STELLA HOLDINGS BERHAD

(199701004603) (420099-X)

ANNUAL REPORT 2022

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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, property development, oil & gas support services and healthcare services.

Construction

The Group's construction arm, Mewah Kota Sdn Bhd was established as a construction company 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.

Property Development

In 2019, Stella obtained its shareholders' approval to expand its business into property development which will complement its existing business 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.

Oil & Gas Support Services

In 2013, Stella acquired Iris Synergy Sdn Bhd, a company providing support services to the oil and gas sector. Its core business is to provide solution to all water related systems in the said sector including petrochemical plant and oil rigs.

Healthcare Services

Through a joint venture cum shareholder agreement entered in 2020, Stella has ventured into healthcare services. Stella Kasih Healthcare Sdn Bhd, a 60%-owned subsidiary of Stella will be operating and managing Stella Kasih Medical Centre, a women and children's specialist hospital in Putrajaya which is expected to be operational by the second half of 2022.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Dato' Hj Mohamad Haslah bin Mohamad Amin
Executive Chairman

Dato' Seri Lee Tian Hock
Non-Independent Non-Executive Director

Dato' Kamarulzaman bin Jamil
Senior Independent Non-Executive Director

Cik Czarina Alia binti Abdul Razak
Independent Non-Executive Director

Tuan Hj Mohamad Nor bin Abas
Independent Non-Executive Director

Encik Shahrizam bin A Shukor
Independent Non-Executive Director

Puan Sharifah Rafidah binti Wan Mansor
Independent Non-Executive Director

GROUP CHIEF EXECUTIVE OFFICER

Mr. Ng Jun Lip

AUDIT COMMITTEE

Chairman
Encik Shahrizam bin A Shukor
Members
Dato' Kamarulzaman bin Jamil
Tuan Hj Mohamad Nor bin Abas

NOMINATION COMMITTEE

Chairman
Dato' Kamarulzaman bin Jamil
Members
Cik Czarina Alia binti Abdul Razak
Puan Sharifah Rafidah binti Wan Mansor

REMUNERATION COMMITTEE

Chairman
Cik Czarina Alia binti Abdul Razak
Members
Dato' Kamarulzaman bin Jamil
Encik Shahrizam bin A Shukor

RISK MANAGEMENT COMMITTEE

Chairman
Encik Shahrizam bin A Shukor
Members
Dato' Kamarulzaman bin Jamil
Tuan Hj Mohamad Nor bin Abas

SUSTAINABILITY COMMITTEE

Chairman
Tuan Hj Mohamad Nor bin Abas
Members
Cik Czarina Alia binti Abdul Razak
Puan Sharifah Rafidah binti Wan Mansor

SHARE ISSUANCE SCHEME COMMITTEE

Chairman
Dato' Seri Lee Tian Hock
Members
Cik Czarina Alia binti Abdul Razak
Tuan Hj Mohamad Nor bin Abas

EXECUTIVE COMMITTEE

Chairman
Dato' Hj Mohamad Haslah bin Mohamad Amin
Members
Mr. Ng Jun Lip
Puan Raizita binti Ahmad @ Harun
Encik Mohd Azali bin Abdul Rahman
Mr. Ong Yew Soon
Prof Emeritus Datuk Seri Dr. Satiadass @ Mohamad Aslan Abdullah
Ir. Yusfi bin Mohamed Yusof

COMPANY SECRETARY

Ms. Yew @ Yeoh Siew Yen
(SSM PC No. 201908003496)
(MAICSA 7048094)

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
Website : www.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 Darul Ehsan
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

Bursa Malaysia Securities Berhad
Construction Sector, Main Market
Stock Code : 5006

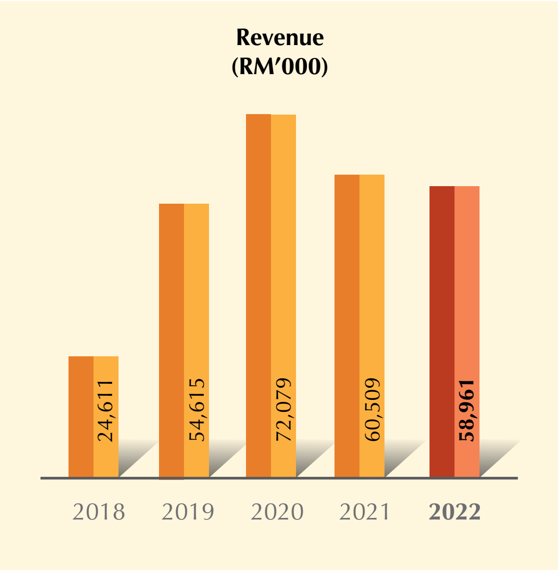
CORPORATE STRUCTURE

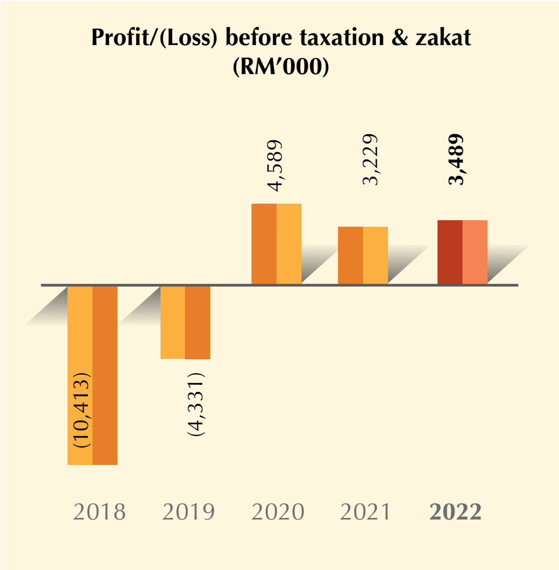
STELLA HOLDINGS BERHAD
(199701004603)(420099-X)

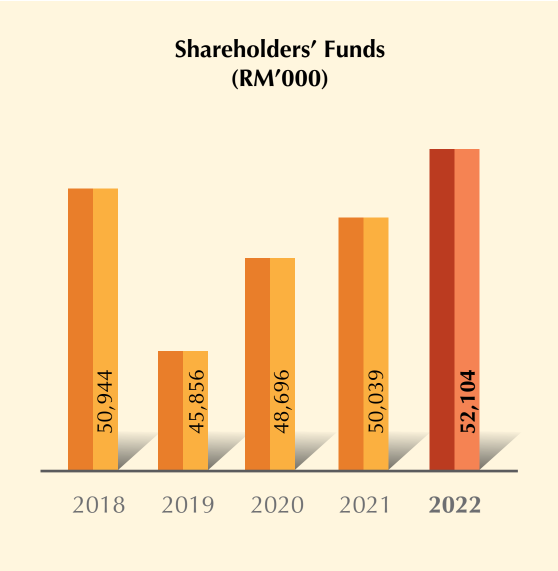
- **PARAMOUNT VENTURES SDN BHD** (199301029712) (284451-V) — 100%
- **ABABIL PERKASA SDN BHD** (formerly known as Merge Highway Engineering Sdn Bhd) (199601025559) (397911-X) — 100%
- **MERGE READYMIX SDN BHD** (199601025320) (397672-V) — 100%
- **SEMARAK NIAGA LANSKAP SDN BHD** (199701001202) (416698-W) — 100%
- **IRIS SYNERGY SDN BHD** (200601022445) (742199-P) — 51%
- **MEWAH KOTA SDN BHD** (198101010243) (76368-X) — 100%
  - **INNOVASI HEBAT SDN BHD** (200101010261) (546017-D) — 100%
- **MERGE PROPERTIES SDN BHD** (197601003418) (29422-T) — 100%
- **MEB REALTY SDN BHD** (199101020972) (231283-A) — 100%
- **MERGE ENERGY O & G SDN BHD** (199601030952) (403304-X) — 100%
- **STELLA HEALTHCARE HOLDINGS SDN BHD** (202001028016) (1384336-A) — 100%
  - **STELLA KASIH HEALTHCARE SDN BHD** (202001029207) (1385527-W) — 60%

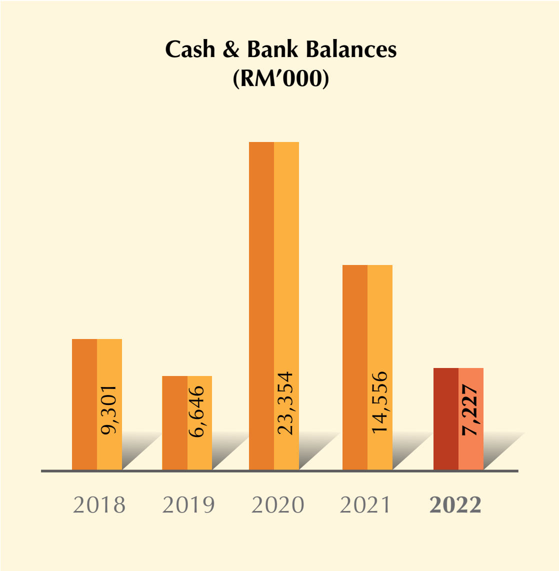
FINANCIAL **HIGHLIGHTS**

	Audited				
	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	24,611	54,615	72,079	60,509	**58,961**
Operating Profit/(Loss)	(6,571)	(3,788)	4,984	3,502	**5,178**
Profit/(Loss) before taxation & zakat	(10,413)	(4,331)	4,589	3,229	**3,489**
Profit/(Loss) after taxation & zakat	(10,141)	(4,656)	3,378	3,005	**2,692**
Retained Earnings/(Accumulated losses)	(23,769)	(28,857)	16,983	18,327	**20,034**
Shareholders' Funds	50,944	45,856	48,696	50,039	**52,104**
Cash & Bank Balances	9,301	6,646	23,354	14,556	**7,227**









EXECUTIVE CHAIRMAN'S **STATEMENT**

Dear Shareholders,

On behalf of the Board of Directors of Stella Holdings Berhad **("Stella"** or **"the Company")**, I am pleased to present to you the Annual Report of Stella and its subsidiaries **("the Group")** for the financial year ended 31 March 2022 **("FYE 2022")**.

Executive Chairman's Statement (cont'd)

The operational landscape in FYE 2022 remain challenging not just for the Group but the construction industry as a whole with the implementation of the various movement control order, supply chain disruption, rising cost of raw material and shortage of workers.

Despite these challenges and market uncertainties, the Group remain focus to deliver a resilient performance. I am pleased to inform that we have successfully recorded our third consecutive year of profitability since the new management took over at the end of 2018.

FINANCIAL PERFORMANCE

For FYE 2022, the Group managed to record revenue of RM58.96 million and profit before tax of RM3.49 million as compared to the previous financial year's revenue of RM60.51 million and profit before tax of RM3.23 million respectively.

The improved of profit before tax for the Group as compared to the preceding financial year was mainly contributed by our property development segment and the gain on disposal of a leasehold factory building.

The Group's earnings per share for FYE 2022 also improved to 5.05 sen in comparison to the previous financial year of 4.51 sen.

The Board of Directors has recommended a final single-tier dividend of 2.5 sen per ordinary share in respect of the FYE 2022.

HIGHLIGHTS DURING THE FINANCIAL YEAR

Due to our proven track record on the leachate treatment facility, we have been awarded a contract worth RM12.79 million from the National Solid Waste Management Department of the Housing and Local Government Ministry for the operation and maintenance of a leachate treatment plant in Taman Beringin, Kuala Lumpur.

We have successfully completed the affordable housing project in Port Dickson and the Certificate of Completion and Compliance has been issued on 30 May 2022. We are proud to inform that we managed to sell all of the 257 units of double storey terrace houses.

As for our joint venture project with Permodalan Negeri Selangor Berhad in Kuala Selangor with an estimated gross development value ("GDV") of RM248 million, we have obtained the Kebenaran Merancang and pending Phase 1 building plan approval. The construction of Phase 1 is targeted to commence in the third quarter of the financial year 2023.

During the year under review, our oil and gas support division also managed to secure a new project worth of RM3.1 million from Petronas Chemicals Methanol Sdn Bhd for provision to supply, install and commission of new electrochlorination system and accessories.

And for our healthcare services, the renovation work is still in progress and we are expecting the opening of our women's and children specialist hospital in the second half of 2022.

We have relocated our corporate office to a new premise and also redesign our company logo which signified a fresh start for Stella and we are confident that the Company will progress and move forward to deliver better results for coming years.

The first tranche of the Company's Share Issuance Scheme options has been granted to Stella employees and directors on 24 August 2021 to reward the employees and directors whose services are valued and considered vital to the operations and continual growth of the Group.

BOARD CHANGES

On behalf of the Board, I would like to convey our sincere appreciation to Dato' Ir. Tan, our former Executive Director for his contributions and services during his tenure with the Group.

I would also like to extend a warm welcome to Puan Sharifah Rafidah, who was appointed to the Board as our independent director on 1 March 2022.

Executive Chairman's Statement (cont'd)

CORPORATE GOVERNANCE

The Board remains committed to upholding and implementing high standards of corporate governance and internal control measures throughout the Group. These elements help to ensure long-term sustainability, preserving the Company reputation and boost investors' confidence.

The Group has adopted the Directors' Fit and Proper Policies which set out the fit and proper criteria for the appointment and re-election of directors on the Board of Stella and its subsidiaries. These is to ensure that board quality and integrity are address and that each Director has the character, experience, integrity, competence and time to effectively discharge his/her role as a director.

In line with the call for greater diversity on the board of listed company, we have strengthened our diversity mix with the appointment of Puan Sharifah Rafidah and thus increasing the participation of women in Stella Board to 28.6%. Going forward the Group will continue its effort to raise participation of women in board to meet the 30 % threshold.

SUSTAINABILITY

At Stella, we focus on undertaking sustainable and responsible business practices in order to deliver a positive impact to our economy, environment and to create values to our communities in which we operate in.

We have conducted a 2-days sustainability training for our Senior Management and all Heads of Department on the topic "Embedding Sustainability Practices and Compliance with Listing Requirements". As sustainability is top-down approach, our management must be equip with the knowledge and attitude to implement sustainability practices in the business operations.

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

LOOKING AHEAD

As we are transiting to an endemic phase now and global community returns to normalcy, we expect the economic recovery to pick up. The Group also views positively the various government initiatives to support the property sector as these initiatives are expected to stimulate the demand for residential in the coming years.

However, there are still underlying risks that could threaten global recovery such as the escalation of geopolitical risks arising from the Russia-Ukraine war and the increasing inflation rate.

Nevertheless, we will focus on delivery of our on-going projects and continue our efforts to tender for new projects whilst conserving and safeguarding our resources.

Overall, we are still optimistic about the outlook of the Group based on the market outlook, our existing projects in hand and the prospective contracts.

APPRECIATION

On behalf of the Board, I would like to place on record my sincere thanks and gratitude to our shareholders for their trust and confidence in the Group. I would also like to convey my appreciation to the management and employees for their hard work, commitment and dedication.

And our sincere appreciation to our valued customers, business associates, bankers, contractors and suppliers for their continuous support. We value and look forward to this continued relationship and support as we advance towards the coming financial year.

Last but not least, my special thanks to my fellow Board members for their invaluable guidance, contributions and unwavering support to the Group.

Dato' Hj Mohamad Haslah bin Mohamad Amin
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

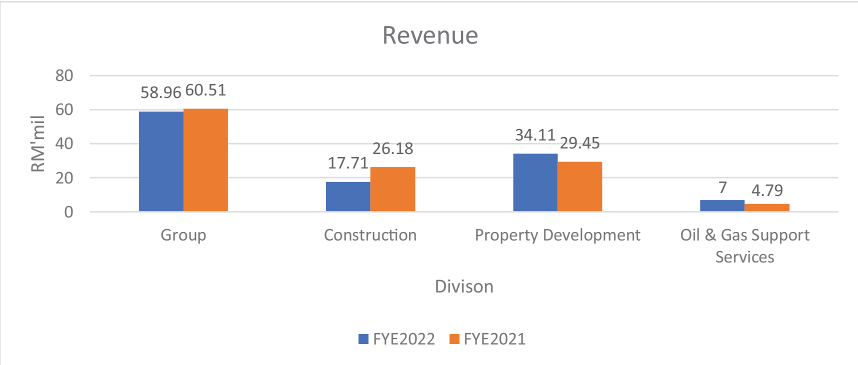
Overview Group's Business Operations

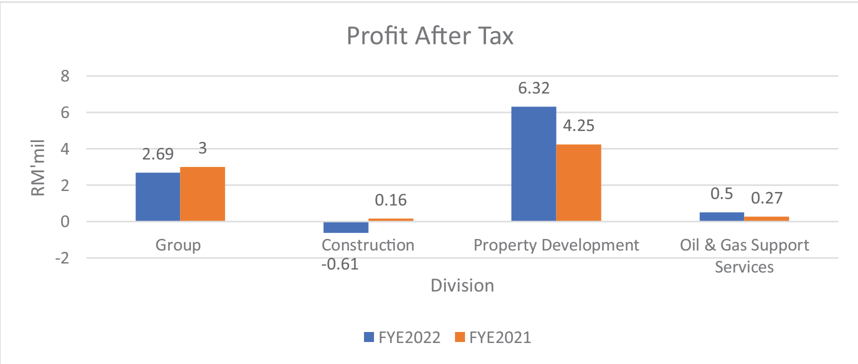
The operating environment for the financial year ended 31 March 2022 ("FYE2022") continues to be impacted by ongoing Covid-19 pandemic concerns. Although the environment continued to be difficult throughout the year, we successfully weathered the challenging environment and maintained a stable financial performance. In addition, gradual moving towards endemic, reopening of the economy and the widespread distribution of vaccines are helping on business recovery.

In FYE2022, our revenue and profit mainly derived from our property development segment. The performance of the individual segments of the Group are discussed below.

Group Financial Review

The Group's financial performance by segments for FYE2022 and FYE2021 are set out below.





During the FYE2022, our Group's recorded revenue of RM58.96 million which translate into a profit after tax of RM2.69 million. The slight decrease in our revenue and profit after tax as compared to profit after tax of RM3 million and revenue of RM60.51 million in the previous year was mainly due to lower revenue contribution from the construction segment and mitigated by higher revenue contribution from the property development and oil and gas support services segments.

Construction segment recoded lower revenue and profit for the year mainly due to slow progress in construction activities and the completion of works on our existing ongoing projects. Property development segment project at Taman Sengkang in Port Dickson recorded revenue of RM34.11 million as construction progress has reached up to 95% for the year. Oil and gas support services have also improved with an increase in work orders and new awarded project worth RM3.1 million from Petronas Chemicals Methanol Sdn Bhd.

Our profit was largely contributed by property development segment from our project at Taman Sengkang in Port Dickson of RM8.28 million, further profit recognition upon finalization of accounts for old Leachate, Taman Beringin, Jinjang of RM1.45 million and gain on disposal of a leasehold factory building RM4.58 million.

Management Discussion and Analysis (cont'd)

The Group's total assets position remains on the uptrend, increasing by another 20% from RM99.21 million in FYE2021 to RM119.69 million in FYE2022. Equity attributable to owners of the Company stood at RM52.10 million, an increase of 4% as compared to RM50.04 million in the previous financial year. Net assets per share attributable to owner of parents for FYE2022 and FYE2021 are RM0.78 and RM0.75 respectively.

The Group's total liabilities increased from RM46.58 million in FYE2021 to RM65.68 million in FYE2022. The increase in liabilities was due to the increase in lease liabilities and bank borrowings as to finance the Group's business activities.

BUSINESS AND FINANCIAL OVERVIEW

Construction Segment

In FYE2022, the Construction segment recorded a revenue of RM17.71 million (FYE2021: RM26.18 million) and loss after tax of RM610 thousand (FYE2021: profit after tax of RM163 thousand). The loss was mainly due to continuous delays in most of our ongoing projects caused by shortage of labour, rising of raw material prices and several movement controls imposed during FYE2022 arising from the outbreak of Covid-19 pandemic during FYE2022.

In FYE2022, our Leachate Water Treatment Plant had recognised higher profit due to finalisation of account for the contract which contributed positively to our financial performance.

During the year, the segment has secured an extension contract for the maintenance works of the operating Leachate water treatment plant with contract sum of RM12.78 million in August 2021 from Jabatan Pengurusan Sisa Pepejal Negara, Kementerian Perumahan dan Kerajaan Tempatan.

We will continue to tender more job to replenish our order book due to majority of our construction projects on hand are expected to be completed FYE2023.

Property Development Segment

The Group's property development segment recorded a revenue of RM34.11 million and profit after tax of RM6.32 million in FY2022 as compared to RM29.45 million and RM4.25 million respectively in FY2021. The increase in revenue and profit mainly contribution from Taman Sengkang affordable housing project which has reached 96% of sales to date. Despite the multiple interruptions to construction work, the project was completed and was awarded a Certificate of Completion and Compliance on 30 May 2022. We are delivering the vacant property timely starting mid-June 2022.

On 27 August 2020, we entered into a development rights agreement with Permodalan Negeri Selangor Berhad and has started a mixed development on 61.65 acres of land in Kuala Selangor. This joint venture mixed development project has obtained Development Order (KM) and pending building plan approval. The project includes single-storey terrace houses, double-storey super linked terrace houses, shophouses and commercial block with an estimated gross development value of RM248.19 million and will be developed in phases, starting with Phase 1 with approximately 106 units of single-storey terrace house and 147 units of double storey super linked house. As economic activity resumes, we expect construction of the 1st phase to begin in the third quarter of FYE2023.

We are confident that this mixed development will contribute positively and well positioned to support the future earnings and cash flow of the Group.

Management Discussion and Analysis (cont'd)

Oil & Gas Support Division

Iris Synergy Sdn Bhd contributed revenue of RM7.00 million for FY2022, increased 46% from the previous year's revenue of RM4.79 million. The segment made a profit after tax of RM0.50 million for FY2022 compared to FY2021 of RM0.27 million. The financial year of 2022 remains challenging due to the prolonged COVID-19 pandemic and thus resulted delays of new contract awards but was improved as compared to 2021.

