety and Health Officer conducts regular inspections at project sites, noting any observations that require attention and providing recommendations to the Safety and Health Committee for further enhancements. We are proud to report no accidents at any of our construction or project sites during the reporting period.

Sustainability Statement (cont'd)

MATERIALITY (CONT'D)

Sustainability Assessment and Development (Cont'd)

B) Social (Cont'd)

Supporting the Local Community (Cont'd)

Stella strives to cultivate positive and sustainable partnerships with the local communities in which we operate. We are committed to upholding the highest international sustainable development standards and actively engage with the local community.

All our social investments are made voluntarily, and we strictly adhere to Anti-Bribery and Anti-Corruption policies in our social and gifts investment guidelines. Through our Kelab Sukan dan Kebajikan, we have undertaken various community activities during the reporting period, including Bubur Lambuk distribution during Ramadhan, Hari Raya assistance for widows of deceased employees, Hari Raya clothing donation for orphanages, Gotong-Royong activities at orphanage homes.

Through these initiatives, we demonstrate our commitment to supporting and uplifting the local community, contributing positively to their well-being and creating a sustainable and harmonious environment for all.

Sumbangan Bubur Lambuk to Orphanages

Majlis Sumbangan Hari Raya
(sumbangan ke balu kakitangan)

Hari Raya
gift for staff

Hari Raya
gift to site office

Mewah Kota Sdn Bhd
contribution to Sekolah Menengah
Nilai Impian on "Hari Guru"

Sustainability Statement (cont'd)

MATERIALITY (CONT'D)

Sustainability Assessment and Development (Cont'd)

c) Economic

Customer satisfaction is our top priority. We aim to deliver exceptional work while optimizing procurement and construction costs, maximising shareholder value. Through engaging local suppliers and contractors, we contribute to the growth of the domestic economy, generating economic activities that benefit local traders and small businesses.

We maintain a zero-tolerance approach towards bribery and corruption, as outlined in our Anti-Corruption and Anti-Bribery Policy. All employees, service providers, and suppliers are expected to comply with this policy, ensuring high standards of integrity and accountability. We conduct briefings to raise awareness among new employees and are proud to report no recorded misconduct cases in FYE2023, reaffirming our commitment to ethical practices across all segments.

1) Direct Economic Impacts

a. Achieving Economic Performance and Sustainable Growth

The Group is committed to sustainable growth, ensuring a reliable revenue source. In FYE2023, we executed our revenue restructuring strategy by divesting from healthcare and oil and gas businesses. This enabled us to focus on property and construction projects, enhancing our regular revenue streams. Our priority in these sectors promotes stability, long-term profitability, and overall Group growth.

b. Enhancing Capital Structure and Maximizing Capital Efficiency

At Stella, we continuously optimize and strategically manage our capital structure to maximize efficiency and value. Through a balanced combination of domestic and foreign equity and capital debt, we make prudent financial decisions that drive sustainable growth and success.

c. Driving Sustainable Economic Contributions

Stella's commitment to sustainable growth extends beyond financial success. In FYE2023, we actively contributed to societal well-being, showcasing our role as responsible corporate citizens and supporting government efforts for inclusive economic development.

2) Indirect Economic Impacts

Stella is deeply committed to responsible investment and cultivating progress in economic, social, environmental, and cultural aspects, improving the quality of life in the communities where our projects are located. Our focus on balanced development aligns with regional growth strategies, creating vibrant ecosystems that bring exceptional value to our customers, partners, and the community.

At Stella, we undertake development and construction projects with functional and practical designs, revitalizing local areas into desirable destinations. Through active engagement in public-private dialogues, we ensure direct benefits to the local community, increasing property values and enhancing infrastructure with world-class facilities. Stella actively promotes local economic growth through strategic partnerships with local businesses, establishing a sustainable supply chain and creating new regional opportunities.

Furthermore, Stella takes pride in advancing essential infrastructure systems in Malaysia, fulfilling our commitments to enhance transportation networks and seamless connectivity between areas. Our dedication to responsible investment and transformative development positions us as a leader driving positive change for the communities we serve.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Stella Holdings Berhad ("**Stella**" or "**Company**") acknowledges the importance of good corporate governance and is committed in ensuring the Company and its subsidiaries ("**Group**") practices good corporate governance in line with the Malaysian Code on Corporate Governance (Revision 2021) ("**MCCG**") issued by the Securities Commission of Malaysia.

This statement, which is made pursuant to Paragraph 15.25 and guided by Practice Note 9 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**"), sets out the extent to which the Group has applied the principles and best practices of the MCCG during the financial year 2023.

The detailed application by Stella Group for each practice as set out in the MCCG during the financial year 2023 is disclosed in the Corporate Governance Report ("**CG Report**") which is available on the Company's corporate website at www.stella-holdings.com.my. This statement is to be read together with the CG Report.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1. Clear Roles and Responsibilities

The Board plays a key role in the governance process through its review and approval of the Group's direction and strategy, monitoring of business performance and review of the adequacy and integrity of the Group's internal control system. The Board believes that commitment to its fiduciary duties and responsibilities is critical to its goal of driving long term shareholders' value.

The Board, together with Management, reviewed the Group's strategy and the Board had satisfied itself that all appropriate considerations have been taken into account in the formulation of the Group's strategy.

In addition to strategic matters, the Board, amongst others, is also responsible for the following key matters:

- Reviewing and adopting the strategic plan for the Group.
- Overseeing the conduct of the Group's business to determine whether the business is being properly managed.
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks
- Reviewing the adequacy of the Group's management information and internal control systems
- Reviewing and approving the financial results, quarterly and annually
- Ensuring the Company adheres to high standards of ethics and corporate behaviour.

The Board is also mindful of the importance of building a sustainable business and therefore, takes into consideration its economic, environment and social impact when developing and implementing the corporate strategies and business plans of the Group.

2. Separation of Roles between Chairman and Managing Director

The roles of the Chairman and Managing Director ("**MD**") are separately held with each having distinct authority and responsibilities. The Board realises the importance in the separation of roles and responsibilities of the Chairman and the MD as this will ensure that there is a balance of power and authority, such that there is no excessive concentration of power in the Chairman or the MD.

Datuk Lau Beng Wei is the Executive Deputy Chairman of the Board who provides strong leadership and is responsible for ensuring the adequacy and effectiveness of the Board's governance process.

The MD is responsible for the effective running the Group's operations and implementation of the Board's policies and decisions. The Board also has an effective working partnership with the Management in establishing the strategic direction of the Group. The Management is responsible for supporting and assisting the MD in implementing and running the Group's day to day business.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

3. Company Secretary

The Company Secretary, who is qualified and experienced, advises the Board on regulatory requirements and corporate governance matters to ensure that the Board discharges their duties and responsibilities effectively.

4. Supply and Access to Information

The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs to enable them to discharge their duties. The Directors have access to information through the following means:

- Members of senior management attend Board and Board Committees meetings by invitation to report areas of the business within their responsibilities including financial, operational, corporate, regulatory, business development and audit matters updates, for the Board's decision making and effective discharge of the Board's responsibilities.
- The Board and Board Committees papers, which include agenda and reports relevant to the issues of the meetings are prepared and forwarded to the Directors within reasonable period before the respective meetings to enable them to receive the information in a timely manner.
- The Audit Committee meets with the Management, Internal Auditors and External Auditors regularly to review the reports regarding internal control system, financial reporting and risk management. The Audit Committee Chairman then will report to the Board.

In the furtherance of its duties, the Board is also authorised to obtain independent professional advice on specific matters, if necessary, at the Company's expense to enable the Board to discharge its functions in the decision-making process.

5. Board Charter, Code of Ethics for Company Directors and Whistleblowing Policy

A copy each of the Board Charter, Code of Ethics for Company Directors and Whistleblowing Policy is made available at the Group's website www.stella-holdings.com.my.

6. Sustainability

The Board together with the Management undertake to promote a sustainable and responsible business practices in order to deliver a positive impact to the economy, environment and to create values to the communities in which Stella Group operates in.

An update on our approach towards sustainability is presented in our Sustainability Statement section of this Annual Report.

II. BOARD COMPOSITION

1. Board Composition and Balance

During the financial year under review, the Board has seven (7) Directors, comprising the Executive Deputy Chairman, two (2) Non-Independent Executive Directors and four (4) Independent Non-Executive Directors which complies with Paragraph 15.02(1) of the MMLR of Bursa Malaysia.

Subsequently, the Board announced on the appointments of Datuk Wira Roslan bin Ab Rahman and Mr Koay Xing Boon as new Independent Non-Executive Directors of the Company effective 10 May 2023.

The Board is satisfied that the current composition of Directors provides the right balance and size between Executive Directors and Non-Executive Directors with appropriate mix of relevant skills, knowledge and industry experience required to promote all shareholders' interests and to govern the Company effectively.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

1. Board Composition and Balance (Cont'd)

Board balance is achieved with the contribution of the Independent Non-Executive Directors and the fair representation of the shareholders' interests. The Independent Non-Executive Directors are able to exercise their unbiased independent judgment and views freely and do not have any business or other relationships that could interfere with their duties.

None of the Independent Directors has exceeded nine (9) years tenure as recommended by MCCG.

2. Board Committees

The Board has delegated certain responsibilities and duties to the following Committees to assist the Board in the efficient and effective discharge of its duties. Meetings of the Board Committees provide an avenue for members of the respective Committees to focus on specific issues to enable full and in-depth discussion of business operations of the Group:

- Audit Committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Executive Committee
- Sustainability Committee
- Share Issuance Scheme Committee

The Board Committees exercise transparency and full disclosure in their proceedings and where applicable, issues are reported to the Board with the appropriate recommendations by the Board Committees.

Each Board Committees operates in accordance with the written terms of reference approved by the Board.

3. Board Meetings

The Board holds at least five (5) regularly scheduled meetings annually with additional meetings convened when necessary. Senior Management as well as professional advisers have been invited to attend the Board meetings to provide the Board with their views and clarifications on issues raised by the Directors.

During the financial year ended 31 March 2023, there were eight (8) meetings held and the details of attendance of each Director are as follows:

Name of Directors	No. of Meetings Attended
Datuk Lau Beng Wei *(appointed on 13 January 2023)*	2/2
Datuk Lau Beng Sin *(appointed on 9 November 2022)*	4/4
Mr Manivannan a/l Ganapathy *(appointed on 17 January 2023)*	1/1
Dato' Kamarulzaman bin Jamil	7/8
Dato' Jamaluddin bin Sabeh *(appointed on 13 January 2023)*	2/2
Datuk Wira Roslan bin Ab Rahman *(appointed on 10 May 2023)*	*
En Shahrizam bin A Shukor	8/8
Pn Sharifah Rafidah binti Wan Mansor	6/8
Mr Koay Xing Boon *(appointed on 10 May 2023)*	*

* *Not applicable as the appointment was made after the financial year ended 31 March 2023*

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

3. Board Meetings (Cont'd)

In between Board meetings, approval on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all relevant information to enable the Board to make informed decisions. The resolutions passed by way of such circular resolutions were then noted in the next Board meetings.

The Directors are to allocate sufficient time to the Company to perform their duties effectively including being prepared for the meetings and contributing effectively to the business of the Company. They should notify the Board on any new directorships and such notification should include an indication of time that will be spent on the new appointment.

4. Policy on Diversity

The Board recognises the importance of having diversity on its Board and Senior Management. Diversity is vital to ensure that members of the Board and Senior Management provide the necessary range of perspectives, experience and expertise required to achieve the Company's objectives and goals.

The Company's overriding objective in any new appointment is to select a suitable candidate with a view to achieving a high-performing Board and Senior Management team. Appointments to the Board and Senior Management are based on merit, in the context of character, skills, experience, expertise and competency the Board and the Senior Management as a whole requires to be effective.

The Company believes that such merit-based appointment helps the Company to achieve effective stewardship and management of the Group.

Appointments to the Board and Senior Management team are considered without any bias or discrimination. The Company adopts the policy of not only considering the skills, experience, expertise and competency of a candidate, but also other factors, including gender, ethnicity/cultural background and age to ensure that the Board and the Senior Management will function as a diverse team.

In respect of gender diversity, the Board supports the representation of women and targets a 30% women composition on the Board of Stella. The Company acknowledges the important role of women in contributing to the performance of the Board. Moving forward, the Board will work towards achieving the 30% women composition on the Board of Stella. Currently, Pn Sharifah Rafidah binti Wan Mansor is the only woman Director sitting on the Board.

As for Senior Management level, the Company has not set any specific target for gender diversity but will actively work towards having more female senior position in the Group.

To promote the objective of diversity on the Board and Senior Management level, the following would be practiced for the selection process for Board and Senior Management appointment:-

(i) Making appropriate efforts to include women on the list of candidates to be considered for Board and Senior Management positions.
(ii) Conducting all Board and Senior Management appointment processes in a manner that promotes diversity.

In identifying, considering and recommending suitable persons for appointment as Directors or Senior Management positions, other than relying on the recommendation from the existing Board members, management and/or major shareholders, the Board will also explore independent sources to identify and search for suitable qualified candidates.

In furtherance, as for employment gender diversity, the Board is of the view that there is balanced gender diversity at Executive and Managerial levels of employees in the Group during the year under review.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

5. Nomination and Remuneration Committee

On 10 May 2023, the Nomination Committee and Remuneration Committee were merged into a single committee known as "Nomination and Remuneration Committee" in order to enhance its efficiency in the discussion of matters relating to the appointment and remuneration of Directors and Senior Management in a holistic manner. As at the date of this statement, the Nomination and Remuneration Committee comprises of the following five (5) members, all being Independent Directors:-

- Dato' Kamarulzaman bin Jamil (Chairman)
- Dato' Jamaluddin bin Sabeh
- Datuk Wira Roslan bin Ab Rahman
- En Shahrizam bin A Shukor
- Pn Sharifah Rafidah binti Wan Mansor

The Nomination and Remuneration Committee has been given the responsibility to recommend new appointments to the Board and Board Committees of Stella. The Nomination and Remuneration Committee assesses the effectiveness and balance of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

Summary of Activities of Nomination and Remuneration Committee

The Nomination and Remuneration Committee met three (3) times during the financial year to carry out the following activities:-

- assessed, reviewed and nominated new appointment to the Board and Board Committees;
- proposed the re-election of Directors retiring in accordance with the Company's Constitution;
- reviewed and assessed the mix of skills, experience and size of the Board, contribution of each Director and effectiveness of the Board as a whole and Board Committees;
- reviewed and assessed the independence of the Independent Directors; and
- reviewed the performance and effectiveness of the Audit Committee and its members.

In the process for new appointment to the Board, the fit and proper assessment of the candidate was conducted by the Nomination and Remuneration Committee in accordance with the Directors' Fit and Proper Policy. In assessing the candidate's fitness and propriety, the Board through the Nomination and Remuneration Committee had considered all relevant factors based on the criteria set out in the Directors' Fit and Proper Policy.

The Nomination and Remuneration Committee had also conducted the fit and proper assessment on the Directors who were proposed for re-election at the Annual General Meeting ("**AGM**") of the Company.

All assessments and evaluations carried out by the Nomination and Remuneration Committee were properly documented.

Annual Board Evaluation

With regards to the Board evaluation, the Nomination and Remuneration Committee had reviewed and assessed the following for the financial year 2023:-

- The effectiveness and performance of the Board and Board Committees.
- The character, integrity, competence, time commitment, contribution and performance of each individual Director.
- The mix of skill and experience of each individual Director.
- The independence of the Independent Directors.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

5. Nomination and Remuneration Committee (Cont'd)

The criteria on the evaluation of the effectiveness and performance of the Board related to, amongst others, the appropriate composition and committees in correspondence to the Board's oversight duties, the right mix of skills and experience to optimise the board performance and strategy, clear definition of roles and responsibilities of the Board and individual Director.

The criteria on the evaluation of the effectiveness and performance of the Board Committees related to, amongst others, whether the Board Committees have the right composition, sufficient knowledge on financial and related laws and regulations, whether the Board Committee properly discharges their responsibilities and provides appropriate report and recommendations to the Board.

Based on the evaluation carried out, the Nomination and Remuneration Committee and the Board concluded that overall the Board's size is conducive for effective discussion and decision making and are satisfied that it has an appropriate balance of expertise, skill and attributes among the Director including relevant core competencies.

During the financial year under review, the Independent Non-Executive Directors did a self-evaluation of their independence based on the criteria of independence of the MMLR of Bursa Malaysia and the Nomination and Remuneration Committee and the Board had reviewed and assessed the results of the said self-evaluation.

6. Re-election and Re-appointment

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to re-election by shareholders at the AGM following their appointment. That one-third of the Directors shall retire from office at each AGM and all Directors shall retire from office at least once in every three (3) years. All retiring Directors are eligible to offer themselves for re-election at the AGM.

7. Directors' Training

All the Directors of the Company have attended the Mandatory Accreditation Program prescribed by Bursa Malaysia. The Board members will attend further training programmes, seminars, conferences and/or forums from time to time to keep abreast with current developments in the market place as well as the current changes in laws and regulatory requirements.

The Company Secretary briefed and highlighted the relevant guidelines on statutory and regulatory requirements from time to time to the Board, amongst others, the amendments to the MMLR of Bursa Malaysia, the new requirements of MCCG and the Companies Act 2016. The External Auditors also briefed the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

7. Directors' Training (Cont'd)

The training programmes and briefings attended by the Directors during the financial year ended 31 March 2023 are as follows:

Name of Directors	Title of Training/Briefing/Workshops
Datuk Lau Beng Wei	Boardroom Session on Sustainability and ESG
Datuk Lau Beng Sin	Boardroom Session on Sustainability and ESG
Mr Manivannan a/l Ganapathy	Mandatory Accreditation Programme Boardroom Session on Sustainability and ESG
Dato' Kamarulzaman bin Jamil	Boardroom Session on Sustainability and ESG
Dato' Jamaluddin bin Sabeh	Mandatory Accreditation Programme Boardroom Session on Sustainability and ESG
En Shahrizam bin A Shukor	Boardroom Session on Sustainability and ESG
Pn Sharifah Rafidah binti Wan Mansor	Boardroom Session on Sustainability and ESG
Datuk Wira Roslan bin Ab Rahman *(appointed on 10 May 2023)*	*
Mr Koay Xing Boon *(appointed on 10 May 2023)*	*

* *Not applicable as the appointment was made after the financial year ended 31 March 2023*

The Board will continuously evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.

III. REMUNERATION

The remuneration for the Non-Executive Directors is decided by the Board as a whole. The Board recommends the Directors' fee and benefits payable to Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.

1. Directors' Remuneration

The Group has in place a remuneration policy and procedures which sets out the criteria to be used in recommending the remuneration package for Directors and Senior Management to ensure that the Directors and Senior Management are adequately remunerated for the services they render. A copy of the remuneration policy and procedures is available for viewing at the Company's website www.stella-holdings.com.my.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. REMUNERATION (CONT'D)

1. Directors' Remuneration (Cont'd)

Disclosure for Directors

The aggregate Directors' remuneration paid or otherwise made available to the Directors of the Company as at the financial year ended 31 March 2023 is as follows:

Name of Directors	Salaries (RM)	Bonus (RM)	Fee (RM)	Allowances (RM)	Benefits in kind (RM)
From Company:					
Datuk Lau Beng Wei	25,000	–	–	–	–
Datuk Lau Beng Sin	25,000	–	–	–	–
Mr Manivannan a/l Ganapathy	20,000	–	–	–	–
Dato' Kamarulzaman bin Jamil	–	–	48,000	13,000	–
Dato' Jamaluddin bin Sabeh	–	–	6,000	3,000	–
En Shahrizam bin A Shukor	–	–	36,000	14,000	–
Pn Sharifah Rafidah binti Wan Mansor	–	–	36,000	7,000	–
Datuk Wira Roslan bin Ab Rahman *(appointed on 10 May 2023)*	*	*	*	*	*
Mr Koay Xing Boon *(appointed on 10 May 2023)*	*	*	*	*	*
From a subsidiary:					
Datuk Lau Beng Wei	25,000	–	–	–	–
Datuk Lau Beng Sin	93,333	–	–	–	–
Mr Manivannan a/l Ganapathy	20,000	–	–	–	–

* *Not applicable as the appointment was made after the financial year ended 31 March 2023.*

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

1. Composition

As at the date of this statement, the Audit Committee comprises four (4) Independent Directors.

The Audit Committee provides independent oversight of the Group's financial reporting and internal control system and ensures that checks and balances are in place within the Group.

The composition and a summary of activities and works during the financial year is set out in the Audit Committee Report of this Annual Report.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

I. Audit Committee (Cont'd)

2. External Auditors

Relationship with the Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with its External Auditors in seeking their professional advice towards ensuring compliance with the applicable accounting standards. The External Auditors are invited to attend the Audit Committee Meetings to brief the Audit Committee on audit issues. During the Audit Committee Meetings, they table the audit planning and highlight observations made during the course of audit to the Audit Committee members.

