

Inari
Amertron
Berhad

Inari Amertron Berhad
(Registration No. 201001016131 (1000809-U))

5G



**ACTUALISING THROUGH
TECHNOLOGY & INNOVATION**

ANNUAL REPORT 2021



www.inari-amertron.com

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OUR VISION & MISSION

Deliver Quality Service & Products To Our Customers

Treat Staff, Customers, Our Business Partners Fairly

Deliver Good Returns To Our Shareholders

OUR KEY BELIEFS

Integrity_____Need all levels to walk the talk at all times

No Excuse_____Focus on the Success Formula

Aligned Partnership_____Customers - Our Team - Suppliers

Result Oriented_____To delight Stakeholders, Customers and Employees

Initiative_____Positive and Can-Do attitude

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairperson,
Independent Non-Executive Director
**Y.A.M. Tengku Puteri Seri Kemala
Tengku Hajjah Aishah Binti Almarhum
Sultan Haji Ahmad Shah, DK(II), SIMP**

Executive Vice Chairman
Dato' Dr. Tan Seng Chuan

Executive Director cum Chief Executive
Officer
Lau Kean Cheong

Executive Directors
**Dato' Wong Gian Kui
Ho Phon Guan
Mai Mang Lee**

Non-Independent Non-Executive Directors
**Dato' Sri Thong Kok Khée
Ahmad Ridzuan Bin Wan Idrus**

Independent Non-Executive Directors
**Foo Kok Siew
Oh Seong Lye
Datuk Phang Ah Tong**

Alternate Director to
Dato' Sri Thong Kok Khée
Thong Mei Chuen

AUDIT COMMITTEE

Chairman,
Independent Non-Executive Director
Foo Kok Siew

Independent Non-Executive Directors
**Y.A.M. Tengku Puteri Seri Kemala
Tengku Hajjah Aishah Binti Almarhum
Sultan Haji Ahmad Shah, DK(II), SIMP**

Oh Seong Lye

NOMINATION COMMITTEE

Chairperson,
Independent Non-Executive Director
**Y.A.M. Tengku Puteri Seri Kemala
Tengku Hajjah Aishah Binti Almarhum
Sultan Haji Ahmad Shah, DK(II), SIMP**

Non-Independent Non-Executive Director
Dato' Sri Thong Kok Khée

Independent Non-Executive Director
Oh Seong Lye

REMUNERATION COMMITTEE

Chairman,
Independent Non-Executive Director
Oh Seong Lye

Independent Non-Executive Directors
**Foo Kok Siew
Datuk Phang Ah Tong**

SUSTAINABILITY AND RISK
MANAGEMENT COMMITTEE

Chairman,
Independent Non-Executive Director
Datuk Phang Ah Tong

Independent Non-Executive Director
Foo Kok Siew

Executive Vice Chairman
Dato' Dr. Tan Seng Chuan

COMPANY SECRETARIES

Chow Yuet Kuen
(MAICSA 7010284)
(SSM Practising Certificate
No. 202008002730)

Lau Fong Siew
(MAICSA 7045893)
(SSM Practising Certificate
No. 202008002625)

REGISTERED OFFICE

No. 47-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Tel : 03-2391 9309
Fax : 03-2282 4688

SHARE REGISTRAR

Megapolitan Management Services
Sdn Bhd
No. 47-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Tel : 03-2391 9309
Fax : 03-2282 4688

CORPORATE OFFICE

D-07-03, Plaza Kelana Jaya
Jalan SS 7/13A, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 03-7876 0169
Fax : 03-7876 0167

BUSINESS ADDRESS

No. 51, Jalan Hilir Sungai Keluang Empat
Phase 4 Bayan Lepas Free Industrial Zone
11900 Bayan Lepas
Pulau Pinang, Malaysia
Tel : 04-645 6618
Fax : 04-646 0618

AUDITORS

Grant Thornton Malaysia PLT
(Member of Grant Thornton
International Ltd)
Chartered Accountants
Level 11
Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

SOLICITORS

Raslan Loong, Shen & Eow
Teh & Lee
Shearn Delamore & Co.

PRINCIPAL BANKERS

Agricultural Bank of China
Ambank (Malaysia) Berhad
BDO Unibank Inc.
China Construction Bank Corporation
CTBC Bank (Philippines) Corporation
CTBC Bank Co. Ltd.
Hong Leong Bank Berhad
Malayan Philippines Incorporated
OCBC Al-Almin Bank Berhad
OCBC Bank (Malaysia) Berhad
Yuanta Commercial Bank Co. Ltd.

STOCK EXCHANGE LISTING

Main Market of Bursa
Malaysia Securities Berhad
Stock Name : INARI
Stock Code : 0166
Sector : Technology
Sub-sector : Semiconductors

CORPORATE STRUCTURE

As at 25 October 2021

**100% - INARI TECHNOLOGY SDN BHD****100% - INARI SEMICONDUCTOR LABS SDN BHD**

100% - HEKTAR TEKNOLOGI SDN BHD

**100% - INARI INTEGRATED SYSTEMS SDN BHD****100% - INARI OPTICAL TECHNOLOGY SDN BHD****100% - INARI SOUTH KEYTECH SDN BHD****100% - INARI MATRIX SDN BHD**

51% - INARI MIT SDN BHD



30% - PCL INARI TECHNOLOGIES SDN BHD

**100% - SIMFONI BISTARI SDN BHD****100% - INARI INTERNATIONAL LIMITED**

100% - AMERTRON INC (GLOBAL) LIMITED

100% - AMERTRON INCORPORATED
100% - AMERTRON TECHNOLOGY
(KUNSHAN) CO LTD**100% - INARI-GLOBAL (HK) LIMITED****51% - CEEDTEC SDN BHD**

100% - CEEDTEC TECHNOLOGY SDN BHD

**Inari Amertron Berhad**
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5 YEARS GROUP FINANCIAL HIGHLIGHTS

	2017	2018	2019	2020	2021
Revenue (RM'000)	1,176,672	1,376,042	1,152,860	1,057,951	1,428,704
Profit After Taxation (RM'000)	228,631	260,130	192,347	156,440	330,715
EBITDA (RM'000)	309,449	380,835	312,343	273,499	455,466
Earnings Per Share (Basic) (sen)*	*7.62	8.08	6.06	4.85	10.01
Dividends Per Share (sen)	9.8	8.4	5.2	4.4	11.0
Dividend Payout Ratio (%)	72.2%	81.6%	85.8%	91.1%	113.5%
Dividend Payout (RM'000)	165,001	212,338	164,973	142,510	375,364
Total Equity (RM'000)	873,346	1,070,817	1,121,959	1,208,932	1,377,437
Net Assets Per Share (sen)*	*28.9	33.8	35.2	37.1	41.0
Cash And Bank Balances (RM'000)	455,294	529,962	429,716	594,594	904,886
Debt/Equity Ratio (times)	0.047	0.022	0.013	0.005	0.001

* The comparative figures for Earnings Per Share and Net Assets Per Share have been restated to reflect the adjustment arising from the bonus issue completed in previous financial year 2018.

5 YEARS GROUP FINANCIAL HIGHLIGHTS

cont'd

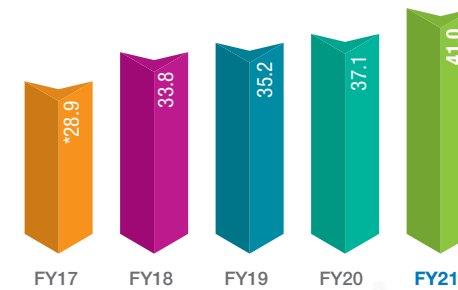
Dividend Payout
(RM'000)



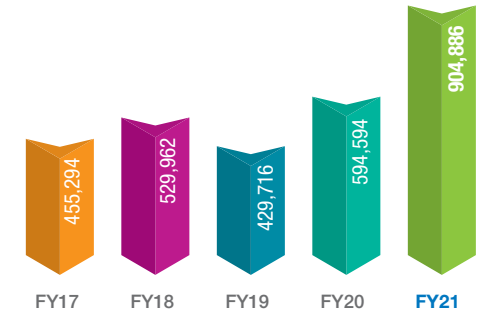
Total Equity
(RM'000)



Net Assets Per Share
(sen)*



Cash And Bank Balances
(RM'000)



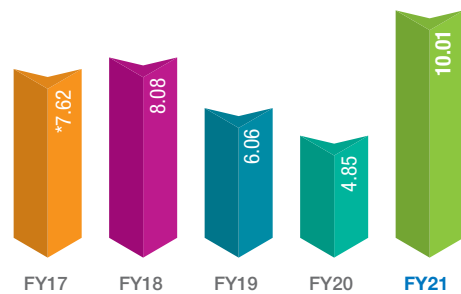
Revenue
(RM'000)



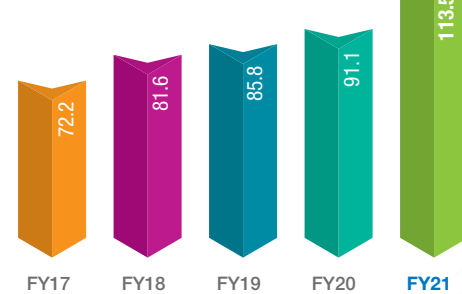
Profit After Taxation
(RM'000)



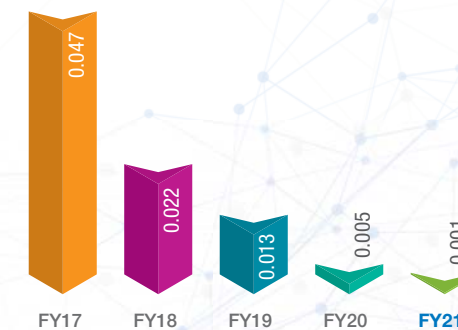
Earnings Per Share (Basic)
(sen)*



Dividend Payout Ratio
(%)



Debt/Equity Ratio
(times)



AWARDS AND RECOGNITIONS



2010
BEST SUPPLIER AWARD
BEST CONTRACT
MANUFACTURER
FROM AVAGO



2013
THE BRANDLAUREATE
SMEs BESTBRANDS BLUE
CHIP AWARD ELECTRONICS
MANUFACTURING



2013
OUTSTANDING
PERFORMANCE
MICROSEMI PMG
PHOENIX SUPPLIER



2014, 2015 & 2016
FORBES ASIA 200 BEST
UNDER A BILLION
COMPANY



2016
ASIA BEST EMPLOYER
BRAND AWARDS



2016
MALAYSIA BEST
EMPLOYER
BRAND AWARDS



2016
THE EDGE
BILLION
RINGGIT
CLUB AWARDS
HIGHEST
RETURNS TO
SHAREHOLDERS
OVER THREE
YEARS

2017
BEST SUPPLIER
AWARD FROM
BROADCOM
WIRELESS
SEMICONDUCTOR
DIVISION



2018
FT 1000
HIGH-
GROWTH
COMPANIES
ASIA-
PACIFIC
FROM
FINANCIAL
TIMES



2018
MALAYSIA
INVESTOR
RELATIONS
AWARDS
(MIRA) - BEST
CEO FOR
INVESTOR
RELATIONS
(MID CAP)

2019
THE
INSTITUTION OF
ENGINEERING
AND
TECHNOLOGY
(IET) -
INDUSTRY
EXCELLENCE
PLATINUM
AWARD



2019
ASIAMONEY
AWARDS 2019 -
THE MOST
OUTSTANDING
COMPANY IN
MALAYSIA,
SEMICONDUCTORS
& SEMICONDUCTOR
EQUIPMENT
SECTOR



2018
THE EDGE
BILLION
RINGGIT
CLUB
AWARDS -
HIGHEST
RETURN ON
EQUITY
OVER
THREE
YEARS



2018
THE EDGE
BILLION
RINGGIT
CLUB
AWARDS -
HIGHEST
GROWTH IN
PROFIT
AFTER TAX
OVER THREE
YEARS

2015
BEST SUPPLIER
OF THE YEAR
RECOGNITION
AWARD FROM
BROADCOM
(AVAGO)



2017
RECOGNITION FOR
PARTNERSHIP
EXCELLENCE
FROM EPSON



2018
APPRECIATION
FOR THE STRONG
PARTNERSHIP
AND EXCELLENT
SHIPMENT
SUPPORT FROM
BROADCOM



2019
ALL-ASIA
EXECUTIVE
TEAM ASEAN
MOST
HONORED
COMPANIES



2019
ALL-ASIA
EXECUTIVE TEAM
SPECIAL
ACHIEVEMENT
AWARDS BEST
CEO (MALAYSIA)
- LAU KEAN
CHEONG



2019
ALL-ASIA
EXECUTIVE TEAM
SPECIAL
ACHIEVEMENT
AWARDS FOR CFO
(MALAYSIA)
- CHONG POH LENG

KEY ACHIEVEMENTS AND MILESTONES

We had achieved numerous awards and milestones since our inception and we are pleased to highlight some of the major achievements as follows:

2006

- Incorporation of Inari Technology, acquisition of first plant (P1) and within the same year, was accredited with ISO 9001:2000.

2007

- Inari Technology obtained Pioneer Status for wireless technology from MITI.
- Second factory rented and set up for fine-pitch SMT assembly service (P2).
- Inari Technology attained ISO 14001:2004 certification.
- Inari Technology commenced back-end wafer processing services.

2008

- Inari Technology set up R&D to enhance manufacturing technologies and processes as well as development of new products.
- Third factory erected to conduct fine-pitch SMT assembly and wafer processing services (P3).

2009

- Inari Technology commenced DC and RF testing services.
- Inari Technology expanded PCBA and Box-Build operations for wireless broadband networking devices.

2010

- Inari Technology attained ISO13485 certification for medical sensor products.
- Inari Technology won “Excellent Manufacturing and Outsourcing Support on Wireless Semiconductor Division Products 2009 Award”.
- Rented new plant (P8).

2011

- Inari was listed on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

2012

- Inari Technology obtained Pioneer Status for integrated front end module devices from MITI.
- Inari acquired 51% equity interest in Ceedtec and ventured into electronic test and measurement equipment.
- Incorporation of Inari South Keytech and started the development of fibre optics transceiver.
- Inari Technology upgraded to fine-pitch flip-chip capabilities.
- Ceedtec received grant from Northern Corridor Implementation Authority (“NCIA”) for the design and development of power supplies products.
- Ceedtec was granted a five (5) years Pioneer Status as part of MSC status.