During the year, the segment successfully secured a new project with a contract value of RM3.1 million from Petronas Chemicals Methanol Sdn Bhd (PCMSB) for provision to supply, install and commission of new electrochlorination system and accessories. As of June 2022, total value of new job order secured is RM9.81 million consisting of maintenance and equipment supply job.

Despite the continued uncertainties in the fundamental of crude oil price, we see there is an improvement in maintenance services required. We are continuing on our effort to secure more maintenance services contract despite the challenging and very competitive market.

Healthcare Services Segment

On October 9, 2020, the Group entered into a joint venture and shareholder agreement with Kasih Holdings Sdn Bhd and Stella Kasih Healthcare Sdn Bhd. Under the joint venture, Stella Healthcare Holdings Sdn Bhd holds 60% and Kasih Healthcare Sdn Bhd holds 40%.

The principal activities of Stella Kasih Healthcare Sdn Bhd is to establish, manage and operate women and children hospital. With construction still ongoing, operations are expected to begin in financial year 2023.

Prospect and Outlook

FYE2022 remains a challenging year. Although the economy has gradually recovered, the Group is still adapting to the rapidly changing business environment and policies.

The Group's construction segment remains challenging due to increase in raw material prices and shortage of workers. We will continue to tender for more job and at the same time continues to ensure that existing projects can be delivered on time and within budgets.

Property development project in Taman Sengkang achieved encouraging results which is fully sold. Leveraging the success in Taman Sengkang, the upcoming mixed development in Kuala Selangor can continue to contribute positively to the Group's earnings.

Despite the continued uncertainties in the fundamental of crude oil price, we see there is an improvement in maintenance services required. We are continuing on our effort to secure more maintenance services contract despite the challenging and very competitive market.

As for our healthcare services, the construction work is still in progress and is expected to commence operation in financial year 2023.

Barring any unforeseen circumstances, the Group will focus on our strategic objective to build a sustainable organisation and execute our various business segment to achieve the Group's long-term growth. We expect to see more jobs being awarded as the economy gradually recover while continue to improve our operational efficiency to keep the Group's outlook and financial performance positive and favourable.

PROFILE OF **DIRECTORS**

DATO' HJ MOHAMAD HASLAH BIN MOHAMAD AMIN

Executive Chairman
Malaysian, Age 69, Male

DATE OF APPOINTMENT
29 November 2018

BOARD COMMITTEES MEMBERSHIP
Executive Committee (Chairman)

ACADEMIC/PROFESSIONAL QUALIFICATION
Diploma in Banking, Institute of Bankers, London, United Kingdom

BOARD MEETING ATTENDANCE
Attended all five (5) Board meetings held in the financial year ended 31 March 2022

EXPERIENCES

Dato' Hj Mohamad Haslah started his career with Malayan Banking Berhad ("Maybank") Group in 1974. Some of the key positions held by Dato' Hj Mohamad Haslah during his 20 years with the Maybank Group were Branch Manager, Regional Manager of Maybank, Malaysia and President Director of PT Maybank Nusa International, Indonesia.

In 1995, he joined Peregrine Fixed Income Limited, Hong Kong as its Executive Director. He subsequently joined Fleet Boston, NA, Singapore as Country Director in 1999. From 2000 to 2001, he was the Financial Advisor of Pacific Plywood Holdings Limited, Hong Kong. In 2004, Dato' Hj Mohamad Haslah was appointed as the Chief Executive Officer of MBI, a Negeri Sembilan state owned entity, a position he held until 2014.

He is the Non-Independent Non-Executive Chairman of Matrix Concepts Holdings Berhad since 2 April 2012. Presently, he also sits on the board of numerous private limited companies.

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

Profile of Directors
(cont'd)

DATO' SERI LEE TIAN HOCK

Non-Independent Non-Executive Director
Malaysian, Age 64, Male

DATE OF APPOINTMENT
30 January 2019

BOARD COMMITTEES MEMBERSHIP
Share Issuance Scheme Committee (Chairman)

ACADEMIC/PROFESSIONAL QUALIFICATION
Degree in Housing, Building and Planning, Universiti Sains Malaysia

BOARD MEETING ATTENDANCE
Attended all five (5) Board meetings held in the financial year ended 31 March 2022

EXPERIENCES

Dato' Seri Lee Tian Hock has been a Non-Independent Non-Executive Director of Stella since 2019. With more than 38 years of experience in the construction and property development sector, Dato' Seri was the founder and currently holds the position of Executive Deputy Chairman of Matrix Concepts Holdings Berhad, a major property developer in Malaysia, renowned for its well-executed township developments and provider of quality homes at great value.

A graduate of the Housing, Building & Planning faculty at Universiti Sains Malaysia (USM), Dato' Seri launched his fledgling property development career in 1983 and went on to progress as General Manager of PK Resources which oversaw the development of the now-known Putra Nilai in Negeri Sembilan, a 6,000-acre self-contained township with an estimated gross development value ("GDV") of RM5.5 billion.

After founding Matrix Concepts in 1996, Dato' Seri steered the Group to chart its growth momentum which culminated to its listing on the main board of Bursa Malaysia Securities Berhad in 2013. Under his stewardship, Matrix Concepts has propelled itself as a multiple award-winning property developer, recognized for its stellar financial performance and returns to shareholders including recognitions from The Edge Billion Ringgit Club and awarded Forbes Asia's "Best Under a Billion" in 2014.

The Matrix Concepts Group has now expanded its footprint beyond Malaysia with developments in Melbourne, Australia and Jakarta, Indonesia, while diversifying its business units which now include healthcare, hospitality and education. With a market capitalization of RM2 billion, the Matrix Concepts Group is also a constituent of Bursa Malaysia's FTSE4Good which consists of socially-responsible companies excelling in Environmental, Social and Governance ("ESG") issues.

For his achievements in the property development scene, Dato' Seri received individual accolades including the Malaysia Outstanding Property Entrepreneur Award in 2017 at The Edge Property Excellence Awards. Beyond the corporate world, Dato' Seri is actively involved with various philanthropic initiatives and was also responsible for the successful revival of two community medical centres, namely the Negeri Sembilan Chinese Maternity Hospital since 2013 and Pusat Hemodialisis Mawar since 2019, of which he holds the position of President in both organisations.

Dato' Seri is also a patron of the Malaysian basketball landscape and was elected as the President of the Malaysian Basketball Association ("MABA") following his successful revival of the Negeri Sembilan Basketball team to consecutive Agong Cup glories including overcoming the women's team 51-year trophy hiatus.

Save as disclosed above, he 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
Malaysian, Age 67, Male

DATE OF APPOINTMENT
1 September 2015

BOARD COMMITTEES MEMBERSHIP
Nomination Committee (Chairman)
Audit Committee (Member)
Remuneration Committee (Member)
Risk Management Committee (Member)

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor's Degree in Economics, Universiti Kebangsaan Malaysia

BOARD MEETING ATTENDANCE
Attended all five (5) Board meetings held in the financial year ended 31 March 2022

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 WS Energy 1 Sdn Bhd and WS Energy 2 Sdn Bhd since 22 April 2022 and a director of IIUM Properties (M) Sdn Bhd, the property arm of Universiti Islam Antarabangsa since 3 September 2018.

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)

CZARINA ALIA BINTI ABDUL RAZAK

Independent Non-Executive Director
Malaysian, Age 50, Female

DATE OF APPOINTMENT

30 January 2019

BOARD COMMITTEES MEMBERSHIP

Remuneration Committee (Chairman)
Nomination Committee (Member)
Sustainability Committee (Member)
Share Issuance Scheme Committee (Member)

ACADEMIC/PROFESSIONAL QUALIFICATION

Degree in Civil Engineering, Universiti Teknologi Malaysia
Certified Career Coach

BOARD MEETING ATTENDANCE

Attended all five (5) Board meetings held in the financial year ended 31 March 2022

EXPERIENCES

Cik Czarina is the Managing Director of Matiin Education Services Sdn Bhd and CZR Consulting Sdn Bhd. She has 24 years of experience in recruitment as well as human capital consulting experience from Kelly Services (M) Sdn Bhd, a multinational staffing company, and CareerXcell Sdn Bhd. Her strengths in human capital, strategic sales management and investor relations provide her a wide leverage in delivering high performance results in an equally high competitive market.

Her experience covers international and local recruitment, recruitment process outsourcing, strategic business development, workforce transformation and training management. Cik Czarina is a certified Career Coach. She was also the Board member of Majlis Amanah Rakyat (MARA) from 2010 to 2011.

Highlights of her professional experience includes delivering key account management in various human capital services and setting up a middle-east recruitment and human capital operation based in Saudi Arabia. She also led the implementation of the Graduate Employment Programme, under the Ministry of Higher Education, Ministry of Human Resource to increase the employability of the graduates and ensure placement in high value positions. The project saw a successful placement of more than 80% of the unemployed graduates.

She was involved in building and cultivating exceptionally strong investor relations for successful consulting work in Germany, London and Oman. She is currently managing Mergers & Acquisition of businesses for Japanese Investors in Malaysia.

Cik Czarina was appointed as a representative for the Commonwealth Environmental Investment Platform (CEIP) in Malaysia for her successful collaboration work with CEIP from 2014 to present. This business relation also involves CEIP sponsor Clarkslegal LLP and its connected Forbury companies which altogether increase trade and investment opportunities between the United Kingdom and Malaysia.

She also successfully managed the Leadership Talent Bench strength Analysis project, under the Ministry of Higher Education to establish the current state of leadership talent readiness among the academic workforce in Malaysia's higher education sector. She was also involved in the capacity of an Assessor for this project.

Cik Czarina does not hold any directorships in other public companies and listed issuers.

Profile of Directors (cont'd)

TUAN HJ MOHAMAD NOR BIN ABAS

Independent Non-Executive Director
Malaysian, Age 67, Male

DATE OF APPOINTMENT

6 May 2019

BOARD COMMITTEES MEMBERSHIP

Sustainability Committee (Chairman)
Audit Committee (Member)
Risk Management Committee (Member)
Share Issuance Scheme Committee (Member)

ACADEMIC/PROFESSIONAL QUALIFICATION

Master in Business Administration, Ohio University, USA
Degree in Business Administration, Ohio University, USA

BOARD MEETING ATTENDANCE

Attended all five (5) Board meetings held in the financial year ended 31 March 2022

EXPERIENCES

Tuan Hj Mohamad Nor has an extensive experience in managing a full spectrum of human resources function with over 35 years in the management level for various reputable organisation.

His previous work experiences include as a Recruitment Manager with Malayan Banking Berhad (1981-1993), Senior Manager, Personnel, Training & Administration with Kewangan Bersatu Bhd (1993-1995), Vice President, Human Resources with Bank of Commerce Bhd (1995-1997), Senior Manager, Human Resources with Nationwide Express Courier Services Bhd (1997-2007), Senior Vice President, Human Capital Management with MNRB Holdings Bhd (2007-2010) and Senior Consultant with Mauve Associate Consulting Sdn Bhd (2011-2014). His last held position was as the Head, Group Human Resources and Administration with Matrix Concepts Holdings Bhd (2014-2019).

He 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
Malaysian, Age 50, Male

DATE OF APPOINTMENT
6 May 2019

BOARD COMMITTEES MEMBERSHIP
Audit Committee (Chairman)
Risk Management Committee (Chairman)
Remuneration Committee (Member)

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Accountancy (Hons), Universiti Putra Malaysia
Member of the Malaysian Institute of Accountants
Associate Member of CPA, Australia

BOARD MEETING ATTENDANCE
Attended all five (5) Board meetings held in the financial year ended 31 March 2022

EXPERIENCES

Encik Shahrizam is a Chartered Accountant and has more than 26 years of auditing, accounting and corporate finance experiences across various industries. He started his career at Coopers & Lybrand in 1996 and then joined Azman, Wong Salleh & Co. in the audit and advisory services and covered industries such as construction, agriculture, manufacturing, trading, banking and finance. He then set up his own financial advisory firm, known as Westland Consulting Sdn Bhd.

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. En Shahrizam 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)

SHARIFAH RAFIDAH BINTI WAN MANSOR

Independent Non-Executive Director
Malaysian, Age 44, Female

DATE OF APPOINTMENT
1 March 2022

BOARD COMMITTEES MEMBERSHIP
Nomination 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
Not applicable as there was no meeting conducted after her appointment for the financial year ended 31 March 2022

EXPERIENCES

Puan Sharifah has 21 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 also sits on the Board of Orangebeam Berhad. At the moment, she is the Company Secretary of Bintulu Port Holdings Berhad, Malaysian Institute of Economic Research, Cradle Fund Sdn Bhd, Razak School of Government and Putrajaya Perdana Berhad.

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

Note:

Save and except for what was disclosed in this Annual Report, **NONE** of the Directors:-

i) have any family relationship with any Director and/or major shareholder of the Company;
ii) have any conflict of interest with the Company;
iii) have any convictions for offences (other than traffic offences) within the past 5 years; and
iv) have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF
KEY SENIOR MANAGEMENT

NG JUN LIP

Group Chief Executive Officer
Malaysian, Age 44, Male

Mr Ng Jun Lip was appointed as the Chief Corporate Officer of Stella Group on 1 February 2019. Subsequently, he was appointed as the Group Chief Executive Officer of Stella Group on 1 July 2020.

He graduated with Bachelor of Commerce, majoring in Accounting and Finance from Curtin University of Technology in Perth, Australia in 2000 and in 2001, he further obtained his Postgraduate Diploma in Business, majoring in Information Systems. In 2002, he obtained his Master of Business Administration from University of Western Australia in Perth, Australia.

He commenced his career as an Executive at the Corporate Finance Department in RHB Investment Bank Berhad from 2002 to 2007 in which he was involved in various corporate exercises, such as IPO, merger and acquisition, reverse takeover, debt restructuring and fund raising.

Thereafter, he joined Bun Seng Hardware Sdn Bhd as its Financial Controller in 2007 and was promoted as the Head of Finance of Bunseng Holdings Berhad, the investment holding company of Bun Seng Hardware Sdn Bhd until his resignation in May 2013.

Subsequently in June 2013, he joined Matrix Concept Holdings Berhad ("Matrix Concepts") as the Personal Assistant to the Chairman of Matrix Concepts to assist in reviewing and implementing corporate proposals, operational performance as well as investor relations of the group. He left Matrix Concept in December 2014.

He joined Cabnet Systems (M) Sdn Bhd in January 2015 as the Finance Director and assumed the position as the Executive Director/ Chief Financial Officer of Cabnet Holdings Berhad in September 2015. He left Cabnet Holdings Berhad in March 2017 and re-joined Matrix Concepts as the Executive Assistant to its Chairman in April 2017.

Mr. Ng Jun Lip does not hold any directorship in public companies and listed issuers and he currently has a direct interest of 17,000 ordinary shares in Stella.

RAIZITA BINTI AHMAD @ HARUN

Chief Financial Officer
Malaysian, Age 54, Female

Puan Raizita was redesignated 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 30 years working experience and 18 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.

Profile of Key Senior Management (cont'd)

MOHD AZALI BIN ABDUL RAHMAN

Managing Director of Iris Synergy Sdn Bhd ("Iris Synergy"), a subsidiary of Stella
Malaysian, Age 57, Male

Encik Mohd Azali was appointed as Managing Director of Iris Synergy on 1 January 2013 and heads Iris Synergy, responsible for the overall operation and management of Iris Synergy. He is also a shareholder of Iris Synergy.

He graduated with a Bachelor of Science in Chemistry from University of Alabama in 1987.

He started his career with Malaysia Mining Corporation ("MMC") as Project Engineer developing hydrometallurgical testing in a copper mining development. After 3 years with MMC, he joined Nalco Chemicals and GE Water in providing chemical solution for water treatment in Oil & Gas industries.

After 10 years, Encik Mohd Azali started his own private company concentrating into Oil & Gas industries. The company grows into a one stop centre for all water related requirement for Oil & Gas industries. Currently, Iris Synergy is working with reputable manufacturer and technology provider in offering the solution to the water related needs in Malaysia Oil & Gas industries.

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

ONG YEW SOON

Chief Executive Officer of Paramount Ventures Sdn Bhd, a wholly-owned subsidiary of Stella
Malaysian, Age 63, Male

Mr Ong Yew Soon joined Stella Group as a General Manager on 10 September 2019 to head the Property Development Division of the Group. Subsequently, he was appointed as the Chief Executive Officer of Paramount Ventures Sdn Bhd on 10 September 2020.

He graduated with a Bachelor of Science (Hon) Degree in Housing, Building and Planning from Universiti Sains Malaysia in 1984. In 1999, he was admitted as an Incorporate of the Chartered Institute of Building.

Mr Ong has more than 30 years of extensive experience in property development industry, having been working in senior position overseeing various type of joint-venture development with state government and private corporations including housing estate, industrial estate, high rise condominium, office block as well as hypermarket.

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

Profile of Key Senior Management (cont'd)

PROFESSOR EMERITUS DATUK SERI DR. SATIADASS @ MOHAMAD ASLAN ABDULLAH

Chief Executive Officer of Stella Kasih Healthcare Sdn Bhd, a subsidiary of Stella
Malaysian, Age 67, Male

Professor Emeritus Datuk Seri Dr. Satiadass was appointed as the Chief Executive Officer of Stella Kasih Healthcare Sdn Bhd on 1 January 2021 to head the healthcare division of the Group.

He holds a double PhD in Hospital Management, an MBA in General Management, Diploma in Hospital Administration, Higher Diploma in Administrative Management, Diploma in Business Management and a Diploma in Personnel Management.

Professor Emeritus Datuk Seri Dr. Satiadass has more than 30 years' experience in the healthcare industry, both locally and oversea (Abu Dhabi). He has worked in hospitals like Adventist Hospital Penang, Normah Medical Specialist Hospital Kuching, Hospital Pantai Air Keroh, Perak Community Specialist Hospital Ipoh and NS Chinese Maternity Hospital Seremban. Currently, he is tasked to start-up Stella Group's 32 beds Women & Children's Hospital in Putrajaya.

He 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
Malaysian, Age 57, Male

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 oversees 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 company corporate strategy begin in 2002 as a Senior Manager with Bank Negara Malaysia (Tabung Projek Perumahan Terbengkalai), 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

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Note:

Save as disclosed above, **NONE** of the Key Senior Management:-

i) have any family relationship with any Director and/or major shareholder of the Company;
ii) have any conflict of interest with the Company;
iii) have any convictions for offences (other than traffic offences) within the past 5 years; and
iv) have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

This Sustainability Statement by Stella Holdings Berhad ("**Stella**" or "**Company**") and its subsidiaries ("**Group**") for the financial year ended 31 March 2022 ("**FYE 2022**") outlined our sustainability efforts.

Scope of coverage (GRI102-10, GRI102-46, GRI102-54)

The scope of our Sustainability Statement covers the period from 1 April 2021 to 31 March 2022. The policies and strategies discussed throughout this Report are engaged by the Group unless otherwise specified.

Our Sustainability Statement covered two (2) business entities under our Group and we report on indicators in accordance with the Global Reporting Initiative Sustainability Standards Core option ("**GRI Standards**"). In order to ensure compliance with GRI Standards, the Group's internal procedures relating to the Report preparation were reviewed. The Report described the Group's sustainable development and management practices and was prepared in accordance with the interest of the investment community and other stakeholders. All financial amounts stated in the statement is denominated in Ringgit Malaysia ("**RM**") unless otherwise stated.

SUSTAINABILITY STATEMENT

Stella firmly believes that economic, social and governance ("**ESG**") and corporate governance, are at the core of a sustainable business, and we are committed to embed sustainability in our business operations, culture and to ensure we practice sustainability at every business aspect of our level of operations.

In this report, we intend to provide our stakeholders with reliable ESG information in relation to our Group's business activities. We remain committed to accomplish and execute our business strategy in line with the ESG targets as sustainability is a necessary and continuous commitment by the Group and its leadership.

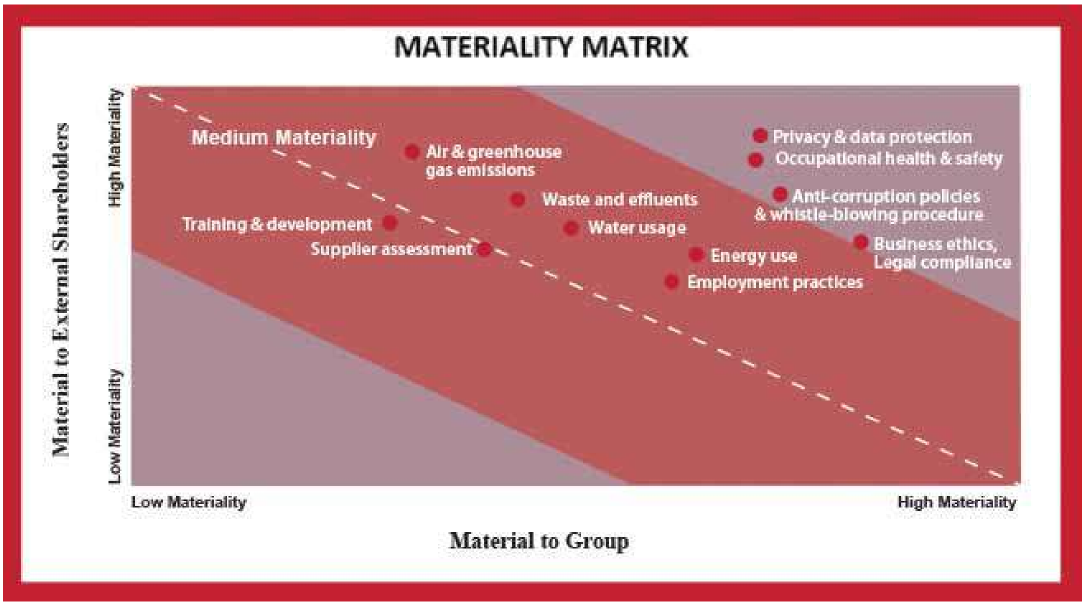
OUR REPORTING BOUNDARIES (GRI102-45)

The sustainability information contained in the Report covers the performance of the following Group assets unless otherwise indicated in the text of the Report.