Assessment of External Auditors

The Audit Committee is responsible for the assessment of the suitability and independence of the External Auditors. Having assessed their performance, the Audit Committee tabled the summary of the assessment to the Board for review. All assessment and evaluation carried out were properly documented.

Independence of External Auditors

The External Auditors are required to declare their independence to the Audit Committee in accordance with the independence criteria set out by the Malaysia Institute of Accountants. The External Auditors have provided the declaration in their annual audit plan presented to the Audit Committee of the Company.

II. Risk Management and Internal Control

The Board acknowledges its overall responsibility of the Group's system of internal control as well as risk management to safeguard shareholders' investment and the Group's assets. The effectiveness of the Group's internal control is reviewed by the Audit Committee during its quarterly meetings. This review covers the governance, risk and compliance controls as well as the process for the identification, evaluation and management of the significant risks faced by the Group.

Details on internal control and risk management framework are set out in the Statement on Risk Management and Internal Control in this Annual Report.

Internal Audit Function

The Group's Internal Audit Function is being carried out by an independent external firm, namely Sterling Business Alignment Consulting Sdn Bhd ("the Internal Auditors").

The Internal Auditors reports directly and functionally to the Audit Committee. The internal audit function is effective and able to function independently and its activities are set out in the Statement on Risk Management and Internal Control and Audit Committee Report in this Annual Report.

Risk Management Committee

As at the date of this statement, the Risk Management Committee comprises of four (4) members who are Independent Directors. The Risk Management Committee assists the Board in overseeing the risk management process within the Group.

During the financial year, the Risk Management Committee met once to review and evaluate the risk exposures of the Group.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

III. Accountability and Audit

1. Financial Reporting

In its financial reporting to shareholders and other interested parties by means of quarterly results announcement and the annual financial statements, the Board aims to present a balanced and understandable assessment of the Group's financial position and prospects.

The Group's performance and prospects in the Annual Report and financial results on a quarterly basis, prepared based on appropriate accounting standards and accounting policies, will be reviewed and deliberated by the Audit Committee prior to recommendation for adoption by the Board. The Audit Committee ensures that information to be disclosed is accurate, adequate and in compliance with the various disclosure requirements imposed by the regulatory authorities.

The Board takes responsibility in ensuring that the financial statements reflect a true and fair view of the state of affairs of the Group and the Company in accordance with the Companies Act 2016, the applicable approved accounting standards in Malaysia and the MMLR of Bursa Malaysia. This also applies to other price-sensitive public announcements and reports to the regulatory authorities.

2. Statement of Directors' Responsibilities in respect of the Audited Financial Statements

The Board of Directors do hereby state that the preparation of financial statements for the financial year ended 31 March 2023 is the responsibility of the Directors. They are legally required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company and of their results and cash flow for the financial year then ended. In preparing those financial statements, the Directors have:

- adopted appropriate accounting policies and then applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed and complied with.

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 its subsidiaries and to enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors also have the overall responsibilities to take all steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Corporate Governance Overview Statement (cont'd)

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

I. Communication with Stakeholders

The Board believes in clear communication with the Company's stakeholders. The Group continuously ensures that it maintains a high level of disclosure and communication with its stakeholders through various practicable channels. The annual reports and the announcements made quarterly and otherwise, are the primary modes of communication to report on the Group's business, activities and financial performance to all its stakeholders. In addition to various announcements made during the year, the timely release of financial results on a quarterly basis provides stakeholders with an overview of the Group's performance and operations.

Stella's website at www.stella-holdings.com.my also provides an avenue for stakeholders and members of the public to assess information pertaining to the Group, which is being updated regularly.

The general meetings are opportunities to meet shareholders, to encourage them to interact and participate in getting to know the Company and the Group's progress and performance.

The Board has also established corporate disclosure policies and procedures to enable accurate and timely disclosures to the regulators, shareholders and stakeholders.

II. AGM

At least 28 days prior to the AGM, the Annual Report will be sent to the shareholders, to allow shareholders additional time to go through the Annual Report and make the necessary attendance and voting arrangements. Each item of special business included in the notice of AGM will be accompanied by a full explanation of the effects of a proposed resolution to facilitate full understanding and evaluation of the issues involved.

During the AGM, the Board presents the financial performance of the Group. Shareholders are given the opportunity to seek and clarify any pertinent and relevant issues raised in the meeting in relation to the operations and performance of the Group and to exchange views with the Board. The External Auditors are also present at the AGM to provide their professional and independent clarification on issues and concerns raised by the shareholders.

All the resolutions set out in the Notice of the Twenty-Fifth (25th) AGM held in 2022 were put to vote by online remote voting and were duly passed. The outcome of the 25th AGM was announced to Bursa Malaysia on the same day of the 25th AGM.

The minutes of the 25th AGM was published on the Company's website within 14 days from the date of the 25th AGM.

This Corporate Governance Overview Statement was approved by the Board of Directors of the Company on 25 May 2023.

AUDIT COMMITTEE REPORT

The report of the Audit Committee of Stella Holdings Berhad ("Stella" or "Company") for the financial year ended 31 March 2023 is presented as follows:

COMPOSITION

The current composition of the Audit Committee comprised of the following Directors:

Chairman

En. Shahrizam bin A Shukor	-	Independent Non-Executive Director

Members

Dato' Kamarulzaman bin Jamil	-	Senior Independent Non-Executive Director
Dato' Jamaluddin bin Sabeh	-	Independent Non-Executive Director
Mr. Koay Xing Boon	-	Independent Non-Executive Director

The Audit Committee is made up of no fewer than three (3) members, who are all Independent Non-Executive Directors. En. Shahrizam bin A Shukor is a member of the Malaysian Institute of Accountants and Associate member of Certified Public Accountant Australia.

TERMS OF REFERENCE

In fulfilling its duties and objectives, the Audit Committee is guided by its Terms of Reference which is made available on the Company's website at www.stella-holdings.com.my.

MEETINGS AND ATTENDANCE

All Audit Committee members are provided with an agenda together with relevant reports and papers which are issued prior to the Audit Committee Meeting to enable the members to review the reports and papers as well as to obtain further information or explanation.

At the Board Meeting, the Chairman of the Audit Committee reports and highlights to the Board any pertinent issues discussed and deliberated by the Audit Committee during its meeting.

The Audit Committee held five (5) meetings during the financial year ended 31 March 2023. Details of attendance of each Audit Committee member is as follows:

Name of Audit Committee Member	No. of Meetings Attended
En. Shahrizam bin A Shukor	5/5
Dato' Kamarulzaman bin Jamil	5/5
Dato' Jamaluddin bin Sabeh *(Appointed on 13 January 2023)*	1/1
Mr. Koay Xing Boon *(Appointed on 10 May 2023)*	*

* *Appointed after financial year ended 31 March 2023*

ACTIVITIES AND WORK OF THE AUDIT COMMITTEE

During the financial year under review, the Audit Committee had discharged its duties and responsibilities by carrying out the following work and activities:-

1. Reviewed the quarterly financial reports before tabling to the Board for approval and release to Bursa Malaysia Securities Berhad. The review is to ensure the Company's quarterly financial reporting and disclosures presented a true and fair view of the Group's financial position and performance and are in compliance with the applicable accounting standards and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

2. Reviewed the audited financial statements of the Group and the Company together with the external auditors to ensure that it presented a true and fair view of the Company's financial position and performance for the year and is in compliance with all disclosure and regulatory requirements prior to submission to the Board for their consideration and approval;

3. Met with the external auditors, reviewed and discussed the audit plan 2023 on the scope of their audit to ensure it adequately covered the activities of the Group including its independence policies and procedures, consideration of fraud, related party disclosure and procedures, statutory timeline and audit activities, risk assessment and audit approach, review of statement on risk management and internal control, communication of key audit matters, reading of other information and accounting development;

4. Held a separate session with the external auditors once during the financial year without the presence of the executive director and Management to ensure there were no restriction in their scope of audit and to discuss any matters that the auditors wish to raise without the presence of the Management. During the separate session, no critical issues were raised;

5. Reviewed the audit findings by the external auditors arising from the interim audit as well as the final audit and their resolution of the issues highlighted;

6. Reviewed, discussed and assessed the suitability, performance and independence of the external auditors for the financial year covering areas such as calibre, performance, audit team, audit scope and planning, independence and objectivity, audit communications as well as audit fees prior to submission to the Board for their approval. The Audit Committee is satisfied with the suitability, performance and independence of the external auditors;

7. Reviewed and approved the internal audit plan for 2023 presented by the internal auditor to ensure there is adequate scope and comprehensive coverage over the activities of the operating subsidiaries of the Company;

8. Reviewed the internal audit reports which highlighted the audit issues, recommendation and the Management's responses and directed actions to be taken by the Management to improve the system of internal control;

9. Followed up on corrective actions taken by the Management on audit issues raised by the external auditors and the internal auditor to ensure that all key risks and control weaknesses are properly addressed;

10. Reviewed the Statement on Risk Management and Internal Control and the Audit Committee Report before tabling to the Board for approval to be published in the Annual Report; and

11. Reported to and updated the Board on significant issues and concerns discussed during the Audit Committee meetings and where appropriate, made the necessary recommendation to the Board.

An annual assessment on the performance and effectiveness of the Audit Committee and its members for the financial year 2023 has been carried out by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee and the Board are satisfied that the Audit Committee and its members had carried out their duties in accordance with the Audit Committee's Terms of Reference.

Audit Committee Report (cont'd)

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Function is being carried out by an independent external firm, Sterling Business Alignment Consulting Sdn Bhd ("the Internal Auditors") which is a Corporate Member of the Institute of Internal Auditors Malaysia.

The Internal Auditors provides an independent assurance on risk management and internal control. It focuses on regular and systematic review of the internal control and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines.

The Internal Auditors provides quarterly reports of the audit undertaken to the Audit Committee, reporting on the outcome of its audits. The Audit Committee reviews and evaluates the key issues raised by the Internal Auditors and ensures that appropriate and prompt remedial actions are taken by the Management.

During the financial year ended 31 March 2023, the activities and work of the Internal Auditors included the review of the Group and subsidiaries' functional areas, as follows:

No.	Reporting Timeline	Division / Subsidiary	Audited functional areas
1.	Quarter 1 from April 2022 to June 2022 Internal Audit Review for reporting in August 2022	Mewah Kota Sdn Bhd	Tenders and Contracts
2.	Quarter 2 from July 2022 to September 2022 Internal Audit Review for reporting in November 2022	Paramount Ventures Sdn Bhd	• Sales and Marketing • Sales Administration
3.	Quarter 3 from October 2022 to December 2022 Internal Audit Review for reporting in February 2023	Stella and its subsidiaries	• Anti-bribery Management System Gap Assessment • Recurrent Related Party Transaction ("RRPT") and Related Party Transaction ("RPT") • Transfer Pricing
4.	Quarter 4 from January 2023 to March 2023 Internal Audit Review for reporting in May 2023	Stella and its subsidiaries	Human Resources and Administration

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors ("the Board") of Stella Holdings Berhad ("the Company") is pleased to provide the following statement on the state of risk management and internal control of the Company and its subsidiaries ("the Group") which has been prepared in accordance with the statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers endorsed by Bursa Malaysia Securities Berhad. The Company has complied with the requirement stated in the Malaysian Code of Corporate Governance 2021 ("MCCG 2021") which requires the Board of listed companies to establish and maintain a sound risk management framework and internal controls system.

2. RESPONSIBILITY

The Board acknowledges its responsibility to adopt sound risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategy and action plan, enable value creation and enable process improvement.

The Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management and internal control systems. The risk management system and internal control are being reviewed regularly to ensure it remains relevant, effective and applicable to the changes in the Group's structure, processes and dynamic business environment.

The risk management and internal control system can only provide reasonable but not absolute assurance against material misstatement, financial loss or fraud.

The Board confirms that there is an ongoing process of identifying, evaluating and managing all significant risks faced by the Group and is satisfied with the adequacy, effectiveness and integrity of the Group's risk management and internal control for the year under review.

3. CONTROL ENVIRONMENT AND ACTIVITIES

The Control Environment is a set of standards processes and structures established and implemented to carry out internal control across the Group. The Group has inculcated that managing risk is everyone's business. The Group comes together to manage risks in a successful and cost-efficient manner with the following seven (7) key controls for lines of defense:

(a) The Board

The Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management and internal control systems.

These are designed to manage the Group's risks within an acceptable risk appetite as set by Board and Management, rather than eliminate totally the risks of failure to achieve the Group's goals and objective in generating potential return to shareholders.

The two (2) committees at the Board level with primary risk management and internal control oversight responsibility are Risk Management Committee and Audit Committee. Other committees such as Sustainability Committee ("SC") and Management Committee also have clearly defined accountabilities and responsibilities to oversee various key business activities within the Group.

Statement on Risk Management and Internal Control (cont'd)

3. CONTROL ENVIRONMENT AND ACTIVITIES (CONT'D)

(b) Risk Management Committee ("RMC")

The Board is assisted by the RMC in the oversight and management of all identified risks. The RMC shall meet half-yearly to ensure that the accountability for managing identified significant risks is assigned and that any identified risks affecting the Group are being addressed, managed and mitigated on an ongoing basis.

The RMC composition comprises 4 Independent Non-Executive Directors.

The RMC's role is to provide oversight and extensive discussion on risk management matters at the Board level. The RMC reviews and assesses the adequacy of risk management policies and ensures infrastructure, resources and systems are emplaced for risk management.

The RMC will assist the Board in fulfilling its oversight responsibilities with regard to the risk appetite of the Group, the risk management framework and the governance structure that supports it.

The RMC undertakes the following responsibilities:

a) Review and recommend risk management policies and procedures for the Board's approval;
b) Review the adequacy and effectiveness of the risk management process; and
c) Review the consolidated risk register assessed by the Risk Management Working Committee .

The Group's Internal Audit function is being carried out by an independent external firm, Sterling Business Alignment Consulting Sdn Bhd ("Internal Auditors") which is a corporate member of the Institute of Internal Auditors Malaysia.

(c) Risk Management Working Committee ("RMWC")

The RMWC is established to facilitate the group-wide risk management initiative from an operational perspective. Its main function encompasses the provision of regular feedback on risk factors' status for informed management decision making, execution of appropriate risk mitigation measures and progress monitoring thereof, and identification of new and emerging risk factors.

The RMWC comprises members of the senior management and it coordinates the risk review exercise across the Group to identify, manage and report the significant risks faced by the Group to the RMC and ultimately to the Board. RMWC is also responsible for ensuring that the risk management framework is effectively implemented and that risk registers are maintained by the respective business platforms.

(d) Audit Committee ("AC")

The Board is also supported by the AC with the main responsibility to provide independent assessment on the adequacy and reliability of the risk management processes and internal control, as well as compliance with policies and regulatory requirements.

The AC has unimpeded access to both the Internal and External Auditors and has the right to convene meetings with the auditors without the presence of the Managing Director and Executive Director.

The AC reviews the findings and recommendations provided by the Internal Auditor to ensure that it meets the necessary level of assurance with respect to the adequacy of the internal controls.

The AC meets at least on a quarterly basis. Further information and update on details of the activities undertaken by the AC during the financial year are set out in the AC Report of this Annual Report.

Statement on Risk Management and Internal Control (cont'd)

3. CONTROL ENVIRONMENT AND ACTIVITIES (CONT'D)

(e) Internal Auditors

During the financial year under review, the Internal Auditors reports to AC with the objective of providing independent, objective assurance and consulting activities designed to add value and improve an organisation's operations. The Internal Auditors assists the Group in accomplishing its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Auditors undertakes regular reviews of the Group's operations and its system of internal controls based on an approved audit plan presented to the AC. The audit plan is developed based on the risk profiles of the respective business entities of the Group identified in accordance with the Group's Risk Management Framework and input from the Senior Management and the Board. This application conforms to Practice 11.2 of the MCCG 2021.

The Internal Auditors has a clear line of reporting to the AC and the AC determines the remit of the Internal Audit function as conforming to the Practice 11.1 of the MCCG 2021. Thus, the Internal Auditors is independent of the activities being audited and is performed with impartiality, proficiency and due professional care.

(f) Executive Committee ("EXCO")

The EXCO is to provide assistance to the Board in fulfilling its fiduciary responsibilities in the areas relating to the Group's accounting and management controls, financial reporting, operational issues, human resources policies and company secretarial matters and in safeguarding shareholders' investment and the Group's assets.

(g) Management Committee ("MC")

The MC is established to ensure that the Group`s interests are adequately protected in arriving at important business or operational decisions.

The MC is responsible for the identification and management of risks within its operations together with the compliance of all daily activities with the approved framework, policies, guidelines and procedures. Monthly meetings are held to formulate strategies on an ongoing basis and to address issues arising from changes in both the external business environment and internal operating conditions.

4. FUNCTION, REPORTING AND APPROACH AND FRAMEWORK

(a) Risk Management Function

The ideology of risk management is built on a culture where risks are mitigated by calibrating risks to acceptable levels whilst achieving the organisation's business plans and goals.

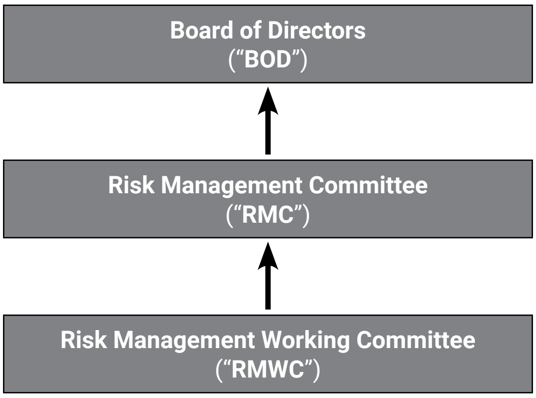
The risk management is integrated within the Group's strategic planning process and its ongoing improvement in strengthening the quantification, reviewing and monitoring of all significant risk areas remain a vital focus of the Board in building a successful and sustainable business.

Statement on Risk Management and Internal Control (cont'd)

4. FUNCTION, REPORTING AND APPROACH AND FRAMEWORK (CONT'D)

(b) Risk Reporting Structure

The Group has a structured risk management reporting line to ensure significant risks are escalated to the appropriate levels. In discharging their risk management responsibilities, the Board and RMC are supported by the RMWC.



(c) Risk Management Approach

The Group's risk management framework encapsulates an ongoing process of identifying, assessing, controlling, monitoring and reporting material risks affecting the achievement of business objectives.

A structured risk management approach has been formulated to ensure that significant risks are identified and treated accordingly. The exercise encompasses the following activities:

(i) Identifying key risks affecting business objectives and strategic plans;
(ii) Defining a common understanding of risk classification tolerance through quantification, whenever possible;
(iii) Evaluating the adequacy of existing controls and developing additional plans, if required, to treat these risks;
(iv) Monitoring effectiveness of measures taken to mitigate risks;
(v) Seizing prospects through evaluation of 'opportunity risks' so that management proactively realises opportunities; and
(vi) Identifying changes to risks or emerging risks and promptly bringing these to the attention of the Board where appropriate.

The outcomes from the risk review exercise and other risk management activities will be documented and presented to the RMC and ultimately to the Board.

To ensure that risk registers are up-to-date and risk controls are enhanced and kept current, all business units are responsible to carry out a risk review on a regular basis, especially in the context of exceptional events.

Statement on Risk Management and Internal Control (cont'd)

5. CONTROL ACTIVITIES

(a) Documented Policies and Procedures

The Group has documented policies and procedures in place which are structured in a way to promote consistency and governance as well as to assist daily business operations. Policies and Procedural Manuals have been approved by the Board to set the tone of control consciousness within the Group.

(b) Quality Management System ("QMS")

Mewah Kota Sdn Bhd ("MKSB"), a wholly-owned subsidiary of the Company has attained the ISO 9001/2015 certification for QMS. The system consists of a set of policies, processes and procedures required for planning, execution, production, development and service in the core business area of an organisation to meet customers' requirements. MKSB has passed the ISO Rectification Audit and the certificate is valid until 2 March 2024.

(c) Tender Committee ("TC")

The TC is established as a committee under the Company to assist all subsidiaries in overseeing the process of awarding, purchasing and etc. The TC is supported by a Tender Evaluation sub-committee.

(d) Key Performance Index ("KPI")

The Group has an established and quantifiable KPI that reflects the critical success factors of an organisation and also enhance the Group's performance.

6. ANTI-BRIBERY MANAGEMENT SYSTEMS ("ABMS")

The Group is committed towards fighting bribery and corruption through the adoption of relevant controls. The internal controls systems that have been established with regard to ABMS include the following:

(a) Anti-Corruption & Bribery Policy ("ACBP")

The Group has established an Anti-Corruption & Bribery Policy as a commitment to prevent all forms of corruption and bribery in its daily business activities which are in line with the Group's core values to promote good governance.

The ACBP applies to all Directors, Management and employees of the Group and business associates who are performing works or services, for an on behalf of the Group.