2013

- Inari Berhad completed the acquisition of Amertron Inc (Global) Limited and within the same year, changed name to Inari Amertron Berhad (“Inari”).
- Inari Technology received matching grant from MIDA for machinery and equipment and training activities.
- Ceedtec received matching grant from MIDA for capital expenditure on machineries.

2014

- Inari transferred listing to the Main Market of Bursa Malaysia.
- Completed construction of new plant (P5).
- Inari indirectly acquired 5.05 acres of industrial leasehold land in Batu Kawan Industrial Park.
- Inari indirectly acquired 5.51 acres of land with 166,000 square feet factory buildings in Bayan Lepas Industrial Park (P13).
- Inari was recognised by Forbes as one of the “Asia’s 200 Best Under A Billion” Company.

2015

- Inari completed the Renounceable Rights Issue of 78.7 million shares with warrants and raised total proceeds of RM118.0 million.
- P13 plant started its operations in April 2015 and was fully utilised in September 2016.
- Construction of CK2 plant in Clark Field, Philippines commenced in May 2015 and expected to operate in August 2017.
- Inari was recognised by Forbes as one of the “Asia’s 200 Best Under A Billion” Company.
- Inari ranked No. 1 on Focus Malaysia “50 Fastest Growing Companies”.

2016

- On 7 January 2016, Inari completed the Bonus Issue with issuance of 189.36 million shares together with warrants 2013/2018 and 2015/2020.
- Inari acquired Inari Integrated Systems Sdn Bhd on 4 February 2016 to undertake the manufacturing activities for advanced communication chips and die preparation.
- Inari acquired 5.25 acres of leasehold industrial land together with 260,000 square feet factory building located at Bayan Lepas on 15 February 2016 (P21).
- Inari won 3rd Forbes “Asia’s 200 Best Under A Billion” Award.
- Inari won “The Edge Billion Ringgit Club” Corporate Awards 2016.

KEY ACHIEVEMENTS AND MILESTONES

cont'd

2017

- A newly acquired plant P21 has started operations in July 2016 and delivered its first batch of tested advanced mixed signal communication chips.
- A newly incorporated company, Inari Optical Technology Sdn Bhd to undertake the manufacturing, assembling and testing activities for opto-electronic and sensor components, modules and systems on 13 October 2016.
- On 24 January 2017, Inari completed a Bonus Issue with issuance of 971.86 million ordinary shares together with warrants 2013/2018 and 2015/2020.
- Inari extended its product portfolio and started the delivery of manufactured iris scanning devices in March 2017.

2018

- On 16 April 2018, Inari completed a Bonus Issue with issuance of 1.04 billion ordinary shares together with warrants 2013/2018 and 2015/2020.
- P13 plant undergone extension with a new four storey building with floor space of 180,000 square feet. This was completed in May 2018 making a total floor space of 340,000 square feet for P13.
- Construction of a new plant P34 began in Batu Kawan consisting of 3 buildings of 6 storeys each with total floor space of 680,000 square feet. The first block was completed at the end of October 2018. P34 will be the biggest plant to-date in Inari.
- Inari Technology was awarded the “2017 Best Supplier from Wireless Semiconductor Division” award by Broadcom.
- Amertron Incorporated, Philippines was awarded “Appreciation for The Strong Partnership and Excellent Shipment Support” for 2018 by Broadcom.

2019

- Construction of a new plant P34 in Batu Kawan with total floor space of 680,000 square feet was fully completed. The Certificate of Completion and Compliance (“CCC”) for the plant was received on 31 May 2019.
- Consolidation of the production lines from plant (PQ) in Paranaque, Philippines into CK and CK2 plants in Clark, Philippines; and ISK plant in Johor, Malaysia into P1 in Penang, Malaysia for overall operating cost efficiency, integrating and streamlining support functions.
- Inari won “The Edge Billion Ringgit Club Awards 2018” for Highest Growth in Profit After Tax and Highest Return on Equity over Three Years.
- Inari won “Malaysia Investor Relations Awards (“MIRA”) 2018” for The Best CEO for Investor Relations (Mid Cap).
- Inari won “Asiamoney Awards 2019” for The Most Outstanding Company in Malaysia - Semiconductors & Semiconductor Equipment Sector.
- Inari won “Industry Excellence Platinum Award 2019” organised by The Institution of Engineering and Technology (“IET”) Malaysia Network.
- Inari won “All-Asia Executive Team 2019 - ASEAN Most Honoured Companies” and “Special Achievement Awards for CEO and CFO” organised by Investor Relations Professionals Association Singapore (“IRPAS”).

2020

- On 11 September 2019, Inari entered into a Shareholders Subscription Agreement with PCL Technologies, Inc, a public listed company listed on Taiwan Stock Exchange to set up an entity in Malaysia for the business purpose to secure, manage and manufacture optical transceiver and other related products. Subsequently the entity was set up on 1 October 2019 namely, PCL Inari Technologies Sdn Bhd of which 30% equity interest held by Inari Matrix Sdn Bhd.
- On 22 June 2020, Inari met the globally recognised standard and qualified for inclusion into the FTSE4Good Bursa Malaysia (“F4GBM”) Index, demonstrating strong Environmental, Social and Governance (“ESG”) practices.
- On 18 August 2020, Inari entered into a Shareholders Subscription Agreement with MIT Semiconductor Pte Ltd to set up an entity in Malaysia to carry on the business of supplying customised semiconductor process tools. Subsequently the entity has been set up on 24 September 2020 namely, Inari MIT Sdn Bhd of which 51% equity interest held by Inari Matrix Sdn Bhd.

2021

- In September 2020, Inari launched the first in-house face mask production line at P1 plant in Penang, Malaysia. Inari has produced 2 million masks to-date, which was distributed to employees, hospitals and other organisations.
- Construction of our new plant, P55 adjacent to our existing P13 plant in Bayan Lepas, Penang was completed with Certificate of Completion and Compliance (“CCC”) obtained on 28 July 2021. The 5-storey plant with total floor space of 49,000 square feet will be dedicated for RF test expansion and a new customer to assemble System-on-Module (SOM) products.
- On 6 May 2021, Inari announced the implementation of a Private Placement. The Private Placement was completed in one (1) tranche with the listing and quotation of 333,000,000 Placement Shares at an issue price of RM3.10 per share on the Main Market of Bursa Securities on 30 July 2021.
- Inari contributed an unutilised section of our P34 plant in Batu Kawan, Penang as a Vaccination Centre (Pusat Pemberian Vaksin: “PPV”) approved under the Public-Private Partnership Covid-19 Industry Immunisation Programme (“PIKAS”) launched by the Malaysian Government. Upon the completion of the PIKAS on 2 September 2021, 20,628 individuals have completed their two (2) doses of vaccination at our P34 plant.

INARI AMERTRON BERHAD IN THE NEWS

市值破100亿 益纳利美昌迈新里程碑

读者林美丽问：益纳利美昌（INARI,0166,主板科技组）从去年初约1令吉，涨升至目前约3令吉50仙，这是甚么原因，股价还可以上升、可买进吗？

答：肯纳格研究近期的一份报告可作为参考。该行分析员指出，益纳利美昌刚刚扩展了射频封装系统业务领域，分阶段将组装能力从8条生产线增加到22条生产线（从2020年9至12月），预料将从美国最新一代智能手机中的射频内容翻倍发展中受惠。

目标价上调

目前为止，该公司所有新装配线都已经处于生产模式状态，这意味著从2021财政年第三季度起，应该将会做出显著的贡献。

肯纳格指出，该公司目前以90%的工厂使用率营运，显示出强劲的盈利表现。不过，随著该公司股价超越该行预测的目标价，该行将目标价上调至每股4令吉。

29.3.2021

曹观友：槟6疫苗中心获批运作 配合工业免疫加速接种

2021年6月21日

槟首长曹观友指出，州内至今共有6间配合“公私合作工业免疫计划”（PIKAS）开启的新冠疫苗接种中心获批运作，以加速工业和工厂领域的疫苗接种。

曹观友周一（21日）发文说，除了6月16日投入运作的武吉爪哇高尔夫球度假村疫苗接种中心，6月28日将会启动的是雪都酒店，而接下来将开办的尚有峇六拜区的英特尔科技（Intel Technology）有限公司、捷普电子（Jabil Circuits）有限公司、贝莱制造（Plexus Manufacturing）有限公司，最新的则是峇都加湾区的益纳利美昌（Inari Amertron）集团。

“所有疫苗接种中心将会继续运作，包括为其他公司的职员提供服务，直到这个领域的接种工作完成落实。”

21.6.2021

益纳利美昌无线射频需求强劲 3年财测调高



益纳利美昌（INARI,0166,主板科技组）的智能手机无线射频产品需求保持强劲，分析员看好该公司将是5G代表股。

兴业研究指出，该公司第三季核心净利润飙升165%至7200万令吉，归功于利润增长快於预期，促使该行将2021至2023财政年盈利预测调高9至14%。

4.6.2021

Inari set to print a new high, says RHB Retail Research

Sum Munigah / theedgemarkets.com
September 24, 2021 07:25 am +08

KUALA LUMPUR (Sept 24): RHB Retail Research said Inari Amertron Bhd is set to print a new high, as it breached the immediate resistance of RM3.68 on strong volume, forming a long white candlestick.

24.9.2021

Analysts positive on Inari Amertron's RM1.07b private placement on expectation of sweetheart deal

Ajuna Chandran Srinivasan / theedgemarkets.com
May 07, 2021 14:07 pm +08

KUALA LUMPUR (May 7): Analysts are positive on Inari Amertron Bhd's RM1.07 billion private placement.

7.2.2021

Inari growth momentum to be supported by 5G

TECHNOLOGY
Tuesday, 25 May 2021

Despite the challenges posed by the Covid-19 pandemic, the technology company will likely to continue posting healthy earnings for the financial year ending June 30, 2021 (FY21). This sentiment is shared by most analysts.

25.5.2021

益纳利美昌末季净利按年涨149%

1 1 1 1 1 1 1 1 1 1

（吉隆坡6日讯）益纳利美昌（INARI, 0166, 主板科技股）2021财政年末季（截至6月30日止）净利按年飙涨逾149%，至8836万令吉，主要是受到营收按年劲扬54.85%，至9亿132万令吉的带动。

6.8.2021

Inari results beat expectations again

Radio frequency growth momentum to continue in FY22

SEMICONDUCTOR

KUALA LUMPUR: Inari Amertron Bhd is expected to see higher profitability from financial year ending June 30 (FY22) onwards mainly supported by its strong radio frequency (RF) business on the back of new value-added processes and higher 5G smartphone penetration.

Analysts noted that Inari's results had beat expectations for the third consecutive quarter due to higher margin from RF contribution amid the 5G technology refresh cycle.

Inari had reported its strongest ever in the fourth quarter ended June 30, 2021 with a net profit at RM88.36m, which is up 8% quarter-on-quarter or 149% year-on-year (y-o-y). This brought its FY21 core net profit to RM323.6m.

Its FY21 sales rose by 35% y-o-y mainly driven by its RF business on higher utilisation of its system in package (SiP) assembly lines for RF, despite weakness from its optoelectronics segment.

Moving into the first quarter ending Sept 30 (Q1'22), UOBKH Research expects seasonally stronger loadings for its RF business. "This is likely to come on the back of three months of fixed orders plus another three months of floating orders as the group is working with its integrated device manufac-

"We see new processes such as electromagnetic interference shield coating for RF chips going into 5G smartphones, driving RF division sales in FY22."

CGS-CIMB Research

turer (IDM) customer for the next flagship smartphone, which would see an additional 10% to 15% content boost.

Meanwhile, CGS-CIMB Research has raised its RF division sales growth forecast to 25% from 15% for FY22 forecast. It has also raised its sales growth forecast for FY23 to 12% from 10% driven by higher RF content value growth on the back of rising 5G smartphone penetration.

Industry research group, Canalis, estimates worldwide 5G smartphone penetration to grow to 45% and 55% in FY21 and FY22 respectively.

Moreover, we see new processes, such as electromagnetic interference shield coating for RF chips going into 5G smartphones, driving RF division sales in FY22," added CGS-CIMB Research.

Notably, as at end-July 2021, Inari raised about RM1.08b through a private placement following the issuance of 333 million new shares at RM3.10 per share.

The group plans to utilise the proceeds for potential capital expenditure, acquisition and investment.

As for Maybank IB Research, it has increased Inari's net profit by 4% to 5% for FY22 and FY23 estimates after adjusting its FY21 financials.

In the near term, the research house said its earnings growth forecasts are still largely driven by the strong RF segment, and stable contributions from the optoelectronic segment.

"We expect growth outlook to remain favourable due to the ongoing 5G network rollout across key cities globally and commendable sales of flagship 5G smartphones by Broadcom's key customer. This bodes well with the demand and growth of Inari's RF segment."

"However, we believe there are also potential growth prospects from capacity expansion, if demand for RF products remains robust, as well as merger and acquisitions. Inari is backed by a net cash of RM364m or 26 sen per share," it added.

10.8.2021

业绩超优·益纳利增产 前景走俏



（吉隆坡9日讯）益纳利美昌（INARI,0166,主板科技组）2021财政年录得创记录财报，联昌研究相信在新增值程序和5G智能手机渗透率增加下，射频（RF）业务料延续强势，有望确保2022财政年持续强稳。

10.8.2021

INARI AMERTRON BERHAD IN THE NEWS

cont'd

Tech (Updated)

Analysts up Inari Amertron TPs after semiconductor maker reported record-high profit

Cheryl Doo / theedgemarkets.com
August 09, 2021 13:40 pm +08

KUALA LUMPUR (Aug 9): Kenanga Investment Bank Bhd today raised its target price (TP) for Inari Amertron Bhd to RM4.80 from RM4.60, while MIDF Amanah Investment Bank Bhd upped its TP to RM4.48 from RM3.65, after the semiconductor contract manufacturer reported last Friday record-high fourth-quarter and full-year net profit which prompted analysts to raise their profit forecasts for the company.

9.8.2021

Inari Amertron seen to gain from new smart devices

PETALING JAYA: Inari Amertron Bhd is poised to be a beneficiary of the recent launch of a new range of mobile devices by a United States smartphone manufacturer.

17.9.2021

Inari's net profit more than doubles in 4Q, declares 2.5 sen dividend

Adam Aziz / theedgemarkets.com
August 06, 2021 19:00 pm +08

KUALA LUMPUR (Aug 6): Inari Amertron Bhd sustained its strong performance in the fourth financial quarter ended June 30, 2021 (4QFY21), as net profit more than doubled to RM88.67 million, from RM35.47 million a year ago, on higher sales across all segments led by radio frequency (RF) business.