Assets included in the Report boundaries: (GRI102-2,GRI102-3, GRI102-4)

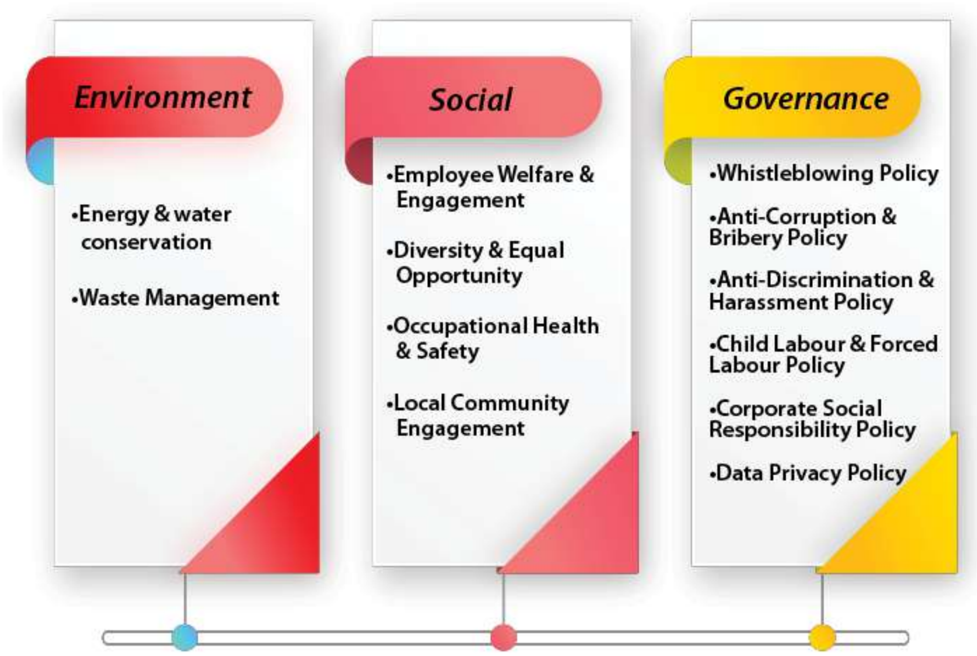
Segment	Company reference in the Statement
Construction	Mewah Kota Sdn Bhd
Property Development	Paramount Ventures Sdn Bhd

MATERIALITY MATRIX (GRI102-47)



IDENTIFICATION OF MATERIAL TOPICS

The materials topics were identified based on the value and impact to the Group, as well as our stakeholders. The management discussed and reviewed the material topics and group them in the following manners.



Sustainability Statement
(cont'd)

DATA PREPARATION METHODOLOGY

The calculation, collection, and consolidation of economic, environmental, and social indicators presented in the Report were carried out in accordance with GRI Standard reporting principles and requirements and on the basis of the current procedures are in place for collection and preparing of management information in the Group.

OUR SUSTAINABILITY APPROACH

Stella Approach to Sustainability Governance

Our Group believes in upholding the principles and values of sustainable development and integrating them into its business processes. We believe that sustainable development is a crucial part of our operating success and is the foundation for creating value for our stakeholders. Our Group operates in four main areas of sustainable development as shown below.

STELLA SUSTAINABILITY STRUCTURE

We work together with stakeholders to maintain an effective system of sustainable development. We endeavour to build and develop strong and transparent relations with all our stakeholders and we actively develop our stakeholder engagement mechanism and make efforts to develop new ones.

When implementing sustainable development activities, we follow the best international standard practises and Bursa Malaysia Sustainability Reporting Guidelines.

ETHICS AND BUSINESS CONDUCT (GRI102-16)

Approach to Promoting Fair Business Practices

Our Group strives to meet the highest standards of ethical business conduct and we adopt an attitude of zero tolerance towards corruption and bribery. The Group takes strict measures to prevent and effectively deal with the consequences of misconduct when it occurs. The Group also constantly monitors breaches of unfair trade practises and norms of ethical and fair business conduct is to be strictly adhered to by all employees. The following policies are available on our corporate website at https://www.stella-holdings.com.my/# (Investor Relations-> Policy). These policies include:

- 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

Our Group communicates documents and policies to our stakeholders, including our employees and subsidiaries to fully comply with the provisions of documents at all times through various modes of communication, i.e., internal memo and emails.

Sustainability Statement
(cont'd)

GOVERNANCE STRUCTURE (GRI102-18)

The Board is responsible for the Group's sustainability practices and performance. The Sustainability Committee is tasked to assist the Board in managing sustainability related matters.

The Sustainability Committee consists of three (3) board members. It is empowered with the responsibilities to incorporate sustainability considerations in the Group's business and management of environment, social and governance (ESG) risks.

The Sustainability Committee is supported by the Management Committee, consists of Heads of Department or subsidiaries. The Management Committee executes, implements and monitor the sustainability considerations in the Group's business and management of ESG risks in daily operations.

Whistleblowing Policy

Our Group encourages all stakeholders to report any suspicious activities through the Group's whistleblowing channels. The stakeholder can raise their concerns to :-

Attention	Tuan Haji Mohamad Nor Bin Abas Independent Director (Audit Committee)
Address	A-13A, Pusat Komersial Arena Bintang Jalan Zuhal U5/178, Seksyen U5 40150 Shah Alam, Selangor

All reports received will be analysed by the Internal Auditor, who shall be assigned by the Independent Director of the Audit Committee (or such other person who is assuming the same function) and further discussed with the Audit Committee or Board of Director to decide on the next appropriate course of action.

In consequence of the investigation, the outcome will be tabled in the Audit Committee Meeting. The Audit Committee shall then report to the Board of Directors on reports and findings that require their attention and approval.

Our Group would like to report there are no incidents of corruption and fraud received during the financial reporting year.

Anti-Corruption and Bribery Policy

Our Group determines, evaluates, and manages corruption-related risk regularly. Moving forward, our Board of Directors will analyse potential risks related to fraud and corruption once every 3 years. The Group will evaluate its business processes and focuses on those areas that are particularly prone to corruption risk, and carefully assesses existing controls and procedures in these areas. The Group will continue to review its policies at least once every 3 years.

Procurement Practice

Mewah Kota Sdn Bhd, our main construction arm has attained the ISO 9001:2015 certification for Quality Management System where procurement of materials and services are controlled to ensure that the purchased materials and services conform to the specified requirement. This is achieved by maintaining an approved list of suppliers and subcontractors while potential new suppliers and subcontractors are evaluated to ensure their ability to meet the specific requirements. Furthermore, the sub-contractors are also evaluated based on their performance at the site.

Stella is committed to work with suppliers and subcontractors who support our business in a competitive and efficient manner and who practice high ethical standards to ensure quality products and services.

The procurement department also operates within a set of standard operating procedures. The Group has also established a Tender Committee to perform check and balances in terms of quality, supply specification and pricing, amongst others.

The suppliers/contractors that the Group engaged are requested to provide an Anti-Corruption and Bribery Declaration in which they declared that they are committed to comply with the relevant laws, rules and regulations and to strive to adopt good business practices relating to anti- corruption, in line with MACC Act 2009 and MACC (Amendment) Act 2018. They are also committed to take the necessary action to prevent any corruption when dealing with the Group.

Communication Channels and Mechanism

Our Group engages various communication channels to engage with our stakeholders to ensure that we encompass all stakeholders, initiate a two-way dialogue, and allow stakeholders to provide feedback.

For example, during pandemic COVID-19, the Group deploys the use of various internet technologies to improve communication with stakeholders. The following are means of communication channels internally and externally.

Internal Communication:
- Engagement with employees via memo or Group WhatsApp
- Internal Bulletin

External Communication:
- Company official website (https://www.stella-holdings.com.my/)
- Annual reports
- Company Announcement

STAKEHOLDERS ENGAGEMENT (GRI102-40, GRI102.41, GRI102-42, GRI102-43, GRI102-44)

Our engagement with our stakeholders are important to us because we strive to meet the needs of our stakeholders. The Group focuses on value creation for its stakeholders and is always keen to understand their needs and expectations. The close interactions between the Group and the stakeholders create a trusting relationship. To ensure the voices of the stakeholders are heard, the Group has adopted the following engagements method.

The stakeholders were identified through discussion with the management and the following table describe how we engage with them:

Stakeholder Group	Frequency and type of engagement	Areas of concern	How we manage the issue
Shareholders/ Investors	Frequency: Annual, Quarterly Type: General meetings, Corporate announcements, Quarterly results, Company's website	• Financial performance • Corporate Governance • Legal compliance • Negative public perception	• Engagement with investors • Submission of timely and accurate information on Company performance
Customers	Frequency: Ongoing Type: Correspondence, Meeting, Site visiting	• Product quality • Timely delivery • Customer support	• Effective communication • Quality management system • Competitive price against competitors
Employees	Frequency: Regular, ongoing Type: Performance appraisal, Group WhatsApp and Email, Staff and management meetings, Sports club activities	• Conducive working environment • Safety and health • Staff welfare and benefits • Job security and career development	• Staff engagement programmes • Implementation of environment, safety and health programmes • Training when required
Contractors/ Suppliers/ Consultant	Frequency: Ongoing Type: Meeting, Written communication, Assessment and reviews, Site visiting	• Compliance issues • Tender prices and payment • Business integrity • Timely and quality delivery	• Constant and regular communications • Process improvement • Engage and share concerns with relevant parties
Regulators/ Government/ Authorities	Frequency: Ad hoc Type: Meeting, Consultation, Written communication, Audit and inspection	• Compliance • Environmentally friendly development	• Responsible reporting • Ensure compliance with all applicable laws and regulations
Communities	Frequency: Ad hoc Type: Community events and contribution	• Community well being • Environmental impact	• Engagement to recognize and address local social needs within our development.

KEY DOCUMENTS

During the process of developing the sustainability approach, the Group elaborates and updates the internal documents regulating the sustainable development. The main documents developed for the Group can be found on the Company website at https://www.stella-holdings.com.my/# in the "Investors Relation -> Policy" section as follows:

- Directors' Fit and Proper Policy
- Whistle Blowing Policy
- Anti-Corruption Policy
- Anti-Discrimination and Harassment Policy
- Child Labour and Forced Labour Policy
- Data Privacy Policy

CONTACT INFORMATION (GRI102-53)

The Group considers and carefully analyses feedback from stakeholders on the completeness, objectivity, and materiality of the information disclosed in this Report which helps improve the sustainability performance and non-financial reporting processes. The Group always welcome the suggestions from various stakeholders about this Report and its performance.

Please send any questions and suggestions to the authorised contact person, which can be found on the Company website at https://www.stella-holdings.com.my/# under the "Contact Us" section.

ENVIRONMENTAL ASSESSMENT

Environmental Management Approach (GRI103-2, GRI303-3, GRI303-5, GRI305-1, GRI305-2, GRI307-1)

As a construction and property development company, the Group recognises that continuous growth in the construction and property development could create significant environmental challenges and obligations. To manage business operations responsibly, the Group has ensured all our development comply with the environmental impact assessments. The Group's medium and long- term goals are to reduce the potential negative effects of our site planning and development in order to provide a safe environment in all our projects and significantly reduce any negative impact to the environment, as a results of our development activities.

There was a fine from Department Of Environment during the reporting period, for a sum of RM25,000 due to non-compliance of ammoniacal nitrogen and selenium from the discharging leachate in 2019. This matter has since been rectified by upgrading the leachate treatment system with an investment of RM255,000 to ensure non-occurrence in the future.

We strive to comply with all applicable environmental regulations and to meet the expectations of our stakeholders.

Electricity and Water Consumption (for offices in the Group) (GRI302-1, GRI303-3)

Energy	Unit of measurement	Total Consumption	GHG emission (Tonne CO2)	Number of trees needed to offset
Electricity	kWh	119,017	82.6	2,118
Water	Meter cube	1,426	5.97	153
Diesel (vehicles)	Litres	2,000	6.27	161
Petrol (vehicles)	Litres	20,576	51.8	1,328
		TOTAL	**146.64**	**3,760**

The carbon emissions from energy presented for Malaysia were calculated through http://greentechmalaysia.my/
Diesel is taken as RM2.15 per litre and petrol as RM2.05 per litre.

Sustainability Statement (cont'd)

In the course of running the business, the Group emitted about 146.64 tonnes of GHG (Green House Gases). Based on the recommendation from Greentech Malaysia, the Group needs to plant 3,760 trees to offset this amount.

The Group is mindful of the emission and shall devise methods to optimise the usage of our precious resources and will strive to be sustainably responsible in carrying out our business activities.

Electricity and Water Consumption (For Mewah Kota Sdn Bhd, Leachate Treatment Plant)

Energy	Unit of measurement	Total Consumption	GHG emission (Tonne CO2)	Number of trees needed to offset
Electricity	kWh	263,745	183.04	4,693
Water	Meter cube	1,634	6.85	176
Diesel (vehicles)	Litres	532	1.67	43
Petrol	Litres	1,034	2.60	67
		TOTAL	**194.16**	**4,979**

The Leachate Treatment Plant generated a total of 194.16 tonne CO2 during the reporting year. This plant is a revenue generating entity and reported a revenue of RM1,268,254 from the leachate treatment service provided.

Waste Management (Mewah Kota Sdn Bhd, Leachate Treatment Plant) (GRI306-1, GRI306-2)

	Unit of measurement	
Raw leachate	m3	30,498.4
Treated leachate	m3	28,812.5
Scheduled waste (SW204)	tonne	60.6
Domestic solid waste	tonne	0.96

At the Leachate Treatment Plant, we provide leachate treatment system and facility to treat harmful landfill leachate to an acceptable level as stated in the Second Schedule (Regulation 13) of Environmental Quality (Control of Pollution from Solid Waste Transfer Station and Landfill) Regulations 2009, before discharging into the nearby water ways.

In FYE 2022, the Leachate Treatment Plant has treated 30,498.4 m3 of raw leachate into 28,812.5 m3 of treated leachate. In the process, it generated approximately 60.6 tonnes of scheduled waste of sludges containing one or several metals include chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium and beryllium (SW204). Also in the same process, 0.96 tonnes of domestic solid waste was also generated.

These domestic solid waste and scheduled waste shall be then handed over to qualified contractor for proper disposal.

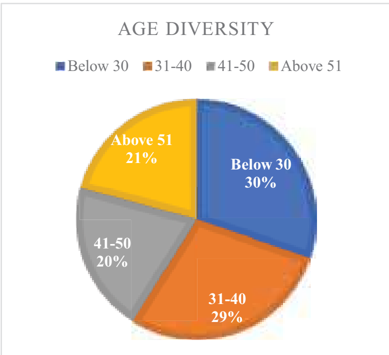
Sustainability Statement
(cont'd)

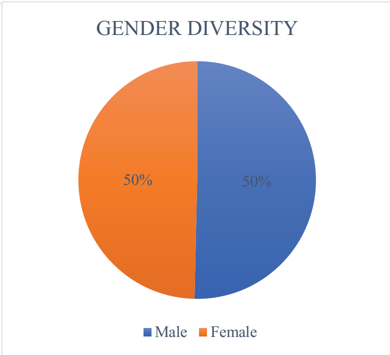
DEVELOPING OUR EMPLOYEES (GRI102-41, GRI401-1)

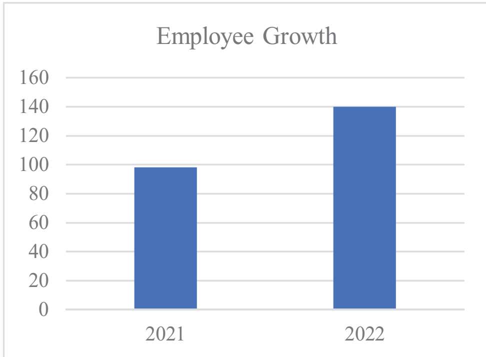
Our Group places the utmost importance on our employees' welfare and always encourages the employees to adapt and improve according to the business environment and needs.

For this reason, we work continuously on ensuring the effectiveness of our personnel management practices, including those relating to employee recruitment, retention, training and development, performance management, strengthening employee engagement and developing internal social programmes. In addition, we take all possible measures to ensure respect and to provide equal rights and opportunities to all our employees.

Workforce Structure (GRI405-1)







The workforce headcount as of 31 March 2022 is 140, compare to the beginning of FY2022, increased 42.8% from 98. This is mainly to cater for the growth of the various segments in the Group.

The gender diversity is equal at 50% each for male and female. Whereas 30% are below age 30. This may give the Group rooms to grow in terms of career advancement and mentoring opportunity.

Recruitment and Adaptation

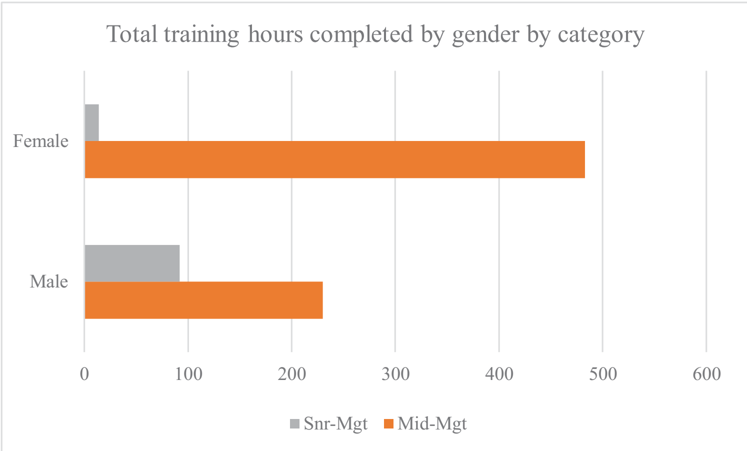
Our Group believes that proper training plays a pivotal role in ensuring that all its employees are fully equipped with the necessary knowledge to adapt successfully in the Company. The Group wants to optimise and realise the employees' full potentials as early as possible.

As part of the Group continuous development, the Group focuses on improvement in attracting new talents to meet the growing demand for local talents among others, in the sales and marketing division. The Group only take in full time employees, there are no part-time employees.

Sustainability Statement
(cont'd)

LEARNING AND DEVELOPMENT (LND) (GRI403-5, GRI403-7)

The Group believes in instilling discipline character building and employee knowledge as an essential part of the Group's success. Thus, even during the pandemic, we still continue with the learning and development programs at our Group which were conducted via online.



The Group shall continue to organise more workshops and training to help the employees to keep abreast with latest trend in the property development industry.

In building a strong workforce, we are committed to provide an environment for our employees to enhance their skills and knowledge within the industry. This will benefit not only the personal growth and development of our employees but also the company's growth as a whole.

Training is also very important to ensure that our employees have the required competencies to perform their work and deliver their best output. We encourage our employees to expand their knowledge and to foster personal growth and development by stepping up in taking on new roles and responsibilities.

MOTIVATION AND ENGAGEMENT

The Group recognizes effective employee engagement in the form of financial and non-financial as well as conducive working conditions to drive improve our operational efficiency. This will enable the Group to achieve higher growth and to create values for the local communities.

Financial Motivation

Currently, the Group's pay scale system is constantly updated but will further improve its remuneration system to meet today's expectation to ensure its relevancy and attractiveness.

The Group's bonus system is based on its evaluation methodology and bonus are at the discretion of the management. Our Group will continue to evaluate best practices in drafting the framework for the remuneration system.

Non-Financial Motivation

As a socially responsible company, our Group offers employees a broad non-financial compensation package that complies with employment acts and forms part of the total remuneration. Our employees received medical benefits and allowances entitlement as per the Human Resource Policy Handbook. The Group provides annual leave, sick leave, compassionate leave, maternity and paternity leave and marriage leave. The Group also provides group personal accident and hospitalisation insurance to all employees.

The Group has also established the Kelab Sukan dan Kebajikan to strengthen the bonding with employees through sports and games, community program, dinner, fruits festival, festive celebrations and etc.

SOCIAL AND LABOUR CONDITIONS

Our employees' well-being is our priority. We believe that it is essential to provide them with conducive working and living conditions. At the onset of the COVID-19 pandemic, the Group took several initiatives to address employees concerns on their well-being. The Group has initiated the following COVID-19 measures to minimise business interruption during the COVID-19 pandemic.

√ Formation of a Covid-19 Task Force.
√ Flowchart policy for positive case, close contact and casual contact management in company
√ Enforcement of work from home measures for management personnel.
√ Suspension of employees' oversea business trips.
√ Mandatory self-isolation at home in accordance with the MOH guideline without loss of pay for employees identified as close contacts with COVID-19 patients.
√ Compulsory to wear facemask at all time when in office.
√ Limitation of access and contact with external consultants and contractors to our Group's premises.
√ Handling business remotely with the use of virtual or online meeting
√ Supplying common areas with sanitization and temperature checking.
√ Regular disinfection of company's premises.
√ Installation of registry for contact tracing and remote temperature checks for all employees, visitors, and contractors.
√ Providing adequate personal protective equipment.
√ Conducting multiple COVID-19 tests using RTK antigen and RT PCR Tests.
√ Free face masks to all staff
√ Lunch packs subsidized by Kelab Sukan dan Kebajikan during MCO periods to reduce external risks exposure.
√ Frequent reminder on COVID-19 safety by the TaskForce on the preventions, do's and don'ts as per MOH Guidelines

Sustainability Statement (cont'd)

Vaccination Program

The COVID-19 Task Force organized COVID-19 vaccination program for the staff and their family at the PPV Vision College, at the own expense of the Group. This program has enabled the employees to have a safer workplace and also a responsibility of the Group to ensure the welfare of the employees are taken care of.

Human Rights

Our Group is aware of the significance of respecting human rights. The Group now enforcing human rights advocate by implementing showing respect in the work place. It places the highest priority to ensure the detection and rectification of any human rights violations, and it devotes special attention to ensuring the diversity of employees.