(b) Whistleblowing Policy

The Group has established a Whistleblowing Policy to provide a clear direction for whistle-blowers to raise concerns with regard to any suspected wrongdoing and bribery or corruption. The Whistleblowing Policy provides assurance to the whistle-blowers who are employees of the Group that they will be protected against reprisal and/or retaliation from their immediate superiors or head of departments/divisions, in line with the Whistleblower Protection Act 2010. The whistleblowing channel provided can be used by both the employees of the Group as well as the general public who is also protected by the abovementioned Act.

Statement on Risk Management and Internal Control (cont'd)

7. ASSURANCE

The Board is of the view that the system of internal controls instituted throughout the Group is sound and effective and provides a level of confidence on which the Board relies for assurance. The Board ensures that the internal control system and risk management practice of the Group are reviewed regularly to meet the changing and challenging operating environment.

The Managing Director and Executive Director assure the Board that the Group's internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

The Board is satisfied that the system of risk management and internal control was generally satisfactory. Based on the assessment of the Group's internal control system for the year under review and up to date of approval of this statement, no significant control failures or weaknesses that would result in material loss, contingency or uncertainty requiring disclosure in the Company's annual report were noted.

8. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, this Statement on Risk Management and Internal Control has been reviewed by the External Auditors for inclusion in the Annual Report for the financial year ended 31 March 2023. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3. 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.

The External Auditors has reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of risk management and internal controls system of the Group.

This statement has been approved by the Board of Directors at its meeting on 18 July 2023.

OTHER COMPLIANCE INFORMATION

1. **Utilisation of Proceeds**

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

2. **Audit and Non-Audit Fees**

   During the financial year ended 31 March 2023, the amount of audit and non-audit fees paid to Messrs Baker Tilly Monteiro Heng PLT, the external auditors were as follows:

	Company (RM)	Group (RM)
Audit Fees	92,500	175,950
Non-Audit Fees	11,500	11,500

3. **Material Contracts or Loans**

   There were no material contracts or loans entered into by the Group during the financial year that involved Directors' or major shareholders' interests.

4. **Recurrent Related Party Transactions**

   The Group did not enter into any significant recurrent related party transactions which require shareholders' mandate during the financial year under review.

5. **Internal Audit Function**

   The Group's internal audit function is being carried out by an independent external firm, Sterling Business Alignment Consulting Sdn Bhd. The total cost incurred for the internal audit function of the Group for the financial year under review was RM65,431.

6. **Share Issuance Scheme ("SIS")**

   (a) The Company has one (1) SIS in existence during the financial year under review which was implemented on 5 May 2021 for a period of five (5) years and may be extended for a further period of five (5) years or such shorter period, at the sole and absolute discretion of the Board upon the recommendation of the SIS Committee provided that the total duration of the SIS shall not in aggregate exceed ten (10) years from the effective date of implementation of the SIS. A total of 9,540,000 options were granted on 24 August 2021.

   All options granted and outstanding under the SIS had since lapsed following the take-over offer by Varia Engineering & Services Sdn Bhd, Datuk Lau Beng Wei and Datuk Lau Beng Sin during the financial year ended 31 March 2023.

   (b) The total number of options granted, exercised and outstanding under the SIS during the financial year ended 31 March 2023 are set out below:

Description	Number of Options as at 31 March 2023	
	Total	Directors and Chief Executive
Granted	4,625,000	2,500,000
Exercised	–	–
Terminated / Lapsed	4,625,000	2,500,000
Outstanding	–	–

Other Compliance Information (cont'd)

6. Share Issuance Scheme ("SIS") (Cont'd)

(c) Percentage of options applicable to Directors and Senior Management under the SIS are set out below:

Directors and Senior Management	During the financial year ended 31 March 2023	Since commencement up to 31 March 2023
Aggregate maximum allocation	Lapsed	Lapsed
Actual options granted	–	–

(d) During the financial year ended 31 March 2023, the SIS Options offered and exercised by the Non-Executive Directors pursuant to the SIS were as follows:

Name of Non-Executive Directors	Number of SIS options			
	Granted	Exercised	Terminated / Lapsed	Outstanding
Dato' Kamarulzaman bin Jamil	300,000	–	300,000	–
Shahrizam bin A Shukor	300,000	–	300,000	–
Sharifah Rafidah binti Wan Mansor *(appointed on 1 March 2022)*	–	–	–	–
Dato' Jamaluddin bin Sabeh *(appointed on 13 January 2023)*	–	–	–	–
Datuk Wira Roslan bin Ab Rahman *(appointed on 10 May 2023)*	*	*	*	*
Koay Xing Boon *(appointed on 10 May 2023)*	*	*	*	*

* *Not applicable*

FINANCIAL
STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries include contractor for various kinds of civil and structural, mechanical and electrical works and maintenance works, property development, property investment, nursery and landscaping, maintenance, garden design, and beautification, supply engineering equipment, spare parts and the provision of value added services and information technology solutions to the gas and petroleum industry, healthcare services, establish, manage and operate hospital.

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

RESULTS

	Group RM	Company RM
Loss for the financial year, net of tax		
- Continuing operations	(11,382,339)	(4,924,597)
- Discontinued operations	(5,063,856)	–
	(16,446,195)	(4,924,597)
Attributable to:		
Owners of the Company	(14,391,847)	(4,924,597)
Non-controlling interests	(2,054,348)	–
	(16,446,195)	(4,924,597)

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

Declared and paid by the Company:	**RM**
Single tier final dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2022, paid on 24 November 2022	1,675,000

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 March 2023.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

Directors' Report (cont'd)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that no allowance for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts inadequate to any substantial extent or render it necessary to make any allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Directors' Report (cont'd)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and the Company during the financial year were RM187,450 and RM104,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the Employee's Share Option Scheme ("ESOS").

On 21 October 2022, the Company has received a notice of unconditional mandatory take-over offer from Kenanga Investment Bank Berhad, on behalf of the Joint Offerors, to acquire all the remaining ordinary shares in the Company not already owned by the Joint Offerors and any new ordinary shares in the Company that may be allotted and issued prior to the Closing Date of the Offer arising from the exercise of the outstanding options granted under the Share Issuance Scheme of the Company ("SIS") and any new options that may be further granted under the SIS (collectively, the "Offer Shares") for a cash consideration of RM0.95 per Offer Share.

Pursuant to the take-over offer, any unexercised SIS options would be lapsed, null and void at the closing of the offer which was on 2 December 2022, 5.00p.m.

		Number of option over ordinary shares			
Grant date	**Exercise price**	**At 1.4.2022**	**Granted**	**Lapsed**	**At 31.3.2023**
24 August 2021	RM0.89	7,445,000	–	(7,445,000)	–

Directors' Report (cont'd)

DIRECTORS

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

Dato' Kamarulzaman bin Jamil	
Shahrizam bin A Shukor	
Sharifah Rafidah binti Wan Mansor	
Datuk Lau Beng Sin*	(Appointed on 9 November 2022)
Datuk Lau Beng Wei	(Appointed on 13 January 2023)
Dato' Jamaluddin bin Sabeh	(Appointed on 13 January 2023)
Manivannan A/L Ganapathy*	(Appointed on 17 January 2023)
Datuk Wira Roslan bin Ab Rahman	(Appointed on 10 May 2023)
Koay Xing Boon	(Appointed on 10 May 2023)
Czarina Alia binti Abdul Razak	(Resigned on 22 September 2022)
Dato' Mohamad Haslah bin Mohamad Amin*	(Resigned on 14 January 2023)
Dato' Seri Lee Tian Hock*	(Resigned on 14 January 2023)
Tuan Hj Mohamad Nor bin Abas	(Resigned on 14 January 2023)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Raizita binti Ahmad @ Harun	
Ir. Yusfi Bin Mohamed Yusof	
Muhamad Syazwan Bin Ahmad Norulmuzamil	(Resigned on 26 August 2022)
Ng Jun Lip	(Resigned on 21 November 2022)
Mohd Azali bin Abdul Rahman	(Resigned on 6 December 2022)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.4.2022/ Date of appointment	**Bought**	**Sold**	**At 31.3.2023**
Interests in the Company				
Direct interests:				
Datuk Lau Beng Wei	15,008,000	–	–	15,008,000
Datuk Lau Beng Sin	11,547,000	–	–	11,547,000
Indirect interests:				
Datuk Lau Beng Wei*	8,113,100	–	–	8,113,100
Datuk Lau Beng Sin*	8,113,100	–	–	8,113,100
Manivannan A/L Ganapathy^	20,000	–	–	20,000

Directors' Report (cont'd)

DIRECTORS' INTERESTS (CONT'D)

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows: (cont'd)

	Number of option over ordinary shares			
	At 1.4.2022	**Granted**	**Lapsed**	**At 31.3.2023**
Dato' Kamarulzaman bin Jamil	300,000	–	(300,000)	–
Shahrizam bin A Shukor	300,000	–	(300,000)	–

* Shares held through company in which the director has substantial financial interests.
^ Shares held through spouse.

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Datuk Lau Beng Wei and Datuk Lau Beng Sin are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits of the Group and of the Company were as follows:

	Group RM	Company RM
Directors of the Company		
Executive directors		
- Other emoluments	142,322	142,322
- Estimated money value of benefits-in-kind	19,602	19,602
	161,924	161,924
Non-executive directors		
- Fees	190,000	190,000
- Other emoluments	311,020	311,020
	501,020	501,020
Directors of subsidiaries		
Executive directors		
- Other emoluments	592,448	–
- Estimated money value of benefits-in-kind	51,276	–
	643,724	–
	1,306,668	662,944

Directors' Report (cont'd)

DIRECTORS' BENEFITS (CONT'D)

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no indemnity was given to or insurance effected for any director or officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 31.3.2023 %	Ownership interest 31.3.2022 %	Principal activities
Mewah Kota Sdn. Bhd. ("MKSB")	Malaysia	100	100	Contractor for various kinds of civil and structural, mechanical and electrical works and maintenance works.
Paramount Ventures Sdn. Bhd.	Malaysia	100	100	Property development.
Merge Properties Sdn. Bhd.	Malaysia	100	100	Property investment.
MEB Realty Sdn. Bhd.	Malaysia	100	100	Property investment.
Merge Readymix Sdn. Bhd.	Malaysia	100	100	Inactive.
Merge Energy O&G Sdn. Bhd.	Malaysia	100	100	Inactive.
Ababil Perkasa Sdn. Bhd.	Malaysia	100	100	Inactive.
Semarak Niaga Lanskap Sdn. Bhd.	Malaysia	100	100	Nursery and landscaping, maintenance, garden design and beautification.
Iris Synergy Sdn. Bhd.	Malaysia	–	51	Supply engineering equipment, spare parts and the provision of value added services and information technology solutions to the gas and petroleum industry.
Stella Healthcare Holdings Sdn. Bhd. ("SHHSB")	Malaysia	–	100	Investment holding.
Subsidiary of MKSB				
Innovasi Hebat Sdn. Bhd. ("IHSB") *	Malaysia	100	100	Inactive.

Directors' Report (cont'd)

SUBSIDIARIES (CONT'D)

The details of the Company's subsidiaries are as follows: (cont'd)

Name of company	Principal place of business/ Country of incorporation	Ownership interest 31.3.2023 %	31.3.2022 %	Principal activities
Subsidiary of SHHSB				
Stella Kasih Healthcare Sdn. Bhd.	Malaysia	–	60	Healthcare services, establish, manage and operate hospital.

* On 13 March 2023, an application was made to the Companies Commission of Malaysia to strike off IHSB pursuant to Section 550 of the Companies Act 2016 and IHSB was dissolved on 22 June 2023.

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

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DATUK LAU BENG SIN
Director

....
MANIVANNAN A/L GANAPATHY
Director

Date: 18 July 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	6,499,303	30,422,440	157,055	190,314
Investment properties	6	11,330,000	18,750,000	–	–
Inventories	9	8,834,522	10,471,563	–	–
Goodwill on consolidation	7	–	855,994	–	–
Investment in subsidiaries	8	–	–	46,201,210	60,147,088
Total non-current assets		26,663,825	60,499,997	46,358,265	60,337,402
Current assets					
Inventories	9	6,026,277	694,098	–	–
Current tax assets		30,148	307,504	–	–
Contract assets	13	4,264,686	27,034,603	–	–
Contract costs	14	–	107,590	–	–
Trade receivables	10	11,194,109	11,464,208	–	–
Other receivables, deposits and prepayments	11	7,736,110	12,356,728	26,249	28,476
Amounts due from subsidiaries	12	–	–	6,931,259	2,558,554
Deposits, cash and bank balances	15	8,302,456	7,227,305	15,047	31,517
Total current assets		37,553,786	59,192,036	6,972,555	2,618,547
Non-current asset classified as held-for-sale	16	5,800,000	–	–	–
TOTAL ASSETS		70,017,611	119,692,033	53,330,820	62,955,949

Statements of Financial Position (cont'd)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	31,712,508	31,712,508	31,712,508	31,712,508
Share option reserve	18	–	357,230	–	357,230
Retained earnings/(Accumulated loss)		5,315,215	20,033,959	(1,261,651)	4,896,025
		37,027,723	52,103,697	30,450,857	36,965,763
Non-controlling interests		–	1,904,564	–	–
TOTAL EQUITY		37,027,723	54,008,261	30,450,857	36,965,763
Non-current liabilities					
Loans and borrowings	19	3,739,484	18,717,078	117,199	145,935
Deferred tax liabilities	20	221,447	335,012	–	–
Total non-current liabilities		3,960,931	19,052,090	117,199	145,935
Current liabilities					
Loans and borrowings	19	11,643,081	15,791,912	28,739	27,180
Provision	21	2,573,787	–	–	–
Current tax liabilities		–	250,184	–	–
Trade payables	22	8,458,770	10,707,320	–	–
Other payables, accruals and deposits	23	3,300,637	18,100,701	98,576	88,499
Amounts due to subsidiaries	12	–	–	22,635,449	25,728,572
Contract liabilities	13	3,052,682	1,781,565	–	–
Total current liabilities		29,028,957	46,631,682	22,762,764	25,844,251
TOTAL LIABILITIES		32,989,888	65,683,772	22,879,963	25,990,186
TOTAL EQUITY AND LIABILITIES		70,017,611	119,692,033	53,330,820	62,955,949

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Continuing operations					
Revenue	24	29,350,438	51,958,588	–	–
Cost of sales	25	(35,792,217)	(40,874,384)	–	–
Gross (loss)/profit		(6,441,779)	11,084,204	–	–
Other income		5,803,169	5,015,395	13,125	38,239
Administrative expenses		(10,046,925)	(10,081,788)	(1,859,326)	(1,676,995)
Impairment losses on:					
- investment in subsidiaries		–	–	–	(500,698)
- amounts due from subsidiaries		–	–	–	(3,488)
Gain/(Loss) on disposal of subsidiaries		874,231	–	(3,069,257)	–
Reversal of impairment losses on amount due from a subsidiary		–	–	–	6,928,203
Operating (loss)/profit		(9,811,304)	6,017,811	(4,915,458)	4,785,261
Finance costs	26	(1,000,833)	(858,867)	(8,820)	(4,751)
(Loss)/Profit before tax	27	(10,812,137)	5,158,944	(4,924,278)	4,780,510
Tax (expense)/credit	29	(570,202)	(624,947)	(319)	4,517
(Loss)/Profit for continuing operations		(11,382,339)	4,533,997	(4,924,597)	4,785,027
Loss for the financial year from discontinued operations, net of tax	16(b)	(5,063,856)	(1,841,820)	–	–
(Loss)/Profit for the financial year		(16,446,195)	2,692,177	(4,924,597)	4,785,027
(Loss)/Profit attributable to:					
Owners of the Company		(14,391,847)	3,382,247	(4,924,597)	4,785,027
- From continuing operations		(9,327,991)	5,224,067	(4,924,597)	4,785,027
- From discontinued operations		(5,063,856)	(1,841,820)	–	–
Non-controlling interests					
- From discontinued operations		(2,054,348)	(690,070)	–	–
		(16,446,195)	2,692,177	(4,924,597)	4,785,027

Statements of Comprehensive Income (cont'd)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(14,391,847)	3,382,247	(4,924,597)	4,785,027
- From continuing operations		(9,327,991)	5,224,067	(4,924,597)	4,785,027
- From discontinued operations		(5,063,856)	(1,841,820)	–	–
Non-controlling interests					
- From discontinued operations		(2,054,348)	(690,070)	–	–
		(16,446,195)	2,692,177	(4,924,597)	4,785,027
Basic (loss)/earnings per share (sen):	30				
- From continuing operations		(13.92)	7.80		
- From discontinued operations		(7.56)	(2.75)		
		(21.48)	5.05		
Diluted (loss)/earnings per share (sen):	30				
- From continuing operations		(13.92)	7.79		
- From discontinued operations		(7.56)	(2.75)		
		(21.48)	5.04		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	<---------- Attributable to owners of the Company			--------->		
		Share capital RM	Share option reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
Group							
At 1 April 2021		31,712,508	–	18,326,712	50,039,220	2,594,634	52,633,854
Total comprehensive income/(loss) for the financial year							
Profit/(Loss) for the financial year, representing total comprehensive income/(loss)		–	–	3,382,247	3,382,247	(690,070)	2,692,177
Transactions with owners							
Share options issued	18	–	357,230	–	357,230	–	357,230
Dividends paid on shares	31	–	–	(1,675,000)	(1,675,000)	–	(1,675,000)
Total transactions with owners		–	357,230	(1,675,000)	(1,317,770)	–	(1,317,770)
At 31 March 2022		31,712,508	357,230	20,033,959	52,103,697	1,904,564	54,008,261
At 1 April 2022		31,712,508	357,230	20,033,959	52,103,697	1,904,564	54,008,261
Total comprehensive loss for the financial year							
Loss for the financial year, representing total comprehensive loss		–	–	(14,391,847)	(14,391,847)	(2,054,348)	(16,446,195)
Transactions with owners							
Share options issued	18	–	1,047,827	(56,954)	990,873	–	990,873
Lapsed share options	18	–	(1,284,286)	1,284,286	–	–	–
Disposal of subsidiaries	8(a)	–	(120,771)	120,771	–	149,784	149,784
Dividends paid on shares	31	–	–	(1,675,000)	(1,675,000)	–	(1,675,000)
Total transactions with owners		–	(357,230)	(326,897)	(684,127)	149,784	(534,343)
At 31 March 2023		31,712,508	–	5,315,215	37,027,723	–	37,027,723

Statements of Changes in Equity (cont'd)

	Note	Share capital RM	Share option reserve RM	Retained earnings/ (Accumulated loss) RM	Total equity RM
Company					
At 1 April 2021		31,712,508	–	1,785,998	33,498,506
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		–	–	4,785,027	4,785,027
Transactions with owners					
Share options issued	18	–	357,230	–	357,230
Dividends paid on shares	31	–	–	(1,675,000)	(1,675,000)
Total transactions with owners		–	357,230	(1,675,000)	(1,317,770)
At 31 March 2022		31,712,508	357,230	4,896,025	36,965,763
Total comprehensive loss for the financial year					
Loss for the financial year, representing total comprehensive loss		–	–	(4,924,597)	(4,924,597)
Transactions with owners					
Share options issued	18	–	84,691	–	84,691
Lapsed share options	18	–	(441,921)	441,921	–
Dividends paid on shares	31	–	–	(1,675,000)	(1,675,000)
Total transactions with owners		–	(357,230)	(1,233,079)	(1,590,309)
At 31 March 2023		31,712,508	–	(1,261,651)	30,450,857

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities				
(Loss)/Profit before tax				
- Continuing operations	(10,812,137)	5,158,944	(4,924,278)	4,780,510
- Discontinued operations	(5,063,856)	(1,670,362)	–	–
	(15,875,993)	3,488,582	(4,924,278)	4,780,510
Adjustments for:				
Bad debts written off	500	–	–	–
Depreciation of property, plant and equipment	2,288,970	1,291,621	33,259	47,885
Fair value (gain)/loss on investment properties	(360,000)	326,880	–	–
(Gain)/Loss on disposal of:				
- property, plant and equipment	(4,799,916)	(4,805,667)	–	–
- subsidiaries	(874,231)	–	3,069,257	–
(Gain)/Loss on unrealised foreign exchange	(703)	1,909	–	–
Impairment losses on:				
- investment in subsidiaries	–	–	–	500,698
- trade receivables	–	612,444	–	–
- amounts due from subsidiaries	–	–	–	3,488
Interest expense	1,904,224	1,689,097	8,820	4,751
Interest income	(111,887)	(124,967)	(13,125)	(1,836)
Loss on fair value adjustment on payable retention sum	–	522,373	–	–
Property, plant and equipment written off	19	15,995	–	–
Provision for onerous contract	2,573,787	–	–	–
Reversal of impairment losses on amount due from a subsidiary	–	–	–	(6,928,203)
Share-based payments	1,111,644	357,230	335,977	105,948
Operating (loss)/profit before changes in working capital	(14,143,586)	3,375,497	(1,490,090)	(1,486,759)
Changes in working capital:				
Inventories	(3,715,683)	4,307,561	–	–
Receivables	(1,127,875)	5,938,633	2,227	4,572
Contract assets	22,769,917	(18,520,836)	–	–
Contract costs	107,590	487,890	–	–
Payables	(11,559,084)	(5,647,431)	10,077	(4,021)
Contract liabilities	(352,935)	976,061	–	–
Net cash used in operations	(8,021,656)	(9,082,625)	(1,477,786)	(1,486,208)
Interest paid	(1,904,224)	(1,689,097)	(8,820)	(4,751)
Tax paid	(1,017,659)	(382,466)	(319)	(5,608)
Net cash used in operating activities	(10,943,539)	(11,154,188)	(1,486,925)	(1,496,567)