6.8.2021

TheStar

50 YEARS OF SHAPING THE NATION TOGETHER

Inari Amertron rides on 5G demand

CORPORATE NEWS

Friday, 06 Aug 2021
7:03 PMMYT

KUALA LUMPUR: Inari Amertron Bhd, a chip assembly and testing firm, said earnings surged in the fourth quarter on higher sales.

6.8.2021

PROFILE OF THE BOARD OF DIRECTORS

Y.A.M. TENGKU PUTERI SERI KEMALA TENGKU HAJJAH AISHAH BINTI ALMARHUM SULTAN HAJI AHMAD SHAH, DK(II), SIMP

Age/Gender : 64 years, Female
Nationality : Malaysian

- Chairperson/Independent Non-Executive Director
- Chairperson of Nomination Committee
- Member of Audit Committee

Y.A.M. Tengku Aishah was appointed to the Board of Inari Amertron Berhad (“Inari”) on 21 September 2010.

She graduated with a Diploma in Business Administration from Dorset Institute, UK in 1980 and has been a Director of TAS Industries Sdn Bhd since 15 August 1990. TAS Industries Sdn Bhd is an investment holding and property development company in Kuala Lumpur.

Y.A.M. Tengku Aishah is also the Independent Non-Executive Chairperson of Insas Berhad, a substantial shareholder of Inari and Diversified Gateway Solutions Berhad.

DATO’ DR. TAN SENG CHUAN

Age/Gender : 66 years, Male
Nationality : Malaysian

- Executive Vice Chairman
- Member of Sustainability and Risk Management Committee

Dato’ Dr. Tan was appointed to the Board of Inari as Managing Director on 21 September 2010. He was re-designated as the Executive Vice Chairman on 11 October 2012 to oversee the Group’s new business development and risk management.

He graduated with First Class Honours in Mechanical Engineering from Imperial College, England in 1978. Dato’ Dr. Tan also obtained a Masters and PhD in Engineering Science in 1981 and 1983 respectively from Harvard University, USA. Dato’ Dr. Tan has more than 36 years’ experience in the global IT and related high technology industries. He joined Insas Berhad in 1997 where he currently heads the Technology Division.

Dato’ Dr. Tan is currently an Executive Director of Insas Berhad, a substantial shareholder of Inari and the Executive Vice Chairman of Diversified Gateway Solutions Berhad. He also sits on the Board of Insas Technology Berhad and Diversified Gateway Berhad, both are non-listed public companies 100% owned by Insas Berhad and Diversified Gateway Solutions Berhad respectively.

LAU KEAN CHEONG

Age/Gender : 54 years, Male
Nationality : Malaysian

- Executive Director cum Chief Executive Officer

Mr Lau was appointed as the Group Chief Executive Officer of Inari on 15 July 2011 and subsequently became the Executive Director cum Chief Executive Officer on 11 October 2012.

He graduated from University of Warwick, United Kingdom with a Master in Science (MSc) in Information Technology for Manufacture and a Diploma in Electronics Engineering from Tunku Abdul Rahman College, Kuala Lumpur.

Mr Lau started his career in 1991 at Intel Penang, followed by KESP Sdn Bhd Penang in engineering positions. He joined the Globetronics Technology Berhad Group in 1996 as a Senior Engineer and progressed within the Globetronics Group to become Senior Vice President of ISO Technology Sdn Bhd, a wholly-owned subsidiary, before joining Inari.

He has more than 29 years of working experience in the outsourced semiconductor assembly & test (“OSAT”) industry and has broad experience in leading OSAT operations including primary responsibilities in top and bottom line performance and managing key customer relationships.

PROFILE OF THE BOARD OF DIRECTORS

cont’d

DATO’ WONG GIAN KUI

Age/Gender : 62 years, Male
Nationality : Malaysian

- Executive Director

Dato’ Wong was appointed to the Board of Inari as a Non-Independent Non-Executive Director on 21 September 2010 and was re-designated as Executive Director on 11 December 2013.

Dato’ Wong is an accountant by profession and has been a member of the Malaysian Institute of Certified Public Accountants since 1985 and a member of the Malaysian Institute of Accountants since 1988. Dato’ Wong had worked for Harun, Oh & Wong, a member of Horwath International firm of public accountants in Malaysia from 1981 to 1990 and Stoy Hayward London, Chartered Accountants from 1990 to 1991.

He is currently an Executive Director cum Chief Executive Officer of Insas Berhad, a substantial shareholder of Inari. He is also an Executive Director of Diversified Gateway Solutions Berhad and Ho Hup Construction Company Berhad, and a Non-Independent Non-Executive Director of SYF Resources Berhad.

He also sits on the Board of Insas Technology Berhad and Diversified Gateway Berhad, both are non-listed public companies 100% owned by Insas Berhad and Diversified Gateway Solutions Berhad respectively.

HO PHON GUAN

Age/Gender : 66 years, Male
Nationality : Malaysian

- Executive Director

Mr Ho was appointed to the Board of Inari on 21 September 2010 and is in charge of the Group’s technologies and customer relations.

He graduated with a Bachelor of Science (Hons) in Electrical and Electronics Engineering Degree from Thames Polytechnic, London in 1978, a Master of Science in Industrial Management from the University of Birmingham, UK in 1979 and a Master of Business Administration from the University of Santa Clara, California, US in 1985.

Mr Ho has more than 32 years industrial experiences in the semiconductor manufacturing and assembly, hard disk drive manufacturing and PCBA contract manufacturing, where he had held various key engineering and managerial positions in a number of MNCs.

MAI MANG LEE

Age/Gender : 62 years, Male
Nationality : Malaysian

- Executive Director

Mr Mai was appointed to the Board of Inari on 21 September 2010 and is in charge of the Group’s facilities, equipment and government matters.

He graduated from Institut Teknologi Butterworth, Pulau Pinang with an Engineering Diploma in Mechanical Engineering in 1980 and holds an MS Eng, UK (Society of Engineers) from the Society of Engineers issued in 1979. After graduation, he worked at Intel Technologies’ testing plant for 5 years. He also spent 25 years in electronics manufacturing related companies such as Motorola and Sony.

PROFILE OF THE BOARD OF DIRECTORS

cont'd

DATO’ SRI THONG KOK KHEE

- Age/Gender : 67 years, Male
Nationality : Malaysian
- Non-Independent Non-Executive Director
 - Member of Nomination Committee

Dato’ Sri Thong was appointed to the Board of Inari on 21 September 2010.

A graduate from the London School of Economics, UK, Dato’ Sri Thong had worked in the financial services industry from 1979 to 1988. He worked for Standard Chartered Merchant Bank Asia Limited in Singapore between October 1982 to June 1988 and his last held position was the Director of its Corporate Finance Division.

Dato’ Sri Thong is currently the Deputy Chairman of Omesti Berhad and Non-Independent Non-Executive Director of Ho Hup Construction Company Berhad. He is also a Director of Insas Technology Berhad, a non-listed public company 100% owned by Insas Berhad.

Dato’ Sri Thong is a substantial shareholder of Inari by virtue of his interest in Insas Berhad. His daughter, Ms Thong Mei Chuen, is his Alternate Director in Inari.

FOO KOK SIEW

- Age/Gender : 60 years, Male
Nationality : Malaysian
- Independent Non-Executive Director
 - Chairman of Audit Committee
 - Member of Remuneration Committee
 - Member of Sustainability and Risk Management Committee

Mr Foo was appointed to the Board of Inari on 17 March 2011.

He holds a Bachelor of Economics Degree from Monash University, Melbourne. He started his career at the Chase Manhattan Bank, Kuala Lumpur in 1985 and since then, he has held senior positions with various corporations including Carr Indosuez Asia Limited in Hong Kong, Insas Berhad, HLG Capital Berhad and Kejora Harta Berhad. He was the Chief Executive Director of Alliance Investment Bank Berhad (2004 to 2006) and is currently an Executive Director of Hiap Teck Venture Berhad.

OH SEONG LYE

- Age/Gender : 73 years, Male
Nationality : Malaysian
- Independent Non-Executive Director
 - Chairman of Remuneration Committee
 - Member of Audit Committee
 - Member of Nomination Committee

Mr Oh was appointed to the Board of Inari on 21 September 2010.

Mr Oh is a London-trained Chartered Accountant. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Accountants, a member of the Institute of Singapore Chartered Accountants and is also an ASEAN Chartered Professional Accountant (ASEAN CPA). He holds an Executive Master of Business Administration degree from United Business Institute, a Brussels-based business school.

After a year of post-qualifying experience in London, he worked for a “big-eight” accounting firm and a foreign bank in Kuala Lumpur before starting his accounting practice in 1978 and has been in public practice ever since. He was the Executive Chairman and International Liaison Partner and also a Director of Horwath Asia Pacific when his firm was a member of Horwath International until 1992. His firm was the external auditor and tax agents for 2 commercial banks, several other financial institutions and insurance companies and other substantial private enterprises. He had also personally undertaken large receivership and liquidation assignments, and conducted, together with foreign partners, market and financial feasibility studies for several organisations involved in the hospitality business and tourism industry.

Mr Oh was previously a Director of 2 Bursa Malaysia public listed companies and was also the founder/promoter and first Honorary Secretary of a national manufacturing association and a past Honorary Secretary-General of a national tourism-related association. He had also acted as a consultant to the Centre of Corporate Excellence, Institute of Professional Development, Open University Malaysia, for its financial services programme.

He is currently an Independent Non-Executive Director of Insas Berhad, a substantial shareholder of Inari and an Independent Director of LY Corporation Limited which is listed on Catalist of SGX-ST.

PROFILE OF THE BOARD OF DIRECTORS

cont'd

DATUK PHANG AH TONG

- Age/Gender : 64 years, Male
Nationality : Malaysian
- Independent Non-Executive Director
 - Chairman of Sustainability and Risk Management Committee
 - Member of Remuneration Committee

Datuk Phang was appointed to the Board of Inari on 8 February 2018.

He holds a Bachelor of Economics (Honours) from the University of Malaya and has attended several notable Senior Management Programmes, namely the Harvard Business School and “Institut Européen d’Administration des Affaires” (INSEAD).

Datuk Phang has had a distinguished career in the civil service of Malaysia spanning 36 years in promoting foreign and domestic investments and assisted in developing the manufacturing and services sectors in Malaysia under the Malaysian Investment Development Authority (“MIDA”) where his last held position was the Deputy Chief Executive Officer before his retirement in 2017. Starting out in 1981 as an Economist in MIDA, Datuk Phang served in various capacities including being the Assistant Trade Commissioner for MIDA London and Director of MIDA New York. Upon returning to the MIDA headquarters, Datuk Phang was appointed the Director of Foreign Direct Investment (“FDI”), overseeing the promotion of global FDI into Malaysia. He was also involved in organising and participating in many Trade and Investment Missions overseas led by either the Prime Minister or Ministers of International Trade and Industry. His distinguished contribution in these capacities led to his appointment as the Deputy Chief Executive Officer of MIDA in 2013.

Datuk Phang is the Independent Non-Executive Chairman of JF Technology Berhad and Jerasia Capital Berhad and Independent Non-Executive Director of Apex Healthcare Berhad and United Overseas Bank (Malaysia) Berhad. He is also the Chairman of the Malaysia Automotive Robotics and IoT Institute (“MARIi”), an agency under the Ministry of International Trade and Industry.

AHMAD RIDZUAN BIN WAN IDRUS

- Age/Gender : 50 years, Male
Nationality : Malaysian
- Non-Independent Non-Executive Director

En. Ahmad Ridzuan was appointed to the Board of Inari on 8 January 2021.

He holds a Bachelor of Commerce (Accounting) from the University of Otago, Dunedin, New Zealand.

En. Ahmad Ridzuan joined the Employees Provident Fund Board (“EPF”) as the Head of Investment Operations Department to spearhead the transformation for EPF Investment Division since 28 January 2019. His appointment as Non-Independent Non-Executive Director of Inari was nominated by EPF, a substantial shareholder of Inari.

Prior to joining EPF, En. Ahmad Ridzuan spent about 19 years in management consulting firms focusing in Strategy, Process Improvement, ERP systems implementation, Finance, Procurement and Digital Transformation in multi industries clients including asset management, automotive, financial, high technology and plantation industries. He is also familiar with marine and port management industries.

THONG MEI CHUEN

- Age/Gender : 39 years, Female
Nationality : Malaysian
- Alternate Director to Dato’ Sri Thong Kok Khee

Ms Thong was appointed to the Board of Inari on 2 July 2013 as the Alternate Director to Dato’ Sri Thong Kok Khee, a Non-Independent Non-Executive Director of Inari.

Ms Thong graduated from Dartmouth College with a Bachelor of Arts. She has had 5 years of equity capital markets experience having worked at Credit Suisse in New York from 2004 to 2006, and Deutsche Bank from 2006 to 2009 at their New York, Hong Kong and Singapore offices. She subsequently joined the corporate finance team in Genting Hong Kong from 2009 to mid-2012. On 1 July 2012, she was appointed Head of Global Treasury and Corporate Planning of Insas Berhad. In February 2014, she has also undertaken the role of Chief Operating Officer in Omesti Berhad’s Singapore division.

Her father, Dato’ Sri Thong Kok Khee, is a Non-Independent Non-Executive Director and substantial shareholder of Inari.

Note:
Save as disclosed above, none of the Directors have:

(i) any family relationship with any Director and/or major shareholder of the Company;
(ii) any conflict of interest with the Company;
(iii) any conviction for offences (excluding traffic offences, if any) within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2021.

PROFILE OF THE KEY SENIOR MANAGEMENT

CHONG POH LENG

Age/Gender : 51 years, Female
Nationality : Malaysian

- Group Chief Financial Officer

Ms Chong Poh Leng has been the Group Chief Financial Officer of Inari since 15 October 2015.

She holds a Bachelor of Accounting from University of Malaya, is a member of ASEAN Chartered Professional Accountant (“ASEAN CPA”) and is a Chartered Accountant with the Malaysian Institute of Accountants (“MIA”). Ms Chong has more than 25 years of working experience in corporate financial reporting, corporate finance, mergers and acquisitions, fund raising, corporate debt restructuring, corporate taxation, cost and budgetary control processes, ERP system implementation, policies and procedures, strategic business planning and risk management.

She started her career in 1995 and has held senior management positions in several private and public listed entities including four (4) Bursa Malaysia-listed companies involved in the manufacturing, construction, property development and utilities sectors. Prior to joining Inari, Ms Chong held the position as the Group Chief Financial Officer of an engineering construction Bursa Malaysia-listed entity with an annual revenue exceeding RM1 billion.