Our Group has not conducted any supplier assessment on its human rights accord for now but will strive to do it in the next financial reporting year. All types of modern slavery, including child labour, harassment, forced labour, inhumane and unsafe working conditions, and human trafficking are violations of human rights and are strictly prohibited, both within the Group and on the part of our suppliers. The Group will continue to do its due diligence on its suppliers to ensure that they are strictly complying with the relevant act on matters pertaining to human trafficking.

Our Group is committed to adopting the Children and Young Person Act (Employment) 1966, Malaysia. The Group does not employ anyone under the age of 18 years due to the environment and the nature of business.

WORKPLACE

The Group practices fair employment practices and has adopted the following practices as listed below.

Fair Employment Practices

In addition to develop a healthy and safe workplace, we strive to provide our employees a diverse and inclusive working environment where their human rights are respected. In upholding human rights of our employees and to prevent human rights violations, we have to put in place policies and procedures to ensure a healthy, safe and secure workplace.

The following are the key policies as part of our Code of Ethics (dos and don'ts) policy statement currently practise by the Group:-

a. Equal Employment Opportunity

In the appointment and recruitment process of Stella, we pride ourselves in being an employer that provides equal opportunities and continuously seek to promote it regardless of religious belief, age, creed, marital status, gender, family status or any disability. Our commitment in that respect applies to all areas of the working environment for all the employees.

b. Workforce Diversity

We believe in keeping one of our key stakeholders, i.e., our employees engaged with the aim to bring forth their full potential and enabling a satisfying career for each of them. At the same time, we are inclusive and mindful to encourage balanced participation of female employees in our business. We continue to promote and attract talents from the local community or within the same state which we operate in. We are proud to contribute to the local economies by creating employment in the communities in which we operate, majority of our office staff are from the local communities.

c. Adherence to Minimum Wages

We observe the Minimum Wages Order 2022 which took effect as of 1 May 2022.

d. Prohibition of Harassment

We are committed to provide a working environment which is conducive, safe and free of any form of harassment and unlawful discrimination. The Group views sexual harassment as a serious violation of our rules and regulations and work values. To prevent discrimination, we have a sexual harassment policy and a grievance procedure available to all and we ensure that employees are briefed about these.

During the reporting period, there were no recorded instances of discrimination. Any employee found guilty of such misconduct will be subject to disciplinary actions that may include dismissal.

e. Prevention of Child Labour and Forced Labour

We observe Children and Young Persons (Employment) (Amendment) Act 2010. We employ only those 18 years and above in our recruitment exercise. This is in line with the policies of the international labour organisation.

f. Employees' Benefits and Compensation

We value the contributions of our diverse employees and continuously attract talents to join us by providing a supportive working environment as well as development opportunities. We provide an integrated welfare system and treat all employees equally on all of our sites.

The Group complies with the various local statutory requirements and regulations on wages and benefits such as minimum wages order, employees' provident fund and social security contributions.

Other employee welfare bonuses include travel allowance, subsidies for hospitalisation and surgical insurance coverage and group personnel accident insurance, communications expenses, uniform and personal protective appliances, festive gifts and events. This is to express our Group's commitment for optimal work-life integration and personal effectiveness.

HEALTH AND SAFETY MANAGEMENT (GRI403-1, GRI403-2, GRI403-3, GRI403-4)

The Group endeavours to create a safe and favourable working environment. Occupational Health and Safety ("OHS") forms a core part of the Group's sustainability activities and long-term success and focuses on preventing work-related injuries, illnesses and fatalities.

The approach incorporates a number of elements, including compliance with OHS legislation, monitoring key risk factors, and promoting safe behaviour among employees and contractors. The Group is constantly introducing improvements to the health and safety management system. Employees and workers are provided with PPE (Personal Protection Equipment) while at project site. Regular safety briefings and trainings were conducted to promote awareness and internalise the appropriate response when dealing with emergencies.

Our Safety and Health Officer will conduct regular inspections at project site, record any observations that needed attentions for remedy and give recommendation to the Safety and Health Committee to further improve the safety and health at the project sites.

The Group is pleased to announce there was zero accident reported at all construction and project sites during the reporting period.

SUPPORTING LOCAL COMMUNITY (GRI413-1)

Management Approach

Our Group aims to build positive and sustainable partnerships with local communities wherever we operate, by adhering to the best international standards of sustainable development and engaging with local communities.

All of the Group social investments are made voluntarily. The Group strictly abides by the Anti-Bribery and Anti-Corruption policies on social and gifts investment guidelines.

Some of the community activities carried out by the Group through its Kelab Sukan dan Kebajikan during the reporting period are as follows:

1. Program Bubur Lambuk during Ramadhan
   - During last Ramadhan, the Group distributed "Bubur Lambuk" to the nearby mosques and orphanages
2. Hari Raya assistance provided to the widows of deceased employees
3. Bought Hari Raya clothes for orphanage
4. Gotong royong activities to clean orphanage home



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Legal Disclaimer

This Sustainability Statement contains forward-looking statements concerning the financial condition, results of operations and businesses of the Group. All statements other than statements of historical fact are, or may be deemed to be forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include statements typically containing words such as "will", "may", "should", "believe", "intends", "expects", "anticipates", "targets", "estimates" and words of similar import.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in future. They are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which it will operate in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including a number of factors outside the Group's control. These include changes in the political, social and regulatory framework in which the Group will operate or in economic, technological trends or conditions; the success of the business and operating initiatives; the actions of regulators; legislative, fiscal and regulatory developments, including regulatory measures addressing climate change; the behaviour of other market participants; competitive product and pricing pressures; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations; changes in the level of capital investment; the impact of any acquisitions, disposals or similar transactions; the outcome of any litigation; the risk of doing business in countries subject to international sanctions; environmental and physical risks; risks associated with the impact of pandemics. Other unknown or unpredictable factors could cause actual results and developments to differ materially from those in forward-looking statements.

Neither the Group nor any of its subsidiaries, provide any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Report will occur. Neither the Group nor any of its subsidiaries, undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. Each forward-looking statement speaks only as of the date of this report, i.e., 20 July 2022.

In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this report. No materials contained in this Report constitute an offer, solicitation or recommendation to purchase or sell securities, or make investments. Readers should not place undue reliance on forward-looking statements.

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 that 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 Requirement ("**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 2022.

The detailed application by Stella Group for each practice as set out in the MCCG during the financial year 2022 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 behavior

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 Group Chief Executive Officer

The roles of the Chairman and Group Chief Executive Officer ("**Group CEO**") are separately held with each having distinct authority and responsibilities. The Board realize the importance in the separation of roles and responsibilities of the Chairman and the Group CEO 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 Group CEO.

Dato' Hj Mohamad Haslah bin Mohamad Amin is the Executive Chairman of the Board who provides strong leadership and is responsible for ensuring the adequacy and effectiveness of the Board's governance process.

The Group CEO is responsible for the effective running of 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 Group CEO in implementing and running the Group's day to day business.

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

I. Board Responsibilities (Cont'd)

3. Company Secretary

The Company Secretary, who is qualified and experience, provide advice to the Board on regulatory requirements and corporate governance matters to ensure that the Board discharge 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 affair 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 Auditor and External Auditor 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 obtained 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 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 our economy, environment and to create values to our communities in which we operate 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 Chairman, a Non-Independent Non-Executive Director and five (5) Independent Non-Executive Directors which complies with Paragraph 15.02(1) of the MMLR of Bursa Malaysia.

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.

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 have 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 Committee
- Remuneration Committee
- Risk Management Committee
- Executive Committee
- Sustainability Committee
- Share Issuance Scheme Committee

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

Each Board Committee 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 staff 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 2022, there were five (5) meetings held and the details of attendance of each Director are as follows:

Name of Directors	No. of Meetings Attended
Dato' Hj Mohamad Haslah bin Mohamad Amin	5/5
Dato' Seri Lee Tian Hock	5/5
Dato' Kamarulzaman bin Jamil	5/5
Cik Czarina Alia binti Abdul Razak	5/5
Tuan Hj Mohamad Nor bin Abas	5/5
Encik Shahrizam bin A Shukor	5/5
Dato' Ir Tan Gee Swan @ Tan Suan Ching *(resigned on 1 December 2021)*	4/4
Puan Sharifah Rafidah binti Wan Mansor *(appointed on 1 March 2022)*	0/0

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.

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

II Board Composition (Cont'd)

3. Board Meetings (Cont'd)

The Directors are to allocate sufficient time to the Company to perform their duties effectively including being prepare 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 thirty percent (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 and maintaining the 30% women composition on the Board of Stella.

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 practice 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 Committee

As at the date of this statement, the Nomination Committee comprises of the following three (3) members, all being Independent Directors:-

- Dato' Kamarulzaman bin Jamil (Chairman)
- Cik Czarina Alia binti Abdul Razak
- Puan Sharifah Rafidah binti Wan Mansor

The Nomination Committee had been given the responsibility to recommend new appointments to the Board and Board Committees of Stella. The Nomination 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 Committee

The Nomination Committee met twice 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;
- reviewed the performance and effectiveness of the Audit Committee and its members.

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

Annual Board Evaluation

With regards to the Board evaluation, the Nomination Committee had reviewed and assessed the following for the financial year 2022:-

- The effectiveness and performance of the Board and Board Committee
- 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

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 optimize 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 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 Bursa Malaysia MMLR and the Nomination Committee and the Board had reviewed and assessed the results of the said self-evaluation.

Corporate Governance Overview Statement (cont'd)

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

II Board Composition (Cont'd)

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 Annual General Meeting ("**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 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.

The training programmes and briefings attended by the Directors during the financial year ended 31 March 2022 are as follows:

Name of Directors	Title of training/briefings/workshops
Dato' Hj Mohamad Haslah bin Mohamad Amin	• Becoming a Boardroom Star • Sustainability Reporting Requirements
Dato' Seri Lee Tian Hock	• A Guide for Malaysian Businesses for Positive Climate Action
Dato' Kamarulzaman bin Jamil	• Sustainability Reporting Requirements
Cik Czarina Alia binti Abdul Razak	• Sustainability Reporting Requirements
Tuan Hj Mohamad Nor bin Abas	• Sustainability Reporting Requirements • Securities Commission's Audit Oversight Board Conversation with the Audit Committee
Encik Shahrizam bin A Shukor	• Sustainability Reporting Requirements • Revised Malaysian Code on Corporate Governance • Company Law & Practice: Covering capital maintenance, financial statement, Directors, Secretaries & Auditors
Puan Sharifah Rafidah binti Wan Mansor *(appointed on 1 March 2022)*	• Mandatory Accreditation Program

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

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

III Remuneration

1. Remuneration Committee

As at the date of this statement, the Remuneration Committee comprises of the following three (3) members, all being Independent Directors:-

- Cik Czarina Alia binti Abdul Razak (Chairman)
- Dato' Kamarulzaman bin Jamil
- Encik Shahrizam bin A Shukor

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

2. 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.

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 2022 is as follows:

	Salaries (RM)	Bonus (RM)	Fees (RM)	Allowances (RM)	Benefits in kind (RM)
Receivables from Company:-					
Dato' Hj Mohamad Haslah bin Mohamad Amin	360,000	–	–	–	–
Dato' Seri Lee Tian Hock	–	–	36,000	7,000	–
Dato' Kamarulzaman bin Jamil	–	–	48,000	12,000	–
Cik Czarina Alia binti Abdul Razak	–	–	36,000	7,000	–
Tuan Hj Mohamad Nor bin Abas	–	–	36,000	12,000	–
Encik Shahrizam bin A Shukor	–	–	36,000	12,000	–
Puan Sharifah Rafidah binti Wan Mansor *(appointed on 1 March 2022)*	–	–	3,000	–	–
Dato' Ir Tan Gee Swan @ Tan Suan Ching *(resigned on 1 December 2021)*	–	–	24,000	6,000	–

Notes:
All the Directors of Stella only received remuneration from the Company and none from the subsidiary

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

1. Composition

As at the date of this statement, the Audit Committee comprises three (3) 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 Audit Committee Report detailing its composition and a summary of activities and works during the financial year is set out in pages 51 to 53 of this Annual Report.

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 will 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 Board has an established Internal Audit Department which assists the Audit Committee in the discharge of its duties and responsibilities.

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

The internal audit function was performed in-house during the financial year under review. However, with effect from 1 April 2022, the Company has outsourced the internal audit function to an independent external firm.

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

II. Risk Management and Internal Control (Cont'd)

Risk Management Committee

As at the date of this statement, the Risk Management Committee comprises of three (3) members who are Independent Directors. The Risk Management Committee assist 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.

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 year ended 31 March 2022 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.

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's and the Group's progress and/or performance better.

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

II. Annual General Meeting

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 the 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-Fourth (24th) AGM held in 2021 were put to vote by online remote voting and were duly passed. The outcome of the 24th AGM was announced to Bursa Malaysia on the same day of the 24th AGM.

The minutes of the 24th AGM was published on the Company's website within 14 days from the date of the 24th AGM.

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 2022, the amount of audit and non-audit fees paid or payable to Messrs Baker Tilly Monteiro Heng PLT, the external auditors are as follows:

	Company (RM)	Group (RM)
Audit Fees	71,500	158,000
Non-Audit Fees	26,500	26,500

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 Company's internal audit function is performed in-house at RM128,104.25 for the financial year under review.

However, with effect from 1 April 2022, the Company has outsourced its internal audit function to an independent external firm.

6. Share Issuance Scheme ("SIS")

(a) The Company has only one (1) SIS in existence during the financial year under review. The SIS 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.

(b) The total numbers of options granted, exercised and outstanding under the SIS during the financial year ended 31 March 2022 are set out below:-

Description	Number of Options as at 31 March 2022	
	Total	Directors and Chief Executive
Granted	9,540,000	3,100,000
Exercised	0	0
Terminated/Lapsed/Withdrawn	2,095,000	300,000
Outstanding	7,445,000	2,800,000

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 2022	Since commencement up to 31 March 2022
Aggregate maximum allocation	60.00%	60.00%
Actual options granted	38.81%	38.81%

(d) During the financial year ended 31 March 2022, the SIS Options offered and exercised by the Non-Executive Directors pursuant to the SIS were as follows:-

Name of Directors	Number of SIS options		
	Granted	Exercised	Outstanding
Dato' Seri Lee Tian Hock	300,000	0	300,000
Dato' Kamarulzaman bin Jamil	300,000	0	300,000
Czarina Alia binti Abdul Razak	300,000	0	300,000
Tuan Hj Mohamad Nor bin Abas	300,000	0	300,000
Shahrizam bin A Shukor	300,000	0	300,000
Sharifah Rafidah binti Wan Mansor (Appointed on 01.03.2022)	NA	NA	NA

AUDIT **COMMITTEE REPORT**

The report of the Audit Committee of Stella Holdings Berhad ("**Stella**" or "**Company**") for the financial year ended 31 March 2022 is presented as follows:-

COMPOSITION

The Audit Committee comprised the following Directors during the financial year ended 31 March 2022:-

Chairman
Encik Shahrizam bin A Shukor - Independent Director

Members
Dato' Kamarulzaman bin Jamil - Senior Independent Director
Tuan Hj Mohamad Nor bin Abas - Independent Director

The Audit Committee was made up of no fewer than three (3) members, who were all Independent Non-Executive Directors. Encik Shahrizam bin A Shukor is 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 2022. Details of attendance of each Audit Committee member are as follows:

Name of Audit Committee Member	No. of Meetings Attended
Encik Shahrizam bin A Shukor	5/5
Dato' Kamarulzaman bin Jamil	5/5
Tuan Hj Mohamad Nor bin Abas	5/5

Audit Committee Report
(cont'd)

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 above review is to ensure the Company's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the applicable accounting standards and the 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 and reviewed and discussed the audit plan 2022 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, Covid-19 pandemic - audit approach in the new normal, 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 2022 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 address;

10. Reviewed the related party transaction entered by the Group during the financial year to ensure that the related party transaction entered into are not more favorable than those transacted with the public or third parties and are not detrimental to the interest of the minority shareholders;

11. 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

12. 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 2022 has been carried out by the Nomination Committee. The Nomination 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.

INTERNAL AUDIT FUNCTION

The Group has established the Internal Audit Department to support the Audit Committee and the Board in reviewing the Group's system of internal control and governance process so as to provide assurance that such systems continue to operate satisfactorily and effectively.

The Internal Audit Department 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 Audit Department 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 Audit Department and ensures that appropriate and prompt remedial actions are taken by the Management.

The Company's internal audit function was performed in-house for the financial year under review. During the financial year ended 31 March 2022, the activities and work of the Internal Audit Department included:

1. Prepared the annual audit plan based on risk approach method for deliberation by the Audit Committee. The department uses risk-based audit approach to determine the priorities of the internal audit activities;

2. Presented the internal audit reports to the Audit Committee for review;

3. Carried out audit work and provide recommendations to assist various operating units within the Group in accomplishing its internal control objectives by using COSO Framework;

4. Ascertained the extent of compliance with the established Group's policies, procedures and statutory requirements;

5. Ascertained the adequacy of controls for safeguarding the Group's assets from all kinds of losses;

6. Reviewed and appraised all existing controls to promote effective internal control in the Group;

7. Carried out ad-hoc audit site visits and follow up on the Group's construction and property development sites; and

8. Follow-up on the execution of Management action plans to ensure that necessary corrective actions have been taken/ are being taken to rectify any significant gaps identified in governance, risk management and internal controls.

However, with effect from 1 April 2022, the Company has outsourced its Internal Audit Function to an independent external firm, Sterling Business Alignment Consulting Sdn Bhd.

The Audit Committee has reviewed the company profile and the proposal for the internal audit services from Sterling Business Alignment Consulting Sdn Bhd and has unanimously accepted the said proposal.

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 ("**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 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 Company'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 Company has inculcated that managing risk is everyone's business. The Group comes together to manage risks in a successful and cost-efficient manner. Seven (7) key controls for lines of defense:

i. Board of Directors ("the Board")

The Board acknowledges its overall responsibility in the establishment and oversight of the Company'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 namely Risk Management Committee ("**RMC**") and Audit Committee ("**AC**"). Other Board Committees such Sustainability Committee ("**SC**") and Nomination Committee ("**NC**") also have clearly defined accountabilities and responsibilities to oversee various key business activities within the Group.

3. Control Environment and Activities (Cont'd)

ii. Risk Management Committee ("RMC")

The Board is assisted by the RMC in the oversight and management of all identified risks. The RMC meets 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 members of RMC are comprised of One (1) Senior Independent Director & Two (2) Independent Directors.

The RMC role is to provide oversight and extensive discussion on risk management matters at the Board level. 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 Company, 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 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 ("RMWC") comprising members of the C-level personnel and the Internal Auditor.

iii. Risk Management Working Committee ("RMWC")

RMWC is 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.

RMWC coordinates the risk review exercise across the Company to identify, manage and report the significant risks faced by the company 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.

iv. 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 Group Chief Executive Officer and Chief Financial Officer.

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 deliberation and update on details of the activities undertaken by the AC during the year are set out in the AC Report on pages 51 to 53 of the Annual Report.

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

3. Control Environment and Activities (Cont'd)

v. Group Internal Audit ("GIA")

During the financial year under review, the GIA in-house internal audit function reports to AC with the objective of providing independent, objective assurance and consulting activities designed to add value and improve an organisation's operations. GIA 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.

GIA undertakes regular reviews of the Company'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 Company identified in accordance with the Company's Risk Management Framework and input from the Senior Management and the Board. This application conforms to Practice 11.2 of the MCCG 2021.

Internal audit findings are discussed at the Management level and the progress of implementation of the agreed actions is being monitored by the GIA through follow-up reviews in which implementation status is presented to the AC on a quarterly basis.

GIA 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, GIA is independent of the activities being audited and is performed with impartiality, proficiency and due professional care.

vi. Executive Committee ("EXCO")

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.

vii. Management Committee ("MC")

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

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.

Function, Reporting and Approach & Framework

i. 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.

At the Company, risk management is integrated within the Company'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.

3. Control Environment and Activities (Cont'd)

Function, Reporting and Approach & Framework (Cont'd)

ii. Risk Reporting Structure

The Company 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.

iii. Risk Management Approach

The Company'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:-

- Identifying key risks affecting business objectives and strategic plans;
- Defining a common understanding of risk classification tolerance through quantification, whenever possible, and development of a criteria matrix that reflects the impact and likelihood of the risk materialising via Risk Profile;
- Evaluating the adequacy of existing controls and developing additional plans, if required, to treat these risks;
- Monitoring effectiveness of measures taken to mitigate risks;
- Seizing prospects through evaluation of 'opportunity risks' so that management proactively realises opportunities; and
- 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)

4. Control Activities

a. Documented Policies and Procedures

The Company 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 Company.

b. Quality Management System ("QMS")

Mewah Kota Sdn Bhd ("MKSB") a 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 had passed ISO Rectification Audit and the certificate valid until 2 March 2024.

c. Tender Committee ("TC")

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 divided into 3 Tender Evaluation Sub Committee.

d. Key Performance Index ("KPI")

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

5. 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 Company Group Chief Executive Officer assures the Board that the Company's internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the company

The Board is satisfied that the system of risk management and internal control was generally satisfactory. Based on the assessment of the Company'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.

6. Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control. 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 Company.

The External Auditors have 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 Company.

This statement has been approved by the Board of Directors at its meeting on 20th July 2022.

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 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year	2,692,177	4,785,027
Attributable to:		
Owners of the Company	3,382,247	4,785,027
Non-controlling interests	(690,070)	–
	2,692,177	4,785,027

DIVIDENDS

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

	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

At the forthcoming Annual General Meeting, a single tier final dividend of 2.5 sen per ordinary share, amounting to RM1,675,000 in respect of the current financial year, as at 31 March 2022, will be proposed for the shareholders approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2023.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the 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 there were no known bad debts and that adequate allowance had been made for doubtful debts.

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

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 methods 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.