Statements of Cash Flows (cont'd)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(707,605)	(3,341,889)	–	(5,599)
Proceeds from disposal of subsidiaries	8	12,129,247	–	14,400,000	–
Proceeds from disposal of property, plant and equipment		5,411,000	5,355,499	–	–
Change in pledged deposits		(865,862)	1,382,400	–	–
Advances to subsidiaries		–	–	(8,147,370)	–
Repayments from a related company		1,193,176	200,000	–	391,858
Interest received		111,887	124,967	13,125	1,836
Net cash from investing activities		17,271,843	3,720,977	6,265,755	388,095
Cash flows from financing activities	(a)				
(Repayments to)/Advances from subsidiaries		–	–	(3,093,123)	228,508
Dividend paid		(1,675,000)	(1,675,000)	(1,675,000)	(1,675,000)
Repayments to a director		–	(4,000,000)	–	–
Repayments of hire purchase		(364,894)	(199,356)	–	–
Payments of lease liabilities		(293,220)	(246,011)	(27,177)	(46,250)
Repayments of term loans		(30,345)	(35,780)	–	–
Net cash used in financing activities		(2,363,459)	(6,156,147)	(4,795,300)	(1,492,742)
Net increase/(decrease) in cash and cash equivalents		3,964,845	(13,589,358)	(16,470)	(2,601,214)
Cash and cash equivalents at the beginning of the financial year		(5,434,070)	8,157,197	31,517	2,632,731
Effects of exchange rate change on cash and cash equivalents		–	(1,909)	–	–
Cash and cash equivalents at the end of the financial year		(1,469,225)	(5,434,070)	15,047	31,517

Statements of Cash Flows (cont'd)

(a) Reconciliation of liabilities arising from financing activities:

	At 1.4.2022 RM	Cash flows RM	<--------Non-cash---------> Disposal of subsidiaries RM	Acquisition RM	At 31.3.2023 RM
Group					
Hire purchase payables	857,252	(364,894)	(6,834,458)	7,028,568	686,468
Lease liabilities	17,392,694	(293,220)	(13,387,763)	–	3,711,711
Revolving credit	6,000,000	–	–	–	6,000,000
Term loans	1,049,744	(30,345)	–	–	1,019,399
	25,299,690	(688,459)	(20,222,221)	7,028,568	11,417,578

	At 1.4.2021 RM	Cash flows RM	<--------Non-cash-------> Non-cash RM	Acquisition RM	At 31.3.2022 RM
Group					
Amount due to a related party	10,470,000	–	(10,470,000)	–	–
Amount due to a director	4,000,000	(4,000,000)	–	–	–
Hire purchase payables	220,644	(199,356)	–	835,964	857,252
Lease liabilities	122,103	(246,011)	–	17,516,602	17,392,694
Revolving credit	6,000,000	–	–	–	6,000,000
Term loans	1,085,524	(35,780)	–	–	1,049,744
	21,898,271	(4,481,147)	(10,470,000)	18,352,566	25,299,690

	At 1.4.2022 RM	Cash flows RM	At 31.3.2023 RM
Company			
Amounts due to subsidiaries	25,728,572	(3,093,123)	22,635,449
Lease liabilities	173,115	(27,177)	145,938
	25,901,687	(3,120,300)	22,781,387

	At 1.4.2021 RM	Cash flows RM	Non-cash Acquisition RM	At 31.3.2022 RM
Company				
Amounts due to subsidiaries	25,500,064	228,508	–	25,728,572
Lease liabilities	35,364	(46,250)	184,001	173,115
	25,535,428	182,258	184,001	25,901,687

Statements of Cash Flows (cont'd)

(b) Total cash outflows for leases

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Included in net cash from operating activities:				
Payment relating to short-term leases	23,560	120,776	–	–
Interest paid in relation to lease liabilities	836,184	923,341	8,820	4,751
Included in net cash from financing activities:				
Payment of lease liabilities	293,220	246,011	27,177	46,250
Total cash outflows for leases	1,152,964	1,290,128	35,997	51,001

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Stella Holdings 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 the principal place of business of the Company is located at A-13A, Pusat Komersial Arena Bintang, Jalan Zuhal U5/178, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 8. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 July 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#/ 1 January 2024
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023#/ 1 January 2024
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. The initial application of the applicable new MFRSs and amendments/improvements to MFRSs is not expected to have impact to the current and prior periods financial statements.

2.4 Functional and presentation currency

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

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by- acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8.

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

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Transactions eliminated on consolidation

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.14(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts Customers*.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

The Group and the Company categorise the financial instruments as follows: (cont'd)

(i) Financial assets (cont'd)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company classify their debt instruments as:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.14(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

Financial liabilities at amortised cost

Subsequent to initial recognition, financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

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

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire; or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b)the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for the derecognition, the entity shall not offset the transferred asset and the associated liability.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

Cost of assets includes expenditure that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

(b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Long term leasehold land and buildings	80 – 82
Plant and machinery	5 – 10
Motor vehicles	5 – 10
Furniture, fittings and office equipment	3 – 20
Office renovation	20
Medical equipment	20

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (cont'd)

(c) Depreciation (cont'd)

Long term leasehold land and buildings are depreciated over the useful life as the Group has not been able to segregate the cost of the building from the cost of the related land. The directors are of the opinion that the depreciation of the land has no material effect on the financial statements of the Group.

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

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Leases

(a) Definition of lease

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

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of- use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that meet the definition of property, plant and equipment in Note 5 and lease liabilities in Note 19(b).

Right-of-use asset

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (cont'd)

(b) Lessee accounting (cont'd)

Right-of-use asset (cont'd)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of- use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

Lease liability

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (cont'd)

(b) Lessee accounting (cont'd)

Lease liability (continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "administrative expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b), then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefit are expected from its disposal. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

3.9 Inventories

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

Cost includes the actual cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs are assigned on a weighted average cost basis.

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

<u>Property under development</u>

Cost includes:

- freehold rights for land
- planning and design costs, costs for site preparation, professional fees for legal services, and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(a).

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customers.

3.11 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of carrying amount and fair value less costs to sell.

Assets classified as held for sale are presented separately as current items in the statements of financial position.

3.12 Discontinued operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation has been discontinued from the start of the comparative period.

3.13 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, contract assets, a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

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

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Impairment of assets (cont'd)

(a) Impairment of financial assets and contract assets (cont'd)

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

- significant financial difficulty of the issuer or the debtor;
- a breach of contract, such as a default of past due event;
- the lender(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, investment properties measured at fair value and non-current asset held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Impairment of assets (cont'd)

(b) Impairment of non-financial assets (cont'd)

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

3.15 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.16 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.17 Revenue and other income

(a) Sales of goods

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Revenue and other income (cont'd)

(a) Sales of goods (cont'd)

The Group measures revenue at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

(b) Construction contracts

Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term ranging from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance- related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Revenue and other income (cont'd)

(c) Property development

The Group develops and sells residential and commercial properties.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group recognises a contract liability for the difference.

Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

For residential properties, as part of the statutory requirements, the Group's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building are recognised as a provision.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

(f) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in profit or loss in the period in which the employees render their services.

3.19 Share-based payments

Equity-settled share-based payment

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model.

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

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

3.20 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

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

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Income tax

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

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.7, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Income tax (cont'd)

(b) Deferred tax (cont'd)

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

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included

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

3.22 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

3.23 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Managing Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.24 Fair value measurements

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

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

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.24 Fair value measurements (cont'd)

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

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

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

3.25 Contingencies

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

3.26 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group expects those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met.

(a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(c) the costs are expected to be recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.26 Contract costs

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract costs exceeds:

(a) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates: less
(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group has applied the practical expedient to recognise the incremental costs of obtaining contracts as an expense when incurred if the amortisation periods of the asset that the Group otherwise would have recognised are one year or less.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

(a) Construction revenue and expenses (Notes 13, 22(b), 23(a), 24 and 25)

The Group recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects.

(b) Property development revenue and expenses (Notes 13, 14, 24 and 25)

The Group recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and expenses, as well as the recoverability of the development projects.

(c) Impairment of investment in subsidiaries (Note 8)

The Company assesses impairment of investment in subsidiaries whenever the events or changes in circumstances indicate that the carrying amounts of investment in subsidiaries may not be recoverable i.e. the carrying amounts of investment in subsidiaries are more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Company uses its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including future sales, profit margins and operating expenses. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Company's financial positions and results if the actual cash flows are less than expected.

5. PROPERTY, PLANT AND EQUIPMENT

	Long term leasehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Office renovation RM	Medical equipment RM	Right-of-use assets RM	Assets under construction RM	Total RM
Group									
2023									
Cost									
At 1 April 2022	814,424	326,785	2,689,510	2,493,241	4,240,441	–	17,612,395	8,400,000	36,576,796
Additions	–	–	17,500	522,936	167,169	6,559,210	–	–	7,266,815
Derecognition *	–	–	–	–	–	–	(129,935)	–	(129,935)
Disposals	(814,424)	–	(157,473)	(649)	–	–	–	–	(972,546)
Disposal of subsidiaries (Note 8(a))	–	–	(787,270)	(929,958)	(283,336)	(6,559,210)	(13,638,664)	(8,400,000)	(30,598,438)
Written off	–	–	–	(56,606)	–	–	–	–	(56,606)
At 31 March 2023	–	326,785	1,762,267	2,028,964	4,124,274	–	3,843,796	–	12,086,086
Accumulated depreciation									
At 1 April 2022	214,388	319,807	1,385,993	1,903,672	1,574,488	–	756,008	–	6,154,356
Depreciation charge for the financial year	–	4,664	341,124	199,007	291,992	683,715	768,468	–	2,288,970
Derecognition *	–	–	–	–	–	–	(111,440)	–	(111,440)
Disposals	(214,388)	–	(146,966)	(108)	–	–	–	–	(361,462)
Disposal of subsidiaries (Note 8(a))	–	–	(252,339)	(303,436)	(97,344)	(683,715)	(990,220)	–	(2,327,054)
Written off	–	–	–	(56,587)	–	–	–	–	(56,587)
At 31 March 2023	–	324,471	1,327,812	1,742,548	1,769,136	–	422,816	–	5,586,783
Net carrying amount									
At 31 March 2023	–	2,314	434,455	286,416	2,355,138	–	3,420,980	–	6,499,303

* Derecognition of the right-of-use asset during the financial year was as a result of termination of certain leases.

Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land and building RM	Long term leasehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Office renovation RM	Right-of-use assets RM	Assets under construction RM	Total RM
Group									
2022									
Cost									
At 1 April 2021	1,000,000	3,126,991	326,785	1,906,308	2,260,341	1,799,665	643,142	7,000,000	18,063,232
Additions	–	–	–	1,093,310	466,100	2,618,443	17,516,602	1,400,000	23,094,455
Derecognition *	–	–	–	–	–	–	(424,428)	–	(424,428)
Disposals	–	(712,567)	–	(310,108)	(41,919)	–	(122,921)	–	(1,187,515)
Transfer to investment properties	(1,000,000)	(1,600,000)	–	–	–	(159,367)	–	–	(2,759,367)
Written off	–	–	–	–	(191,281)	(18,300)	–	–	(209,581)
At 31 March 2022	–	814,424	326,785	2,689,510	2,493,241	4,240,441	17,612,395	8,400,000	36,576,796
Accumulated depreciation									
At 1 April 2021	98,333	470,893	313,545	1,414,657	2,009,289	1,610,060	474,142	–	6,390,919
Depreciation charge									–
for the financial year	20,000	25,314	6,262	281,443	118,582	39,487	800,533	–	1,291,621
Derecognition *	–	–	–	–	–	–	(424,428)	–	(424,428)
Disposals	–	(194,367)	–	(310,107)	(38,970)	–	(94,239)	–	(637,683)
Transfer to investment properties	(118,333)	(87,452)	–	–	–	(66,702)	–	–	(272,487)
Written off	–	–	–	–	(185,229)	(8,357)	–	–	(193,586)
At 31 March 2022	–	214,388	319,807	1,385,993	1,903,672	1,574,488	756,008	–	6,154,356
Net carrying amount									
At 31 March 2022	–	600,036	6,978	1,303,517	589,569	2,665,953	16,856,387	8,400,000	30,422,440

* Derecognition of the right-of-use asset during the financial year was as a result of termination of certain leases.

Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture, fittings and office equipment RM	Office equipment RM	Office renovation RM	Right-of-use assets RM	Total RM
Company					
2023					
Cost					
At 1 April 2022/ 31 March 2023	34,164	5,599	2,273,906	184,001	2,497,670
Accumulated depreciation					
At 1 April 2022	34,160	93	2,260,327	12,776	2,307,356
Depreciation charge for the financial year	–	1,120	1,472	30,667	33,259
At 31 March 2023	34,160	1,213	2,261,799	43,443	2,340,615
Net carrying amount					
At 31 March 2023	4	4,386	12,107	140,558	157,055
2022					
Cost					
At 1 April 2021	34,164	–	2,273,906	122,994	2,431,064
Addition	–	5,599	–	184,001	189,600
Derecognition*	–	–	–	(122,994)	(122,994)
At 31 March 2022	34,164	5,599	2,273,906	184,001	2,497,670
Accumulated depreciation					
At 1 April 2021	34,160	–	2,258,855	89,450	2,382,465
Depreciation charge for the financial year	–	93	1,472	46,320	47,885
Derecognition*	–	–	–	(122,994)	(122,994)
At 31 March 2022	34,160	93	2,260,327	12,776	2,307,356
Net carrying amount					
At 31 March 2022	4	5,506	13,579	171,225	190,314

* Derecognition of the right-of-use asset during the financial year was as a result of termination of building leases.

Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM7,266,815 and nil (2022: RM23,094,455 and RM189,600) respectively which are satisfied by the following:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Financed by way of hire purchase arrangement	6,559,210	835,964	–	–
Financed by way of lease arrangement	–	17,516,602	–	184,001
Cash payments	707,605	3,341,889	–	5,599
Other payables	–	1,400,000	–	–
	7,266,815	23,094,455	–	189,600

(b) Leased assets are pledged as security for the related lease liabilities as disclosed in Note 19(b).

Motor vehicles of the Group with carrying amount at RM371,367 (2022: RM1,000,725) have been pledged as security for hire purchase arrangements as disclosed in Note 19(c).

(c) The Group and the Company lease leasehold buildings.

Information about leases for which the Group and the Company are lessees is presented below:

	Group Buildings RM
Carrying amount	
At 1 April 2021	119,774
Additions	17,516,602
Depreciation	(800,533)
Disposals	(28,682)
At 31 March 2022	16,807,161
Depreciation	(865,578)
Derecognition	(18,494)
Disposal of subsidiaries	(13,180,692)
Reclassification	(371,367)
At 31 March 2023	2,371,030

Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Information about leases for which the Group and the Company are lessees is presented below: (cont'd)

	Company Building RM
Carrying amount	
At 1 April 2021	33,544
Addition	184,001
Depreciation	(46,320)
At 31 March 2022	171,225
Depreciation	(30,667)
At 31 March 2023	140,558

The Group and the Company lease buildings for their office space and staff apartments. The leases for office space and operation site generally have lease term between 2 to 30 years (2022: 2 to 30 years).

6. INVESTMENT PROPERTIES

Group	Freehold land and buildings RM	Leasehold land and buildings RM	Total RM
2023			
At 1 April 2022	3,180,000	15,570,000	18,750,000
Disposal of subsidiaries (Note 8(a))	(1,980,000)	–	(1,980,000)
Gain arising from fair value adjustment	70,000	290,000	360,000
Transfer to non-current asset held-for-sale (Note 16(a))	–	(5,800,000)	(5,800,000)
At 31 March 2023	1,270,000	10,060,000	11,330,000
2022			
At 1 April 2021	2,080,000	14,510,000	16,590,000
Additions	881,667	1,605,213	2,486,880
Gain/(Loss) arising from fair value adjustment	218,333	(545,213)	(326,880)
At 31 March 2022	3,180,000	15,570,000	18,750,000

Notes to the Financial Statements (cont'd)

6. INVESTMENT PROPERTIES (CONT'D)

(a) In the previous financial year, included in freehold land and buildings was a property with carrying amount of RM1,980,000 pledged as security to secure term loans of the Group as disclosed in Note 19(a).

(b) Included in freehold and leasehold land and building are properties with carrying amount of RM1,270,000 and RM7,460,000 (2022: RM1,200,000 and RM7,150,000) pledged as security to secure bank overdrafts of the Group as disclosed in Note 19(d).

(c) The following are recognised in profit or loss in respect of the investment properties:

	Group	
	2023 RM	**2022 RM**
Rental income	447,795	413,500
Direct operating expenses		
- income generating investment properties	(20,795)	(204,926)
- non-income generating investment properties	(30,026)	–

Fair value information

The fair value of investment properties is determined by directors' estimation and referring to an external independent property valuer, Laurelcap Sdn. Bhd., with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair value of investment properties of the Group are categorised as Level 2. There are no Level 1 and Level 3 investment properties or transfer between the levels during the financial years ended 31 March 2023 or 31 March 2022.

Level 2 fair value

Level 2 fair values of investment properties have been derived using sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach is price per square foot of comparable properties.

7. GOODWILL ON CONSOLIDATION

	Group	
	2023 RM	**2022 RM**
At beginning of the financial year	855,994	855,994
Disposal of subsidiaries (Note 8(a))	(855,994)	–
At end of the financial year	–	855,994

7. GOODWILL ON CONSOLIDATION (CONT'D)

Impairment of goodwill

Management reviews the business performance based on the type of products and services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the Group's oil and gas solution segment, which is also a reportable operating segment, which represent the lowest level of cash generating unit ("CGU") within the Group at which the goodwill is monitored for internal management purposes.

Key assumption used in value-in-use calculations

Goodwill is tested for impairment on annual basis by comparing the carrying amount with the recoverable amount of the CGU based on value-in-use. Value-in-use is determined by discounting the future cash flows based on financial budgets approved by management covering three financial years and no growth rate is projected from the fourth financial year onwards. The method has been used in the previous financial year. The key assumptions used for value-in-use calculation are:

(a) Sales growth rate

The sales growth rate is based on the expected projection of the related segments.

In the previous financial year, the sales growth rate used in value-in-use calculations was 13% to 19%.

(b) Gross profit margin

Gross profit margin is based on management's past experience, adjusted for market and economic conditions and internal resource efficiency.

In the previous financial year, the gross profit margin used in value-in-use calculations was 27% to 35%.

(c) Discount rate

Discount rate is estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projection is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment.

In the previous financial year, the discount rate used in value-in-use calculations was 19.04%.

The values assigned to the above key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources of information.

Based on the sensitivity analysis performed, management believes that there is no reasonable possible change in any of the above key assumptions that would cause the carrying amount of the CGU to be materially higher than its recoverable amount.

Notes to the Financial Statements (cont'd)

8. INVESTMENT IN SUBSIDIARIES

	Note	Company 2023 RM	Company 2022 RM
Unquoted shares, at cost			
At beginning of the financial year		75,485,998	64,435,628
Disposal of subsidiaries	(a)	(13,694,593)	–
Voluntary winding up		–	(2)
Loans that are part of net investments	(b)	–	10,799,090
		61,791,405	75,234,716
Equity contribution in respect of ESOS		–	251,285
Lapsed share options		(251,285)	–
At end of the financial year		61,540,120	75,485,998
Less: Accumulated impairment losses		(15,338,910)	(15,338,910)
At end of the financial year		46,201,210	60,147,088

The reconciliation of movement in the impairment of investment in subsidiaries is as follows:

	Company 2023 RM	Company 2022 RM
At beginning of the financial year	15,338,910	14,838,214
Impairment for the financial year (Note 27)	–	500,698
Written off	–	(2)
At end of the financial year	15,338,910	15,338,910

Details of the subsidiaries, all of which have principal place of business and are incorporated in Malaysia, are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 31.3.2023 %	Ownership interest 31.3.2022 %	Principal activities
Mewah Kota Sdn. Bhd. ("MKSB")	Malaysia	100	100	Contractor for various kinds of civil and structural, mechanical and electrical works and maintenance works.
Paramount Ventures Sdn. Bhd.	Malaysia	100	100	Property development.
Merge Properties Sdn. Bhd.	Malaysia	100	100	Property investment.
MEB Realty Sdn. Bhd.	Malaysia	100	100	Property investment.
Merge Readymix Sdn. Bhd.	Malaysia	100	100	Inactive.
Merge Energy O&G Sdn. Bhd.	Malaysia	100	100	Inactive.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which have principal place of business and are incorporated in Malaysia, are as follows: (cont'd)

Name of company	Principal place of business/ Country of incorporation	Ownership interest 31.3.2023 %	Ownership interest 31.3.2022 %	Principal activities
Ababil Perkasa Sdn. Bhd.	Malaysia	100	100	Inactive.
Semarak Niaga Lanskap Sdn. Bhd.	Malaysia	100	100	Nursery and landscaping, maintenance, garden design and beautification.
Iris Synergy Sdn. Bhd.	Malaysia	–	51	Supply engineering equipment, spare parts and the provision of value added services and information technology solutions to the gas and petroleum industry.
Stella Healthcare Holdings Sdn. Bhd. ("SHHSB")	Malaysia	–	100	Investment holding.
Subsidiary of MKSB Innovasi Hebat Sdn. Bhd. ("IHSB") *	Malaysia	100	100	Inactive.
Subsidiary of SHHSB Stella Kasih Healthcare Sdn. Bhd.	Malaysia	–	60	Healthcare services, establish, manage and operate hospital.