She has no family relationship with any Director or major shareholder of Inari and has no conflict of interest with Inari.

Ms Chong does not hold any directorship in other public listed companies in Malaysia.

SABRAN BIN SAMSURI

Age/Gender : 56 years, Male
Nationality : Malaysian

- Chief Operating Officer of Inari Technology Sdn Bhd

En Sabran bin Samsuri was appointed as the Chief Operating Officer of Inari Technology Sdn Bhd on 1 November 2013.

He graduated from the University of Arizona, Tucson, USA with a Bachelor of Science (BSc) in Mechanical Engineering.

En Sabran started his career in 1988 at Advanced Micro Devices (“AMD”) Penang in the process and equipment engineering discipline of assembly packaging, followed by new packaging and process development engineering. He subsequently left AMD to join Advanced Semiconductor Engineering (M) Sdn Bhd (“ASEM”) Penang in 1993 to assume various engineering and operational positions, with corresponding roles and functions. He spent a substantive number of years in ASEM in advanced packaging and process engineering as well as in technology and business development roles. En Sabran was the Vice President of Operation (Assembly and Test Operations) of ASEM before leaving to join Inari in 2013.

He has more than 33 years of working experience in the Electronics Manufacturing Services (“EMS”) and the Outsourced Semiconductor Assembly and Test (“OSAT”) industry, where he gained broad experience in leading OSAT operations including his primary responsibilities in operations for top and bottom-line performances, technology and business development and managing key customer relationships.

He has no family relationship with any Director or major shareholder of Inari and has no conflict of interest with Inari.

En Sabran does not hold any directorship in other public listed companies in Malaysia.

PROFILE OF THE KEY SENIOR MANAGEMENT

cont’d

CHENG OOI LIN

Age/Gender : 55 years, Male
Nationality : Malaysian

- Senior Vice President of Amertron Incorporated, Philippines

Mr Cheng Ooi Lin joined Inari as the Operation Manager of Business Development on 1 October 2014 and was subsequently appointed as the Vice President of Business Development on 1 February 2016. Since 1 March 2020, he has been appointed as the Senior Vice President of Amertron Incorporated, Philippines.

He graduated from University of Malaya with a Bachelor of Science (BSc) in Chemistry and holds a Master in Business Administration (MBA) from the University of Science, Malaysia.

Mr Cheng started his career in 1990 at Hitachi Semiconductor, Penang as a Process Quality Control Engineer. He then moved on to Hewlett-Packard Malaysia, Agilent Technologies and Avago Technologies, Penang where he gained further experience in various engineering, production management and business & marketing roles. During his career with Hewlett-Packard Malaysia, Mr Cheng was relocated to the headquarters in San Jose, US from 1996 to 1999 to join the newly setup Automotive Lighting Organisation as a Product Engineer serving General Motors, Chrysler and Ford in design-in activities. He was also in the steering committee to setup quality standard, QS9000 and later led the collaborative works with a leading Japanese partner in developing new products. He joined Cree Inc. (Asia) in 2008 as the Strategic Marketing and Product Marketing Manager before joining Inari in 2014.

He has more than 30 years of working experience in the electronics manufacturing industry and has broad experience in leading E&E operations and businesses including primary responsibilities in top and bottom-line performances and managing key customer relationships.

He has no family relationship with any Director or major shareholder of Inari and has no conflict of interest with Inari.

Mr Cheng does not hold any directorship in other public listed companies in Malaysia.

FOO KHA CHOY

Age/Gender : 52 years, Male
Nationality : Malaysian

- General Manager (Factory-In-Charge) of Amertron Technology (Kunshan) Co Ltd

Mr Foo Kha Choy joined Inari as the General Manager (Factory-In-Charge) of Amertron Technology (Kunshan) Co Ltd, China on 18 February 2021.

He graduated from the Robert Gordon University, Aberdeen with a Bachelor of Science (BSc) in Electrical and Electronic Engineering.

Mr Foo started his career in 1990 at Motorola and its subsequent spinoff, ON Semiconductor, Malaysia as the Equipment and Project Senior Staff Engineer where he contributed to a number of technical breakthrough projects and technological innovations. In 1996, he led the transfer of production abroad by setting up new plants in China and Thailand. He subsequently left ON Semiconductor in 2004 to join STATS ChipPAC Shanghai Co Ltd in a senior management role as the Deputy Director for final test operations. Mr Foo then went on to join United Test and Assembly Center (“UTAC”) Dongguan, China as the Operation Director in charge of managing overall module product assembly to test operations before leaving to join Inari in 2021.

He has more than 31 years of working experience in the semiconductor and manufacturing industry, both domestic and abroad. His broad experience includes leading operations for top and bottom-line performances, technology and managing key customer relationships.

He has no family relationship with any Director or major shareholder of Inari and has no conflict of interest with Inari.

Mr Foo does not hold any directorship in other public listed companies in Malaysia.

Conviction of Offences

None of the Key Senior Management has been convicted of any offences (excluding traffic offences, if any) within the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2021.

CHAIRPERSON'S LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Consolidated Financial Statements of Inari Amertron Berhad ("the Company") and its subsidiaries ("the Group") for the financial year ended 30 June 2021 ("FY2021").



PERFORMANCE REVIEW

The Covid-19 pandemic which began in early 2020 has continued into FY2021. It brought numerous challenges to the Group's operations as the imposition of movement controls and the prohibition of cross-border travel required the Group to make constant adjustments to the Group's supply chain arrangements in order to limit output disruption. Fortunately for the Group, the global economy's shift towards home digitization and online consumption of goods and services led to the increase in demand for digital goods and new 5G products which resulted in the largest year-over-year growth for the Group. The Group worked diligently and with discipline to manage the series of movement controls and corresponding Standard Operating Procedures ("SOPs") in Malaysia, Philippines and China, successfully preventing any Covid-19 clusters occurring at our plants, and managed to post revenue of RM1.43 billion, a net profit of RM330.7 million and EBITDA of RM455.5 million for the financial year under review.

During the financial year, we invested a total of RM99.1 million in capital expenditure, primarily to increase capacity for wafer processing, packaging and testing as well as to enhance reliability, productivity and efficiency at our various plants and facilities. The financial position of the Group remains strong where our operations continue to generate healthy cash flow with cash and cash equivalents of RM904.9 million coupled with low borrowings amounting to RM1.1 million and a low gearing ratio of 0.001.



COVID-19 PANDEMIC MEASURES

Since the start of the Covid-19 outbreak in early 2020, we took various preventive measures and actions to mitigate any adverse impact of Covid-19 on the Group's operations. To safeguard our operations and employees, we enforced strict procedures throughout all our plants. Apart from being in full compliance with the SOPs initiated by the various governments which included body temperature checks, sanitisation and social distancing, we segregated our employees into different working teams to prevent contact across different shifts and departments, and made the wearing of face masks compulsory at all workplaces.

We also closed our plants to visitors, customers, suppliers and only allow exceptions under very strict health screening protocols. For meetings with both internal and external parties, we conducted them virtually via videoconferencing and teleconferencing facilities. We further implemented Work-From-Home ("WFH") procedures for non-production employees to reduce the risk of exposure to Covid-19. In Penang, employees were also required to wear proximity sensors to log and alert any close physical contacts amongst employees to ensure safe social distancing limits are adhered to. Furthermore, the data logs generated from the sensors serve to facilitate contact tracing in the event any of our employees tested positive for Covid-19.

In September 2020, we launched our own in-house face mask production line at the P1 plant in Penang, Malaysia. To-date, we have produced about 2 million pieces of 3-ply disposable surgical face masks which was distributed for our employees' use, as well as for contributions to hospitals, government quarantine centres and others as part of our corporate social responsibilities ("CSR") initiative.



CHAIRPERSON'S LETTER TO THE SHAREHOLDERS

cont'd

Beginning June 2021, we were able to carry out Covid-19 vaccination programs for our employees in all plants throughout Malaysia and Philippines, while China's vaccination programme was entirely managed by the Chinese Government. In addition, we contributed an unutilised section of our P34 plant located in Batu Kawan, Penang, Malaysia as a Vaccination Centre (Pusat Pemberian Vaksin: "PPV") approved under the Public-Private Partnership Covid-19 Industry Immunisation Programme ("PIKAS") launched by the Malaysian Government to intensify the immunisation efforts in the industrial and factory sectors. Our P34 plant commenced PPV-related activities on 22 July 2021 with the capacity to administer 1,500 doses of Covid-19 vaccine per day. Upon the completion of the PIKAS on 2 September 2021, 20,628 individuals have completed their two (2) doses of vaccination at our P34 plant.

The initiatives taken by us are part of our Group's firm CSR commitment to give back to our community in addition to our Group's goals towards sustainable and profitable growth.

PRIVATE PLACEMENT OF INARI SHARES

On 6 May 2021, the Company announced that it will be undertaking a Proposed Private Placement of up to 333,000,000 new ordinary shares in Inari ("Placement Shares"), representing approximately 10% of the total number of issued shares of the Company and subsequently approved by Bursa Malaysia Securities Berhad ("Bursa Securities") on 3 June 2021.

Subsequently on 19 July 2021, the Company announced that the issue price was fixed at RM3.10 per Placement Share, representing a discount of approximately 2.72% to the 5-day volume weighted average market price of Inari shares up to and including 16 July 2021, being the market day immediately prior to the price-fixing date of RM3.1868 per Inari Share.

On 30 July 2021, the Company completed the Private Placement in one (1) tranche comprising 333,000,000 Placement Shares at RM3.10 per share and announced the completion of the placement, listing and quotation of 333,000,000 Inari Shares on the Main Market of Bursa Securities.

The total gross proceeds raised from the Private Placement amounting to RM1.03 billion, are expected to be utilised for capital expenditure, acquisitions and investments, and expenses in relation to the Private Placement. Please refer to page 120 of the Annual Report on the status of utilisation of proceeds.

OUTLOOK AND PROSPECTS

The World Semiconductor Trade Statistics ("WSTS") in its forecast released in June 2021 expects the worldwide semiconductor market growth to rise from 6.8% in 2020 to a high of 19.7% in the year 2021, which corresponds to a larger market size of USD527 billion, driven by double digit growth of memory, sensors, analog, optoelectronics and processors. For 2022, the global semiconductor market growth is projected to further grow by 8.8% to USD573 billion, mainly driven by a double-digit growth of the memory category.¹

The Group remains cautiously optimistic on the prospects for FY2022 on the back of the continuing shift towards 5G, the digitalization of businesses, Internet-of-Things ("IoT"), artificial intelligence ("AI") and the global economic recovery catalysed by increasing Covid-19 vaccination programs around the world.

SUSTAINABILITY

We continue to embed and enhance sustainability practices in our business strategy as well as in day-to-day operations of the Group. Inari met the globally recognised standards and qualified for inclusion into the FTSE4Good Bursa Malaysia ("F4GBM") Index for two years in a row since 22 June 2020. The F4GBM is a recognition given to qualified public companies listed on Bursa Malaysia Securities Berhad which has demonstrated strong Environmental, Social and Governance ("ESG") practices. The inclusion into the F4GBM Index represents an outstanding achievement by the Group for its strong commitment towards balancing profitability and sustainability. We continue to align our Sustainability Statement in accordance with the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standard") Core Option and this is presented in the Annual Report on page 36 to 100.

Our Board of Directors is being continuously supported by the Sustainability and Risk Management Committee ("SRMC") in overseeing the sustainability matters of the Group, identifying principal risks and business sustainability strategies alongside the Senior Management, and ensuring their adherence to appropriate risk mitigation and sustainability efforts within the Group. The SRMC is assisted by the Group Chief Executive Officer ("CEO") and Group Chief Financial Officer ("CFO"), to provide the overall direction, lead strategic decision making and review sustainability implementation and performance.

CHAIRPERSON'S LETTER TO THE SHAREHOLDERS

cont'd



In an effort to promote the long-term sustainability of the Group, economic, environmental and social ("EES") considerations and good corporate governance practices has been incorporated into the Group's business strategies. An aspect of economic sustainability that is at the forefront of the Group's agenda is the ongoing adoption of the Industry 4.0 framework which will prepare the Group for the fourth industrial revolution that sees manufacturing moving towards digitalisation and decentralisation. The Industry 4.0 framework is positioned to be at the center of the Group's economic sustainability strategy in promoting innovation and market competitiveness.

DIVIDEND

During FY2021, the Group continued its commitment in delivering good returns to our shareholders by increasing the dividend payout to a high of 113.5% over the profit after tax of FY2021. This represents a total dividend of 11 sen per ordinary share and a total cash dividend payout amounting to RM375.4 million for FY2021.

The Group will continue its commitment in delivering good returns to shareholders after taking into consideration a number of factors including amongst others, the earnings, capital commitments, general financial conditions, distributable reserves and other factors.

ACKNOWLEDGMENT

I would like to take this opportunity to express my gratitude to the Group's customers, business associates, advisers, suppliers, banks, governmental authorities, regulatory authorities and our shareholders for their continued support to the Group during these difficult pandemic times.

Lastly, I would also like to thank and express my appreciation to the CEO and fellow Directors of the Board, management team and all employees for their commitment, effort, support and contribution to the Group for the improved performance in FY2021.

Thank you.

On behalf of the Board

Y.A.M. TENGKU PUTERI SERI KEMALA TENGKU HAJJAH AISHAH BINTI ALMARHUM SULTAN HAJI AHMAD SHAH, DK(II), SIMP

*Chairperson
25 October 2021*

¹ Source: WSTS Semiconductor Market Forecast Spring 2021

MANAGEMENT DISCUSSION AND ANALYSIS

(A) OVERVIEW OF BUSINESS OBJECTIVES AND STRATEGIES

Inari Amertron Berhad (“The Company”) and its subsidiaries (“Our Group” or “The Group”) are Outsourced Semiconductor Assembly and Test (“OSAT”) service providers for the Semiconductor Industry covering radio frequency (“RF”), fiber-optics transceivers, optoelectronics, sensors, and custom integrated circuit (“IC”) technologies. Our Group’s major activities include:

- Wafer processing which covers probing, laser marking, die sawing, back grinding, flip-chip dice tape & reel and automated visual inspection (AVI).
- Chip Fabrication and Wafer Certification in Fiber Optic chips covering wafer scribe & cleave, bar aligning, demount-load fixtures and facet coating and chip on carrier (COC).
- Advanced System in Package (SiP) assembly and test include fine-pitch surface mount technology (SMT), high speed & high accuracy flip-chip dice placement, in-line post vision, molding underfill (MUF) and post-mold oxide plating, and final testing.
- Other services include Sensor and IC Package design and characterisation, process customisation and assembly, product testing, box build, and direct-to-end-customer dropship services.