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.

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 24 August 2021, the Company announced issuance of 9,540,000 options under ESOS approved by the shareholders on 1 April 2021, at an option price of RM0.89 to eligible directors and employees of the Group and the Company.

The salient features and other details of the ESOS are disclosed in Note 17 to the financial statements.

The options offered for the subscription of unissued ordinary shares and the respective exercise prices are as follows:

		Number of option over ordinary shares			
Grant date	**Exercise price**	**At 1.4.2021**	**Granted**	**Exercised**	**At 31.3.2022**
24 August 2021	RM0.89	–	9,540,000	–	9,540,000

DIRECTORS

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

Dato' Mohamad Haslah bin Mohamad Amin*
Dato' Seri Lee Tian Hock*
Czarina Alia binti Abdul Razak
Dato' Kamarulzaman bin Jamil
Tuan Hj Mohamad Nor bin Abas
Shahrizam bin A Shukor
Sharifah Rafidah binti Wan Mansor (Appointed on 1 March 2022)
Dato' Ir. Tan Gee Swan @ Tan Suan Ching (Resigned on 1 December 2021)

* 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 the report are:

Mohd Azali bin Abdul Rahman
Ng Jun Lip
Raizita binti Ahmad @ Harun
Mohd Eddy Hamzani bin Mohd Podzi
Ir. Yusfi Bin Mohamed Yusof (Appointed on 1 December 2021)
Muhamad Syazwan Bin Ahmad Norulmuzamil (Appointed on 15 February 2022)
Dr. Fadhullah Zamir bin Leman (Appointed on 22 April 2022)
Dato' Dr Thavanaison A/L Arumugam (Deceased on 14 November 2021)
Azizi bin Ayob (Resigned on 30 March 2022)
Tan Yu Jian (Resigned on 1 December 2021)

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			
Interests in the Company	**At 1.4.2021**	**Bought**	**Sold**	**At 31.3.2022**
Direct interests:				
Dato' Seri Lee Tian Hock	1,000,000	–	–	1,000,000
Dato' Mohamad Haslah bin Mohamad Amin	–	1,000,000	–	1,000,000
Indirect interests:				
Dato' Seri Lee Tian Hock*	17,956,900	–	–	17,956,900
Dato' Mohamad Haslah bin Mohamad Amin*	5,417,000	–	–	5,417,000

	Number of option over ordinary shares			
	At 1.4.2021	**Granted**	**Exercised**	**At 31.3.2022**
Dato' Mohamad Haslah bin Mohamad Amin	–	800,000	–	800,000
Dato' Seri Lee Tian Hock	–	300,000	–	300,000
Dato' Kamarulzaman bin Jamil	–	300,000	–	300,000
Czarina Alia binti Abdul Razak	–	300,000	–	300,000
Tuan Hj Mohamad Nor bin Abas	–	300,000	–	300,000
Shahrizam bin A Shukor	–	300,000	–	300,000

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

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, other than any deemed benefit which may arise from transactions as disclosed in Note 31 to the financial statements.

Directors' Report
(cont'd)

DIRECTORS' BENEFITS (CONT'D)

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

	Group RM	Company RM
Directors of the Company		
- Fees	219,000	219,000
- Remuneration	416,593	416,593
- Post-employment benefits	14,400	14,400
- Share-based payments	96,669	96,669
	746,662	746,662
Directors of subsidiaries		
- Fees	18,000	–
- Remuneration	1,077,232	–
- Post-employment benefits	143,010	–
- Share-based payments	46,233	–
	1,284,475	–

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, there was no indemnity given to or insurance effected for any directors and officers of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements. The auditor's reports on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial year is disclosed in Note 35 to the financial statements.

AUDITORS

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

The auditors' remuneration of the Group and the Company during the financial year are RM184,500 and RM98,000 respectively.

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

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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DATO' MOHAMAD HASLAH BIN MOHAMAD AMIN
Director

....

DATO' SERI LEE TIAN HOCK
Director

Date: 20 July 2022

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 MARCH 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	30,422,440	11,672,313	190,314	48,599
Investment properties	6	18,750,000	16,590,000	–	–
Inventories	9	10,471,563	1,898,738	–	–
Goodwill on consolidation	7	855,994	855,994	–	–
Investment in subsidiaries	8	–	–	60,147,088	49,597,414
Total non-current assets		60,499,997	31,017,045	60,337,402	49,646,013
Current assets					
Inventories	9	694,098	13,574,484	–	–
Current tax assets		307,504	382,381	–	–
Contract assets	13	27,034,603	8,513,768	–	–
Contract costs	14	107,590	595,480	–	–
Trade receivables	10	11,464,208	18,321,214	–	–
Other receivables, deposits and prepayments	11	12,356,728	12,250,799	28,476	33,048
Amounts due from subsidiaries	12	–	–	2,558,554	6,824,787
Deposits, cash and bank balances	15	7,227,305	14,556,279	31,517	2,632,731
Total current assets		59,192,036	68,194,405	2,618,547	9,490,566
TOTAL ASSETS		119,692,033	99,211,450	62,955,949	59,136,579

Statements of Financial Position (cont'd)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	31,712,508	31,712,508	31,712,508	31,712,508
Share option reserve	17	357,230	–	357,230	–
Retained earnings		20,033,959	18,326,712	4,896,025	1,785,998
		52,103,697	50,039,220	36,965,763	33,498,506
Non-controlling interests		1,904,564	2,594,634	–	–
TOTAL EQUITY		54,008,261	52,633,854	36,965,763	33,498,506
Non-current liabilities					
Loans and borrowings	18	18,717,078	1,206,382	145,935	–
Deferred tax liabilities	19	335,012	236,009	–	–
Total non-current liabilities		19,052,090	1,442,391	145,935	–
Current liabilities					
Loans and borrowings	18	15,791,912	7,786,496	27,180	35,364
Current tax liabilities		250,184	10,125	–	10,125
Trade payables	20	10,707,320	10,461,147	–	–
Other payables, accruals and deposits	21	18,100,701	26,071,933	88,499	92,520
Amounts due to subsidiaries	12	–	–	25,728,572	25,500,064
Contract liabilities	13	1,781,565	805,504	–	–
Total current liabilities		46,631,682	45,135,205	25,844,251	25,638,073
TOTAL LIABILITIES		65,683,772	46,577,596	25,990,186	25,638,073
TOTAL EQUITY AND LIABILITIES		119,692,033	99,211,450	62,955,949	59,136,579

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Revenue	22	58,961,007	60,509,460	–	2,520,000
Cost of sales	23	(45,243,924)	(50,828,998)	–	–
Gross profit		13,717,083	9,680,462	–	2,520,000
Other income		5,505,857	4,084,637	38,239	63,608
Administrative expenses		(13,432,817)	(10,208,707)	(1,676,995)	(1,438,816)
Impairment losses on:					
- investment in subsidiaries		–	–	(500,698)	(59,636)
- trade receivables		(612,444)	(54,737)	–	–
- amounts due from subsidiaries		–	–	(3,488)	(10,598)
Reversal of impairment losses on amount due from a subsidiary		–	–	6,928,203	–
Operating profit		5,177,679	3,501,655	4,785,261	1,074,558
Finance costs	24	(1,689,097)	(273,020)	(4,751)	(3,009)
Profit before tax	25	3,488,582	3,228,635	4,780,510	1,071,549
Tax (expense)/credit	27	(796,405)	(223,826)	4,517	(10,125)
Profit for the financial year, representing total comprehensive income for the financial year		2,692,177	3,004,809	4,785,027	1,061,424
Profit/(Loss) attributable to:					
Owners of the Company		3,382,247	3,018,454	4,785,027	1,061,424
Non-controlling interests		(690,070)	(13,645)	–	–
		2,692,177	3,004,809	4,785,027	1,061,424
Total comprehensive income/(loss) attributable to:					
Owners of the Company		3,382,247	3,018,454	4,785,027	1,061,424
Non-controlling interests		(690,070)	(13,645)	–	–
		2,692,177	3,004,809	4,785,027	1,061,424
Basic earnings per share (sen):	28	5.05	4.51		
Diluted earnings per share (sen):	28	5.04	4.51		

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

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		< ---------- Attributable to owners of the Company ---------- >					
	Note	Share capital RM	Share option reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
Group							
At 1 April 2020		31,712,508	–	16,983,258	48,695,766	2,208,279	50,904,045
Total comprehensive income/(loss) for the financial year							
Profit/(Loss) for the financial year, representing total comprehensive income/(loss)		–	–	3,018,454	3,018,454	(13,645)	3,004,809
Transactions with owners							
Changes in ownership interests in a subsdiary		–	–	–	–	400,000	400,000
Dividends paid on shares	29	–	–	(1,675,000)	(1,675,000)	–	(1,675,000)
Total transactions with owners		–	–	(1,675,000)	(1,675,000)	400,000	(1,275,000)
At 31 March 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	17	–	357,230	–	357,230	–	357,230
Dividends paid on shares	29	–	–	(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

Statements of Changes in Equity (cont'd)

	Note	Share capital RM	Share option reserve RM	Retained earnings RM	Total equity RM
Company					
At 1 April 2020		31,712,508	–	2,399,574	34,112,082
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		–	–	1,061,424	1,061,424
Transaction with owners					
Dividends paid on shares, representing total transaction with owners	29	–	–	(1,675,000)	(1,675,000)
At 31 March 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
Transaction with owners					
Share option issued	17	–	357,230	–	357,230
Dividends paid on shares	29	–	–	(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

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

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities					
Profit before tax		3,488,582	3,228,635	4,780,510	1,071,549
Adjustments for:					
Bad debts written off		–	2,088	–	4,957
Bad debts recovered		–	(4,595)	–	–
Depreciation of property, plant and equipment		1,291,621	702,829	47,885	48,152
Fair value loss/(gain) on investment properties		326,880	(665,865)	–	–
Gain on disposal of property, plant and equipment		(4,805,667)	(8,366)	–	–
Gain on disposal of assets held for sales		–	(1,493,389)	–	–
Impairment loss on:					
- investment in subsidiaries		–	–	500,698	59,636
- trade receivables		612,444	54,737	–	–
- amounts due from subsidiaries		–	–	3,488	10,598
Reversal of impairment losses on amount due from a subsidiary		–	–	(6,928,203)	–
Interest expense		1,689,097	273,020	4,751	3,009
Interest income		(124,967)	(276,025)	(1,836)	(44,408)
Inventories written off		–	29,048	–	–
Loss on disposal of investment properties		–	40,000	–	–
Loss on fair value adjustment on payable retention sum		522,373	216,824	–	–
Property, plant and equipment written off		15,995	4,829	–	–
Unrealised loss/(gain) on foreign exchange		1,909	(1,042)	–	–
Share-based payments		357,230	–	105,948	–
Operating profit/(loss) before changes in working capital, carried forward		3,375,497	2,102,728	(1,486,759)	1,153,493

Statements of Cash Flows (cont'd)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash flows from operating activities (Cont'd)					
Operating profit/(loss) before changes in working capital, brought forward		3,375,497	2,102,728	(1,486,759)	1,153,493
Changes in working capital:					
Inventories		4,307,561	(3,017,998)	–	–
Receivables		5,938,633	(12,541,188)	4,572	1,328
Contract assets		(18,520,836)	(7,053,786)	–	–
Contract costs		487,890	(595,480)	–	–
Payables		(5,647,432)	1,461,187	(4,021)	13,503
Contract liabilities		976,061	(1,191,712)	–	–
Net cash (used in)/generated from operations		(9,082,626)	(20,836,249)	(1,486,208)	1,168,324
Interest paid		(1,689,097)	(273,020)	(4,751)	(3,009)
Tax paid		(382,466)	(617,055)	(5,608)	–
Net cash (used in)/from operating activities		(11,154,189)	(21,726,324)	(1,496,567)	1,165,315
Cash flows from investing activities					
Purchase of property, plant and equipment	5(a)	(3,341,889)	(2,934,659)	(5,599)	–
Purchase of investment properties		–	(48,215)	–	–
Investment in a subsidiary		–	–	–	(2)
Decrease in equity interest of a subsidiary		–	400,000	–	–
Proceeds from disposal of property, plant and equipment		5,355,499	14,047	–	–
Proceeds from disposal of assets held for sales		–	7,025,055	–	–
Proceeds from disposal of investment properties		–	590,000	–	–
Change in pledged deposits		1,382,400	(1,191,823)	–	–
Advances to subsidiaries		–	–	–	(3,790,469)
Repayments from/(Advances to) a related company		200,000	(1,393,176)	391,858	–
Interest received		124,967	276,025	1,836	44,408
Net cash from/(used in) investing activities		3,720,977	2,737,254	388,095	(3,746,063)

Statements of Cash Flows (cont'd)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash flows from financing activities					
Advances from subsidiaries	(a)	–	–	228,508	2,974,492
Repayments to a related party	(a)	–	(500,000)	–	–
(Repayments to)/Advances from a director	(a)	(4,000,000)	4,000,000	–	–
Drawdown of revolving credit	(a)	–	6,000,000	–	–
Repayments of lease liabilities	(a)	(445,366)	(330,773)	(46,250)	(44,991)
Repayments of term loans	(a)	(35,780)	(38,458)	–	–
Dividend paid	29	(1,675,000)	(1,675,000)	(1,675,000)	(1,675,000)
Net cash (used in)/from financing activities		(6,156,146)	7,455,769	(1,492,742)	1,254,501
Net decrease in cash and cash equivalents		(13,589,358)	(11,533,301)	(2,601,214)	(1,326,247)
Cash and cash equivalents at the beginning of the financial year		8,157,197	19,689,456	2,632,731	3,958,978
Effects of exchange rate change on cash and cash equivalents		(1,909)	1,042	–	–
Cash and cash equivalents at the end of the financial year	15	(5,434,070)	8,157,197	31,517	2,632,731

(a) Reconciliation of liabilities arising from financing activities:

2022	**Note**	**At 1.4.2021 RM**	**Cash flows RM**	**Non-cash RM**	**At 31.3.2022 RM**
Group					
Amount due to a related party	21	10,470,000	–	(10,470,000)	–
Amount due to a director	21	4,000,000	(4,000,000)	–	–
Lease liabilities	18	342,747	(445,366)	18,352,565	18,249,946
Term loans	18	1,085,524	(35,780)	–	1,049,744
Revolving credit	18	6,000,000	–	–	6,000,000
		21,898,271	(4,481,146)	7,882,565	25,299,690

Statements of Cash Flows
(cont'd)

(a) Reconciliation of liabilities arising from financing activities: (Cont'd)

2021	Note	At 1.4.2020 RM	Cash flows RM	Non-cash RM	At 31.3.2021 RM
Group					
Amount due to a related party	21	10,970,000	(500,000)	–	10,470,000
Amount due to a director	21	–	4,000,000	–	4,000,000
Lease liabilities	18	577,729	(330,773)	95,791	342,747
Term loans	18	1,123,982	(38,458)	–	1,085,524
Revolving credit	18	–	6,000,000	–	6,000,000
		12,671,711	9,130,769	95,791	21,898,271

2022	Note	At 1.4.2021 RM	Cash flows RM	Non-cash RM	At 31.3.2022 RM
Company					
Amounts due to subsidiaries	12	25,500,064	228,508	–	25,728,572
Lease liabilities	18	35,364	(46,250)	184,001	173,115
		25,535,428	182,258	184,001	25,901,687

2021	Note	At 1.4.2020 RM	Cash flow RM	At 31.3.2021 RM
Company				
Amounts due to subsidiaries	12	22,525,572	2,974,492	25,500,064
Lease liabilities	18	80,355	(44,991)	35,364
		22,605,927	2,929,501	25,535,428

(b) Total cash outflows for leases

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Included in net cash from operating activities:				
Payment relating to short-term leases	120,776	55,380	–	–
Interest paid in relation to lease liabilities	941,057	22,869	4,751	3,009
Included in net cash from financing activities:				
Payment of lease liabilities	445,366	330,773	46,250	44,991
Total cash outflows for leases	1,507,199	409,022	51,001	48,000

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 20 July 2022.

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"), the 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 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendment to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 6 April 2021.

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.

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 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 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#
MFRS 9	Financial Instruments	1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
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 2022/ 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 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *Annual Improvements to MFRS Standards 2018-2020*
# *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 MFRS and amendments/improvements to MFRSs is not expected to have material impact to the current and prior periods financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.4 Functional and presentation of 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.

2.6 Use of estimates and judgement

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 disclosures 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, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

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 and an associate 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.

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

3.1 Basis of consolidation (Cont'd)

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

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.

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, an available-for-sale financial asset or a held for trading financial asset.

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

3.1 Basis of consolidation (Cont'd)

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

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.

Unrealised gains arising from transactions with equity-accounted associate are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same ways as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and an associate 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 3.12(b).

3.3 Foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group becomes 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 has 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 has applied the practical expedient are measured at the transaction price determined under MFRS 15 Revenue from *Contract Customers*.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

The Group categorises the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified as:

- Financial assets 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 asset.

  The Group reclassifies financial assets when and only when its business model for managing those assets changes.

<u>Debt instruments</u>

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 3.12(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

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

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group categorises the financial instruments as follows: (Cont'd)

(ii) Financial liabilities

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

<u>Financial liabilities at amortised cost</u>

Subsequent to initial recognition, other 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.

(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.

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

3.4 Financial instruments (Cont'd)

(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 under a 'pass-through' arrangement; 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.

(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 3.12(b).

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

3.5 Property, plant and equipment (Cont'd)

(a) Recognition and measurement (Cont'd)

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 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)
Freehold building	50
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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 meets the definition of property, plant and equipment in Note 5 and lease liabilities in Note 18.

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.

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 3.12(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.

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

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Lease liability (Cont'd)

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.

Variable lease payments that do not depend on an index or a rate are not included in the measurement 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 and leases of low value assets. 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.

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

3.6 Leases (Cont'd)

(c) Lessor accounting (Cont'd)

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.

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 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 3.12(b).

In respect of equity-accounted associates, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

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

3.9 Inventories

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

Costs 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.

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration 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 3.12(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 customer.

3.11 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.

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, lease receivables, contract assets or 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 loss is 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 loss, except for the following, which are measured as 12-month expected credit loss:

- 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.

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

3.12 Impairment of assets (Cont'd)

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

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)

3.12 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 and investment properties measured at fair value) 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.

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.

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

3.12 Impairment of assets (Cont'd)

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

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.

3.13 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.

3.14 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.

3.15 Revenue and other income

(a) Sales of goods and rendering of services

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

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

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, 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 and the Company use 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 and the Company expect to better predict the amount of consideration to which it is entitled.

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

3.15 Revenue and other income (Cont'd)

(a) Sales of goods and rendering of services (Cont'd)

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 and the Company estimate 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 and the Company have 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.

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

3.15 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) Dividend income

Dividend income is recognised when the right to receive payment is established.

(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)

3.16 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.

3.17 Share-based payments

(a) 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.

3.18 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.

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

3.19 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)

3.19 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.

3.20 Earning 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.

3.21 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Executive Officer 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.

3.22 Fair value measurements

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

For 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.

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

3.22 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.

3.23 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.

3.24 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)

3.24 Contract costs (Cont'd)

(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

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Construction revenue and expenses (Notes 13, 20(b), 21(c), 22 and 23)

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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following: (Cont'd)

(b) Property development revenue and expenses (Notes 13, 14, 22 and 23)

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

	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	2,982,391	120,612	1,307,432	1,987,725	1,841,645	320,191	7,000,000	16,559,996
Additions	–	–	–	119,665	466,100	2,618,443	18,490,247	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	–	669,824	120,612	1,116,989	2,220,625	4,282,421	18,263,089	8,400,000	35,073,560
Accumulated depreciation									
At 1 April 2021	98,333	326,293	107,374	1,047,160	1,684,374	1,599,866	24,283	–	4,887,683
Depreciation charge for the financial year	20,000	25,314	6,262	153,357	118,582	39,487	928,619	–	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	–	69,788	113,636	890,410	1,578,757	1,564,294	434,235	–	4,651,120
Net carrying amount									
At 31 March 2022	–	600,036	6,976	226,579	641,868	2,718,127	17,828,854	8,400,000	30,422,440

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									
2021									
Cost									
At 1 April 2020	1,000,000	2,982,391	131,612	870,411	1,953,259	1,823,505	1,035,789	–	9,796,967
Additions	–	–	–	66,432	50,087	18,140	95,791	7,000,000	7,230,450
Derecognition*	–	–	–	–	–	–	(377,532)	–	(377,532)
Disposals	–	–	(11,000)	(63,268)	(3,290)	–	–	–	(77,558)
Reclassification	–	–	–	433,857	–	–	(433,857)	–	–
Written off	–	–	–	–	(12,331)	–	–	–	(12,331)
At 31 March 2021	1,000,000	2,982,391	120,612	1,307,432	1,987,725	1,841,645	320,191	7,000,000	16,559,996
Accumulated depreciation									
At 1 April 2020	78,333	281,467	100,647	546,935	1,569,901	1,593,791	470,691	–	4,641,765
Depreciation charge for the financial year	20,000	44,826	12,044	129,642	125,265	6,075	364,977	–	702,829
Derecognition*	–	–	–	–	–	–	(377,532)	–	(377,532)
Disposals	–	–	(5,317)	(63,270)	(3,290)	–	–	–	(71,877)
Reclassification	–	–	–	433,853	–	–	(433,853)	–	–
Written off	–	–	–	–	(7,502)	–	–	–	(7,502)
At 31 March 2021	98,333	326,293	107,374	1,047,160	1,684,374	1,599,866	24,283	–	4,887,683
Net carrying amount									
At 31 March 2021	901,667	2,656,098	13,238	260,272	303,351	241,779	295,908	7,000,000	11,672,313

* Derecognition of the right-of-use asset during the financial year was as a result of termination of certain leases.

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					
2022					
Cost					
At 1 April 2021	34,164	–	2,273,906	122,994	2,431,064
Additional	–	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.