* On 13 March 2023, an application was made to the Companies Commission of Malaysia to strike off IHSB pursuant to Section 550 of the Companies Act 2016 and IHSB was dissolved on 22 June 2023.

(a) Disposal of subsidiaries

(i) Iris Synergy Sdn. Bhd.

On 1 September 2022, the Company had entered into a Shares Sale Agreement ("SSA") with Mohd Azali bin Abdul Rahman to dispose off its entire 1,530,000 ordinary shares representing 51% equity interest in Iris Synergy Sdn. Bhd. for a total cash consideration of RM2.4 million.

The disposal was completed on 14 September 2022 upon fulfillment of all the Conditions Precedent of the SSA.

(ii) Stella Healthcare Holdings Sdn. Bhd.

On 14 October 2022, the Company had entered into a Shares Sale Agreement ("SSA") with Panorama Elit Sdn. Bhd. to dispose its subsidiaries, Stella Healthcare Holdings Sdn. Bhd. ("SHH") and Stella Kasih Healthcare Sdn. Bhd. ("SKH") for a total cash consideration of RM12 million.

SHH is the registered and beneficial owner of 600,000 ordinary shares representing 60% of the issued and paid capital of SKH.

The disposal was completed on 13 January 2023 upon fulfillment of all the Conditions Precedent of the SSA.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Disposal of subsidiaries (cont'd)

(iii) Summary of the effects on the financial position of the Group:

	ISSB RM	SHHSB RM	Total RM
Assets:			
Property, plant and equipment (Note 5)	256,797	28,014,587	28,271,384
Investment properties (Note 6)	1,980,000	–	1,980,000
Contract assets (Note 13)	1,624,052	–	1,624,052
Inventories	–	20,545	20,545
Tax assets	427,939	–	427,939
Trade and other receivables	503,580	4,322,040	4,825,620
Cash and bank balances	2,127,440	143,313	2,270,753
Goodwill (Note 7)	855,994	–	855,994
	7,775,802	32,500,485	40,276,287
Liabilities:			
Deferred tax liabilities (Note 20)	(66,875)	–	(66,875)
Loans and borrowings	(1,169,628)	(20,053,498)	(21,223,126)
Trade and other payables	(638,427)	(4,851,103)	(5,489,530)
	(1,874,930)	(24,904,601)	(26,779,531)
Net assets disposed	5,900,872	7,595,884	13,496,756

	ISSB RM	SHHSB RM	Total RM
Recognised:			
Cash consideration received	2,400,000	12,000,000	14,400,000
Less: Net assets disposed	(5,900,872)	(7,595,884)	(13,496,756)
Less: Non-controlling interests	2,423,157	(2,572,941)	(149,784)
Less: Capital reserve	120,771	–	120,771
(Loss)/Gain on disposal of subsidiaries	(956,944)	1,831,175	874,231

(iv) Effects of disposal on cash flows:

	IRIS RM	SHHSB RM	Total RM
Cash consideration received	2,400,000	12,000,000	14,400,000
Less: Cash and bank balances of subsidiaries disposed	(2,127,440)	(143,313)	(2,270,753)
Net cash inflows on disposal	272,560	11,856,687	12,129,247

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) In the previous financial year, loans that are part of net investments represent amounts owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long- term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

(c) Non-controlling interests in subsidiaries

The financial information of the Group's subsidiaries that has non-controlling interests ("NCI") are as follow:

	Iris Synergy Sdn. Bhd. RM	Stella Kasih Healthcare Sdn. Bhd. RM	Total RM
As at 31 March 2022			
NCI percentage of ownership interest and voting interest	49%	40%	
Carrying amount of NCI	2,584,456	(679,892)	1,904,564
Profit/(Loss) allocated to NCI	245,477	(935,547)	(690,070)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that has non-controlling interests are as follows:

	Iris Synergy Sdn. Bhd. RM	Stella Kasih Healthcare Sdn. Bhd. RM
Summarised statement of financial position		
As at 31 March 2022		
Non-current assets	2,670,574	22,320,925
Current assets	5,942,753	3,693,359
Non-current liabilities	(1,528,310)	(13,654,102)
Current liabilities	(1,805,928)	(4,247,374)
Net assets	5,279,089	8,112,808
Summarised statement of comprehensive income		
Financial year ended 31 March 2022	6,996,643	5,776
Revenue		
Profit/(Loss) for the financial year, representing total comprehensive income/(loss)	500,974	(2,338,869)

Notes to the Financial Statements (cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Non-controlling interests in subsidiaries (cont'd)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that has non-controlling interests are as follows: (cont'd)

	Iris Synergy Sdn. Bhd. RM	Stella Kasih Healthcare Sdn. Bhd. RM
Summarised cash flows information		
Financial year ended 31 March 2022		
Cash flows from/(used in) operating activities	297,556	(7,210,683)
Cash flows used in investing activities	(688,281)	(232,976)
Cash flows (used in)/from financing activities	(250,197)	7,507,139
Net (decrease)/increase in cash and cash equivalents	(640,922)	63,480
Dividends paid to non-controlling interests	–	–

9. INVENTORIES

	Group 2023 RM	Group 2022 RM
Non-current:		
At cost		
Property under development		
- Freehold land	7,292,589	–
- Development cost	1,541,933	10,471,563
	8,834,522	10,471,563
Current:		
At cost		
Property under development		
- Freehold land	4,974,481	156,300
- Development cost	1,051,796	520,845
Finished goods	–	16,953
Total inventories (current)	6,026,277	694,098
Total inventories (non-current and current)	14,860,799	11,165,661

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM38,230,336 (2022: RM22,036,908).

10. TRADE RECEIVABLES

	Group 2023 RM	Group 2022 RM
Trade receivables	11,194,109	12,076,652
Less: Impairment losses	–	(612,444)
	11,194,109	11,464,208

(a) Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 90 days (2022: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

(b) Included in trade receivables of the Group are retention sums of RM5,124,771 (2022: RM4,398,186) relating to construction work-in-progress. Retention sums are unsecured, interest-free and are expected to be collected within the period of normal operating cycle.

(c) The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group 2023 RM	Group 2022 RM
At beginning of the financial year	612,444	656,135
Charge for the financial year		
- individual impairment loss (Note 27)	–	612,444
Disposal of subsidiaries	(612,444)	–
Written off	–	(656,135)
At end of the financial year	–	612,444

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

The information about the credit exposure are disclosed in Note 34(b)(i).

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Other receivables	4,876,956	5,219,005	–	–
Amount due from a related party	–	1,193,176	–	–
Deposits	2,795,582	3,853,588	10,587	12,686
Prepayments	63,572	2,090,959	15,662	15,790
	7,736,110	12,356,728	26,249	28,476

In the previous financial year, the amounts due from a related company were non-trade in nature, unsecured, non-interest bearing, repayable upon demand and was expected to be settled in cash.

Notes to the Financial Statements (cont'd)

12. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2023 RM	2022 RM
Amounts due from subsidiaries	11,449,498	7,076,793
Less: Impairment losses	(4,518,239)	(4,518,239)
	6,931,259	2,558,554
Amounts due to subsidiaries	(22,635,449)	(25,728,572)

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.

The reconciliation of movement in the impairment of amounts due from subsidiaries is as follows:

	Company	
	2023 RM	2022 RM
At beginning of the financial year	4,518,239	12,172,860
Charge for the financial year		
- Individual impairment loss (Note 27)	–	3,488
Reversal of impairment loss (Note 27)	–	(6,928,203)
Written off	–	(729,906)
At end of the financial year	4,518,239	4,518,239

13. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023 RM	2022 RM
Contract assets relating to construction service contracts	4,264,686	8,227,605
Contract assets relating to property development	–	18,806,998
	4,264,686	27,034,603
Contract liabilities relating to construction service contracts	(3,052,682)	(1,781,565)

13. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Significant changes in contract balances

	2023		2022	
	Contract assets Increase/ (decrease) RM	Contract liabilities (Increase)/ decrease RM	Contract assets Increase/ (decrease) RM	Contract liabilities (Increase)/ decrease RM
Group				
Revenue recognised that was included in contract liability at the beginning of the financial year	–	1,781,565	–	1,781,565
Increases due to cash received, excluding amounts recognised as revenue during the period	–	(3,052,682)	–	–
Increases as a result of changes in the measure of progress	514,010	–	23,658,792	–
Transfers from contract assets recognised at the beginning of the period to receivables	(21,659,875)	–	(5,137,956)	–
Disposal of subsidiaries	(1,624,052)	–	–	–

(b) Revenue recognised in relation to contract balances

	Group	
	2023 RM	2022 RM
Revenue recognised that was included in contract liability at the beginning of the financial year	1,781,565	805,504

Revenue recognised that was included in the contract liability balance at the beginning of the year represented primarily revenue from the construction service contracts when percentage of completion increases.

14. CONTRACT COSTS

	2023 RM	2022 RM
Group		
Current:		
Costs to obtain contracts	–	107,590

Costs to obtain contracts relate to incremental commission fees paid to intermediaries as a result of obtaining contracts with customers.

The costs to obtain contracts are amortised in accordance with the pattern of transfer of goods or services to which the asset relates. During the financial year, the amortisation of contract costs of the Group recognised are RM107,590 (2022: RM1,266,489).

Notes to the Financial Statements (cont'd)

15. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	3,984,519	2,580,635	15,047	31,517
Short-term deposits	4,317,937	4,646,670	–	–
Deposits, cash and bank balances as reported in the statements of financial position	8,302,456	7,227,305	15,047	31,517
Less: Pledged deposits	(4,317,937)	(3,452,075)	–	–
Less: Bank overdrafts (Note 19)	(5,453,744)	(9,209,300)	–	–
Cash and cash equivalents as reported in the statements of cash flows	(1,469,225)	(5,434,070)	15,047	31,517

(a) Included in deposits placed with licensed banks of the Group are an amount of RM4,284,783 (2022: RM3,419,188) has been pledged to banks as security for banking facilities granted to subsidiaries.

(b) Included in deposits placed with licensed banks of the Group are an amount of RM33,154 (2022: RM32,887) has been pledged to a bank as security for bank guarantee in favour of third party for project purposes.

(c) Included in cash and bank balances of the Group are amount of RM484,260 (2022: RM1,777,712) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1996 and therefore restricted from use in other operations.

(d) Deposits placed with licensed bank of the Group bears effective interest rate ranging from 1.35% to 2.85% (2022: 1.50% to 1.85%) per annum respectively with maturity period ranging from 1 month to 12 months (2022: 3 months to 12 months).

(e) The foreign currency exposure profile of cash and cash equivalents of the Group is as follows:

	Group	
	2023 RM	2022 RM
United States Dollar	–	17,175
Japanese Yen	–	2,009
	–	19,184

16. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) Non-current asset held for sale

	Group	
	2023 RM	2022 RM
At beginning of the financial year	–	–
Reclassified from investment properties (Note 6)	5,800,000	–
At end of the financial year	5,800,000	–

On 18 January 2023, Paramount Ventures Sdn. Bhd., a wholly-owned subsidiary of the Company has entered into a sales and purchase agreement with ID Ten Sdn. Bhd. for the disposal of one unit of 3-storey detached factory with a 3-storey office block for a total sale consideration of RM6 million.

(b) Discontinued operations

As disclosed in Note 8(a), the Group has completed the disposal of Iris Synergy Sdn. Bhd. and Stella Healthcare Holdings Sdn Bhd. group on 14 September 2022 and 13 January 2023 respectively.

(i) Analysis of the result of discontinued operation and the result recognised on the disposal group are as follows:

	Group	
	2023 RM	2022 RM
Revenue	3,022,511	7,002,419
Cost of sales	(2,438,119)	(4,369,540)
Other income	267,206	490,463
Administrative expenses	(5,012,063)	(3,351,030)
Impairment losses on trade receivables	–	(612,444)
Finance costs	(903,391)	(830,230)
Loss before tax from discontinued operations	(5,063,856)	(1,670,362)
Tax expense (Note 30)	–	(171,458)
Loss for the financial year from discontinued operations, net of tax	(5,063,856)	(1,841,820)

Notes to the Financial Statements (cont'd)

16. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

(b) Discontinued operations (cont'd)

(ii) The following items have been charged/(credited) in arriving at loss before tax:

	Group	
	2023 RM	2022 RM
Auditors' remuneration	10,950	22,500
Depreciation of property, plant and equipment	1,398,973	649,324
Employees benefits expense	1,868,920	1,672,197
Expenses relating to short-term leases	–	20,365
Fair value adjustment on investment properties	–	(218,333)
Gain on disposal of property, plant and equipment	–	(90,000)
Impairment losses on trade receivables	–	612,444
Interest income	(1,053)	(21,373)
Net (gain)/loss on foreign exchange:		
- realised	(27,275)	(10,531)
- unrealised	(704)	1,909
Property, plant and equipment written off	–	302
Rental income	(4,500)	–

(iii) Cash flow used in discontinued operation:

	Group	
	2023 RM	2022 RM
Net cash from/(used in) operating activities	935,476	(7,656,727)
Net cash from/(used in) investing activities	330,719	(917,558)
Net cash from financing activities	13,699	7,996,798

17. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2023 Units	2022 Units	2023 RM	2022 RM
Issued and fully paid up (no par value):				
At beginning/end of the financial year	67,000,000	67,000,000	31,712,508	31,712,508

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

18. SHARE OPTION RESERVE

The share option reserve comprises the cumulative value of director services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Vesting period of the options or shares offered:

(i) 10%: financial year ended 31 March 2022;
(ii) 40%: financial year ending 31 March 2023; and
(iii) Remaining balance of 50%: financial year ending 31 March 2024.

Share options are granted to directors who have rendered services of one year and above. The settlement is by issuance of fully paid ordinary shares. The exercise price in each grant is set 10% below the weighted average of the market prices of the Company's ordinary shares in the last five trading days before the grant date. The contractual term of each option granted is three years. There are no cash settlement alternatives. The options carry neither rights to dividends nor voting rights. Options may be exercised any time from the date of vesting to the date of expiry.

On 21 October 2022, the Company has received a notice of unconditional mandatory take-over offer from Kenanga Investment Bank Berhad, on behalf of the Joint Offerors, to acquire all the remaining ordinary shares in the Company not already owned by the Joint Offerors and any new ordinary shares in the Company that may be allotted and issued prior to the Closing Date of the Offer arising from the exercise of the outstanding options granted under the Share Issuance Scheme of the Company ("SIS") and any new options that may be further granted under the SIS (collectively, the "Offer Shares") for a cash consideration of RM0.95 per Offer Share.

Pursuant to the take-over offer, any unexercised SIS options would be lapsed, null and void at the closing of the offer which was on 2 December 2022, 5.00p.m.

The following table illustrated the number and weighted average exercise price ("WAEP") of, and movement in, share options:

	Number 2023	WAEP 2023
At beginning of the financial year	7,445,000	RM0.89
Lapsed	(7,445,000)	
At end of the financial year	–	

	Number 2022	WAEP 2022
At beginning of the financial year	–	–
Granted on 24 August 2021	9,540,000	RM0.89
Cancellation	(200,000)	
Lapsed	(1,895,000)	
At end of the financial year	7,445,000	

Notes to the Financial Statements (cont'd)

19. LOANS AND BORROWINGS

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Non-current:					
Secured					
Term loans	(a)	–	987,829	–	–
Lease liabilities	(b)	3,590,619	17,068,088	117,199	145,935
Hire purchase payables	(c)	148,865	661,161	–	–
		3,739,484	18,717,078	117,199	145,935
Current:					
Secured					
Term loans	(a)	–	61,915	–	–
Lease liabilities	(b)	121,092	324,606	28,739	27,180
Hire purchase payables	(c)	68,245	196,091	–	–
Bank overdrafts	(d)	5,453,744	9,209,300	–	–
Revolving credit	(e)	6,000,000	6,000,000	–	–
		11,643,081	15,791,912	28,739	27,180
		15,382,565	34,508,990	145,938	173,115
Total loans and borrowings:					
Term loans	(a)	–	1,049,744	–	–
Lease liabilities	(b)	3,711,711	17,392,694	145,938	173,115
Hire purchase payables	(c)	217,110	857,252	–	–
Bank overdrafts	(d)	5,453,744	9,209,300	–	–
Revolving credit	(e)	6,000,000	6,000,000	–	–
		15,382,565	34,508,990	145,938	173,115

(a) Term loans

	Group 2023 RM	Group 2022 RM
Current		
Not later than one year	–	61,915
Non-current		
Later than one year and not later than five years	–	270,327
Later than five years	–	717,502
	–	987,829
Total term loans	–	1,049,744

Notes to the Financial Statements (cont'd)

19. LOANS AND BORROWINGS (CONT'D)

(a) Term loans (cont'd)

In the previous financial year, the term loans of the Group bore interest at rates ranging from 3.15% to 3.65% per annum and were secured and supported as follows:

(i) legal charge over freehold land and buildings of a subsidiary as disclosed in Note 6; and
(ii) corporate guarantee by the Company.

(b) Lease liabilities

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Minimum lease payments:				
Not later than one year	324,000	1,282,400	36,000	36,000
Later than one year and not later than 5 years	1,476,000	29,409,900	129,000	165,000
Later than 5 years	3,536,280	3,536,280	–	–
	5,336,280	34,228,580	165,000	201,000
Less: Future finance charges	(1,624,569)	(16,835,886)	(19,062)	(27,885)
Present value of minimum lease payments	3,711,711	17,392,694	145,938	173,115
Present value of minimum lease payments:				
Not later than one year	121,100	324,606	28,739	27,180
Later than one year and not later than 5 years	756,746	14,234,218	117,199	145,935
Later than 5 years	2,833,865	2,833,870	–	–
	3,711,711	17,392,694	145,938	173,115

Notes to the Financial Statements (cont'd)

19. LOANS AND BORROWINGS (CONT'D)

(c) Hire purchase payables

Hire purchase payables of the Group bears interest ranging from 2.15% to 3.26% (2022: 2.15% to 3.26%) per annum and are secured by the Group's motor vehicles under hire purchase arrangements as disclosed in Note 5(b).

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	Group	
	2023 **RM**	**2022** **RM**
Minimum lease payments:		
Not later than one year	76,007	224,916
Later than one year and not later than 5 years	164,793	752,881
Later than 5 years	–	6,895
	240,800	984,692
Less: Future finance charges	(23,690)	(127,440)
Present value of minimum lease payments	217,110	857,252
Present value of minimum lease payments		
Not later than one year	68,245	196,091
Later than one year and not later than 5 years	148,865	655,237
Later than 5 years	–	5,924
	217,110	857,252

(d) Bank overdrafts

The bank overdrafts of the Group bear interest ranging from 5.45% to 6.95% (2022: 5.45% to 6.95%) per annum and are secured and supported as follows:

(i) legal charge over freehold and leasehold land and building of a subsidiary as disclosed in Notes 6;
(ii) fixed deposit or sinking fund to be progressively place via deduction of 3% and 5% of each contract proceeds received;
(iii) deed of assignment of contract proceeds between a subsidiary and the bank; and
(iv) corporate guarantee by the Company.

(e) Revolving credit

The revolving credit of the Group bear interest ranging from 4.19% to 4.21% (2022: 4.19% to 4.21%) per annum and are secured and supported as follows:

(i) legal charge over leasehold land and building of subsidiaries as disclosed in Note 6;
(ii) corporate guarantee by the Company.