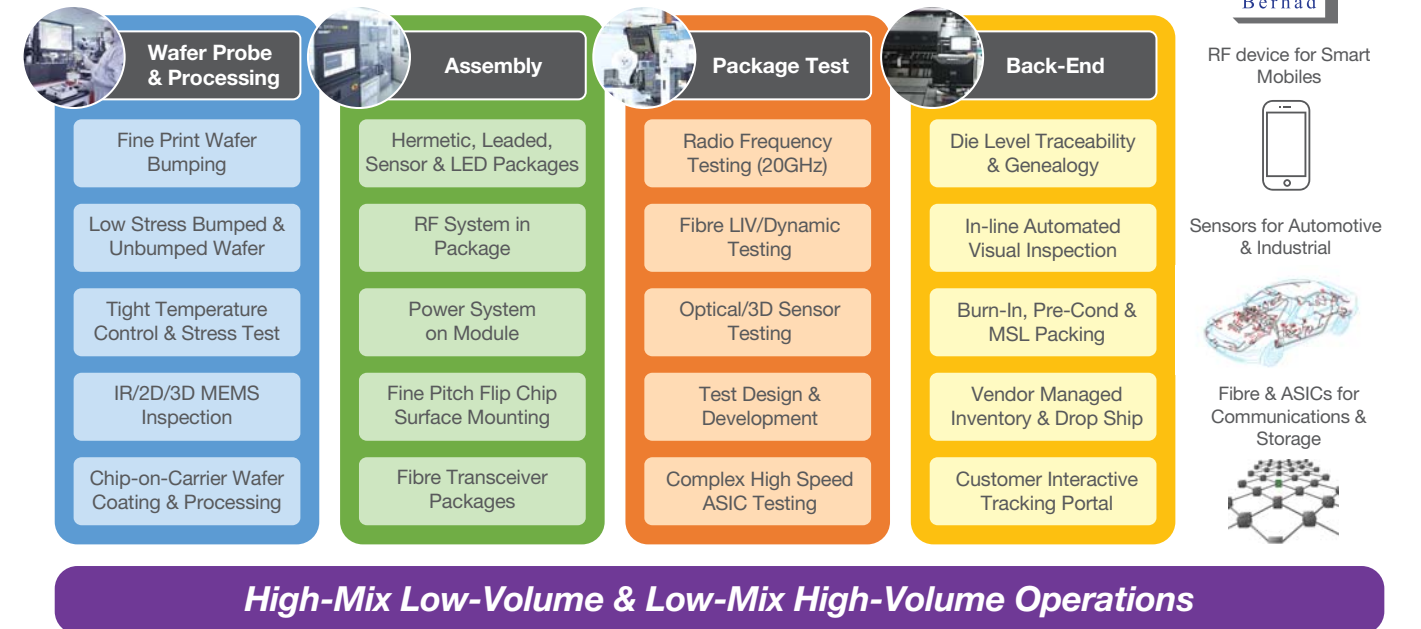
Our Group takes an expansive approach in our growth strategy by executing and expanding our business through value-accretive investments in production capacity and technological innovation by constantly enhancing manufacturing capabilities and processes, fast execution, nurturing a strong talent pool, incorporating sustainability measures, and implementing best practices across our operations and organisational structures.



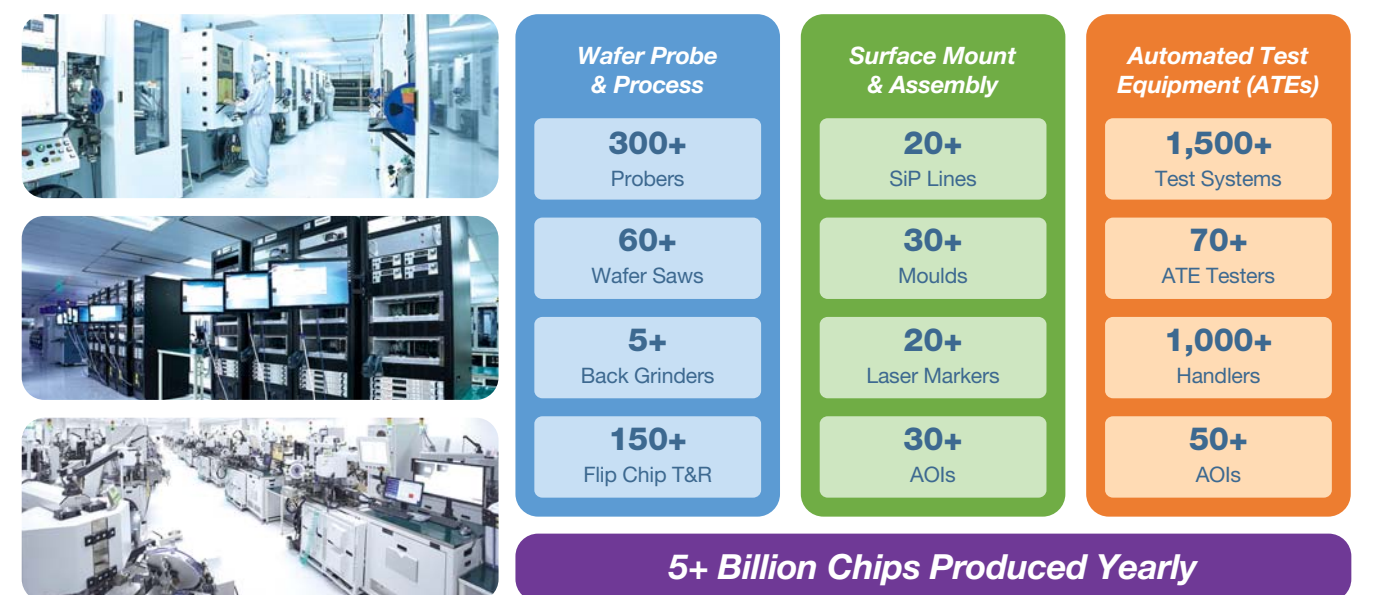
MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

MANUFACTURING CAPABILITIES



KEY CAPACITIES (and growing)



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Plants and Facilities Milestones

Inari has grown to be one of the largest technology corporations in Malaysia since its establishment in 2006. From its first single, 26,000 square feet plant in Penang, Malaysia, Inari has rapidly grown its operations into a portfolio of ten (10) plants located across Malaysia, Philippines and China with a total built-up area of approximately 1,800,000 square feet and a total workforce of more than 5,500. In 2021, Inari completed construction of its 10th plant in Malaysia, namely P55 adding a total floor space of 49,000 square feet to its production capacity. Moving forward, we will continue to look at expanding our production capacity via further building or acquiring plant space. Below are our plants' and facilities' milestones:

P1 (2006)

26,000 square feet
Malaysia



Inari Technology
P3

P3 (2008)

74,000 square feet
Malaysia



CK (2013)

125,000 square feet
Philippines



ATK (2013)

100,000 square feet
China



P5 (2014)

44,000 square feet
Malaysia



P13 (2014)

340,000 square feet
Malaysia



P21 (2016)

260,000 square feet
Malaysia



CK2

CK2 (2017)

83,000 square feet
Philippines



P34 (2019)

680,000 square feet
Malaysia



P55 (2021)

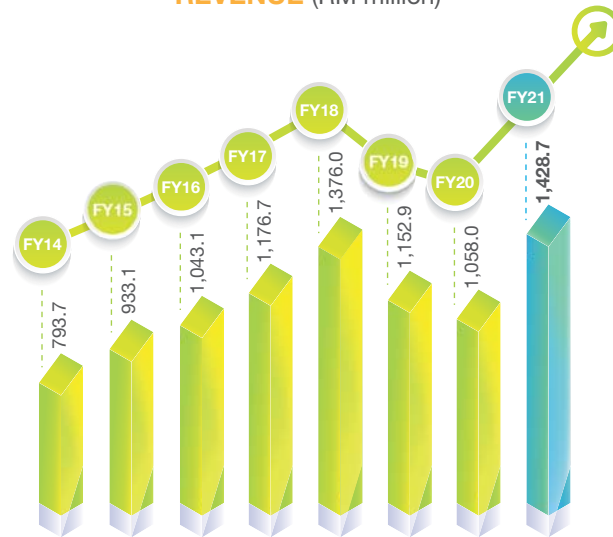
49,000 square feet
Malaysia



MANAGEMENT DISCUSSION AND ANALYSIS

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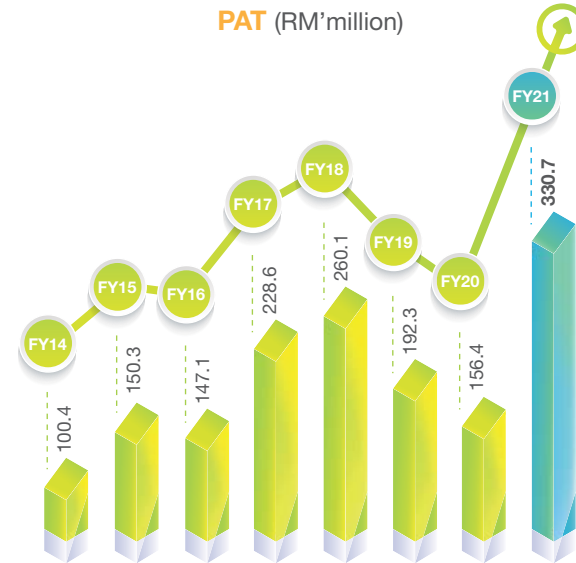
REVENUE (RM'million)



Solid revenue growth

Revenue increased by 35.0% to RM1.43 billion in FY2021.

PAT (RM'million)



Highest PAT growth

Registered highest PAT of RM 330.7 million in FY2021, a significant increase of 111.4% year-on-year as compared with FY2020.

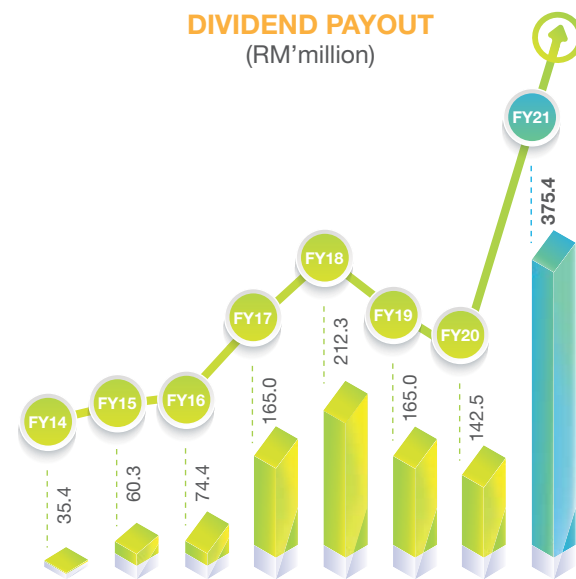
EBITDA (RM'million)



Steady EBITDA growth

EBITDA increased steadily since FY2014 with a remarkable growth to RM455.5 million in FY2021.

DIVIDEND PAYOUT (RM'million)



Robust dividend growth

Robust growth in cash dividend payout since FY2014. Recorded the highest dividend payout ratio of 113.5% which amounted to RM375.4 million in FY2021.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(B) FINANCIAL REVIEW

Financial Performance

The Group achieved a revenue of RM1.43 billion for the financial year ended 30 June 2021. It represents the highest revenue recorded since the Company's listing on the Bursa Malaysia Stock Exchange in year 2011. The record revenue represents a 35.0% year-on-year increase as compared to the revenue of RM1.06 billion registered in the previous financial year. The higher revenue was primarily contributed by higher volume loading in the RF business segment.

The Group also registered its highest net profit of RM330.7 million in the current financial year, representing a significant increase of 111.4% year-on-year as compared to RM156.4 million achieved in the previous financial year. The Group's EBITDA also increased by 66.5% to a record RM455.5 million as compared to RM273.5 million in the previous financial year. Overall, the improved performance was primarily attributed to strong demand in the RF business segment and greater cost efficiency and productivity in our operations.

The net profit for the current financial year is derived after accounting for:

- Foreign currency exchange loss of RM6.8 million in FY2021 compared with a foreign currency exchange gain of RM8.8 million in FY2020; and
- Higher taxation at RM21.5 million mainly due to a corresponding increase in operating profit.

Profit Attributable to Owners of The Company

Profit attributable to owners of the Company for FY2021 increased 112.1% year-on-year to RM330.5 million compared with RM155.8 million in the previous financial year. The Group's Earnings Per Share (EPS) grew to 10.01 sen for the current financial year ended 30 June 2021.

Liquidity and Capital Resources

The Group's cash and cash equivalents increased to RM904.9 million compared with RM594.6 million at the end of FY2020, underpinned by the healthy cash flow generated from operations which allowed us to give good cash dividend payout and to spend on capital expenditure. The Group's higher cash and cash equivalents as of 30 June 2021 are the result of the following over closing cash and cash equivalents for FY2020:

REVENUE

+35.0%



(FY2020: RM1,058.0 million)

RM1,428.7 million

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("EBITDA")

+66.5%

(FY2020: RM273.5 million)

RM455.5 million

PROFIT AFTER TAX

+111.4%



(FY2020: RM156.4 million)

RM330.7 million

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

+14.0%

(FY2020: RM1,204.7 million)

RM1,373.0 million

- Net cash generated from operating activities of RM486.5 million in FY2021 compared to RM347.0 million in FY2020;
- Total cash invested in capital expenditure of RM99.1 million in FY2021 compared to RM89.4 million spent in the previous financial year. The investment in capital expenditure was made for the continued expansion of production facilities, increases in production capacity as well as on-going automation and cost optimisation measures; and

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



- c) Financing activities registered a net outflow of RM73.2 million in the financial year mainly arising from total cash dividend payments of RM218.0 million, netted off against proceeds from the exercise of ESOS RM150.9 million, net repayment of bank loans for machinery financing of RM4.7 million and repayment of lease liabilities of RM1.4 million during the financial year under review.

Gearing

The Group's debt-to-equity remained low at less than 0.001 times with borrowings at RM1.1 million while the total shareholders' funds remain strong reaching RM1.38 billion as at 30 June 2021. The low gearing was mainly attributed to lower drawdown of loan facilities and repayments during the current financial year which reduced borrowings from RM6.2 million to RM1.1 million.