	Furniture, fittings and office equipment RM	Office renovation RM	Right-of-use assets RM	Total RM
Company				
2021				
Cost				
At 1 April 2020/31 March 2021	34,164	2,273,906	122,994	2,431,064
Accumulated depreciation				
At 1 April 2020	34,160	2,255,428	44,725	2,334,313
Depreciation charge for the financial year	–	3,427	44,725	48,152
At 31 March 2021	34,160	2,258,855	89,450	2,382,465
Carrying amount				
At 31 March 2021	4	15,051	33,544	48,599

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 RM23,094,455 and RM189,600 (2021: RM7,230,450 and Nil) respectively which are satisfied by the following:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financed by way of lease liabilities arrangement	18,352,566	95,791	184,001	–
Cash payments	3,341,889	2,934,659	5,599	–
Other payables	1,400,000	4,200,000	–	–
	23,094,455	7,230,450	189,600	–

(b) In the previous financial year, freehold and leasehold land and building of the Group with carrying amount of RM901,667 and RM1,143,551 respectively have been pledged as security to secure banking facilities of the Group as disclosed in Notes 18(a), 18(c) and 18(d).

(c) The Group and the Company lease several assets including leasehold buildings and motor vehicles.

Information about leases for which the Group and the Company are lessees is presented below:

	Group		
	Buildings RM	Motor vehicles RM	Total RM
Carrying amount			
At 1 April 2020	237,342	327,756	565,098
Additions	95,791	–	95,791
Depreciation	(213,301)	(151,676)	(364,977)
Reclassification	–	(4)	(4)
At 31 March 2021	119,832	176,076	295,908
Additions	17,516,602	973,646	18,490,248
Depreciation	(780,047)	(148,573)	(928,620)
Disposals	–	(28,682)	(28,682)
At 31 March 2022	16,856,387	972,467	17,828,854

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) (Cont'd)

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 2020	78,269
Depreciation	(44,725)
At 31 March 2021	33,544
Additions	184,001
Depreciation	(46,320)
At 31 March 2022	171,225

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 (2021: 2 to 4 years).

The Group also lease motor vehicles with lease term of 3 to 7 years (2021: 3 to 7 years).

6. INVESTMENT PROPERTIES

	Freehold land and buildings RM	Leasehold land and buildings RM	Total RM
Group			
2022			
At 1 April 2021	2,080,000	14,510,000	16,590,000
Transfer from property, plant and equipment	881,667	1,605,213	2,486,880
Gain/(Loss) arising from fair value adjustment	218,333	(545,213)	(326,880)
At 31 March	3,180,000	15,570,000	18,750,000
2021			
At 1 April 2020	2,080,000	12,450,000	14,530,000
Additions	–	2,324,135	2,324,135
Disposals	–	(930,000)	(930,000)
Gain arising from fair value adjustment	–	665,865	665,865
At 31 March	2,080,000	14,510,000	16,590,000

6. INVESTMENT PROPERTIES (CONT'D)

(a) Included in freehold land and buildings is a property with carrying amount of RM1,980,000 (2021: RM880,000) pledged as security to secure term loans of the Group as disclosed in Note 18(a).

(b) Included in freehold and leasehold land and building are properties with carrying amount of RM1,200,000 and RM7,150,000 (2021: RM1,200,000 and RM6,090,000) pledged as security to secure bank overdrafts of the Group as disclosed in Note 18(c).

(c) Included in leasehold land and building are properties with carrying amount of RM5,800,000 (2021: RM5,800,000) pledged as security to secure revolving credit of the Group as disclosed in Note 18(d).

(d) The following are recognised in profit or loss in respect of the investment properties:

	Group	
	2022 **RM**	**2021** **RM**
Rental income	413,500	345,005
Direct operating expenses		
- income generating investment properties	(204,926)	(219,477)

Fair value information

The fair value of investment properties is determined by directors' estimation and referring to external independent property valuers, Raine & Horne International Zaki + Partners Sdn. Bhd. and Jones Lang Wootton Singham Sulaiman 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 2022 or 31 March 2021.

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 2022 RM	Group 2021 RM
At beginning/end of the financial year	855,994	855,994

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 same method has also 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.

The sales growth rate used in value-in-use calculations is 13% to 19% (2021: 10% to 23%).

(b) Gross profit margin

Gross profit margin is based on management's past experience, adjusted for market and economic conditions and internal resource efficiency.

The gross profit margin used in value-in-use calculations is 27% to 35% (2021: 30%).

(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.

The discount rate used in value-in-use calculations is 19.04% (2021: 16.45%).

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.

8. INVESTMENT IN SUBSIDIARIES

	Note	Company 2022 RM	Company 2021 RM
Unquoted shares, at cost			
At beginning of the financial year		64,435,628	64,435,628
Voluntary winding up		(2)	–
Loans that are part of net investments	(a)	10,799,090	–
		75,234,716	64,435,628
Equity contribution in respect of ESOS		251,282	–
At end of the financial year		75,485,998	64,435,628
Less: Accumulated impairment losses			
At beginning of the financial year		(14,838,214)	(14,778,578)
Impairment loss during the financial year		(500,698)	(59,636)
Voluntary winding up		2	–
At end of the financial year		(15,338,910)	(14,838,214)
		60,147,088	49,597,414

The reconciliation of movement in the impairment of investment in subsidiaries is as follows:

	Company 2022 RM	Company 2021 RM
At beginning of the financial year	14,838,214	14,778,578
Impairment for the financial year (Note 25)	500,698	59,636
Written off	(2)	–
At end of the financial year	15,338,910	14,838,214

Details of the subsidiaries, all of which have principal place of business and are incorporated in Malaysia, are as follows:

Name of company	Ownership interest 2022	Ownership interest 2021	Principal activities
Mewah Kota Sdn. Bhd. ("MKSB")	100%	100%	Contractor for various kinds of civil and structural, mechanical and electrical works and maintenance works.
Paramount Ventures Sdn. Bhd.	100%	100%	Property development.
Merge Properties Sdn. Bhd.	100%	100%	Property investment.
MEB Realty Sdn. Bhd.	100%	100%	Property investment.
MEB Development Sdn. Bhd.*	–	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	**Ownership interest**		**Principal activities**
	2022	**2021**	
Merge Readymix Sdn. Bhd.	100%	100%	Inactive.
Merge Energy O&G Sdn. Bhd.	100%	100%	Inactive.
Ababil Perkasa Sdn. Bhd. (fka. Merge Highway Engineering Sdn. Bhd.)	100%	100%	Inactive.
Iris Synergy Sdn. Bhd.	51%	51%	Supply engineering equipment, spare parts and the provision of value added services and information technology solutions to the gas and petroleum industry.
Semarak Niaga Lanskap Sdn. Bhd.	100%	100%	Nursery and landscaping, garden design, maintenance and beautification.
Stella Healthcare Holdings Sdn. Bhd. ("SHHSB")	100%	100%	Investment holding.
Subsidiary of MKSB			
Innovasi Hebat Sdn. Bhd.	100%	100%	Inactive.
Subsidiary of SHHSB			
Stella Kasih Healthcare Sdn. Bhd.	60%	60%	Healthcare services, establish, manage and operate hospital.

* On 19 April 2021, the subsidiary submitted an application to strike off from the Register of Companies Commission of Malaysia pursuant to Section 550 of the Companies Act, 2016 in Malaysia and completed on 29 December 2021.

(a) 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.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) 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)
As at 31 March 2021			
NCI percentage of ownership interest and voting interest	49%	40%	
Carrying amount of NCI	2,338,979	255,655	2,594,634
Profit/(Loss) allocated to NCI	130,700	(144,345)	(13,645)

	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		
Revenue	6,996,643	5,776
Profit/(Loss) for the financial year, representing total comprehensive income/(loss)	500,974	(2,338,869)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Non-controlling interests in subsidiaries (Cont'd)

The financial information of the Group's subsidiaries that has non-controlling interests ("NCI") are as follow: (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 operating activities	297,556	(7,210,683)
Cash flows from investing activities	(688,281)	(232,976)
Cash flows 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	–	–
Summarised statement of financial position		
As at 31 March 2021		
Non-current assets	1,948,921	7,007,068
Current assets	4,352,530	1,711,613
Non-current liabilities	(1,129,998)	-
Current liabilities	(427,378)	(8,079,542)
Net assets	4,744,075	639,139
Summarised statement of comprehensive income		
Financial year ended 31 March 2021		
Revenue	4,785,105	–
Profit/(Loss) for the financial year, representing total comprehensive income	266,731	(360,861)
Summarised cash flows information		
Financial year ended 31 March 2021		
Cash flows from operating activities	(1,031,723)	3,575,011
Cash flows from investing activities	(16,799)	(8,400,616)
Cash flows from financing activities	(205,747)	4,876,540
Net increase in cash and cash equivalents	(1,254,269)	50,935
Dividends paid to non-controlling interests	–	–

9. INVENTORIES

	Group 2022 RM	2021 RM
Non-current:		
At cost		
Property under development		
- Development cost	10,471,563	1,898,738
Current:		
At cost		
Property under development		
- Freehold land	156,300	4,395,239
- Development cost	520,845	9,179,245
Finished goods	16,953	–
Total inventories (current)	694,098	13,574,484
Total inventories (non-current and current)	11,165,661	15,473,222

(a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM22,036,908 (2021: RM22,088,029).

(b) In the previous financial year, the cost of inventories of the Group recognised as an expense in respect of inventories written off was RM29,048.

10. TRADE RECEIVABLES

	Group 2022 RM	2021 RM
Trade receivables	12,076,652	18,977,349
Less: Impairment losses	(612,444)	(656,135)
	11,464,208	18,321,214

(a) Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 90 days (2021: 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 RM4,398,186 (2021: RM6,772,322) 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.

10. TRADE RECEIVABLES (CONT'D)

(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	
	2022 RM	2021 RM
At beginning of the financial year	656,135	2,176,255
Charge for the financial year		
- individual impairment loss (Note 25)	612,444	54,737
Written off	(656,135)	(1,574,857)
At end of the financial year	612,444	656,135

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 32(b)(i).

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables		5,219,005	47,222	–	–
Amount due from a related party	(a)	1,193,176	1,393,176	–	–
Deposits	(b)	3,853,588	10,511,460	12,686	17,386
Prepayments		2,090,959	298,941	15,790	15,662
		12,356,728	12,250,799	28,476	33,048

(a) The amounts due from a related company is non-trade in nature, unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.

(b) In the previous financial year, included in deposits of the Group is an amount of RM7,810,000 in relation to the deposits paid for the purchase of lands and is non-refundable.

12. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2022	**2021**
	RM	**RM**
Amounts due from subsidiaries	7,076,793	18,997,647
Less: Impairment losses	(4,518,239)	(12,172,860)
	2,558,554	6,824,787
Amounts due to subsidiaries	(25,728,572)	(25,500,064)

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	
	2022	**2021**
	RM	**RM**
At beginning of the financial year	12,172,860	12,209,025
Charge for the financial year		
- Individual impairment loss	3,488	10,598
Reversal of impairment loss	(6,928,203)	–
Written off	(729,906)	(46,763)
At end of the financial year	4,518,239	12,172,860

13. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2022	**2021**
	RM	**RM**
Contract assets relating to construction service contracts	8,227,606	3,346,705
Contract assets relating to property development	18,806,998	5,167,063
	27,034,604	8,513,768
Contract liabilities relating to construction service contracts	(1,781,565)	(805,504)

13. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Significant changes in contract balances

	2022		2021	
	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	–	805,504	–	1,997,216
Increases due to cash received, excluding amounts recognised as revenue during the period	–	(1,781,565)	–	(805,504)
Increases as a result of changes in the measure of progress	23,658,792	–	7,605,367	–
Transfers from contract assets recognised at the beginning of the period to receivables	(5,137,956)	–	(551,581)	–

(b) Revenue recognised in relation to contract balances

	Group	
	2022 RM	**2021 RM**
Revenue recognised that was included in contract liability at the beginning of the financial year	805,504	1,997,216

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

	2022 RM	**2021 RM**
Group		
Current:		
Costs to obtain contracts	107,590	595,480

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 RM1,266,489 (2021: RM881,483).

15. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	2,580,635	5,721,804	31,517	632,731
Short-term deposits	4,646,670	8,834,475	–	2,000,000
Deposits, cash and bank balances as reported in the statements of financial position	7,227,305	14,556,279	31,517	2,632,731
Less: Pledged deposits	(3,452,075)	(4,834,475)	–	–
Less: Bank overdrafts (Note 18)	(9,209,300)	(1,564,607)	–	–
Cash and cash equivalents as reported in the statements of cash flows	(5,434,070)	8,157,197	31,517	2,632,731

(a) Included in deposits placed with licensed banks of the Group are an amount of RM3,419,188 (2021: RM4,801,588) 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 RM32,887 (2021: 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 RM1,777,712 (2021: RM1,746,572) 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 1.50% to 1.85% (2021: 1.50% to 3.10%) per annum respectively with maturity period ranging from 3 months to 12 months (2021: 1 month to 12 months).

(e) The foreign currency exposure profile of cash and cash equivalents of the Group is as follows:

	Group	
	2022	**2021**
	RM	**RM**
United States Dollar	17,175	7,272
Japanese Yen	2,009	2,193
	19,184	9,465

16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2022 Units	2021 Units	2022 RM	2021 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.

17. 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.

The following table illustrated the number and exercise prices ("EP") of, and movement in, share options:

	Number 2022	EP 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	

17. SHARE OPTION RESERVE (CONT'D)

The fair values of the share options granted were determined using a binomial option pricing model, and the inputs were:

	2022
Fair value of share options and assumptions	
Fair value of share option at grant date (RM)	0.42
Share price (RM)	0.98
Option life (years)	5
Risk-free rate (%)	2.69
Expected dividends (%)	2.55
Expected volatility (%)	55.66

The expected volatility is based on the historical share price volatility over the last 5 years. When determine the fair value, the management has also taken into consideration of the exercise restrictions and exercise behaviour.

18. LOANS AND BORROWINGS

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Non-current:					
Secured					
Term loans	(a)	987,829	1,025,055	–	–
Lease liabilities	(b)	17,729,249	181,327	145,935	–
		18,717,078	1,206,382	145,935	–
Current:					
Secured					
Term loans	(a)	61,915	60,469	–	–
Lease liabilities	(b)	520,697	161,420	27,180	35,364
Bank overdrafts	(c)	9,209,300	1,564,607	–	–
Revolving credit	(d)	6,000,000	6,000,000	–	–
		15,791,912	7,786,496	27,180	35,364
		34,508,990	8,992,878	173,115	35,364
Total loans and borrowings:					
Term loans	(a)	1,049,744	1,085,524	–	–
Lease liabilities	(b)	18,249,946	342,747	173,115	35,364
Bank overdrafts	(c)	9,209,300	1,564,607	–	–
Revolving credit	(d)	6,000,000	6,000,000	–	–
		34,508,990	8,992,878	173,115	35,364

18. LOANS AND BORROWINGS (CONT'D)

(a) Term loans

	Group 2022 RM	Group 2021 RM
Current		
Not later than one year	61,915	60,469
Non-current		
Later than one year and not later than five years	270,327	264,017
Later than five years	717,502	761,038
	987,829	1,025,055
Total term loans	1,049,744	1,085,524

The term loans of the Group bear interest at rates ranging from 3.15% to 3.65% (2021: 3.15% to 3.65%) per annum and are secured and supported as follows:

(i) legal charge over freehold land and buildings of a subsidiary as disclosed in Notes 5 and 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 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Minimum lease payments:				
Not later than one year	1,507,316	176,802	36,000	36,000
Later than one year and not later than 5 years	30,162,781	179,909	165,000	–
Later than 5 years	3,543,175	23,515	–	–
	35,213,272	380,226	201,000	36,000
Less: Future finance charges	(16,963,326)	(37,479)	(27,885)	(636)
Present value of minimum lease payments	18,249,946	342,747	173,115	35,364

18. LOANS AND BORROWINGS (CONT'D)

(b) Lease Liabilities (Cont'd)

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows: (Cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Present value of minimum lease payments:				
Not later than one year	520,697	161,420	27,180	35,364
Later than one year and not later than 5 years	14,889,455	181,327	145,935	–
Later than 5 years	2,839,794	–	–	–
	18,249,946	342,747	173,115	35,364

The lease liabilities of the Group and the Company bear interest at rates ranging from 2.15% to 5.59% (2021: 2.33% to 3.26%) per annum and at a rate of 5.59% (2021: 5.38%) per annum respectively.

(c) Bank overdrafts

The bank overdrafts of the Group bear interest ranging from 5.45% to 6.95% (2021: at a rate of 7.76%) 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% 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.

(d) Revolving credit

The revolving credit of the Group bear interest ranging from 4.19% to 4.21% (2021: at a rate of 4.29%) per annum and are secured and supported as follows:

(i) legal charge over leasehold land and building of subsidiaries as disclosed in Notes 5 and 6;
(ii) corporate guarantee by the Company.

19. DEFERRED TAX LIABILITIES

	Group	
	2022 RM	2021 RM
At beginning of the financial year	236,009	213,563
Recognised in profit or loss (Note 27)	99,003	22,446
At end of the financial year	335,012	236,009

This is in respect of estimated deferred tax liabilities arising from temporary differences as follows:

	Group	
	2022 RM	2021 RM
Deferred tax liabilities		
Revaluation of investment properties	283,723	222,690
Differences between the carrying amount of property, plant and equipment and their tax base	17,121	12,953
Unrealised gain on foreign exchange	34,168	366
	335,012	236,009

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group	
	2022 RM	2021 RM
Deferred tax assets		
Unabsorbed capital allowances	1,031,341	406,149
Unutilised tax losses	32,271,187	35,850,335
Other taxable temporary differences	152,281	119,752
	33,454,809	36,376,236
Potential deferred tax assets at 24% (2021: 24%)	8,029,154	8,730,296

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.

19. 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	
	2022	**2021**
	RM	**RM**
2028	12,018,084	–
2029	15,686,660	32,396,319
2030	1,275,429	1,035,568
2031	1,504,556	1,269,352
2032	1,786,458	1,149,096
	32,271,187	35,850,335

20. TRADE PAYABLES

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2021: 30 to 90 days).

(b) Included in trade payables of the Group are retention sums of RM3,503,648 (2021: RM6,688,993) 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:

	2022	**2021**
	RM	**RM**
Japanese Yen	305,863	284,358

21. OTHER PAYABLES, ACCRUALS AND DEPOSITS

		Group		Company	
		2022	**2021**	**2022**	**2021**
	Note	**RM**	**RM**	**RM**	**RM**
Current:					
Other payables		14,758,186	52,997	10,499	14,520
Amount due to a director	(a)	–	4,000,000	–	–
Amount due to a related party	(b)	–	10,470,000	–	–
Accruals	(c)	3,239,115	11,431,636	78,000	78,000
Deposits		103,400	117,300	–	–
		18,100,701	26,071,933	88,499	92,520

21. OTHER PAYABLES, ACCRUALS AND DEPOSITS (CONT'D)

(a) In the previous financial year, amount due to a director is non-trade in nature, unsecured, subject to interest at a rate of 4% per annum and repayable in the next 12 months.

(b) In the previous financial year, the amount due to a related party is non-trade in nature, unsecured, non-interest bearing which represents landowner's entitlements for the development projects undertaken by the Group.

(c) Included in accruals of the Group is an amount of RM3,031,520 (2021: RM11,154,298) which represents project cost accrued for work performed.