20. DEFERRED TAX LIABILITIES

	Group	
	2023	**2022**
	RM	**RM**
At beginning of the financial year	335,012	236,009
Disposal of subsidiaries (Note 8(a))	(66,875)	–
Recognised in profit or loss (Note 29)		
- Continuing operations	(46,690)	59,697
- Discontinued operations	–	39,306
At end of the financial year	221,447	335,012

This is in respect of estimated deferred tax liabilities arising from temporary differences as follows:

	Group	
	2023	**2022**
	RM	**RM**
Deferred tax liabilities		
Revaluation of investment properties	221,447	283,723
Differences between the carrying amount of property, plant and equipment and their tax base	–	17,121
Unrealised gain on foreign exchange	–	34,168
	221,447	335,012

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group	
	2023	**2022**
	RM	**RM**
Deferred tax assets		
Unabsorbed capital allowances	3,218,227	316,787
Unutilised tax losses	39,465,388	28,250,027
Other taxable temporary differences	1,396,697	–
	44,080,312	28,566,814
Potential deferred tax assets at 24% (2022: 24%)	10,579,275	6,856,035

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

20. DEFERRED TAX LIABILITIES (CONT'D)

The unutilised tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	Group 2023 RM	Group 2022 RM
2028	13,922,736	10,849,400
2029	14,237,857	14,238,357
2030	1,630,605	1,630,605
2031	382,569	382,569
2032	1,149,096	1,149,096
2033	8,142,525	–
	39,465,388	28,250,027

21. PROVISION

	Group 2023 RM
At 1 April 2022	–
Recognised in profit or loss (Note 27)	2,573,787
At 31 March 2023	2,573,787

(a) Onerous contract

During the ordinary course of business, the Group entered into contract with a customer to construct elevated water tank. The cost of construction materials and costs to complete are higher than the prices fixed when initially entering into the contracts. As such, a provision is recognised for the recognised for the expected costs required to fulfil the requirements in excess of the contract revenue.

22. TRADE PAYABLES

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2022: 30 to 90 days).

(b) Included in trade payables of the Group are retention sums of RM3,861,656 (2022: RM3,503,648) relating to construction work-in-progress. Retention sums are unsecured, interest-free and are expected to be settled within the period of normal operating cycle.

(c) The foreign currency exposure profile of trade payables of the Group is as follows:

	Group 2022 RM	Group 2021 RM
Japanese Yen	–	305,863

23. OTHER PAYABLES, ACCRUALS AND DEPOSITS

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Current:					
Other payables		450,547	14,758,186	7,576	10,499
Accruals	(a)	2,753,690	3,239,115	91,000	78,000
Deposits		96,400	103,400	–	–
		3,300,637	18,100,701	98,576	88,499

(a) Included in accruals of the Group is an amount of RM2,601,745 (2022: RM3,031,520) which represents project cost accrued for work performed.

24. REVENUE

	Group	
	2023 RM	2022 RM
Continuing operations		
Over time:		
Construction contracts	24,238,660	17,709,274
Property development	4,960,183	34,115,414
Rental income	151,595	133,900
	29,350,438	51,958,588
Discontinued operations		
At a point of time:		
Sales of goods	–	5,040,805
Over time:		
Services rendered	51,473	1,961,614
Construction contracts	2,971,039	–
	3,022,512	1,961,614
	3,022,512	7,002,419
Total revenue	32,372,950	58,961,007

The Group applies the practical expedient in paragraph 121 of MFRS 15 and accordingly, does not disclose information about remaining performance obligations that have original expected durations of one year or less and the Group recognises revenue from the satisfaction of the performance obligation when the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date.

Notes to the Financial Statements (cont'd)

25. COST OF SALES

	Group 2023 RM	Group 2022 RM
Continuing operations		
Cost of construction services	30,641,314	14,856,637
Cost of sales of property development units	5,108,763	25,835,554
Direct operating expenses of investment properties	42,140	182,193
	35,792,217	40,874,384
Discontinued operation		
Direct cost of services	2,192,241	1,607,910
Cost of goods sold	245,878	2,761,630
	2,438,119	4,369,540
Total cost of sales	38,230,336	45,243,924

26. FINANCE COSTS

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Continuing operations				
Interest expense on:				
- bank overdrafts	420,863	338,153	–	–
- hire purchase	9,952	11,430	–	–
- lease liabilities	201,648	174,084	8,820	4,751
- revolving credit	286,674	229,922	–	–
- term loans	50,696	40,000	–	–
- others	31,000	65,278	–	–
	1,000,833	858,867	8,820	4,751
Discontinued operations				
Interest expense on:				
- bank overdrafts	19,930	13,210	–	–
- hire purchase	120,506	6,286	–	–
- lease liabilities	634,536	749,257	–	–
- term loans	14,987	61,477	–	–
- others	113,432	–	–	–
	903,391	830,230	–	–
Total finance costs	1,904,224	1,689,097	8,820	4,751

Notes to the Financial Statements (cont'd)

27. (LOSS)/PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at (loss)/profit before tax:

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Auditors' remuneration:					
- Statutory audit					
- current year		167,950	158,000	84,500	71,500
- prior year		8,000	–	8,000	–
- Non-statutory audit		11,500	26,500	11,500	26,500
Bad debts written off		500	–	–	–
Depreciation of property, plant and equipment	5	2,288,970	1,291,621	33,259	47,885
Employee benefits expense	28	9,947,095	9,386,372	1,213,369	1,291,105
Expense relating to short-term lease		23,560	120,776	–	–
Fair value (gain)/loss on investment properties		(360,000)	326,880	–	–
(Gain)/Loss on disposal of:					
- property, plant and equipment		(4,799,916)	(4,805,667)	–	–
- subsidiaries		(874,231)	–	3,069,257	–
(Gain)/Loss on foreign exchange:					
- realised		(27,275)	(10,531)	–	–
- unrealised		(704)	1,909	–	–
Impairment losses on:					
- investment in subsidiaries		–	–	–	500,698
- trade receivables		–	612,444	–	–
- amount due from subsidiaries		–	–	–	3,488
Interest income		(111,887)	(124,967)	(13,125)	(1,836)
Loss on fair value adjustment on retention sum		–	522,373	–	–
Property, plant and equipment written off		19	15,995	–	–
Provision for onerous contracts		2,573,787	–	–	–
Rental income from premises		(300,700)	(279,600)	–	–
Reversal of impairment losses on amount due from a subsidiary		–	–	–	(6,298,203)

28. EMPLOYEE BENEFITS EXPENSE

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Wages and salaries	8,064,021	8,194,467	824,517	1,129,047
Defined contribution plan	771,430	834,675	52,875	56,110
Share-based payments	1,111,644	357,230	335,977	105,948
	9,947,095	9,386,372	1,213,369	1,291,105

Notes to the Financial Statements (cont'd)

28. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Included in employee benefits expense are:

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Directors of the Company				
Executive directors:				
- Fees	–	24,000	–	24,000
- Other emoluments	161,924	471,662	161,924	471,662
	161,924	495,662	161,924	495,662
Non-executive directors:				
- Fees	190,000	195,000	190,000	195,000
- Other emoluments	311,020	56,000	311,020	56,000
	501,020	251,000	501,020	251,000
Directors of the subsidiaries				
Executive directors:				
- Fees	–	18,000	–	–
- Other emoluments	643,274	1,266,475	–	–
	643,274	1,284,475	–	–
	1,306,668	2,031,137	662,944	746,662

29. TAX EXPENSE/(CREDIT)

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Statements of comprehensive income				
Continuing operations				
Current income tax				
Based on results for the current financial year	154,098	90,780	–	–
Adjustment in respect of prior years	21,230	39,548	319	(4,517)
Real property gain tax	441,564	434,922	–	–
	616,892	565,250	319	(4,517)
Deferred tax (Note 20)				
Origination of temporary differences	306,000	–	–	–
Adjustment in respect of prior years	(352,690)	59,697	–	–
	(46,690)	59,697	–	–

Notes to the Financial Statements (cont'd)

29. TAX EXPENSE/(CREDIT) (CONT'D)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Income tax expense attributable to continuing operations	570,202	624,947	319	(4,517)
Discontinued operations				
Current income tax				
Based on results for the current financial year	–	186,912	–	–
Adjustment in respect of prior years	–	(54,760)	–	–
	–	132,152	–	–
Deferred tax (Note 20)				
Origination of temporary differences	–	39,937	–	–
Adjustment in respect of prior years	–	(631)	–	–
	–	39,306	–	–
Income tax expense attributable to discontinued operations	–	171,458	–	–
Tax expense/(credit) recognised in profit or loss	570,202	796,405	319	(4,517)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

29. TAX EXPENSE/(CREDIT) (CONT'D)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense/(credit) are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
(Loss)/Profit before tax				
- Continuing operations	(10,812,137)	5,158,944	(4,924,278)	4,780,510
- Discontinued operations	(5,063,856)	(1,670,362)	–	–
	(15,875,993)	3,488,582	(4,924,278)	4,780,510
Tax at the applicable rate of 24% (2022: 24%)	(3,810,238)	837,260	(1,181,827)	1,147,322
Tax effect arising from:				
- non-deductible expenses	739,835	3,010,616	1,181,827	699,361
- non-taxable income	(169,939)	(2,850,938)	–	(1,846,683)
- deferred tax assets not recognised during the financial year	3,723,240	548,390	–	–
- deferred tax recognised in different tax rate	(16,800)	21,833	–	–
- utilisation of deferred tax assets not recognised	–	(1,249,532)	–	–
- income subject to real property gain tax	441,564	434,922	–	–
(Over)/Under provision in prior financial years:				
- current tax	21,230	(15,212)	319	(4,517)
- deferred tax	(358,690)	59,066	–	–
Tax expense/(credit)	570,202	796,405	319	(4,517)

30. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share are based on the (loss)/profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year, calculated as follows:

	2023 RM	2022 RM
(Loss)/Profit attributable to owners of the Company		
- Continuing operations	(9,327,991)	5,224,067
- Discontinued operations	(5,063,856)	(1,841,820)
	(14,391,847)	3,382,247
Weighted average number of ordinary shares for basic (loss)/ earnings per share	67,000,000	67,000,000

30. (LOSS)/EARNINGS PER SHARE (CONT'D)

(a) Basic (loss)/earnings per share are based on the (loss)/profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year, calculated as follows: (cont'd)

	2023 Sen	2022 Sen
Basic (loss)/earnings per share attributable to ordinary equity holders of the Company		
- Continuing operations	(13.92)	7.80
- Discontinued operations	(7.56)	(2.75)
	(21.48)	5.05

(b) Diluted (loss)/earnings per ordinary share

Diluted (loss)/earnings per share are based on the (loss)/profit for the financial year attributable to owners of the Company and the number of ordinary shares outstanding during the financial year plus the number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	2023 RM	2022 RM
(Loss)/Profit attributable to owners of the Company		
- Continuing operations	(9,327,991)	5,224,067
- Discontinued operations	(5,063,856)	(1,841,820)
	(14,391,847)	3,382,247
Number of ordinary shares for basic earnings per share	67,000,000	67,000,000
Effect of dilution from ESOS	–	54,016
	67,000,000	67,054,016

	2023 Sen	2022 Sen
Diluted (loss)/earnings per ordinary share attributable to ordinary equity holders of the Company		
- Continuing operations	(13.92)	7.79
- Discontinued operations	(7.56)	(2.75)
	(21.48)	5.04

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements other than the issuance of 954,000 ordinary shares pursuant to the exercise of ESOS.

Notes to the Financial Statements (cont'd)

31. DIVIDEND

	2023 RM
Declared and paid by the Company:	
Single tier final dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2022, paid on 24 November 2022	1,675,000

	2022 RM
Single tier final dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2021, paid on 26 October 2021	1,675,000

32. FINANCIAL GUARANTEES

	Company	
	2023 RM	2022 RM
Financial guarantees given to licensed banks for banking facilities granted to subsidiaries	19,544,916	24,739,016

33. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have 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 Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Company include:
(i) Subsidiaries as disclosed in Note 8;
(ii) Entities in which directors have substantial financial interests;
(iii) Close members of the family of the directors; and
(iv) Key management personnel of the Group and of the Company, comprises persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group	
	2023 RM	2022 RM
Paid and payable to a related parties		
Cost of sales	–	181,973
Consultancy fees	–	384,000

33. RELATED PARTIES (CONT'D)

(b) Significant related party transactions (cont'd)

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows: (cont'd)

	Company	
	2023 RM	**2022 RM**
Paid and payable to subsidiaries		
Rental fees	36,000	23,000

(c) Compensation of key management personnel

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Directors of the Company				
Executive directors:				
- Fees	–	24,000	–	24,000
- Other emoluments	142,322	471,662	142,322	471,662
- Estimated money value of benefits-in-kind	19,602	–	19,602	–
	161,924	495,662	161,924	495,662
Non-executive directors:				
- Fees	190,000	195,000	190,000	195,000
- Other emoluments	311,020	56,000	311,020	56,000
	501,020	251,000	501,020	251,000
Directors of the subsidiaries				
Executive directors:				
- Fees	–	18,000	–	–
- Other emoluments	592,448	1,220,242	–	–
- Share-based payments	–	46,233	–	–
- Estimated money value of benefits-in-kind	51,276	–	–	–
	643,724	1,284,475	–	–
Key Management Personnel's remuneration:				
Short term employee benefits	–	585,664	–	–
Post-employment employee benefits	–	53,350	–	–
Share-based payments	–	12,609	–	–
	–	651,623	–	–
	1,306,668	2,682,760	662,944	746,662

Notes to the Financial Statements (cont'd)

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost

	Carrying amount RM	Amortised cost RM
2023		
Financial assets		
Group		
Trade receivables	11,194,109	11,194,109
Other receivables and deposits, excluding prepayments	7,672,538	7,672,538
Deposits, cash and bank balances	8,302,456	8,302,456
	27,169,103	27,169,103
Company		
Other receivables and deposits, excluding prepayments	10,587	10,587
Amounts due from subsidiaries	6,931,259	6,931,259
Deposits, cash and bank balances	15,047	15,047
	6,956,893	6,956,893
Financial liabilities		
Group		
Trade payables	8,458,770	8,458,770
Other payables, accruals and deposits	3,300,637	3,300,637
Loans and borrowings, excluding lease liabilities	11,670,854	11,670,854
	23,430,261	23,430,261
Company		
Other payables and accruals	98,576	98,576
Amounts due to subsidiaries	22,635,449	22,635,449
	22,734,025	22,734,025

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (cont'd)

(i) Amortised cost (cont'd)

	Carrying amount RM	Amortised cost RM
2022		
Financial assets		
Group		
Trade receivables	11,464,208	11,464,208
Other receivables and deposits, excluding prepayments	10,265,769	10,265,769
Deposits, cash and bank balances	7,227,305	7,227,305
	28,957,282	28,957,282
Company		
Other receivables and deposits, excluding prepayments	12,686	12,686
Amounts due from subsidiaries	2,558,554	2,558,554
Deposits, cash and bank balances	31,517	31,517
	2,602,757	2,602,757
Financial liabilities		
Group		
Trade payables	10,707,320	10,707,320
Other payables, accruals and deposits	18,100,701	18,100,701
Loans and borrowings, excluding lease liabilities	17,116,296	17,116,296
	45,924,317	45,924,317
Company		
Other payables and accruals	88,499	88,499
Amounts due to subsidiaries	25,728,572	25,728,572
	25,817,071	25,817,071

Notes to the Financial Statements (cont'd)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The Group's and the Company's financial risk management objective is to optimise value for their shareholders whilst minimising the potential adverse impact arising from interest rates and the unpredictability of the financial markets. The Group's and the Company's policy is not to engage in speculative transactions.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from their receivables.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Corporate Finance.

Trade receivables and contract assets

The Group uses the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected credit losses also incorporated forward looking information. However, there is no material impact arising from application of simplified approach to record the lifetime expected credit losses.

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

The information about the credit risk exposure on the Group's trade receivables and contract assets using the provision matrix are as follows:

	Expected credit loss rate %	Gross carrying amount at default RM	Impairment losses RM
Group			
2023			
Contract assets	0%	4,264,686	–
Trade receivables			
Current	0%	8,776,256	–
1 to 30 days past due	0%	2,066,938	–
31 to 60 days past due	0%	–	–
61 to 90 days past due	0%	–	–
91 to 120 days past due	0%	–	–
More than 121 days past due	0%	350,915	–
	0%	11,194,109	–
	0%	15,458,795	–
Group			
2022			
Contract assets	0%	27,034,603	–
Trade receivables			
Current	0%	7,734,444	–
1 to 30 days past due	0%	1,401,145	–
31 to 60 days past due	0%	888,245	–
61 to 90 days past due	0%	183,864	–
91 to 120 days past due	0%	841,567	–
More than 121 days past due	0%	414,943	–
Impaired-assessed individually		612,444	(612,444)
	0%	12,076,652	(612,444)
	0%	39,111,255	(612,444)

Notes to the Financial Statements (cont'd)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

The Company monitors the results of the subsidiaries in determining the recoverability of these intercompany balances.

For other financial assets (including deposits, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

As at the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

As at the end of the reporting period, approximately 80% (2022: 43%) of the Group's trade receivables were due from 3 major customers (2022: 1 major customer).

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. The following indicators are incorporated, amongst others:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Other financial assets

For other financial assets cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial guarantee

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM19,544,916 (2022: RM24,739,016) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 34. As at the reporting date, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligation when they fall due. The Group's and the Company's exposure to liquidity risk arise principally from payables and loans and borrowings.

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

Notes to the Financial Statements (cont'd)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

<u>Maturity analysis</u>

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		<---------- Contractual undiscounted cash flows --------->			
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	Total RM
2023					
Group					
Bank overdrafts	5,453,744	5,453,744	–	–	5,453,744
Hire purchase payables	217,110	76,007	164,793	–	240,800
Lease liabilities	3,711,711	324,000	1,476,000	3,536,280	5,336,280
Other payables, accruals and deposits	3,300,637	3,300,637	–	–	3,300,637
Revolving credit	6,000,000	6,000,000	–	–	6,000,000
Trade payables	8,458,770	8,458,770	–	–	8,458,770
	27,141,972	23,613,158	1,640,793	3,536,280	28,790,231
Company					
Amounts due to subsidiaries	22,635,449	22,635,449	–	–	22,635,449
Financial guarantees	–	19,544,916	–	–	19,544,916
Lease liabilities	145,935	36,000	129,000	–	165,000
Other payables, accruals and deposits	98,576	98,576	–	–	98,576
	22,879,960	42,314,941	129,000	–	42,443,941

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows: (cont'd)

		<---------- Contractual undiscounted cash flows --------->			
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	Total RM
2022					
Group					
Bank overdrafts	9,209,300	9,209,300	–	–	9,209,300
Hire purchase payables	857,252	224,916	752,881	6,895	984,692
Lease liabilities	17,392,694	1,282,400	29,409,900	3,536,280	34,228,580
Other payables, accruals and deposits	18,100,701	18,100,701	–	–	18,100,701
Revolving credit	6,000,000	6,000,000	–	–	6,000,000
Term loans	1,049,744	97,257	389,029	829,781	1,316,067
Trade payables	10,707,320	10,707,320	–	–	10,707,320
	63,317,011	45,621,894	30,551,810	4,372,956	80,546,660
Company					
Amounts due to subsidiaries	25,728,572	25,728,572	–	–	25,728,572
Financial guarantees	–	24,739,016	–	–	24,739,016
Lease liabilities	173,115	36,000	165,000	–	201,000
Other payables, accruals and deposits	88,499	88,499	–	–	88,499
	25,990,186	50,592,087	165,000	–	50,757,087

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iii) Interest rate risk

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

The Group's exposure to interest rate risk arises primarily from bank overdrafts, revolving credit and term loans.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit/(loss) for the financial year would have been RM43,524 (2022: RM61,784) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when purchases that are denominated in a foreign currency).

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than functional currency of Group entities, primarily Japanese Yen ("JPY").

The Group also holds bank balances denominated in foreign currencies for working capital purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD and JPY, with all other variables held constant on the Group's (loss)/profit for the financial year:

	Group Effect on (loss)/ profit for the financial year	
	2023 RM	2022 RM
USD		
- Strengthened 10% (2022: 10%)	–	1,305
- Weakened 10% (2022: 10%)	–	(1,305)
JPY		
- Strengthened 10% (2022: 10%)	–	(23,093)
- Weakened 10% (2022: 10%)	–	23,093

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement

The carrying amounts of cash and bank balances and deposits placed with licensed banks, short term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of floating rate term loans are reasonable approximation of fair value as the loans will be re-priced to market interest rate on or near reporting date.

There have been no transfer between the levels during the current and previous financial years.

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments, other than those with carrying amounts reasonably approximate to their fair values:

	Carrying amount RM	Fair value of financial instruments not carried at fair value Level 3 RM
Group		
2023		
Financial liabilities		
Hire purchase payables	217,110	217,110
2022		
Financial liabilities		
Hire purchase payables	857,252	857,252

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of the hire purchase is determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

Notes to the Financial Statements (cont'd)

35. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has seven reportable operating segments as follows:

Investment holding	:	Investment holding.
Construction	:	Construction of civil and structural, mechanical and electrical works and project management.
Property investment	:	Property investment.
Maintenance, facility management and services	:	Supply of valves, spare parts and landscaping, garden management and provision of related maintenance.
Oil and gas	:	Supply engineering equipment, spare parts and the provision of value added services and information technology solutions to the gas and petroleum industry.
Property development	:	Development of housing and commercial units for sales to house and shop purchasers.
Healthcare	:	Establish, manage and operate hospital.
Others	:	Inactive companies.

Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment results

Segment performance is used to measure performance as the Group's Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segments asset is measured based on all assets of a segment other than goodwill on consolidation, investment in an associate and tax assets, as included in the internal reports that are reviewed by the Group's Managing Director.

Segment liabilities

The total of segment liability is measured based on all liabilities of a segment other than deferred tax liabilities and tax liabilities as included in the internal reports that are reviewed by the Group's Managing Director.

35. SEGMENT INFORMATION (CONT'D)

2023	Note	Continuing operations: Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Property development RM	Others RM	Discontinued operations: Investment holding RM	Oil and gas RM	Healthcare	Adjustment and elimination RM	Consolidation RM
Revenue												
External sales	a	–	24,238,660	151,595	–	4,960,183	–	–	2,971,038	51,473	–	32,372,949
Results												
Segment results	b	(4,915,458)	(9,560,202)	595,722	(106,532)	(4,137,855)	(495)	(2,052)	(279,470)	(3,878,944)	8,313,517	(13,971,769)
Finance costs	c	(8,820)	(279,425)	–	–	(768,817)	(9,072)	–	(49,709)	(853,682)	65,301	(1,904,224)
(Loss)/Profit before tax		(4,924,278)	(9,839,627)	595,722	(106,532)	(4,906,672)	(9,567)	(2,052)	(329,179)	(4,732,626)	8,378,818	(15,875,993)
Tax expense		–	(66,575)	(85,077)	(20,862)	(107,369)	–	(319)	–	–	(290,000)	(570,202)
(Loss)/Profit for the financial year		(4,924,278)	(9,906,202)	510,645	(127,394)	(5,014,041)	(9,567)	(2,371)	(329,179)	(4,732,626)	8,088,818	(16,446,195)
Assets												
Segment assets	d	53,330,820	54,914,123	13,470,692	3,168,324	36,261,389	147,670	1,996,437	6,861,579	32,500,368	(132,663,939)	69,987,463
Tax assets		–	11,376	18,696	76	–	–	–	427,939	–	(427,939)	30,148
Total assets											(133,091,878)	70,017,611
Liabilities												
Segment liabilities	e	22,879,963	22,047,618	8,554,713	9,670	43,873,722	2,723,372	1,003,917	2,186,001	29,071,669	(99,582,204)	32,768,441
Deferred tax liabilities		–	33,848	176,599	6,000	5,000	–	–	66,875	–	(66,875)	221,447
Total liabilities											(99,649,079)	32,989,888

Notes to the Financial Statements (cont'd)

35. SEGMENT INFORMATION (CONT'D)

		<---- Continuing operations					---->	<---- Discontinued operations		---->		
2023	Note	Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Property development RM	Others RM	Investment holding RM	Oil and gas RM	Healthcare	Adjustment and elimination RM	Consolidation RM
Other segment information												
Purchase of property, plant and equipment		–	99,517	–	–	138,730	–	–	–	7,028,568	–	7,266,815
Bad debts written off		–	–	–	–	–	500	–	–	–	–	500
Depreciation of property, plant and equipment	f	33,259	390,963	–	15,035	582,779	30,668	–	64,067	1,334,906	(162,706)	2,288,971
Fair value (gain)/loss on investment properties		–	20,000	(270,000)	(60,000)	(50,000)	–	–	–	–	–	(360,000)
Net impairment loss on amount owing by related companies	h	–	(46,960)	–	200,000	–	(36,857)	–	–	–	(116,183)	–
Interest income		(13,125)	(80,445)	(1,555)	–	(15,709)	–	–	(18,877)	–	17,824	(111,887)
Gain on disposal of property, plant and equipment		–	(99,952)	(400,000)	–	–	–	–	–	–	(4,299,964)	(4,799,916)
Property, plant and equipment written off		–	19	–	–	–	–	–	–	–	–	19
Net gain on foreign exchange:												
- realised		–	–	–	–	–	–	–	(27,275)	–	–	(27,275)
- unrealised		–	–	–	–	–	–	–	(704)	–	–	(704)

35. SEGMENT INFORMATION (CONT'D)

		<----- Continuing operations					----->	<----- Discontinued operations		----->		
2022	**Note**	**Investment holding RM**	**Construction RM**	**Property investment RM**	**Maintenance, facility management and services RM**	**Property development RM**	**Others RM**	**Investment holding RM**	**Oil and gas RM**	**Healthcare**	**Adjustment and elimination RM**	**Consolidation RM**
Revenue												
External sales	a	–	17,709,274	133,900	–	34,115,414	–	–	6,996,643	5,776	–	58,961,007
Inter-segment sales		–	–	90,400	–	–	–	–	–	–	(90,400)	–
Total		–	17,709,274	224,300	–	34,115,414	–	–	6,996,643	5,776	(90,400)	58,961,007
Results												
Segment results	b	4,783,387	(312,970)	(146,738)	(1,521,040)	7,013,166	1,935,551	(2,052)	763,006	(1,599,213)	(5,735,418)	5,177,679
Finance costs	c	(4,751)	(297,471)	–	–	(589,827)	(2,499)	–	(90,574)	(739,656)	35,681	(1,689,097)
Profit/(Loss) before tax		4,778,636	(610,441)	(146,738)	(1,521,040)	6,423,339	1,933,052	(2,052)	672,432	(2,338,869)	(5,699,737)	3,488,582
Tax expense		4,517	–	(491,489)	(33,690)	(104,285)	–	–	(171,458)	–	–	(796,405)
Profit/(Loss) for the financial year		4,783,153	(610,441)	(638,227)	(1,554,730)	6,319,054	1,933,052	(2,052)	500,974	(2,338,869)	(5,699,737)	2,692,177
Assets												
Segment assets	d	63,557,584	58,665,166	14,629,304	3,296,627	54,786,715	178,337	1,396,437	7,461,371	26,014,284	(111,457,290)	118,528,535
Goodwill on consolidation		–	–	–	–	–	–	–	–	–	855,994	855,994
Tax assets		–	11,376	–	166	–	–	–	295,962	–	–	307,504
Total assets											(110,601,296)	119,692,033
Liabilities												
Segment liabilities	e	25,989,770	16,483,640	9,573,552	16,669	57,473,093	2,744,472	1,003,917	3,267,363	17,901,476	(69,355,376)	65,098,576
Deferred tax liabilities		–	–	558,137	–	–	–	–	66,875	–	(290,000)	335,012
Tax liabilities		–	–	250,184	–	–	–	–	–	–	–	250,184
Total liabilities											(69,645,376)	65,683,772

Notes to the Financial Statements (cont'd)

35. SEGMENT INFORMATION (CONT'D)

2022	Note	Continuing operations: Investment holding RM	Continuing operations: Construction RM	Continuing operations: Property investment RM	Continuing operations: Maintenance, facility management and services RM	Continuing operations: Property development RM	Continuing operations: Others RM	Discontinued operations: Investment holding RM	Discontinued operations: Oil and gas RM	Discontinued operations: Healthcare	Adjustment and elimination RM	Consolidation RM
Other segment information												
Purchase of property, plant and equipment		189,600	994,782	–	–	6,485,952	184,003	–	622,793	15,844,010	(1,226,685)	23,094,455
Bad debts written off		–	–	–	958,021	–	500	–	–	–	(958,521)	–
Depreciation of property, plant and equipment	f	47,885	306,862	–	18,224	289,503	7,667	–	119,171	530,153	(27,844)	1,291,621
Fair value (loss)/gain on investment properties		–	(10,000)	–	555,213	–	–	–	(218,333)	–	–	326,880
Net impairment losses on:												
- investment in subsidiaries	h	500,698	329,960	–	–	–	–	–	–	–	(830,658)	–
- trade receivables		–	–	–	–	–	–	–	612,444	–	–	612,444
- amounts due from subsidiaries	h	(6,924,715)	(69,986)	–	–	–	(9,000)	–	–	–	7,003,701	–
Interest income		(1,836)	(49,334)	–	–	(52,424)	–	–	(21,373)	–	–	(124,967)
Gain on disposal of property, plant and equipment	g	–	(124,867)	–	(8,999)	–	–	–	(90,000)	–	(4,581,801)	(4,805,667)
Loss on fair value adjustment on retention sum		–	522,373	–	–	–	–	–	–	–	–	522,373
Property, plant and equipment written off		–	5,593	–	10,100	–	–	–	302	–	–	15,995
Unrealised gain on foreign exchange		–	–	–	–	–	–	–	1,909	–	–	1,909

35. SEGMENT INFORMATION (CONT'D)

Reconciliation of reportable segment revenue, profit or loss, and other material items are as follows:

(a) Revenue

	2023 RM	2022 RM
Total revenue for reportable segments	32,372,949	58,961,007
Less: Discontinued operation (Note 16(b))	(3,022,511)	(7,002,419)
Revenue of the Group per consolidated statement of comprehensive income	29,350,438	51,958,588

(b) Segment results

	2023 RM	2022 RM
(Loss)/Profit for reportable segment	(13,971,769)	5,177,679
Less: Discontinued operations	4,160,466	838,259
Operating (loss)/profit of the Group per consolidated statement of comprehensive income	(9,811,303)	6,015,938

(c) Finance costs

	2023 RM	2022 RM
Finance costs for reportable segment	(1,904,224)	(1,689,097)
Less: Discontinued operations (Note 16(b))	903,391	830,230
Finance costs of the Group per consolidated statement of comprehensive income	(1,000,833)	(858,867)

(d) The following items are deducted from segments assets to arrive at total assets reported in the consolidated statement of financial position:

	2023 RM	2022 RM
Amount due from holding company	(22,632,349)	25,728,572
Amounts due from related companies	(14,838,326)	16,347,960
Amounts due from subsidiaries	(8,327,578)	3,954,874
Discontinued operations	41,358,384	–
Intra group transactions	(81,422,860)	3,822,802
Investment in subsidiaries	(46,801,210)	60,747,088
	(132,663,939)	110,601,296

35. SEGMENT INFORMATION (CONT'D)

Reconciliation of reportable segment revenue, profit or loss, and other material items are as follows: (cont'd)

(e) The following items are deducted from segment liabilities to arrive at total liabilities reported in consolidated statement of financial position:

	2023 RM	2022 RM
Amount due to holding company	11,446,397	8,761,893
Amount due to related companies	32,601,739	33,706,411
Amounts due to subsidiaries	22,635,449	25,728,572
Discontinued operations	32,261,586	–
Intra group transactions	637,033	1,448,500
	99,582,204	69,645,376

(f) The depreciation of property, plant and equipment is eliminated.

(g) Fair value gain on owner occupied properties is eliminated.

(h) Impairment loss and reversal of impairment loss on investment in subsidiaries and amounts due from subsidiaries are eliminated.

Geographical information

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

Information about major customers

Major customers' information is revenue from transactions with a single external customer amount to ten percent or more of the Group's revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer, and a government and entities known to the reporting entity to be under the control of that government shall be considered a single customer.

For construction segment, revenue from three customers (2022: one customer) represented RM20,761,723 (2022: RM10,491,877) for the Group's total revenue.

36. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong capital base and safeguard the Group's and the Company's ability to continue as going concerns, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group and the Company manage their capital structure by monitoring the capital and net debt on an ongoing basis. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2023 and 31 March 2022.

The Group and the Company monitor capital using net debt-to-equity ratio, which is net debt divided by total equity. Net debt comprises loans and borrowings and payables, less deposits, cash and bank balances whereas total equity represents the equity attributable to owners of the Company.

36. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loans and borrowings	15,382,565	34,508,990	145,938	173,115
Trade payables	8,458,770	10,708,320	–	–
Other payables, accruals and deposits	3,300,637	18,100,701	98,576	88,499
Contract liabilities	3,052,682	1,781,565	–	–
Amounts due to subsidiaries	–	–	22,635,449	25,728,572
	30,194,654	65,099,576	22,879,963	25,990,186
Less: Deposits, cash and bank balances	(8,302,456)	(7,227,305)	(15,047)	(31,517)
Net debts	21,892,198	57,872,271	22,864,916	25,958,669
Total equity	37,027,723	54,008,261	30,450,857	36,965,763
Total equity and total debts	58,919,921	111,880,532	53,315,773	62,924,432
Net debt-to-equity ratio	0.59	1.07	0.75	0.70

STATEMENT BY DIRECTORS

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

We, **DATUK LAU BENG SIN** and **MANIVANNAN A/L GANAPATHY**, being two of the directors of Stella Holdings Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 79 to 163 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 March 2023 and of their financial performance and cash flows for the financial year then ended.

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

....
DATUK LAU BENG SIN
Director

....
MANIVANNAN A/L GANAPATHY
Director

Kuala Lumpur

Date: 18 July 2023

STATUTORY DECLARATION

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

I, **RAIZITA BINTI AHMAD @ HARUN**, being the officer primarily responsible for the financial management of Stella Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 79 to 163 are 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.

....
RAIZITA BINTI AHMAD @ HARUN

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 18 July 2023.

Before me,

....
HADINUR BIN MOHD SYARIF
W761
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STELLA HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Stella Holdings Berhad, which comprise the statements of financial positions as at 31 March 2023 of the Group and of the Company, and the statements of 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 79 to 163.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 31 March 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the 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 judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial 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

Revenue and corresponding costs recognition for construction activities (Notes 13, 22(b), 23(a), 24 and 25 to the financial statements)

The Group recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required by director in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects.

Our response:
Our audit procedures on samples of major projects included, among others:

- understanding the design and implementation of controls over the Group's process in recording project costs, preparing project budgets and calculating the progress towards anticipated satisfaction of a performance obligation;
- discussing with management the project budgets on the samples of projects selected and comparing project budgets to contractual terms, historical margins and major assumptions made by management;
- discussing the progress of the projects and expected outcome with the management to obtain an understanding of the basis on which the estimates are made;
- discussing the reasonableness of the computed progress towards anticipated satisfaction of a performance obligation for identified projects against progress reports; and
- testing the mathematical computation of the recognised revenue and expenses during the financial year.

Independent Auditors' Report (cont'd)

Key Audit Matters (cont'd)

Group (cont'd)

Revenue and corresponding costs recognition for property development activity (Notes 13, 14, 24 and 25 to the financial statements)

The Group recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required by director in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and expenses, as well as the recoverability of the development projects.

Our response:
Our audit procedures on a project included, among others:
- reading the terms and conditions of the agreement with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards complete satisfaction of performance obligations;
- comparing the Group's major assumptions to contractual terms and discussing with the project manager on the changes in the assumptions from the previous financial year;
- understanding the computed progress towards complete satisfaction of performance obligation for identified project against architect or consultant certificates; and
- checking the mathematical computation of recognised revenue and corresponding costs for the project during the financial year.

Company

Investment in subsidiaries (Notes 4(c) and 8 to the financial statements)

The Company assesses impairment of investment in subsidiaries whenever the events or changes in circumstances indicate that the carrying amounts of investment in subsidiaries may not be recoverable i.e. the carrying amounts of investment in subsidiaries are more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Company uses its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including future sales, profit margins and operating expenses. Cash flow that are projected based on those inputs or assumptions may have a significant effect on the Company's financial positions and results if the actual cash flows are less than expected.

Our response:
Our audit procedures focused on evaluating the cash flows projections which included, among others:
- understanding the Company's process flows in preparing cash flows projections;
- discussing the Company's assumptions with directors in relation to key assumptions;
- testing the mathematical accuracy of the impairment assessments; and
- performing a sensitivity analysis around the key assumptions.

Independent Auditors' Report (cont'd)

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as going concerns, 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditors' Report (cont'd)

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

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

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2024 J
Chartered Accountant

Kuala Lumpur

Date: 18 July 2023

LIST OF PROPERTIES
AS AT 31 MARCH 2023

Location	Description (Existing Use)	Tenure (Age of Building)	Land Area (Built-Up Area) sq. ft.	Net Book Value as at 31.03.2023 RM	Date of Valuation/ Acquisition
Lots 727, 728 and 729 No. 230, 231 and 232 Jalan Kota Kenari 2 Taman Kota Kenari 09000 Kulim Kedah Darul Aman	3 units of 2-storey shop house (rented)	Freehold (25 years)	5,764 (6,492)	1,270,000	31.03.2023
Lot 043(E) No. 30, Jalan Matahari AA U5/AA Seksyen U5 Bandar Pinggiran Subang 40150 Shah Alam Selangor Darul Ehsan	3-storey shop office (rented)	Leasehold Expiring on 25.01.2095 (24 years)	2,516 (8,916)	1,400,000	31.03.2023
Lot 071(E) No. 29, Jalan Matahari AA U5/AA Seksyen U5 Bandar Pinggiran Subang 40150 Shah Alam Selangor Darul Ehsan	3-storey shop office (1st & 2nd floor rented)	Leasehold Expiring on 25.01.2095 (24 years)	2,516 (8,916)	1,400,000	31.03.2023
Lot 080 No. 16, Jalan Dinar D U3/D Seksyen U3 Taman Subang Perdana 40150 Shah Alam Selangor Darul Ehsan	4-storey shop office (ground floor rented)	Leasehold Expiring on 25.09.2095 (18 years)	1,760 (7,040)	1,700,000	31.03.2023
Lot PT8833 No. 2, Lorong Naluri Sukma 8/2 42300 Bandar Puncak Alam Selangor Darul Ehsan	Double Storey Terrace House (rented)	Leasehold Expiring on 08.07.2109 (20 years)	3,387 (3,006)	540,000	31.03.2023
Lot PT8610 No 80, Lorong Naluri Sukma 8/11 42300 Bandar Puncak Alam Selangor Darul Ehsan	Double Storey Terrace House (rented)	Leasehold Expiring on 08.07.2109 (20 years)	3,340 (4,038)	560,000	31.03.2023

List of Properties (cont'd)

Location	Description (Existing Use)	Tenure (Age of Building)	Land Area (Built-Up Area) sq. ft.	Net Book Value as at 31.03.2023 RM	Date of Valuation/ Acquisition
Lot 0034 No 18, Jalan Uranus AH/U5/AH Taman Subang Impian Seksyen U5 40150 Shah Alam Selangor Darul Ehsan	3 Storey Shop Office (ground & 1st floor rented)	Leasehold Expiring on 03.04.2099 (23 years)	1,760 (5,280)	1,100,000	31.03.2023
No 9, Lorong Cakera Purnama 12/1 42300 Bandar Puncak Alam Selangor Darul Ehsan	Double Storey house (rented)	Leasehold Expiring on 14.07.2109 (13 years)	1,400 (3,060)	360,000	31.03.2023
No 15, Lintang Bukit Jambul 3 11900 Bayan Lepas Penang	Double Storey Semi-Detached house (vacant)	Leasehold Expiring on 07.11.2100 (3 years)	5,070 (2,997)	2,600,000	31.03.2023
Lot 5723 Pekan Panchor Daerah Seremban Negeri Sembilan	Industrial Land (vacant)	Leasehold Expiring on 19.01.2096	23,412	400,000	31.03.2023

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2023

Type of securities : Ordinary shares
Issued shares : 67,000,000 ordinary shares
Voting rights : One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100 shares	18	2.20	365	0.00
100 to 1,000 shares	312	38.19	264,733	0.40
1,001 to 10,000 shares	299	36.60	1,374,381	2.05
10,001 to 100,000 shares	147	17.99	5,439,621	8.12
100,001 to less than 5% of issued shares	37	4.53	16,945,900	25.29
5% and above of issued shares	4	0.49	42,975,000	64.14
Total	**817**	**100.00**	**67,000,000**	**100.00**

THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1.	AmSec Nominees (Tempatan) Sdn Bhd - Pledged securities account – AmBank (M) Berhad for Datuk Lau Beng Wei	15,008,000	22.40
2.	AmSec Nominees (Tempatan) Sdn Bhd - Pledged securities account – AmBank (M) Berhad for Datuk Lau Beng Sin	11,547,000	17.23
3.	Cerdik Cempaka Sdn Bhd	8,306,900	12.40
4.	AmSec Nominees (Tempatan) Sdn Bhd - Pledged securities account – AmBank (M) Berhad for Varia Engineering & Services Sdn Bhd	8,113,100	12.11
5.	RHB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Yeo Ann Seck	3,000,000	4.48
6.	Raj Kumar a/l R Gopal Pillai	1,100,000	1.64
7.	Lai Thiam Poh	1,008,500	1.51
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Heng Ling Jy	1,000,000	1.49
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Koay Xing Boon	1,000,000	1.49
10.	Low Kim Fong	893,000	1.33
11.	Chang Min Wai	757,700	1.13
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Vivek a/l Sasheendran	660,500	0.99
13.	Ng Yoke Hin	565,000	0.84
14.	Leong Low Pew	529,300	0.79
15.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged securities account for Nge Ying Choon	500,000	0.75
16.	Ng Eng Tong	477,500	0.71
17.	Chong Kwong Chin	416,700	0.62
18.	Siew Yoke Sum	400,000	0.60
19.	Sim Ven Shiaun	393,000	0.59
20.	Cheok Cheng Hiang	387,000	0.58
21.	Low Kim Fong	349,000	0.52
22.	Ng Eng Fong	298,000	0.44

Analysis of Shareholdings (cont'd)

THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholder	No. of Shares	%
23.	Adeline Chew Wai Yean	294,000	0.44
24.	Ong Boon Hai	276,100	0.41
25.	Wong Ah Wah	213,900	0.32
26.	Sam Wen Xuan	204,600	0.31
27.	Maybank Nominees (Tempatan) Sdn Bhd - Chua Eng Ho Wa'a @ Chua Eng Wah	202,600	0.30
28.	Hew Choy Yin	200,000	0.30
29.	Tan Seng Heng	199,600	0.30
30.	Chiang Siew Eng @ Le Yu Ak Ee	179,500	0.27
	Total	**58,480,500**	**87.29**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Datuk Lau Beng Wei	15,008,000	22.40	8,113,100 (1)	12.11 (1)
Datuk Lau Beng Sin	11,547,000	17.23	8,113,100 (1)	12.11 (1)
Varia Engineering & Services Sdn Bhd	8,113,100	12.11	–	–
Cerdik Cempaka Sdn Bhd	8,306,900	12.40	–	–
Dato' Seri Lee Tian Hock	–	–	8,306,900 (2)	12.40 (2)
Abdul Jalil bin Mohd Abd Ghani	–	–	8,306,900 (2)	12.40 (2)
Mohd Sufian bin Abd Murad	–	–	8,306,900 (2)	12.40 (2)

DIRECTORS' SHAREHOLDINGS

Name of Director	Direct Interest		Deemed Interest	
	No. of Shares	**%**	**No. of Shares**	**%**
Datuk Lau Beng Wei	15,008,000	22.40	8,113,100 (1)	12.11 (1)
Datuk Lau Beng Sin	11,547,000	17.23	8,113,100 (1)	12.11 (1)
Manivannan a/l Ganapathy	–	–	20,000 (3)	0.03 (3)
Dato' Kamarulzaman bin Jamil	–	–	–	–
Dato' Jamaluddin bin Sabeh	–	–	–	–
Datuk Wira Roslan bin Ab Rahman	–	–	–	–
Shahrizam bin A Shukor	–	–	–	–
Sharifah Rafidah binti Wan Mansor	–	–	–	–
Koay Xing Boon	1,000,000	1.49	–	–

Notes:
(1) Deemed interest by virtue of his interest in Varia Engineering & Services Sdn Bhd.
(2) Deemed interest by virtue of his interest in Cerdik Cempaka Sdn Bhd.
(3) Deemed interest by virtue of shareholdings held by spouse.