Dividend

During FY2021, the Company declared four (4) single-tier interim dividends and one special dividend totalling 11 sen per ordinary share. The total dividend declared of RM375.4 million represents the highest dividend payout since the company's listing on Bursa Malaysia Stock Exchange in year 2011. The dividend payout ratio stood at 113.5% over the profit after tax which is an increase compared to FY2020's lower payout ratio of 91.1% from the total dividend of 4.4 sen per ordinary share. Overall, the total dividend declared to shareholders in FY2021 amounted to RM375.4 million compared with RM142.5 million declared in FY2020. Moving forward, the Company intends to continue its commitment in delivering good returns to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



PRIVATE PLACEMENT

On 6 May 2021, the Company proposed a Private Placement of up to 333,000,000 new ordinary shares in Inari ("Placement Shares"), representing approximately 10% of the total number of issued shares of the Company.

Subsequently, on 19 July 2021, the Company announced that the issue price was fixed at RM3.10 per Placement Share, representing a discount of approximately 2.72% to the 5-day volume weighted average market price of RM3.1868 per Inari Share up to and including 16 July 2021, being the market day immediately prior to the price-fixing date.

On 30 July 2021, the Company announced the completion of the placement, listing and quotation of 333,000,000 Inari Shares on the Main Market of Bursa Securities.

The gross proceeds of RM1.03 billion raised from the Private Placement shall be utilised for capital expenditure, acquisitions, and investments after deducting expenses in relation to the Private Placement.

Looking forward, capital expenditure investments will be required for factory fit-outs, acquisition and installation of new manufacturing equipment and additional production space to secure new customers

and/or new long-term supply orders from existing customers. In addition, the Group may acquire additional manufacturing facilities and/or purchase industrial land to build new manufacturing facilities. The size and location of such manufacturing facilities to be built or acquired will depend largely on the customer's requirements or the Group's forward planning. The successful Private Placement will mean that the Group has in place the required funds to enable the expansion plans to be carried out expeditiously. The stronger balance sheet will also place the Group in a better position financially which will be appealing to our future potential customers.

Besides our plant capacity expansion, the Group also expects to utilise part of the proceeds from the Private Placement to accelerate plans to acquire and invest in high quality and complimentary semiconductor, OSAT and Electronics Manufacturing Services (EMS) companies on an active or passive basis. The Board will assess such potential investments' ability to generate sustainable revenue and earnings growth, good profit margins and good returns on invested capital for the Group.

Pending utilisation, the proceeds will be placed in interest-bearing fixed deposit accounts with licensed financial institution(s) or in money market instruments. Please refer to page 120 of the Annual Report on the status of utilisation of proceeds.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(C) OPERATIONS REVIEW

Key Milestones and Operations Highlights

Performance in FY2021

Performance remains resilient in a challenging environment

Continuing from FY2020, FY2021 was a similarly challenging year clouded by numerous uncertainties such as the ongoing trade tension between USA and China, as well as the continuing impact of the Covid-19 outbreak on the global economy. This unexpected pandemic has inflicted significant economic disruption across the world and most countries have taken unprecedented but necessary control measures such as population lockdown and movement control to contain the spread of the outbreak. One fortuitous outcome of the global movement lockdown is the switch to online connectivity which led to a corresponding increase in spending on electronic gadgetry which has become indispensable to the online lifestyle. The demand for electronic devices was also further exacerbated by the disruption in supply chains in the physical world caused by unforeseeable waves of Covid-19 pandemic lockdowns.

Amid these economic challenges and opportunities, the Group was able to navigate successfully to post a record revenue of RM1.43 billion, registering an increase of 35.0% year-on-year as compared to RM1.06 billion recorded in the previous financial year.

Operational Highlights

We believe the global technology sector will continue to benefit from market demand amidst positive trends in 5G and internet connectivity. The increasing demand in these markets remains our key drivers of growth.

Crucially, building a relevant technology automation & data exchange platform and strategic resource planning for scalability amidst dynamic and changing business environments is critical to our success. We aim to achieve this with the implementation of Industry 4.0 (I4.0) smart technologies by our Operation Technology team by integrating material planning with machine connectivity across all types of products to allow easier decision making and active process control. Within our manufacturing practice, this has helped with last-minute, almost real-time changes and prioritisation, while making more custom products possible to manufacture with better quality and productivity. In addition, the I4.0 platform plays an important role by allowing efficient collaboration, communication, data analysis and up-to-date reporting with customers.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Resilient RF Performance

Despite supply chain challenges, the RF business unit, which is the Group's main revenue contributor, continued to demonstrate resilience. The Group sees great demand in our RF deliveries with continued orders for RF products in an increasingly connected world, the growth in RF content in new smartphones, the continued adoption of 4G/LTE, introduction of 5G frequency bands and increasing demand from continued innovation in new smartphone models and smart devices.

In addition, our plants are equipped and workforce trained for capacity ramp-up at short notice to support demand spikes for RF products especially during tight new product launches making the Group a favourite as a RF OSAT. Indeed for the six months in Q1'FY 22 and Q2'FY22, we have geared up all our plants for expected higher capacity utilisation even as new wafer processing and advanced SiP assembly capacities are being added to support forward demand.

Amertron Business Units - Relatively Stable

Amertron's Philippines and China operations for FY2021 continue to perform within expectation. Various measures were taken to control cost escalation and minimise disruption to operations

arising from changing movement and regulatory controls due to the Covid-19 pandemic waves while protecting our employees' welfare in both China and Philippines. Moving forward, we target to grow and transform current opto-electronic products to SiP products and will continue to exercise care and discipline in managing costs while improving our operational performance.

New Operational Opportunities

The Group is actively developing its business and undertaking projects to meet its existing and new customers' needs, which encompass fibre optic transceiver operations, development of next generation RF SiP module platforms, engaged System on Module (SOM) assembly, and Electromagnetic Interference (EMI) shielding projects.

New Plant - P55 in Bayan Lepas, Penang, Malaysia

The construction of our new plant, P55 adjacent to our existing P13 plant in Bayan Lepas, Penang was completed with Certificate of Completion and Compliance ("CCC") obtained on 28 July 2021. The 5-storey plant with total floor space of 49,000 square feet will be dedicated for RF test expansion and a new customer to assemble System-on-Module (SOM) products.



EMI Shielding Production

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



SOM Production

COVID-19 PANDEMIC MEASURES

Since the start of the Covid-19 outbreak in early 2020, various preventive measures and actions were undertaken to mitigate the adverse consequences of waves of Covid-19 and meet health, safety and regulatory requirements set by the various governments over the months. To safeguard our operations and employees, we enforced strict safety procedures throughout all plants. Apart from full compliance with SOPs initiated by the various governments which include body temperature checks and screening, regular workplace sanitisation and social distancing, we segregated our employees into different working teams to prevent contact across different shifts and departments, and made the wearing of face mask compulsory at all workplaces.

We also closed our plants to visitors, customers, suppliers and only allow exceptions under strict health screening protocols. Internal meetings and meetings with external parties were conducted virtually via videoconferencing and teleconferencing facilities. We further implemented Work-From-Home ("WFH") procedures for our non-production employees to reduce the risk of exposure to Covid-19. In Penang, employees were also required to wear proximity sensors to log and alert any close physical contacts amongst employees to ensure safe social distancing limits are adhered to. Furthermore, the data logs generated from the sensors serve to facilitate contact tracing in the event any of our employees tested positive for Covid-19.

In September 2020, we launched our own in-house face mask production in a new manufacturing line sited at our P1 plant in Penang, Malaysia. To-date, we have produced 2 million pieces of 3-ply disposable surgical face masks which are distributed for our employees' use, as well as for contributing pro-bono to hospitals, and Government quarantine centres, Covid-19 frontliners and others as part of our corporate social responsibilities ("CSR") initiative.

In addition, we carried out Covid-19 vaccination programs for our employees in all plants throughout Malaysia and Philippines, while China's vaccination programme was entirely managed by the Chinese Government. Besides our own Covid-19 vaccination programs, we have also contributed an unutilised section of our P34 plant located in Batu Kawan, Penang, Malaysia as a Vaccination Centre (Pusat Pemberian Vaksin: "PPV") approved under the Public-Private Partnership Covid-19 Industry Immunisation Programme ("PIKAS") launched by the Malaysian Government to intensify the immunisation efforts in the industrial and factory sectors. Our P34 plant commenced PPV-related activities on 22 July 2021 with the capacity to administer 1,500 doses of Covid-19 vaccine per day. Upon the completion of the PIKAS on 2 September 2021, 20,628 individuals have completed their two (2) doses of vaccination at our P34 plant. The initiatives taken by us are part of our Group's firm CSR commitment to give back to our community in addition to our Group's goals towards sustainable and profitable growth.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(D) CHALLENGES & RISKS

We are positive on the Group's business outlook while remaining cautious and cognizant of the challenges ahead for us as the semiconductor industry is highly competitive, fast-changing and subject to demand volatility. We review our risk management and business sustainability continuously by applying frameworks which includes processes and policies aimed at addressing and mitigating risks while at the same time sustaining growth to meet the Group's business objectives.

Economic and Market Environment

We operate in a fast and rapidly changing industry. There are constant risks arising from an uncertain global economy where any weaker trade and demand can affect the worldwide semiconductor industry adversely. Demand volatility and rapid technology obsolescence are an ever-present risks. Any slowdown in the global semiconductors or smartphone demand, or technology obsolescence will have a significant negative effect on our business.

Direct mitigation for such macro risks is near impossible. However, the Group takes steps each year to upgrade our technical and production capabilities to extend our product and service range to cater for different applications and products, while concurrently diversifying our revenue streams. Beginning with basic assembly services, we grew steadily to offering our current comprehensive semiconductor packaging services.

The Group is mindful of the current economic uncertainties and challenging market conditions. We will continue with aggressive cost-containment measures and roll out various approaches in our operations to drive greater process innovation, cost efficiency and productivity.

Cyclical Nature of the Semiconductor Market

Historically, the semiconductor market has behaved in cycles. Although the market has had continuous growth over the past decade, the risk of a market correction in the near future is real given the large market-wide investments going into the semiconductor manufacturing capacities to meet current shortages in the market. We are hopeful that the continued innovation in new and compelling electronic products for consumers will continue to drive the demand and consequently absorb the output of all our Group's installed and planned capacities. However, the group remains cognizant of the risks involves and will remain vigilant as a negative cycle in the semiconductor would have adverse effects on our Group's results.

Dependence on major customers and competitive industry environment

The Group is highly dependent on a few major customers for a significant portion of its revenue and operates in a highly competitive industry subjected to rapid technological changes.

We acknowledge the significant impact of this risk to the well-being of our business. Therefore, the Group has focussed on constant upgrading of manufacturing processes and improvements on technologies as well as the practice of stringent quality management to stay on top of our business segments. Although no assurance is given that we will be able to maintain our market position in the OSAT industry, we are confident that the Group can sustain performance through our reputation amongst OSAT customers. Our technical know-how and industry knowledge, particularly our ability to offer comprehensive semiconductor packaging services, including those of back-end wafer processing, advanced SiP packaging assembly, RF final testing and other turnkey services will leverage our competitive strengths to sustain and grow our market position with existing and new customers. Further, we have plans to expand our Research and Development efforts to enhance the development of new products to further strengthen our position in the OSAT industry.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Human Capital

We recognise our employees are the most valuable resource and believe the Group's continued success depends significantly on the talent, hard work, and value created by our management and technical personnel. Associated with this is the risk of losing our key management and technical staff, and therefore the need for succession planning and staff retention strategies.

We will continue to invest in employees' professional development, review the effectiveness of our recruitment process, review employee remuneration and benefit packages, uphold human and labour rights and provide a good and safe working environment for employees in order to attract, develop and retain our talent pool.

Please refer to our Sustainability Statement (Workplace - Caring for our people) from page 76 to page 86 for further details.

Foreign currency exchange fluctuation

We are exposed to foreign currency exchange risks arising from any appreciation or depreciation of the denominated foreign currencies against the Group's reporting currency as most of the Group's revenue is derived in US Dollars.

To mitigate the risk of foreign currency exchange fluctuations, the Group actively carries out foreign currency hedging. We also take active steps to minimise foreign currency exchange exposure in our procurement and purchasing arrangements with both local and foreign suppliers.

(E) OUTLOOK AND PROSPECTS

According to the near-term outlook released in May 2021 by the International Data Corporation ("IDC"), shipments of smartphones are forecasted to reach 1.38 billion units in 2021, an increase of 7.7% over 2020. This trend is expected to continue into 2022 with year-over-year growth of 3.8% with shipments totalling 1.43 billion.¹

The Group remains cautiously optimistic on the prospects for FY2022 due to forecasted growth in the smartphone and RF sectors. Although the overall economic and Covid-19 outlook for the year ahead remains challenging, we believe the long-term prospects of our industry remain bright and the advances in technology will drive demand for semiconductors through the expected rollouts of 5G, Internet-of-Things (IoT) and artificial intelligence (AI) applications. We remain steadfast and ready to participate and benefit from the upcoming next-generation RF technologies.

LOOKING FORWARD TO FY2022

Moving ahead, the Group will continue to expand our current production capacity and invest in wafer front-end, assembly and test technologies in order to make improvements for the Group to gain higher revenues and profitability. For FY2022, we have budgeted around RM100 million in capital expenditure to improve current production equipment and facilities.

We will continue our implementation of the Industry 4.0 framework on a larger scale throughout the Group to promote automation in our production processes to step up our operational excellence. We will continue to exercise our best-in-class manufacturing discipline to stay relevant and competitive. In the event the global economy remains stable and growing, the Group will continue to explore means to ramp up our capacity to cater to the strong demand of RF components and optoelectronics for 5G smart mobility and optical connectivity applications, which will place the Group on a path of continued growth.

In line with our Private Placement objectives, the Group will actively engage in discussions with its current and potential customers as we now have the financial capacity to make significant capital investments to secure new customers and/or long-term supply orders. Similar discussions to acquire and invest in good-value, high quality and complimentary semiconductor, OSAT, and Electronics Manufacturing Services (EMS) companies will also take place.