22. REVENUE

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
At a point of time:				
Sales of goods	5,040,805	2,692,937	–	–
Dividend income	–	–	–	2,520,000
	5,040,805	2,692,937	–	2,520,000
Over time:				
Construction contracts	17,709,274	26,176,974	–	–
Property development	34,115,414	29,447,181	–	–
Maintenance services	1,961,614	2,092,168	–	–
Rental income	133,900	100,200	–	–
	53,920,202	57,816,523	–	–
	58,961,007	60,509,460	–	2,520,000

23. COST OF SALES

	Group	
	2022	**2021**
	RM	**RM**
Cost of construction services	14,856,637	25,641,244
Cost of sales of property development units	25,835,554	22,088,029
Direct cost of services	1,607,910	1,457,478
Direct operating expenses of investment properties	182,193	193,945
Cost of goods sold	2,761,630	1,448,302
	45,243,924	50,828,998

Notes to the Financial Statements
(cont'd)

24. FINANCE COSTS

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Interest expense on:				
- bank overdrafts	351,363	40,613	–	–
- lease liabilities	941,057	22,869	4,751	3,009
- revolving credit	229,922	103,158	–	–
- term loans	101,477	106,380	–	–
- others	65,278	–	–	–
	1,689,097	273,020	4,751	3,009

25. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Auditors' remuneration:					
- Statutory audit					
- current year		158,000	159,500	71,500	71,500
- prior year		–	11,700	–	9,500
- Non-statutory audit					
- current year		26,500	26,500	26,500	26,500
Bad debts written off		–	2,088	–	4,957
Bad debts recovered		–	(4,595)	–	–
Depreciation of property, plant and equipment		1,291,621	702,829	47,885	48,152
Employee benefits expense	26	9,386,372	8,123,048	1,291,105	1,053,546
Expense relating to short-term lease		120,776	55,380	–	–
Fair value loss/(gain) on investment properties		326,880	(665,865)	–	–
(Gain)/Loss on disposal of:					
- property, plant and equipment		(4,805,667)	(8,366)	–	–
- assets held for sales		–	(1,493,389)	–	–
- investment properties		–	40,000	–	–
Impairment losses on:					
- investment in subsidiaries		–	–	500,698	59,636
- trade receivables		612,444	54,737	–	–
- amount due from subsidiaries		–	–	3,488	10,598
Reversal of impairment losses on amount due from a subsidiary		–	–	(6,928,203)	–
Interest income		(124,967)	(276,025)	(1,836)	(44,408)
Inventories written off		–	29,048	–	–
Loss on fair value adjustment on retention sum		522,373	216,824	–	–
(Gain)/Loss on foreign exchange:					
- realised		(10,531)	67,324	–	–
- unrealised		1,909	(1,042)	–	–
Property, plant and equipment written off		15,995	4,829	–	–
Rental income from premises		(279,600)	(244,805)	–	–

26. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Wages and salaries	8,551,697	7,309,323	1,234,995	1,002,354
Defined contribution plan	834,675	813,725	56,110	51,192
	9,386,372	8,123,048	1,291,105	1,053,546

Included in employee benefits expense are:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors' fees	237,000	228,000	219,000	228,000
Directors' other emoluments	1,794,137	1,852,896	527,662	435,553
	2,031,137	2,080,896	746,662	663,553

27. TAX EXPENSE/(CREDIT)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Statements of comprehensive income				
Current income tax				
Based on results for the current financial year	277,692	181,600	–	10,125
Over provision in prior financial years	(15,212)	(144,367)	(4,517)	–
Real property gain tax	434,922	164,147	–	–
	697,402	201,380	(4,517)	10,125
Deferred tax (Note 19)				
Origination of temporary differences	39,937	16,770	–	–
Under provision in prior financial years	59,066	5,676	–	–
	99,003	22,446	–	–
Tax expense/(credit) in profit or loss	796,405	223,826	(4,517)	10,125

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

Notes to the Financial Statements
(cont'd)

27. TAX EXPENSE/(CREDIT)

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	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Profit before tax	3,488,582	3,228,635	4,780,510	1,071,549
Tax at the applicable rate of 24% (2021: 24%)	837,260	774,872	1,147,322	257,172
Tax effect arising from:				
- non-deductible expenses	3,010,616	717,804	699,361	362,361
- non-taxable income	(2,850,938)	(436,417)	(1,846,683)	(609,408)
- deferred tax assets not recognised during the financial year	548,390	211,842	–	–
- deferred tax recognised in different tax rate	21,833	–	–	–
- utilisation of deferred tax assets not recognised	(1,249,532)	(997,531)	–	–
- fair value gain on investment properties	–	(72,200)	–	–
- income subject to real property gain tax	434,922	164,147	–	–
(Over)/Under provision in prior financial years:				
- current tax	(15,212)	(144,367)	(4,517)	–
- deferred tax	59,066	5,676	–	–
Tax expense/(credit)	796,405	223,826	(4,517)	10,125

28. EARNINGS PER SHARE

(a) Basic earnings per share are based on the 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:

	Group	
	2022	**2021**
Profit attributable to owners of the Company (RM)	3,382,247	3,018,454
Weighted average number of shares in issue (number)	67,000,000	67,000,000
Basic earnings per share (sen)	5.05	4.51

28. EARNINGS PER SHARE (CONT'D)

(b) Diluted earnings per ordinary share

Diluted earnings per share are based on the 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:

	Group	
	2022	**2021**
Profit attributable to owners of the Company (RM)	3,382,247	3,018,454
Number of ordinary shares for basic earnings per share	67,000,000	67,000,000
Effect of dilution from ESOS	54,016	–
	67,054,016	67,000,000
Diluted earnings per ordinary share (sen)	5.04	4.51

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.

29. DIVIDEND

Declared and paid by the Company:	**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

	2021 **RM**
Single tier final dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2020, paid on 27 October 2020	1,675,000

30. FINANCIAL GUARANTEES

	Company	
	2022 **RM**	**2021** **RM**
Financial guarantees given to licensed banks for banking facilities granted to subsidiaries	24,739,016	16,886,639

31. 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	
	2022 **RM**	**2021** **RM**
Paid and payable to a related parties		
Cost of sales	181,973	–
Consultancy fees	384,000	–

	Company	
	2022 **RM**	**2021** **RM**
Received and receivable from subsidiaries		
Dividend income	–	2,520,000
Paid and payable to subsidiaries		
Rental fees	23,000	36,000

31. RELATED PARTIES (CONT'D)

(c) Compensation of key management personnel

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Directors of the Company				
Executive directors:				
- Directors' fee	24,000	36,000	24,000	36,000
- Salaries and allowances	360,000	363,000	360,000	363,000
- Defined contribution plan	14,400	12,960	14,400	12,960
- Share-based payments	96,669	–	96,669	–
- Other emoluments	593	593	593	593
	495,662	412,553	495,662	412,553
Non-executive directors:				
- Directors' fee	195,000	192,000	195,000	192,000
- Allowances	56,000	59,000	56,000	59,000
	251,000	251,000	251,000	251,000
Directors of the subsidiaries				
Executive directors:				
- Directors' fee	18,000	–	–	–
- Salaries and allowances	1,074,076	1,260,649	–	–
- Defined contribution plan	143,010	153,000	–	–
- Share-based payments	46,233	–	–	–
- Other emoluments	3,156	3,694	–	–
	1,284,475	1,417,343	–	–
Key Management Personnel's remuneration:				
Short term employee benefits	585,664	554,336	–	–
Post-employment employee benefits	53,350	46,248	–	–
Share-based payments	12,609	–	–	–
	651,623	600,584	–	–
	2,682,760	2,681,480	746,662	663,553

Notes to the Financial Statements
(cont'd)

32. 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
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	34,508,990	34,508,990
	63,317,011	63,317,011
Company		
Other payables and accruals	88,499	88,499
Amounts due to subsidiaries	25,728,572	25,728,572
Loans and borrowings	173,115	173,115
	25,990,186	25,990,186

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

(i) Amortised cost (Cont'd)

	Carrying amount RM	Amortised cost RM
2021		
Financial assets		
Group		
Trade receivables	18,321,214	18,321,214
Other receivables and deposits, excluding prepayments	11,951,858	11,951,858
Deposits, cash and bank balances	14,556,279	14,556,279
	44,829,351	44,829,351
Company		
Other receivables and deposits, excluding prepayments	17,386	17,386
Amounts due from subsidiaries	6,824,787	6,824,787
Deposits, cash and bank balances	2,632,731	2,632,731
	9,474,904	9,474,904
Financial liabilities		
Group		
Trade payables	10,461,147	10,461,147
Other payables, accruals and deposits	26,071,933	26,071,933
Loans and borrowings	8,992,878	8,992,878
	45,525,958	45,525,958
Company		
Other payables and accruals	92,520	92,520
Amounts due to subsidiaries	25,500,064	25,500,064
Loans and borrowings	35,364	35,364
	25,627,948	25,627,948

32. 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.

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			
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)

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

	Expected credit loss rate %	Gross carrying amount at default RM	Impairment losses RM
2021			
Contract assets	0%	8,513,768	–
Trade receivables			
Current	0%	5,365,090	–
1 to 30 days past due	0%	2,226,763	–
31 to 60 days past due	0%	1,294,150	–
61 to 90 days past due	0%	1,658,580	–
91 to 120 days past due	0%	1,297,037	–
More than 121 days past due	0%	6,479,594	–
Impaired-assessed individually		656,135	(656,135)
	0%	18,977,349	(656,135)
	0%	27,491,117	(656,135)

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 43% (2021: 36%) of the Group's trade receivables were due from 1 major customer (2021: 2 major customers).

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

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

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 RM24,739,016 (2021: RM16,886,639) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 30. 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.

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(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.

Maturity analysis

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
2022					
Group					
Trade payables	10,707,320	10,707,320	–	–	10,707,320
Other payables, accruals and deposits	18,100,701	18,100,701	–	–	18,100,701
Term loans	1,049,744	97,257	389,029	829,781	1,316,067
Lease liabilities	18,249,946	1,507,316	30,162,781	3,543,175	35,213,272
Bank overdrafts	9,209,300	9,209,300	–	–	9,209,300
Revolving credit	6,000,000	6,000,000	–	–	6,000,000
	63,317,011	45,621,894	30,551,810	4,372,956	80,546,660
Company					
Other payables, accruals and deposits	88,499	88,499	–	–	88,499
Amounts due to subsidiaries	25,728,572	25,728,572	–	–	25,728,572
Lease liabilities	173,115	36,000	165,000	–	201,000
Financial guarantees	–	24,739,016	–	–	24,739,016
	25,990,186	50,592,087	165,000	–	50,757,087

Notes to the Financial Statements
(cont'd)

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis (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**
2021					
Group					
Trade payables	10,461,147	10,461,147	–	–	10,461,147
Other payables, accruals and deposits	26,071,933	26,071,933	–	–	26,071,933
Term loans	1,085,524	97,257	389,029	890,988	1,377,274
Lease liabilities	342,747	176,802	179,909	23,515	380,226
Bank overdrafts	1,564,607	1,564,607	–	–	1,564,607
Revolving credit	6,000,000	6,000,000	–	–	6,000,000
	45,525,958	44,371,746	568,938	914,503	45,855,187
Company					
Other payables, accruals and deposits	92,520	92,520	–	–	92,520
Amounts due to subsidiaries	25,500,064	25,500,064	–	–	25,500,064
Lease liabilities	35,364	36,000	–	–	36,000
Financial guarantees	–	16,886,639	–	–	16,886,639
	25,627,948	42,515,223	–	–	42,515,223

32. 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 RM61,784 (2021: RM32,870) 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 United States Dollar ("USD") and 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 profit for the financial year:

	Group Effect on profit for the financial year	
	2022	**2021**
	RM	**RM**
USD		
- Strengthened 10% (2021: 10%)	1,305	553
- Weakened 10% (2021: 10%)	(1,305)	(553)
JPY		
- Strengthened 10% (2021: 10%)	(23,093)	(21,445)
- Weakened 10% (2021: 10%)	23,093	21,445

Notes to the Financial Statements
(cont'd)

32. 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 2 RM
Group		
2022		
Financial liabilities		
Lease liabilities	18,249,946	35,213,272
2021		
Financial liabilities		
Lease liabilities	342,747	380,226
Company		
2022		
Financial liabilities		
Lease liabilities	173,115	201,000
2021		
Financial liabilities		
Lease liabilities	35,364	36,000

Level 2 fair value

<u>Fair value of financial instruments not carried at fair value</u>

The fair value of the finance lease liabilities is determined using the discounted cash flows method based on discount rates that reflects the market borrowing rate as at the end of the reporting period.

33. 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 Chief Executive Officer 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 Chief Executive Officer.

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 Chief Executive Officer.

33. SEGMENT INFORMATION (CONT'D)

2022	Note	Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Oil and gas RM	Property development RM	Healthcare RM	Others RM	Adjustment and elimination RM	Consolidation RM
Revenue											
External sales		–	17,709,274	133,900	–	6,996,643	34,115,414	5,776	–	–	58,961,007
Inter-segment sales	a	–	–	90,400	–	–	–	–	–	(90,400)	–
Total		–	17,709,274	224,300	–	6,996,643	34,115,414	5,776	–	(90,400)	58,961,007
Results											
Segment results	b	4,781,335	(312,970)	(146,738)	(1,521,040)	763,006	7,013,166	(1,599,213)	1,935,551	(5,735,418)	5,177,679
Finance costs		(4,751)	(297,471)	–	–	(90,574)	(589,827)	(739,656)	(2,499)	35,681	(1,689,097)
Profit/(Loss) before tax		4,776,584	(610,441)	(146,738)	(1,521,040)	672,432	6,423,339	(2,338,869)	1,933,052	(5,699,737)	3,488,582
Tax expense		4,517	–	(491,489)	(33,690)	(171,458)	(104,285)	–	–	–	(796,405)
Profit/(Loss) for the financial year		4,781,101	(610,441)	(638,227)	(1,554,730)	500,974	6,319,054	(2,338,869)	1,933,052	(5,699,737)	2,692,177
Assets											
Segment assets	c	64,954,021	58,665,166	14,629,304	3,296,627	7,461,371	54,786,715	26,014,284	178,337	(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	d	26,993,687	16,483,640	9,573,552	16,669	3,267,363	57,473,093	17,901,476	2,744,472	(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)

33. SEGMENT INFORMATION (CONT'D)

2022	Note	Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Oil and gas RM	Property development RM	Healthcare RM	Others RM	Adjustment and elimination RM	Consolidation RM
Other segment information											
Purchase of property, plant and equipment		189,600	994,782	–	–	622,793	6,485,952	15,844,010	184,003	(1,226,685)	23,094,455
Bad debts written off		–	–	–	958,021	–	–	–	500	(958,521)	–
Depreciation of property, plant and equipment	e	47,885	306,862	–	18,224	119,171	289,503	530,153	7,667	(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	g	500,698	329,960	–	–	–	–	–	–	(830,658)	–
- trade receivables		–	–	–	–	612,444	–	–	–	–	612,444
- amounts due from subsidiaries	g	(6,924,715)	(69,986)	–	–	–	–	–	(9,000)	7,003,701	–
Interest income		(1,836)	(49,334)	–	–	(21,373)	(52,424)	–	–	–	(124,967)
Gain on disposal of property, plant and equipment	f	–	(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

33. SEGMENT INFORMATION (CONT'D)

2021	Note	Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Oil and gas RM	Property development RM	Healthcare RM	Others RM	Adjustment and elimination RM	Consolidation RM
Revenue											
External sales		–	26,176,974	100,200	–	4,785,105	29,447,181	–	–	–	60,509,460
Inter-segment sales	a	2,520,000	–	166,500	–	–	–	–	–	(2,686,500)	–
Total		2,520,000	26,176,974	266,700	–	4,785,105	29,447,181	–	–	(2,686,500)	60,509,460
Results											
Segment results	b	1,071,203	228,564	375,223	(88,384)	462,056	4,426,567	(360,861)	40,128	(2,652,841)	3,501,655
Finance costs		(3,009)	(48,729)	–	–	(35,787)	(185,495)	–	–	–	(273,020)
Profit/(Loss) before tax		1,068,194	179,835	375,223	(88,384)	426,269	4,241,072	(360,861)	40,128	(2,652,841)	3,228,635
Tax expense		(10,125)	(16,485)	(42,155)	–	(159,538)	4,477	–	–	–	(223,826)
Profit/(Loss) for the financial year		1,058,069	163,350	333,068	(88,384)	266,731	4,245,549	(360,861)	40,128	(2,652,841)	3,004,809
Assets											
Segment assets	c	61,138,376	56,472,067	14,880,512	4,863,923	5,319,745	54,801,854	8,718,681	534	(108,222,617)	97,973,075
Goodwill on consolidation		–	–	–	–	–	–	–	–	855,994	855,994
Tax assets		–	230,800	12,324	4,545	125,712	9,000	–	–	–	382,381
Total assets										(107,366,623)	99,211,450
Liabilities											
Segment liabilities	d	27,633,098	14,075,270	9,508,737	33,613	1,529,807	63,842,485	8,079,542	4,499,721	(82,870,811)	46,331,462
Deferred tax liabilities		–	–	498,440	–	27,569	–	–	–	(290,000)	236,009
Tax liabilities		10,125	–	–	–	–	–	–	–	–	10,125
Total liabilities										(83,160,811)	46,577,596

33. SEGMENT INFORMATION (CONT'D)

2021	Note	Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Oil and gas RM	Property development RM	Healthcare RM	Others RM	Adjustment and elimination RM	Consolidation RM
Other segment information											
Purchase of property, plant and equipment		–	155,575	–	–	42,164	60,271	7,007,440	–	(35,000)	7,230,450
Bad debts written off		4,957	2,088	–	–	–	–	–	–	(4,957)	2,088
Bad debts recovered		–	–	–	(4,595)	–	–	–	–	–	(4,595)
Depreciation of property, plant and equipment	e	48,152	397,278	–	63,692	141,730	28,921	372	–	22,684	702,829
Fair value gain on investment properties	f	–	(334,080)	(331,785)	–	–	–	–	–	–	(665,865)
Net impairment losses on:											
- investment in subsidiaries	g	59,636	–	–	–	–	–	–	–	(59,636)	–
- trade receivables		–	–	–	54,737	–	–	–	–	–	54,737
- amounts due from subsidiaries	g	10,598	–	–	–	–	–	–	–	(10,598)	–
Interest income		(44,408)	(178,965)	–	–	(25,365)	(27,287)	–	–	–	(276,025)
(Gain)/Loss on disposal of property, plant and equipment		–	(400)	–	(42,033)	–	–	–	–	34,067	(8,366)
Gain on disposal of assets held for sales		–	(1,493,389)	–	–	–	–	–	–	–	(1,493,389)
Inventories written off		–	–	–	29,048	–	–	–	–	–	29,048
Loss on disposal of investment properties		–	20,000	–	20,000	–	–	–	–	–	40,000
Loss on fair value adjustment on retention sum		–	216,824	–	–	–	–	–	–	–	216,824
Property, plant and equipment written off		–	–	–	–	4,829	–	–	–	–	4,829
Unrealised gain on foreign exchange		–	–	–	–	(1,042)	–	–	–	–	(1,042)

33. SEGMENT INFORMATION (CONT'D)

(a) Inter-segment transactions are eliminated on consolidation.

(b) (Loss)/Profit from other segment transactions are eliminated on consolidation.

(c) The following items are deducted from segments assets to arrive at total assets reported in the consolidated statement of financial position:

	2022 RM	2021 RM
Intra group transactions	7,777,676	22,166,382
Investment in subsidiaries	60,747,088	50,527,371
Amount due from holding company	25,728,572	26,448,083
Amounts due from subsidiaries	16,347,960	8,224,787
	110,601,296	107,366,623

(d) The following items are deducted from segment liabilities to arrive at total liabilities reported in consolidated statement of financial position:

	2022 RM	2021 RM
Intra group transactions	8,904,362	36,315,083
Amount due to holding company	27,034,603	20,397,645
Amounts due to subsidiaries	33,706,411	26,448,083
	69,645,376	83,160,811

(e) The depreciation of property, plant and equipment is eliminated.

(f) Fair value gain on owner occupied properties is eliminated.

(g) 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 one customer (2021: one customer) represented RM10,491,877 (2021: RM24,450,023) for the Group's total revenue.

34. 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 2022 and 31 March 2021.

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.

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Loans and borrowings	34,508,990	8,992,878	173,115	35,364
Trade payables	10,707,320	10,461,147	–	–
Other payables, accruals and deposits	18,100,701	26,071,933	88,499	92,520
Contract liabilities	1,781,565	805,504	–	–
Amounts due to subsidiaries	–	–	25,728,572	25,500,064
	65,098,576	46,331,462	25,990,186	25,627,948
Less: Deposits, cash and bank balances	(7,227,305)	(14,556,279)	(31,517)	(2,632,731)
Net debts	57,871,271	31,775,183	25,958,669	22,995,217
Total equity	54,008,261	52,633,854	36,965,763	33,498,506
Net debt-to-equity ratio	1.07	0.60	0.70	0.69

35. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. Many countries including the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of the COVID-19 pandemic. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and Company's operation and financial implication, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 March 2022.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 March 2023 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

STATEMENT BY **DIRECTORS**

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

We, **DATO' MOHAMAD HASLAH BIN MOHAMAD AMIN** and **DATO' SERI LEE TIAN HOCK**, 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 66 to 143 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 2022 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:

....

DATO' MOHAMAD HASLAH BIN MOHAMAD AMIN
Director

....

DATO' SERI LEE TIAN HOCK
Director

Kuala Lumpur

Date: 20 July 2022

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 66 to 143 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 20 July 2022.

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 2022 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 66 to 143.

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 2022, 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 4(a), 20(b), 21(c) and 23 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.

Independent Auditors' Report (cont'd)

Key Audit Matters (Cont'd)

Group (Cont'd)

Revenue and corresponding costs recognition for construction activities (Notes 4(a), 20(b), 21(c) and 23 to the financial statements) (Cont'd)

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.

Revenue and corresponding costs recognition for property development activity (Notes 4(b), 13, 14 and 23 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.

Key Audit Matters (Cont'd)

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.

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.

Independent Auditors' Report (cont'd)

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.
- 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.