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting ("26th AGM") of Stella Holdings Berhad ("Company") will be held virtually through live streaming from the Broadcast Venue at the Meeting Room, A-13A, Pusat Komersial Arena Bintang, Jalan Zuhal U5/178, Seksyen U5, 40150 Shah Alam, Selangor on **Thursday, 21 September 2023** at **10.00 a.m**. for the following purposes:

As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2023 together with the Reports of the Directors and Auditors thereon.	*Please refer to Explanatory Notes*
2.	To approve the payment of Directors' fees of up to RM351,000 from 1 September 2023 until the conclusion of the next Annual General Meeting of the Company.	*Resolution 1*
3.	To approve the payment of Directors' benefits of up to RM195,000 from 1 September 2023 until the conclusion of the next Annual General Meeting of the Company.	*Resolution 2*
4.	To re-elect the following Director retiring pursuant to Article 108 of the Company's Constitution:	
	(a) Dato' Kamarulzaman bin Jamil	*Resolution 3*
5.	To re-elect the following Directors retiring pursuant to Article 115 of the Company's Constitution:	
	(a) Datuk Lau Beng Wei	*Resolution 4*
	(b) Datuk Lau Beng Sin	*Resolution 5*
	(c) Manivannan a/l Ganapathy	*Resolution 6*
	(d) Dato' Jamaluddin bin Sabeh	*Resolution 7*
	(e) Datuk Wira Roslan bin Ab Rahman	*Resolution 8*
	(f) Koay Xing Boon	*Resolution 9*
6.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to fix their remuneration.	*Resolution 10*

As Special Business

To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

7. Ordinary Resolution *Resolution 11*
Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

"THAT, subject to the Companies Act 2016, the Company's Constitution and approval from Bursa Malaysia Securities Berhad ("Bursa Securities") and other Governmental or regulatory bodies, full authority be and are hereby given to the Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue shares in the Company at any time 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 total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

Notice of Twenty-Sixth Annual General Meeting (cont'd)

AND THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Article 71 of the Constitution of the Company, approval be and is hereby given to waive the pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking pari-passu in all respects with the existing ordinary shares arising from any issuance and allotment of shares pursuant to this approval."

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

BY ORDER OF THE BOARD

CHIN FOONG PING
(MAICSA 7044276 / SSM PC No. 202008002708)
Company Secretary

Shah Alam
27 July 2023

Notes:

1. Please refer to the Administrative Guide for the procedures to register and participate and vote in the virtual meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate, speak and vote in his stead. A member shall be entitled to appoint only one (1) proxy unless he has more than 1,000 shares in which case he may appoint up to two (2) proxies provided each proxy appointed shall represent at least 1,000 shares. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportions of his shareholding to be represented by each proxy. A proxy may but need not be a member of the Company.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint more than one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation, either under its Common Seal or under the hand of a duly authorised officer or attorney of the corporation.

6. The instrument appointing a proxy shall be deposited at the registered office of the Company at A-13A, Pusat Komersial Arena Bintang, Jalan Zuhal U5/178, Seksyen U5, 40150 Shah Alam, Selangor, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

7. For purpose of determining members' eligibility to attend the 26th AGM, only members whose names appear in the Record of Depositors as at **13 September 2023** shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on his behalf.

Notice of Twenty-Sixth Annual General Meeting (cont'd)

Explanatory Notes

1. To receive the Audited Financial Statements

   Agenda 1 is meant for discussion only as the provision of Section 340(1) 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 Resolutions 1 and 2 - To approve the payment of Directors' fees and benefits

   The Directors' fee amounting up to RM351,000 under the proposed Ordinary Resolution 1 is for payment of fees to the existing Non-Executive Directors from 1 September 2023 until the conclusion of the next Annual General Meeting of the Company and to cater for appointment of new directors, to be payable on a monthly basis in arrears after each month of completed services of the Director.

   The proposed Ordinary Resolution 2 is to seek shareholders' approval for the payment of Directors' benefits of up to RM195,000 from 1 September 2023 until the conclusion of the next Annual General Meeting of the Company.

3. Ordinary Resolutions 3 to 9 – To re-elect retiring Directors

   The profiles of the Directors seeking re-election are set out in the Profile of Directors section of this Annual Report 2023.

   The Board supported the re-appointment of the directors seeking for re-election. Based on the Board assessment carried out, they have fulfilled the criteria under the definition of independent director as stated in the Main Market Listing Requirements of Bursa Securities, and therefore are able to bring independent and objective judgment to the Board. They also have vast experiences in their respective practices and hence, they would be able to contribute and provide the Board with a diverse set of experience, expertise, skill and competence.

4. Ordinary Resolution 11 - Authority to Allot and Issue Shares

   The proposed Ordinary Resolution 11 is to seek a renewal of general mandate for authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016. If the resolution is passed, it will empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total 10% of the issued share capital of the Company, for such purposes as the Directors would consider in the best interest of the Company. This is to avoid any delay and cost involved in convening a general meeting for such issuance of shares. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting or will subsist until the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

   The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares for the purpose of repayment of bank borrowings, funding future investment and working capital.

   The proposed Ordinary Resolution 11 is also seeking the shareholders' waiver of their pre-emptive rights under Section 85 of the Companies Act 2016 and to allow the Directors to allot and issue new shares without first offering the new shares to the existing shareholders of the Company pursuant to this general mandate.

   The Company did not issue any new shares pursuant to the general mandate obtained at the 25th AGM.

Notice of Twenty-Sixth Annual General Meeting (cont'd)

STATEMENT ACCOMPANYING NOTICE OF 26TH AGM

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

1. Details of individuals who are standing for election as Directors (excluding Directors standing for a re-election)

   There are no individuals who are standing for election as Directors at the forthcoming 26th AGM of the Company, other than the Directors who are standing for re-election pursuant to Resolutions No. 3 to 9 as set out in the Notice of 26th AGM.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Securities

   Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note for Resolution 11 of the Notice of 26th AGM.

ADMINISTRATIVE GUIDE

VIRTUAL TWENTY SIXTH ANNUAL GENERAL MEETING ("26TH AGM") OF STELLA HOLDINGS BERHAD ("STELLA" OR "THE COMPANY")

Day / Date	:	**Thursday, 21 September 2023**
Time	:	**10:00 a.m.**
Broadcast Venue	:	**Meeting Room, A-13A, Pusat Komersial Arena Bintang, Jalan Zuhal U5/178, Seksyen U5, 40150 Shah Alam, Selangor, Malaysia**
Meeting platform	:	**https://www.propollsolutions.com.my** (Domain registration number D1A403203)

VIRTUAL MEETING

The 26th AGM of STELLA will be conducted as a virtual meeting through live streaming and online remote voting using the Remote Participation and Voting ("**RPV**") Facility. This is in line with the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021 and as revised or amended from time to time.

Please note that it is your responsibility to ensure the stability of your internet connectivity throughout the 26th AGM as the quality of the live webcast and online remote voting are dependent on your internet bandwidth and stability of your internet connection.

NO MEMBERS / PROXIES / CORPORATE REPRESENTATIVES / ATTORNEYS from the public shall be physically present nor admitted at the Broadcast Venue on the day of the 26th AGM.

RPV FACILITY

Members are to participate, speak (in the form of real-time submission of typed texts) and vote remotely (collectively, "**participate**") at the 26th AGM using the RPV Facility provided by Propoll Solutions Sdn Bhd, the poll facilitator of the 26th AGM, via its website at **https://www.propollsolutions.com.my** ("Propoll Portal") (Domain registration number D1A403203).

Members may use the Q&A platform in Zoom Cloud Meetings App to submit questions in real time during the 26th AGM. Members may also submit questions to the Board of Directors ("**Board**") prior to the 26th AGM by emailing to **stella@stella-holdings.com.my** no later than 10:00 am on 19 September 2023 or via the Q&A platform in the Propoll Portal from 2.00 pm on 15 September 2023 up to 9.30 am on 21 September 2023. If there is time constraint in answering the questions during the 26th AGM, the answers will be emailed to respective member who raised the questions.

If you wish to submit your questions through the Q&A platform via the Propoll Portal, you must first register as a user at the Propoll Portal. Thereafter, you may select "My Virtual Meeting" under the Main Menu and click on the Q&A platform to post your question(s).

Administrative Guide (cont'd)

PROCEDURES FOR RPV FACILITY

Members/proxies/corporate representatives/attorneys who wish to participate in the 26th AGM remotely using the RPV Facility, are to follow the requirements and procedures as summarised below:

	Procedures	Action
	Before the day of the 26th AGM	
(i)	Register as a User	• Access the Propoll Portal at **https://www.propollsolutions.com.my**. • Click <<Login/Register>> followed by <<Register New User>> to register as a new user. • Complete the registration by filling up the information required and upload a clear copy of your MyKAD (both front and back page) or Passport. • Read and agree to the terms & conditions and thereafter, submit your registration. • Please enter a valid email address in order for you to receive the verification email from the Propoll Portal. • Your registration will be verified and approved by the Propoll Portal. Once approved, an email notification will be sent to you. • If you are already a user with the Propoll Portal, you are not required to register again.
(ii)	Submit your Question	• You may pre-submit your questions: (i) using the Propoll Portal from 2.00 pm on 15 September 2023 up to 9.30 a.m. on 21 September 2023; or (ii) to the Board prior to the 26th AGM by emailing to **stella@stella-holdings.com.my** no later than 10.00 am on 19 September 2023. Please provide your full name as per MyKad, Mobile Contact Number and CDS Account Number in your email.
	On the day of the 26th AGM	
(iii)	Login to Propoll Portal at **https://www.propollsolutions.com.my**	• Login with your user ID and password for remote participation at the 26th AGM at any time from 9.30 a.m, i.e. 30 minutes before the commencement of the 26th AGM. • If you have forgotten your password, you can reset it by clicking on "Forgot Password".
(iv)	Participate through Live Streaming	• Select <<My Virtual Meeting>> under Main Menu. • Click <<Join Meeting>> located next to the event. • Please click on the video link and key in the password provided to you in the email notification from the Propoll Portal in order to join the live streaming of the 26th AGM. • If you have any question(s) during the 26th AGM, you may use the Q&A platform in Zoom Cloud Meetings App to submit your question(s). The Chairman of the 26th AGM ("**Chairman**") / Board / Management will try to respond to all relevant questions submitted during the 26th AGM. If there is time constraint in answering the questions during the 26th AGM, the responses will be emailed to respective members after the 26th AGM. • If you are using a smartphone to participate in the 26th AGM, please download Zoom Cloud Meetings App from the Google Play Store or App Store before the 26th AGM. • Please take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.

Administrative Guide (cont'd)

	Procedures	Action
	On the day of the 26th AGM	
(v)	Online Remote Voting	• Please select the <<Voting>> option located next to <<Join Meeting>> to indicate your votes for the resolutions that are tabled for voting. • Voting session will commence once the Chairman declares that the voting platform is activated. The voting session will end upon declaration by the Chairman. • Please cast your vote on all resolutions as appeared on the screen and submit your votes. Once submitted, your votes will be final and cannot be changed.
(vi)	End of the RPV Facility	• The RPV Facility will end and the Q&A platform will be disabled the moment the Chairman announces the closure of the 26th AGM.

Notes to users of the RPV Facility:

(a) Should your registration to join the 26th AGM be approved, we will make available to you the rights to join the live streamed 26th AGM and to vote remotely using the RPV Facility. Your login to the Propoll Portal on the day of the 26th AGM will indicate your presence at the 26th AGM.

*(b) If you encounter any issue with your online registration at the Propoll Portal, please call +6016-439 7718 / +6010-526 5490 or e-mail to **propollsolution@gmail.com** for assistance.*

PROXY

1. The 26th AGM will be conducted on a virtual basis. If you are unable to participate the 26th AGM, you may appoint the Chairman as proxy and indicate the voting instructions in the Proxy Form.

2. If you wish to appoint proxy(ies) to participate in the 26th AGM using the RPV Facility, please submit your Proxy Form, either by hand or by post to the following address, not less than 48 hours (by 10.00 a.m. on 19 September 2023) before the time appointed for holding the 26th AGM or any adjournment thereof, otherwise the Proxy Form shall be treated as invalid:-

   Stella Holdings Berhad
   A-13A, Pusat Komersial Arena Bintang, Jalan Zuhal U5/178, Seksyen U5,
   40150 Shah Alam, Selangor, Malaysia

3. Corporate representatives of corporate shareholders must deposit their original certificate of appointment of corporate representative to **Boardroom Share Registrars Sdn. Bhd.** or alternatively to submit electronically via email to **stella@stella-holdings.com.my** not less than 48 hours before the time appointed for holding the 26th AGM or any adjournment thereof, in order to participate in the 26th AGM via the RPV Facility.

4. Attorneys appointed by power of attorney are to deposit their power of attorney to **Boardroom Share Registrars Sdn. Bhd.** or alternatively to submit electronically via email to **stella@stella-holdings.com.my** not less than 48 hours before the time appointed for holding the 26th AGM or any adjournment thereof, in order to participate in the 26th AGM via the RPV Facility.

5. Members who has appointed a proxy or attorney or authorised representative to participate at the 26th AGM via the RPV Facility must ensure that his/her proxy or attorney or authorised representative register himself/herself at the Propoll Portal prior to the 26th AGM.

Administrative Guide (cont'd)

POLL VOTING

1. The voting at the 26th AGM will be conducted by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. STELLA has appointed Propoll Solutions Sdn Bhd as Poll Administrator to conduct the poll by way of online remote voting using the RPV Facility and **SLCC Networks Sdn Bhd** as Scrutineers to verify the poll results.

2. The online remote voting session will commence once the Chairman declares that the voting platform is activated. The voting session will end upon declaration by the Chairman. Please refer to item (v) for the online remote voting procedures using the RPV Facility.

3. Upon completion of the voting session, the Scrutineers will verify the poll results followed by the declaration of results by the Chairman.

REVOCATION OF PROXY

If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in the 26th AGM by yourself, please write in to **Boardroom Share Registrars Sdn. Bhd.** or alternatively to submit electronically via email to **stella@stella-holdings.com.my** to revoke the earlier appointed proxy 48 hours before the time appointed for holding the 26th AGM.

RECORDING

Unauthorised recording of the proceedings of the 26th AGM is strictly prohibited.

RECORD OF DEPOSITORS ("ROD") FOR THE 26TH AGM

Only members whose names appear on the ROD as at **13 September 2023** shall be entitled to participate or appoint proxy(ies) to participate at the 26th AGM via the RPV Facility.

NO DOOR GIFT

There will be **NO** door gift to be provided for participating at the 26th AGM.

ENQUIRIES

If you have any enquiry relating to the 26th AGM, please contact the following person during office hours from 9:00 am to 6:00 pm on Mondays to Fridays:

(a) Mr Eric Tan
- Mobile No. +6016-439 7718 / +6010-526 5490; or
- E-mail: propollsolution@gmail.com

PERSONAL DATA PRIVACY

By lodging and subscribe for a user account with Propoll Portal for appointing a proxy(ies) and/or representative(s) to participate and vote remotely at the 26th AGM using the RPV Facility, the member/proxy holder/representative(s) accepts and agrees to the personal data privacy terms.

PROXY FORM
26TH ANNUAL GENERAL MEETING

STELLA HOLDINGS BERHAD
199701004603 (420099-X)
(Incorporated in Malaysia)

No. of shares held	
CDS Account No.	
Mobile No.	
Email Address	

I/We...
(Full name as per NRIC/Passport/Certificate of Incorporation in capital letters)

NRIC/Passport/Company Registration No. ....

of (full address)..

....

being a member of STELLA HOLDINGS BERHAD, hereby appoint the following person(s):

Full Name *(in capital letters)*	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address:	Mobile No.:		

and/or

Full Name *(in capital letters)*	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address:	Mobile No.:		

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held virtually through live streaming from the Broadcast Venue at the Meeting Room of the Company, A-13A, Pusat Komersial Arena Bintang, Jalan Zuhal U5/178, Seksyen U5, 40150 Shah Alam, Selangor, Malaysia on Thursday, 21 September 2023 at 10.00 a.m., and at any adjournment thereof.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees		
2.	To approve the payment of Directors' benefits		
3.	To re-elect Dato' Kamarulzaman bin Jamil as Director		
4.	To re-elect Datuk Lau Beng Wei as Director		
5.	To re-elect Datuk Lau Beng Sin as Director		
6.	To re-elect Manivannan a/l Ganapathy as Director		
7.	To re-elect Dato' Jamaluddin bin Sabeh as Director		
8.	To re-elect Datuk Wira Roslan bin Ab Rahman as Director		
9.	To re-elect Koay Xing Boon as Director		
10.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors		
11.	To authorise the allotment and issuance of new shares pursuant to Sections 75 and 76 of the Companies Act 2016		

Please indicate with an "X" in the space provided above on how you wish your vote to be cast. Unless otherwise instructed, the proxy will vote or abstain from voting on the resolutions at his/her discretion.

Signed this .... day of 2023

....
Signature/Common Seal of Member

Notes:

1. *Please refer to the Administrative Guide for the procedures to register and participate and vote in the virtual meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate, speak and vote in his stead. A member shall be entitled to appoint only one (1) proxy unless he has more than 1,000 shares in which case he may appoint up to two (2) proxies provided each proxy appointed shall represent at least 1,000 shares. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportions of his shareholding to be represented by each proxy. A proxy may but need not be a member of the Company.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint more than one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation, either under its Common Seal or under the hand of a duly authorised officer or attorney of the corporation.*
6. *The instrument appointing a proxy shall be deposited at the registered office of the Company at A-13A, Pusat Komersial Arena Bintang, Jalan Zuhal U5/178, Seksyen U5, 40150 Shah Alam, Selangor, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *For purpose of determining members' eligibility to attend the meeting, only members whose names appear in the Record of Depositors as at 13 September 2023 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on his behalf.*

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AFFIX
STAMP

The Company Secretary
STELLA HOLDINGS BERHAD
A-13A, Pusat Komersial Arena Bintang
Jalan Zuhal U5/178
Seksyen U5
40150 Shah Alam
Selangor
Malaysia

2nd Fold Here

Fold This Flap For Sealing

STELLA HOLDINGS BERHAD
(199701004603) (420099-X)

A-13A, Pusat Komersial Arena Bintang,
Jalan Zuhal U5/178, Seksyen U5,
40150 Shah Alam, Selangor

T : +603-2779 4003
F : +603-7832 5356
E : stella@stella-holdings.com.my

www.stella-holdings.com.my