¹ Source: IDC's Press Release "2021 Smartphone Growth to Reach Its Highest Level Since 2015, According to IDC" – 26 May 2021

About This Sustainability Statement
 Reporting Period And Boundary
 Reporting Framework And Standards
 Point Of Contact
 Our Sustainability Journey Thus Far
 Setting Tone From The Top
 Listening To Our Stakeholders
 Materiality Assessment
 Our Sustainability Strategy
 Our Sustainability Goals
 Our Covid-19 Response

ECONOMIC

Better Results from Better Practices

Corporate Governance And Ethics
 Customer Satisfaction
 Innovation
 Supply Chain Management
 Privacy And Data Protection

ENVIRONMENT

Caring for our Planet

Energy Usage
 GHG Emissions
 Water Management
 Waste Management
 Product Stewardship

WORKPLACE

Caring for our People

Employee Gender And Diversity
 Employee Development And Talent Retention
 Human And Labour Rights
 Occupational Safety And Health
 Employee Welfare

LOCAL COMMUNITIES

Giving Back

Local Communities

Sustainability Statement



SUSTAINABILITY STATEMENT

cont'd

ABOUT THIS SUSTAINABILITY STATEMENT

Inari Amertron Berhad and its subsidiaries (herein referred to as “Inari” or “the Group”) are one of the region’s leading Outsourced Semiconductor Assembly & Test (“OSAT”) providers and therefore, we have a responsibility to and are deeply committed to driving sustainable development throughout our business operations by inculcating a culture of sustainability at Inari.

Building on our sustainability efforts from the last reporting period, we disclose our progress on our sustainability journey in our fifth Sustainability Statement (“Statement”). Through this statement, we provide an overview of our performance and how we manage our key economic, environmental, social and governance matters.

This Statement should also be read alongside other sections in this Annual Report namely Management Discussion and Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control as well as our Corporate Governance Report, as sustainability efforts may be better contextualised and narrated in the respective sections.

REPORTING PERIOD AND BOUNDARY

This Statement provides information on Inari’s sustainability performance for our operations in Malaysia, Philippines and China, and covers the financial reporting period from 1 July 2020 to 30 June 2021 (“FY2021”). Where possible, information from previous years have been included to provide comparative data.

REPORTING FRAMEWORK AND STANDARDS

We have prepared this Statement in compliance with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and refers to Bursa Malaysia’s Sustainability Reporting Guide 2nd edition and Toolkits. Additionally, we have adhered to the best practice sustainability guidelines, standards and framework as follows:

- Global Reporting Initiative (“GRI”) Standards
- FTSE4Good Bursa Malaysia Index’s Environmental, Social and Governance indicators
- United Nations Sustainable Development Goals (“UNSDGs”).

POINT OF CONTACT

To continuously improve on our sustainability efforts, we welcome and encourage our stakeholders to provide feedback pertaining to this Statement or our sustainability practices and initiatives. Comments and questions can be directed to our designated email address at info1@inariberhad.com.

SUSTAINABILITY STATEMENT

cont'd

OUR SUSTAINABILITY JOURNEY THUS FAR



SUSTAINABILITY STATEMENT
cont'd

SETTING THE TONE FROM THE TOP

SUSTAINABILITY GOVERNANCE

To embed sustainability throughout our organisation, we believe in adopting a tone from the top approach. Inari’s sustainability governance is led by our Board of Directors who are responsible for considering economic, environmental, social and governance matters in the Group’s business strategies.

Our Board of Directors is supported by the Sustainability and Risk Management Committee (“SRMC”) in overseeing the sustainability matters of the Group, identifying principal risks and business sustainability strategies alongside the Senior Management, and ensuring their adherence to appropriate risk mitigation and sustainability efforts within the Group. The SRMC is assisted by the Group Chief Executive Officer (“CEO”) and Group Chief Financial Officer (“CFO”), to provide the overall direction, lead strategic decision making and review sustainability implementation, and performance & risk management in an integrated manner.

Sustainability and Risk Management Committee Members

Chairman	Datuk Phang Ah Tong <i>Chairman, Independent Non-Executive Director</i>
Committee Members	Foo Kok Siew <i>Independent Non-Executive Director</i> Dato’ Dr. Tan Seng Chuan <i>Executive Vice Chairman</i>

The Sustainability and Integrity Working Group (“SIWG”) will continue to be led by the Group CEO and comprises the management team and representatives from various departments. The SIWG is responsible to undertake the process of materiality assessment, as well as, executing and implementing sustainability initiatives and monitoring its progress. We have further strengthened our sustainability governance structure by the development and enhancement of the Sustainability Reporting Handbook and Framework, Corporate Liability and Corruption Risk Management Framework.

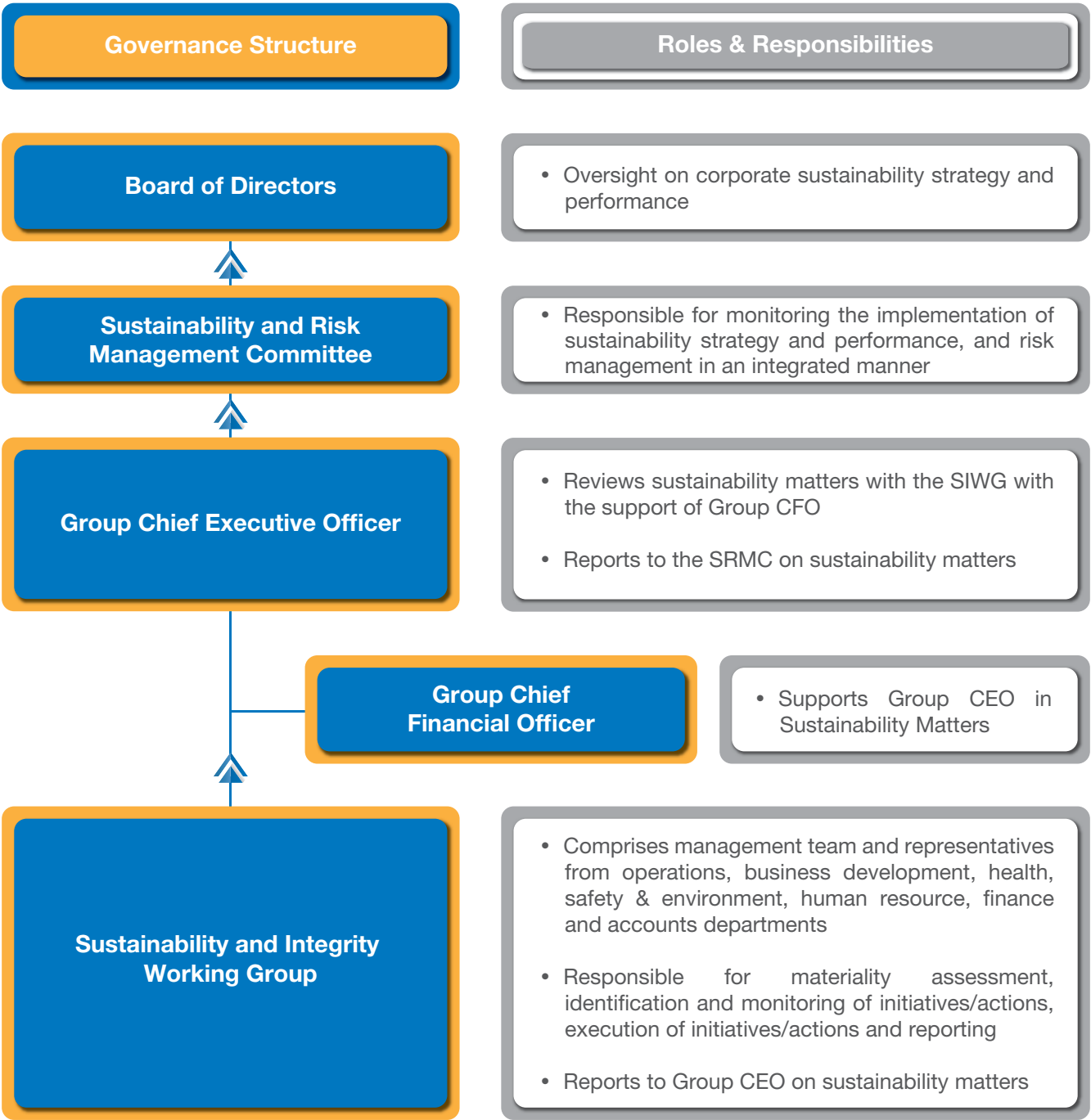
In April 2021, the Malaysian Code on Corporate Governance (“MCCG”) has released an update with an emphasis on sustainability management including climate change. MCCG Practice 4.3 states that the Board of Directors is required to take appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities. Against this backdrop, our Board of Directors is committed to further enhance our sustainability management to be aligned with the latest requirements.

SUSTAINABILITY STATEMENT
cont'd

SETTING TONE FROM THE TOP (cont'd)

SUSTAINABILITY GOVERNANCE (cont'd)

The diagram below illustrates our sustainability governance structures along with their roles and responsibilities.



SUSTAINABILITY STATEMENT
cont'd

SETTING TONE FROM THE TOP (cont'd)

CORPORATE MEMBERSHIP

Over the years, Inari contributes to the development of economic, environmental and social sustainability matters individually and collectively via business associations. We are a corporate member of the Malaysia Semiconductor Industry Association (“MSIA”) and the Malaysian Investor Relations Association (“MIRA”).

MSIA is an industry association which gathers companies involved directly or indirectly in the supply chain of the semiconductor industry. It serves as a platform to develop technology in the semiconductor industry and to advocate and build positive relationships with the government, agencies, and other industry associations (including chambers of commerce). On the other hand, MIRA is an association established by Bursa Malaysia with the objective to facilitate communication and foster closer relationships between public listed companies and the investor community.

Additionally, we became a corporate friend of Climate Governance Malaysia, the Malaysian chapter of World Economic Forum’s Climate Governance Initiative in 2021. This complements our initiatives in managing our resources, environmental impact and adaptation to climate change, bolstering our sustainability reporting as well as strengthening value creation.



We believe that our involvements with these memberships will add value in Inari’s journey to achieve its economic, environment, social and governance goals and aspirations.

LISTENING TO OUR STAKEHOLDERS

STAKEHOLDER ENGAGEMENT

We understand the significant impact of those with a vested interest in our operations, and therefore, the success of our business is dependent on maintaining strong relationships with our stakeholders. Inari actively engages with our stakeholders through different types of platforms and channels to understand their priorities and expectations of the Group. By keeping lines of communications open, we intend to create meaningful dialogue to address stakeholders’ concerns and build their confidence in us.






The table below summarises our key stakeholders, the engagement channels and their sustainability concerns.

Stakeholder Group	Type of Engagement	Sustainability Concerns
<div>Customers</div> <div></div>	<ul style="list-style-type: none">• Customer satisfaction surveys• Annual audit on operations• Ad-hoc meetings• Real-time production status updates	<ul style="list-style-type: none">• Building of long-term relationships• Product quality, timely delivery, productivity and efficiency• Product innovation• Demonstration of good economic, environmental, social and governance adherence and practices
<div>Employees</div> <div></div>	<ul style="list-style-type: none">• Volunteer programmes• Hotline• Feedback boxes• Annual appraisal• Townhall meetings	<ul style="list-style-type: none">• Safe and healthy working environment• Ensure law-abiding operation• Fair remuneration and compensation packages• Equal opportunity for career advancement• Employee development and talent retention• Sustainable growth and development of organisation

SUSTAINABILITY STATEMENT
cont'd

LISTENING TO OUR STAKEHOLDERS (cont'd)

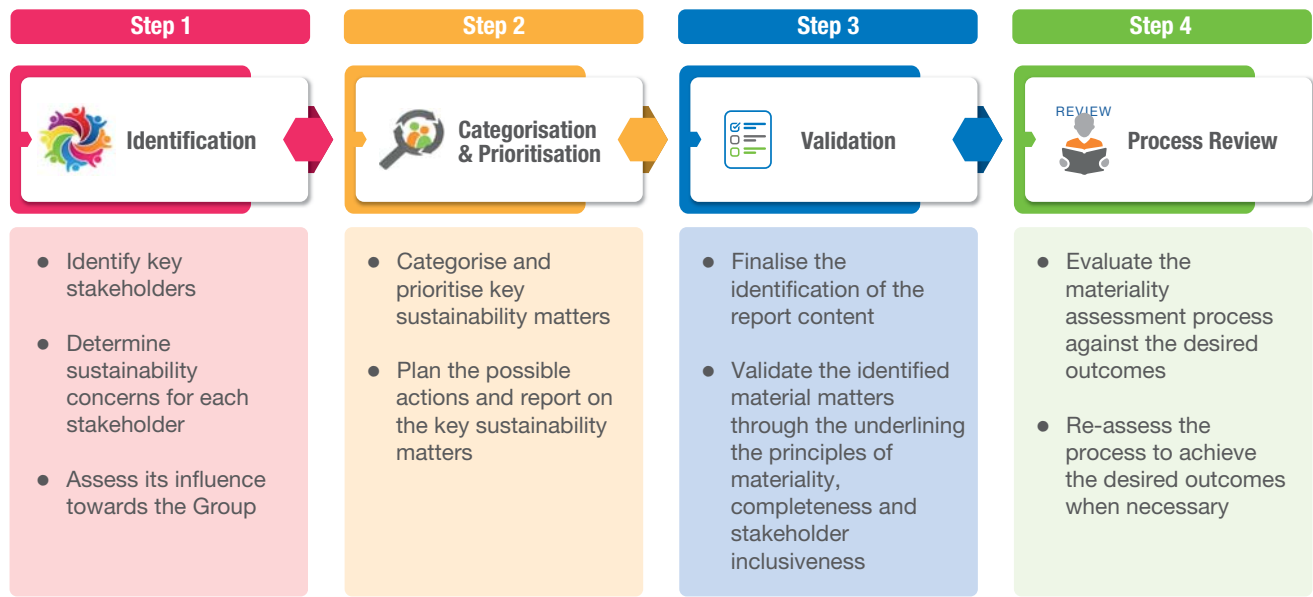
STAKEHOLDER ENGAGEMENT (cont'd)

Stakeholder Group	Type of Engagement	Sustainability Concerns
<div>Senior Management</div> <div></div>	<ul style="list-style-type: none">• Management review• Operational review• Various communications meetings and sessions	<ul style="list-style-type: none">• Economic, environmental, social and governance matters• Achievement of key performance indicators• Human resource management• Ethics, integrity and regulatory compliance• Anti-corruption and bribery
<div>Shareholders</div> <div></div>	<ul style="list-style-type: none">• Quarterly analysis briefing• Quarterly financial results• Annual General Meeting• Annual reports• Corporate website• Regular plant visits for further understanding of our operations	<ul style="list-style-type: none">• Strong and sustainable financial performance• Continuous business growth and expansion plans• Demonstration of good economic, environmental, social and governance adherence and practices• Ensure transparency in financial reporting• Timely and accurate announcements and information on Inari’s website
<div>Suppliers</div> <div></div>	<ul style="list-style-type: none">• Supplier selection via pre-qualification and registration• Regular supplier performance evaluation	<ul style="list-style-type: none">• Strategic partnerships• Fair tender practices• Ethics, integrity and regulatory compliance
<div>Regulators</div> <div></div>	<ul style="list-style-type: none">• Participation in programmes organised by regulatory bodies• Engaging in dialogues with regulators• Participation in industry and government interest groups• Regular plant visits	<ul style="list-style-type: none">• Compliance with relevant laws and regulations• Good corporate governance practices
<div>Local Communities</div> <div></div>	<ul style="list-style-type: none">• Volunteering programmes• Engagement and participation in community and corporate social responsibility (“CSR”) events	<ul style="list-style-type: none">• Financial and non-financial contributions to local communities• Good corporate citizenship

SUSTAINABILITY STATEMENT
cont'd

MATERIALITY ASSESSMENT

Our materiality assessment process enables us to identify and assess key risks and opportunities to ensure long-term sustainable growth. The assessment involves evaluating the significance of each sustainability issue based on its level of impact and influence on the Group. There are various factors taken into consideration including current economic, environmental, social and governance trends both locally and globally. The illustration below summarises our materiality assessment process.