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

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. 03229/09/2022 J
Chartered Accountant

Kuala Lumpur

Date: 20 July 2022

LIST OF **PROPERTIES**
AS AT 31 MARCH 2022

Location	Description (Existing Use)	Tenure (Age of Building)	Land Area (Built-Up Area) sq. ft.	Net Book Value as at 31.03.2022 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 (24 years)	5,764 (6,492)	1,200,000	07.03.2022
No A3-31-3A, Soho Suite @ KLCC No 20, Jalan Perak 50450 Kuala Lumpur	Soho Suite (vacant)	Freehold (8 years)	(601)	880,000	30.03.2022
Unit E-11-3, Block E Megan Avenue 1 189 Jalan Tun Razak 50400 Kuala Lumpur	Office Lot (vacant)	Freehold (24 years)	(1,500)	1,100,000	30.03.2022
Lot 449 No. 2, Jalan Apollo U5/190 Seksyen U5 Bandar Pinggiran Subang 40150 Shah Alam Selangor Darul Ehsan	2½-storey semi-detached factory (vacant)	Leasehold Expiring on 7.12.2093 (24 years)	17,668 (5,400)	600,036	31.10.1996
Lot 416 No. 25, Jalan Apollo U5/194 Seksyen U5 Bandar Pinggiran Subang 40150 Shah Alam Selangor Darul Ehsan	3-storey Detached factory (rented)	Leasehold Expiring on 7.12.2093 (24 years)	23,153 (10,240)	5,800,000	30.03.2022
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 (23 years)	2,516 (8,916)	1,300,000	30.03.2022
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 (23 years)	2,516 (8,916)	1,300,000	30.03.2022

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 31.03.2022 RM	Date of Valuation/ Acquisition
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 (17 years)	1,760 (7,040)	1,650,000	30.03.2022
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 (19 years)	3,387 (3,006)	530,000	07.03.2022
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 (19 years)	3,340 (4,038)	560,000	07.03.2022
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 (22 years)	1,760 (5,280)	1,050,000	07.03.2022
No 9, Lorong Cakera Purnama 12/1 42300 Bandar Puncak Alam Selangor Darul Ehsan	Double Storey house (rented)	Leasehold Expiring on 14.07.2109 (12 years)	1,400 (3,060)	360,000	07.03.2022
No 15, Lintang Bukit Jambul 3 11900 Bayan Lepas Penang	Double Storey Semi-Detached house (vacant)	Leasehold Expiring on 07.11.2100 (2 years)	5,070 (2,997)	2,620,000	30.03.2022
Lot 5723 Pekan Panchor Daerah Seremban Negeri Sembilan	Industrial Land (vacant)	Leasehold Expiring on 19.01.2096	23,412	400,000	07.03.2022

SHAREHOLDERS' **INFORMATION**

AS AT 30 JUNE 2022

Issued shares capital	:	67,000,000 ordinary shares
Class of shares	:	Ordinary Shares
Voting rights	:	One (1) vote per one (1) ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	18	2.10	365	0.00
100 – 1,000	335	39.00	284,333	0.42
1,001 – 10,000	322	37.48	1,400,381	2.09
10,001 – 100,000	145	16.88	5,736,221	8.56
100,001 – 3,349,999 (less than 5% of issued shares)	35	4.07	15,904,800	23.74
3,350,000 and above (5% and above of issued shares)	4	0.47	43,673,900	65.19
Total	**859**	**100.00**	**67,000,000**	**100.00**

THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Cerdik Cempaka Sdn Bhd	17,956,900	26.80
2	Nova Premium Sdn Bhd	15,000,000	22.39
3	Anjuran Utama Sdn Bhd	5,417,000	8.09
4	Fine Approach Sdn Bhd	5,300,000	7.91
5	Westiara Development Sdn Bhd	3,113,100	4.65
6	Chang Min Wai	1,000,000	1.49
7	Dato' Seri Lee Tian Hock	1,000,000	1.49
8	Leong Low Pew	1,000,000	1.49
9	Dato' Hj Mohamad Haslah bin Mohamad Amin	1,000,000	1.49
10	Ong Boon Hai	950,000	1.42
11	Low Kim Fong	885,000	1.32
12	Yong Soi Mee	630,000	0.94
13	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged securities account for Nge Ying Choon	500,000	0.75
14	Chong Kwong Chin	416,700	0.62
15	Ng Eng Tong	400,000	0.60
16	Siew Yoke Sum	400,000	0.60
17	Sim Ven Shiaun	393,000	0.59
18	Cheok Cheng Hiang	387,000	0.58
19	Low Kim Fong	349,000	0.52
20	Tan Siew Guat	311,700	0.47
21	Ng Eng Fong	298,000	0.44
22	Adeline Chew Wai Yean	294,000	0.44
23	Lai Thiam Poh	274,300	0.41
24	Hew Choy Yin	200,000	0.30
25	Tan Seng Heng	199,600	0.30
26	Sam Wen Xuan	188,500	0.28
27	Lim Shi Yi	186,500	0.28
28	Lim Zheng Xiang	177,000	0.26
29	Neo Chee Boon	160,000	0.24
30	Maybank Nominees (Tempatan) Sdn Bhd – Hau Leong Ming	150,000	0.22
	Total	**58,537,300**	**87.38**

Shareholders' Information (cont'd)

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
Cerdik Cempaka Sdn Bhd	17,956,900	26.80	–	–
Dato' Seri Lee Tian Hock	1,000,000	1.49	17,956,900(1)	26.80
Mohd Sufian bin Abd Murad	–	–	17,956,900(1)	26.80
Abdul Jalil bin Mohd Abd Ghani	–	–	17,956,900(1)	26.80
Nova Premium Sdn Bhd	15,000,000	22.39	–	–
Mariah binti Shamsudin	–	–	15,000,000(2)	22.39
Mustaza bin Musa	–	–	15,000,000(2)	22.39
Hisham bin Aini	–	–	15,000,000(2)	22.39
Anjuran Utama Sdn Bhd	5,417,000	8.09	–	–
Dato' Hj Mohamad Haslah bin Mohamad Amin	1,000,000	1.49	5,417,000(3)	8.09
Mohamad Haslizan bin Mohamad Haslah	–	–	5,417,000(3)	8.09
Fine Approach Sdn Bhd	5,300,000	7.91	–	–
Lee Tian Huat	100,000	0.15	5,300,000(4)	7.91
Yong Soi Mee	630,000	0.94	5,300,000(4)	7.91

DIRECTORS AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
Name of Director				
Dato' Hj Mohamad Haslah bin Mohamad Amin	1,000,000	1.49	5,417,000(3)	8.09
Dato' Seri Lee Tian Hock	1,000,000	1.49	17,956,900(1)	26.80
Dato' Kamarulzaman bin Jamil	–	–	–	–
Czarina Alia binti Abdul Razak	–	–	–	–
Tuan Hj Mohamad Nor bin Abas	–	–	–	–
Shahrizam bin A Shukor	–	–	–	–
Sharifah Rafidah binti Wan Mansor	–	–	–	–
Name of Chief Executive Officer				
Ng Jun Lip	17,000	0.03	–	–

Notes:
(1) Deemed interested by virtue of his shareholdings in Cerdik Cempaka Sdn Bhd.
(2) Deemed interested by virtue of his/her shareholdings in Nova Premium Sdn Bhd.
(3) Deemed interested by virtue of his shareholdings in Anjuran Utama Sdn Bhd.
(4) Deemed interested by virtue of his/her shareholdings in Fine Approach Sdn Bhd.

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting ("25th AGM") of Stella Holdings Berhad will be conducted virtually through live streaming from the Broadcast Venue, being the main meeting venue at the Meeting Room of the Company, A-13A, Pusat Komersial Arena Bintang, Jalan Zuhal U5/178, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on **Thursday, 22 September 2022** at **10.00 a.m.** for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and Auditors thereon. *Please refer to Explanatory Notes*

2. To approve the declaration of a final single-tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2022. *Resolution 1*

3. To approve the payment of Directors' fees of up to RM300,000 from 1 September 2022 until the conclusion of the next Annual General Meeting of the Company in 2023. *Resolution 2*

4. To approve the payment of Directors' benefits of up to RM130,000 from 1 September 2022 until the conclusion of the next Annual General Meeting of the Company in 2023. *Resolution 3*

5. To re-elect the following Directors retiring pursuant to Article 108 of the Company's Constitution:

   (i) Tuan Hj Mohamad Nor bin Abas *Resolution 4*
   (ii) Shahrizam bin A Shukor *Resolution 5*

   Czarina Alia binti Abdul Razak who also retires in accordance with Article 108 of the Company's Constitution, will not seek re-election at the 25th AGM. Accordingly, she will retire from the Board at the conclusion of the 25th AGM.

6. To re-elect the following Director retiring pursuant to Article 115 of the Company's Constitution:

   (i) Sharifah Rafidah binti Wan Mansor *Resolution 6*

7. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to fix their remuneration. *Resolution 7*

   As Special Business

8. To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

   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 twenty percent (20%) 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." *Resolution 8*

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a final single-tier dividend of 2.5 sen per ordinary share for the financial year ended 31 March 2022, if approved by the shareholders at the 25th Annual General Meeting of the Company, will be paid on 24 November 2022 to the shareholders whose names appear on the Record of Depositors of the Company at the close of business on 27 October 2022.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

(a) shares transferred into the Depositor's Securities Account before 4.30 p.m. on 27 October 2022 in respect of ordinary transfers; and
(b) shares bought on the Bursa Securities on a cum-entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

YEW @ YEOH SIEW YEN (MAICSA 7048094)
SSM PC No. 201908003496
Company Secretary

Selangor Darul Ehsan
27 July 2022

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 and vote in his stead. A member shall be entitled to appoint only one proxy unless he has more than 1,000 shares in which case he may appoint up to two proxies provided each proxy appointed shall represent at least 1,000 shares. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings 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 proxy but not more than two 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 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 his attorney duly authorised in writing or if such appointer is a corporation, either under its Common Seal or 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 Darul Ehsan, 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 14 September 2022 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on his behalf.

Notice of Twenty-Fifth Annual General Meeting (cont'd)

Explanatory Notes

1. **To receive the Audited Financial Statements**

   Agenda item no. 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 2 and 3 - To approve the payment of Directors' fees and benefits**

   The Directors' fee amounting up to RM300,000 under the proposed Ordinary Resolution 2 is for payment of fees to the Non-Executive Directors from 1 September 2022 until the conclusion of the next Annual General Meeting of the Company in 2023 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 3 is to seek shareholders' approval for the payment of Directors' benefits of up to RM130,000 from 1 September 2022 until the conclusion of the next Annual General Meeting of the Company in 2023.

3. **Ordinary Resolutions 4 to 6 – 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 2022.

   The Board supported the reappointment 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 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 8 - Authority to Allot and Issue Shares**

   The existing general mandate for the authority to issue shares was approved by the shareholders of the Company at the 24th Annual General Meeting held on 23 September 2021. The Company did not issue any new shares pursuant to the general mandate obtained at the 24th Annual General Meeting.

   Bursa Securities had on 16 April 2020 announced that listed issuers are allowed to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirement of not more than 20% of the total number of issued shares for issue of new securities ("**20% General Mandate**").

   On 23 December 2021, Bursa Securities had via its letter, further extended the 20% General Mandate for another twelve (12) months to listed issuers. The proposed Ordinary Resolution 8, if passed will empower the Directors of the Company, with the authority to allot and issue shares in the Company up to an amount not exceeding 20% of the total number of issued shares of the Company until 31 December 2022 or a later date as may be allowed by the relevant authorities. With effect from 1 January 2023 or a later date as may be allowed by the relevant authorities, the 20% General Mandate will be reinstated to a 10% limit according to Paragraph 6.03 of the Main Market Listing Requirement.

   The Board of Directors is of the view that the adoption of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the following basis:-

   a) Given the uncertainty surrounding the recovery of the Covid-19 pandemic and future financial needs of the Group, the additional fund raising flexibility through the 20% General Mandate will enable the Company, should it required to do so, to raise more fund to meets its requirements for working capital, operational expenditures or future investment projects, expeditiously and efficiently, to ensure the long term sustainability of the Company.
   b) This would also eliminate any delay arising from and cost involved in convening a separate general meeting to obtain the approval of the shareholders for such issuance of shares during this challenging period.

STATEMENT ACCOMPANYING
THE NOTICE OF ANNUAL GENERAL MEETING

Details of persons who are standing for election as Directors

No individual is seeking election as a Director at the 25th Annual General Meeting of the Company.

ADMINISTRATIVE **GUIDE**

FOR THE SHAREHOLDERS OF STELLA HOLDINGS BERHAD

VIRTUAL TWENTY-FIFTH ANNUAL GENERAL MEETING (25TH AGM) OF STELLA HOLDINGS BERHAD ("THE COMPANY")

Date	**:**	**22 September 2022 (Thursday)**
Meeting Time	**:**	**10:00 a.m.**
Main Venue Location	**:**	**A-13A, Pusat Komersial Arena Bintang, Jalan Zuhal U5/178, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.**

REGISTRATION PROCESS (3 LEVEL SECURITY)

1. Shareholders and vested parties who wish to attend the Company's 25th AGM are required to register first online by cut-off date 20 September 2022 at 10:00 a.m. to enable the Company to verify your status. (*1st level security authentication*) via :-

   i) Registration Link :- https://cutt.ly/tJAQ12i ; or

   ii) Scanned QR code :-

   An acknowledged receipt email will be sent to you after the completion of your registration.

2. Please provide your Name or Company's name, MyKad number, CDS account number, mobile contact number and a valid email address for verification to gain admission to the 25th AGM.

3. Following the verification, authenticated parties (members and proxy holders) will receive an email from agm@vcube.com.my containing your **Unique Security (US) Link, ID, Voting Password** and instructions to be used to enter the AGM at the date and time specified.

4. Please check your inbox or spam-box on the night before the said AGM. You might need your IT personnel to whitelist the domain of V-cube so that the email from agm@vcube.com.my can be received.

5. You must not forward the **US Link, ID and Voting Password** to any other persons. This will be in breach of terms of usage. This is also to avoid any technical disruptions to your personalized usage. Such mis-usage will void your vote and you may be prosecuted under the PDPA Act 2010. The link is trackable and will be erased after the 25th AGM has concluded.

6. Vested parties who register by the cut-off date but do not receive an email response after 20 September 2022, may contact us for assistance at the Poll Administrator's Hotline at **+60 11-5655 2899** via WhatsApp messages (from 9.00 a.m. to 5.00 p.m.) or at email address: agm@vcube.com.my.

7. Shareholders are required to submit their proxy forms, on or before 20 September 2022, 10:00 a.m. to the following address :-

   Stella Holdings Berhad
   A-13A, Pusat Komersial Arena Bintang, Jalan Zuhal U5/178, Seksyen U5,
   40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

ADMINISTRATIVE GUIDE
(cont'd)

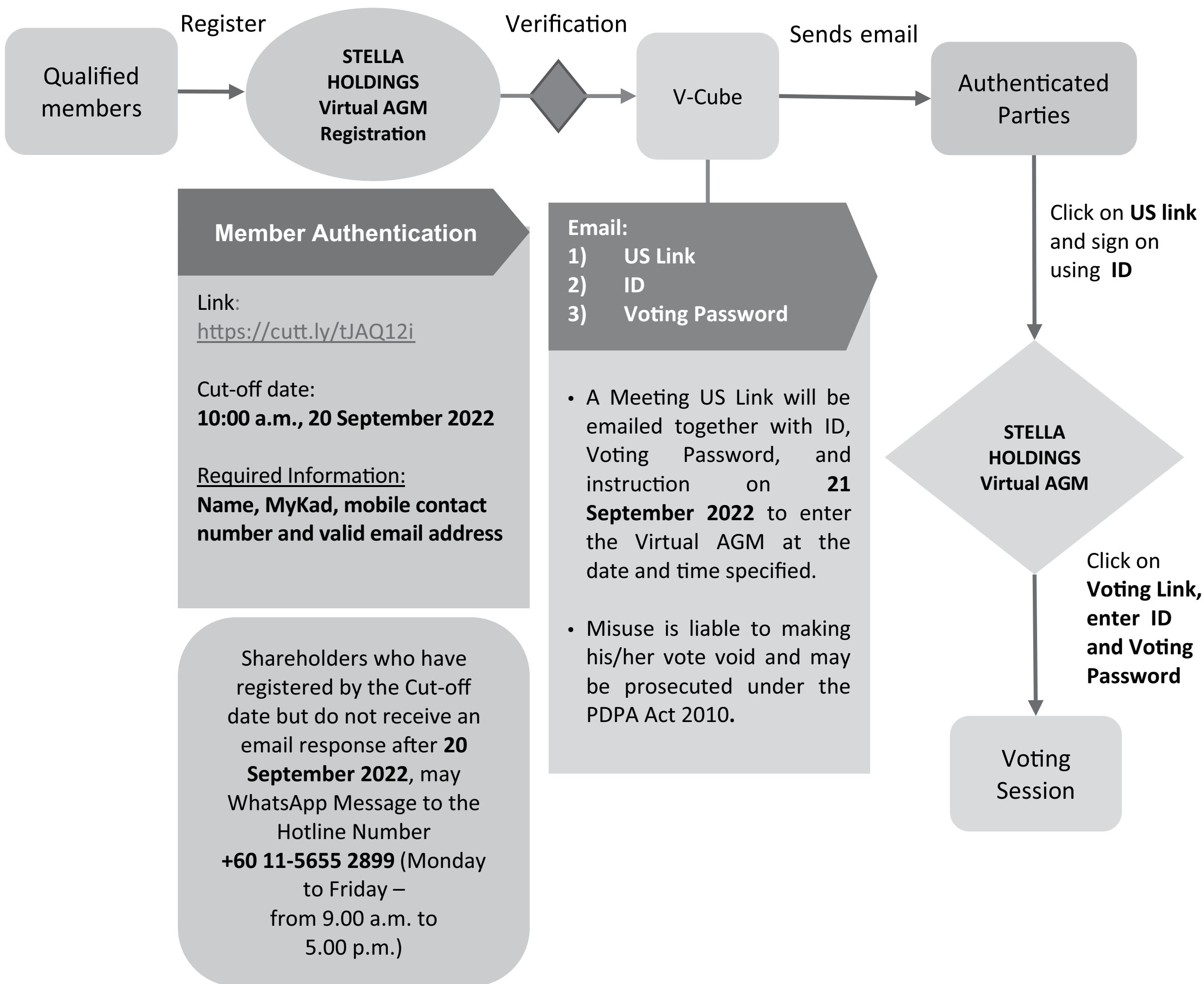
REGISTRATION PROCESS (3 LEVEL SECURITY) (CONT'D)

8. Browser: You will need a browser that is HTML5-compatible (e.g. Microsoft Edge, Chrome, Fire fox) and a stable WIFI or LAN connection to participate in the 25th AGM which is device agnostic. A pre-environment test is attached with the **Meeting Link email**. For best user experience, you are strongly advised to join via a laptop or computer to engage fully in the proceedings and interactively download important information presented during the 25th AGM.

IMPORTANT NOTES

i) We will verify your submitted information to qualify you to attend the 25th AGM, after 14 September 2022.
ii) After you have been verified, you will receive an email from agm@vcube.com.my containing your **US Link, ID and Voting Password** on the night before the AGM Day for the purpose of entering the AGM at the specified date.
iii) All 25th AGM user data analytics are recorded for compliance.
iv) Shareholders can submit their questions earlier before the 25th AGM by 20 September 2022 at 10.00 a.m. to stella@stella-holdings.com.my. Please provide your full name as per MyKad, mobile contact number and CDS account number in your email.

FLOW CHART FOR STELLA HOLDINGS BERHAD AGM



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ADMINISTRATIVE GUIDE
(cont'd)

POST REGISTRATION:

1. If you do not receive an email acknowledgement after your registration, it means your pre-registration is not successful. Please check your spam/junk email folder or try again.

2. Please contact us at email address agm@vcube.com.my, or alternatively WhatsApp message to the Poll Administrator's Hotline at **+60 11-5655 2899** (from 9.00 a.m. to 5.00 p.m.), if you have any urgent questions.

ACTUAL MEETING :

1. Click on the US Link before the virtual AGM starts and enter your ID correctly.

2. A communication box channel will be enabled prior to the tabling of each Resolution before voting. This is to enable you to communicate and post your question which will be vetted for relevancy before being responded by the Chairman or the Board.

E-VOTING PROCEDURES:

1. During the session, the Chairman of the Meeting or the Committee Member will answer questions pertaining to each resolution within a certain pre-set time frame. Upon completion of the Q&A, the Chairman with the coordinated assistance of V-cube authorised staff will provide the Voting Link to the attendees. The ID and Voting Password would also have already been sent to you via email as well.

2. Kindly click on the Voting Link, enter your ID and your Voting Password which has been emailed to you.

3. Shareholders and/or proxy holders must submit the e-vote during the live polling session for each Resolution through clicking the box as below :-

FOR
AGAINST
ABSTAIN

4. A fixed time for voting is allocated depending on the Chairman's decision.

5. The shareholder is allowed to vote either by Form of Proxy or online during the 25th AGM. The shareholder or proxy holder is only allowed to vote once.

6. Once e-voting is completed for all the agendas/resolutions by polling, the Virtual 2022 AGM will be adjourned for the vote counting compliance.

7. During the adjournment period, the voting data will be downloaded and checked for compliance and validation.

8. The Chairman will provide details of the e-voting results and overall results after the short adjournment.

Note:

(A) Aside from shareholders, proxy holders who are allowed to join the 25th AGM, can participate in the questions and responses.
(B) All e-voting data in raw and cleanse form are archived for compliance purpose.
(C) Kindly check the Company's announcement or its website: http://www.stella-holdings.com.my/ for any further updates on the status or changes to the arrangement of the virtual 25th AGM.

We would like to thank all parties for your understanding and cooperation in conducting the AGM virtually. V-cube Malaysia is an experienced independent virtual AGM service provider in full compliance of Securities Commission, MKN, SSM, ROS and COB Malaysia Guidelines. It is an associate company of V-cube Inc listed on the Tokyo Stock Exchange and its local partners in Malaysia are the credible Institute of Corporate Directors Malaysia (ICDM) and KPMG.

PROXY FORM

STELLA HOLDINGS BERHAD
Company No. 199701004603 (420099-X)
(Incorporated in Malaysia)

No. of shares held	
CDS Account No.	
Mobile No.	
Email Address	

I/We (full name in block capitals) ....

NRIC No./Company No...of (full address)..

....
being a *member/members of STELLA HOLDINGS BERHAD, hereby appoint the following person (s):-

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Email Address:			
Mobile Phone No.:			

and/or

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Email Address:			
Mobile Phone 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 Twenty-Fifth Annual General Meeting of the Company to be conducted virtually through live streaming from the Broadcast Venue, being the main meeting venue at the Meeting Room of the Company, A-13A, Pusat Komersial Arena Bintang, Jalan Zuhal U5/178, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 22 September 2022 at 10.00 a.m., and at any adjournment thereof.

Resolution No.	Agenda	For	Against
1.	To approve the declaration of a final single-tier dividend		
2.	To approve the payment of Directors' fees		
3.	To approve the payment of Directors' benefits		
4.	To re-elect Tuan Hj Mohamad Nor bin Abas as Director		
5.	To re-elect Shahrizam bin A Shukor as Director		
6.	To re-elect Sharifah Rafidah binti Wan Mansor as Director		
7.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors		
8.	Authority to allot and issue 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 may vote as he/she shall think fit in respect of the resolution.]

* *Delete if not applicable.*

Signed this ……….. day of ………………………….. 2022

…………………………………………………….
Signature/Common Seal of Shareholder

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 and vote in his stead. A member shall be entitled to appoint only one proxy unless he has more than 1,000 shares in which case he may appoint up to two proxies provided each proxy appointed shall represent at least 1,000 shares. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings 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 proxy but not more than two 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 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 his attorney duly authorised in writing or if such appointer is a corporation, either under its Common Seal or 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 Darul Ehsan, 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 14 September 2022 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on his behalf.*

Fold This Flap For Sealing

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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 Darul Ehsan
Malaysia

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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