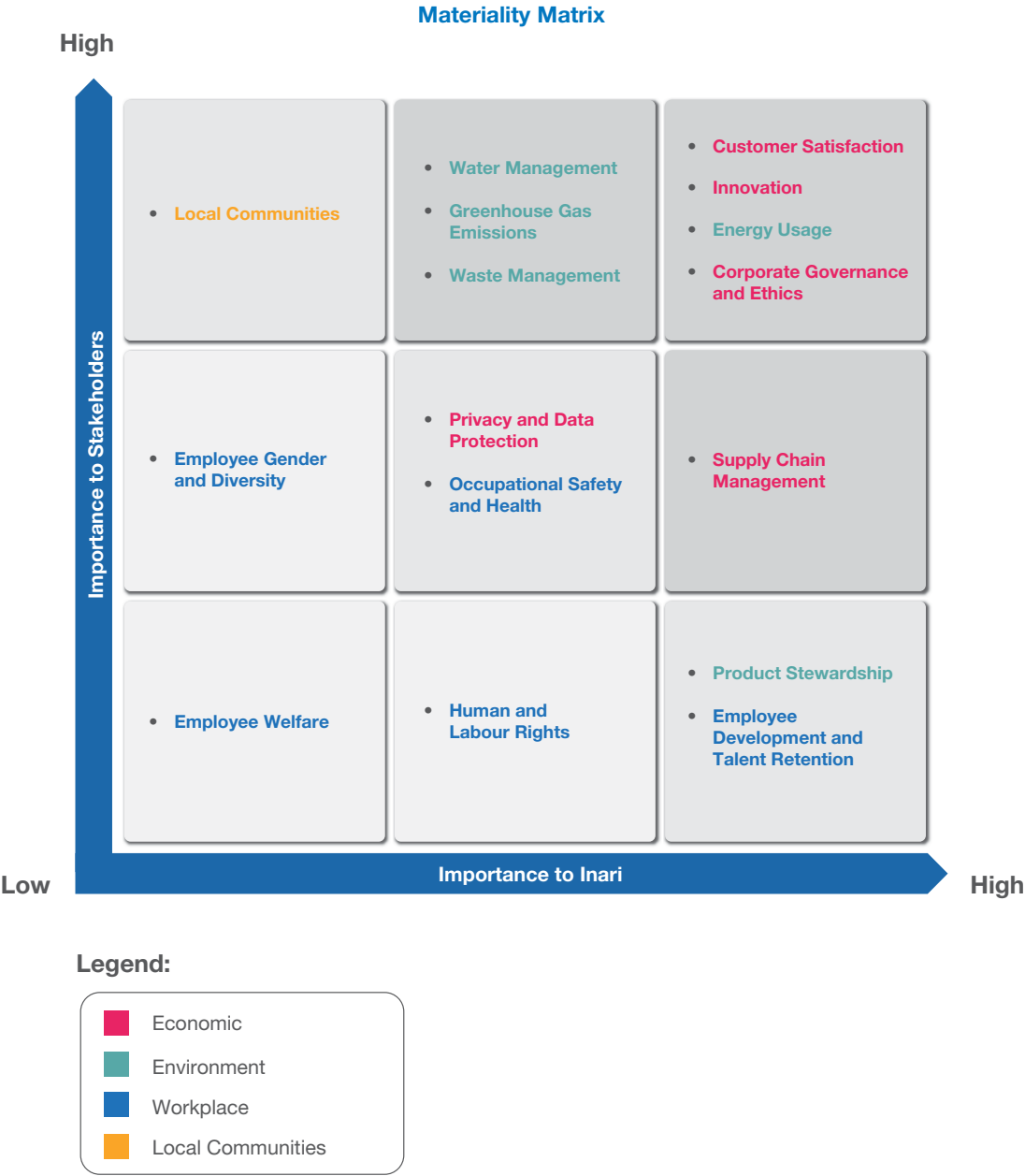


The materiality assessment process generates the materiality matrix, a visual representation of the Group's priorities. Each of the material sustainability matter reflects the concerns and interests of our stakeholder groups as well as its significance to the Group's business operations.

Our top material sustainability matters remained the same as previous year, namely (i) Customer Satisfaction; (ii) Innovation; (iii) Energy Usage; and (iv) Corporate Governance and Ethics. The remaining twelve (12) material sustainability matters are still important to the Group and are continuously being monitored and reported.

SUSTAINABILITY STATEMENT
cont'd

MATERIALITY ASSESSMENT (cont'd)



SUSTAINABILITY STATEMENT

cont'd

MATERIALITY ASSESSMENT (cont'd)

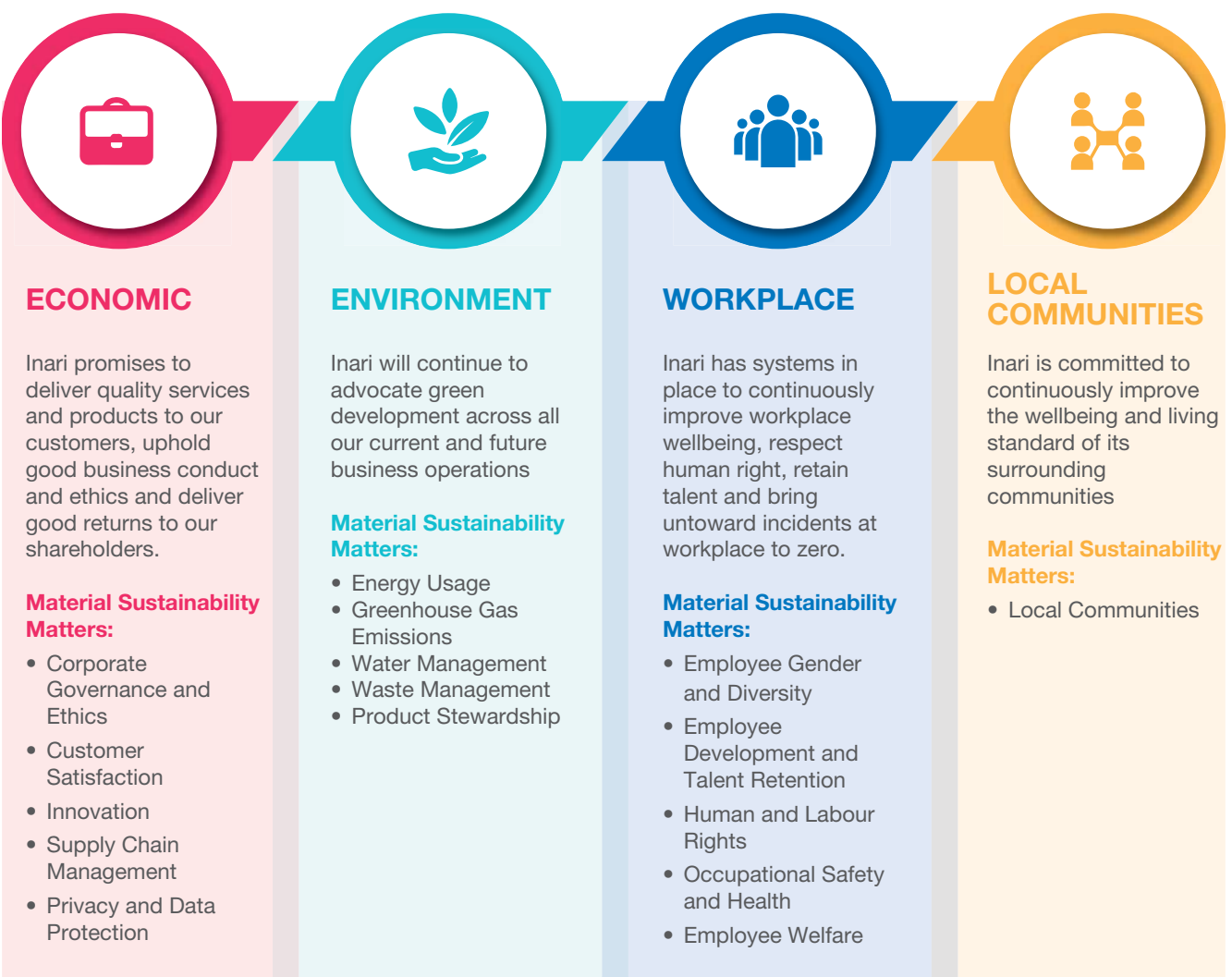
Material Sustainability Matter	Description
ECONOMIC	
Corporate Governance and Ethics	Ensure compliance with regulatory requirements and corporate values that are translated into internal controls, processes or guidelines to ensure that the business is conducted in an ethical and responsible manner
Customer Satisfaction	Creating positive customer experience through quality products and services to ensure satisfaction
Innovation	Developing innovative solutions through collaborative efforts to synergise technologies, skills and other strengths for common benefits
Supply Chain Management	Managing our relationships with suppliers through fair procurement practices and ensuring they comply with the supplier code of conduct that include economic, environmental, social and governance requirements and responsibilities
Privacy and Data Protection	Protecting private information for our suppliers, employees and customers through robust internal cybersecurity controls
ENVIRONMENT	
Energy Usage	Efforts to improve energy consumption efficiency
Greenhouse Gas (“GHG”) Emissions	Implementing internal controls to better manage our carbon footprint
Water Management	Efforts to improve water consumption efficiency
Waste Management	Efforts to decrease the generation of waste and to prevent waste to landfill
Product Stewardship	Ensuring products are safe throughout its lifecycle including proper management of our hazardous waste
WORKPLACE	
Employee Gender and Diversity	Embracing and promoting gender diversity and fostering an inclusive work environment
Employee Development and Talent Retention	Efforts to retain employees and develop their capabilities through various training programmes
Human and Labour Rights	Protection of the human and labour rights of our employees and addressing grievances accordingly
Occupational Safety and Health (“OSH”)	Safeguarding the health and safety of our employees with robust internal controls and standard operating procedures. Tracking and monitoring of incidents and developing corrective actions to address them
Employee Welfare	Looking after the wellbeing of our employees through various employee engagement activities and employee survey
LOCAL COMMUNITIES	
Local Communities	Supporting local communities through various CSR programmes for the underserved. Ensuring to hire locally where possible to benefit local communities

SUSTAINABILITY STATEMENT

cont'd

OUR SUSTAINABILITY STRATEGY

Our sustainability strategy is fortified by our four (4) Sustainability Pillars, namely (i) Economic; (ii) Environment; (iii) Workplace; and (iv) Local Communities. To demonstrate our commitment towards sustainable development, we have integrated each pillar within our business value chain.



SUSTAINABILITY STATEMENT

cont'd

OUR SUSTAINABILITY GOALS

At Inari, we constantly monitor our performance across our sustainability pillars. To further enforce our commitments, we have aligned our sustainability goals with the UNSDGs. We have identified and selected UNSDGs based on prioritisation of our sustainability initiatives and action plans.

The table below presents the overview of the sustainability goals and targets and our performance for FY2021.

Sustainability Strategy	Sustainability Goals	Performance in FY2021
Economic <ul style="list-style-type: none"> Corporate Governance and Ethics Customer Satisfaction Innovation Supply Chain Management Privacy and Data Protection    	<ul style="list-style-type: none"> Practice good corporate governance and ethics Deliver good returns to our shareholders Meet customers' requirements Deliver quality services and products Promote local suppliers 	<ul style="list-style-type: none"> Zero cases of non-compliance and ethical issue Revenue increased by 35.0% Profit after tax increased by 111.4% Dividend payout ratio: 113.5% Responded to all queries received from customers Zero cases related to breaches of privacy and data protection Our spending from local suppliers has increase over the years
Environment <ul style="list-style-type: none"> Energy Usage Greenhouse Gas Emissions Water Management Waste Management Product Stewardship    	<ul style="list-style-type: none"> Advocate green development alongside all our current and future business operations 	<ul style="list-style-type: none"> Decrease of 29% in energy intensity Decrease of 29% in GHG emissions intensity Decrease of 30% in water intensity 100% compliance with local regulatory requirements for wastewater discharge
Workplace <ul style="list-style-type: none"> Employee Gender and Diversity Employee Development and Talent Retention Human and Labour Rights Occupational Safety and Health Employee Welfare    	<ul style="list-style-type: none"> Improve workplace wellbeing Respect human rights Retain talent and succession planning Bring untoward incidents at the workplace to zero 	<ul style="list-style-type: none"> Achieved response rate of 83% with an overall score of 98% for employee engagement survey 64% of female employees in the global workforce Achieved 77,770 of total training hours with an average of 13 hours per employee 100% of employees received performance reviews Zero cases reported for forced/child labour, discrimination or grievances on human rights Zero incidents of workplace injury at operations in Malaysia and China
Local Communities <ul style="list-style-type: none"> Local Communities  	<ul style="list-style-type: none"> Contribute to the wellbeing and living standard of surrounding communities 	<ul style="list-style-type: none"> 3,600 volunteered hours, contributed by employees Contributed a total of RM1.15 million in CSR initiatives in FY2020/2021 Launched in-house face mask production line and produced 2 million face masks for distribution Contributed an unutilised section of our P34 plant in Batu Kawan as a Covid-19 Vaccination Centre where 20,628 individuals completed two (2) doses of vaccination 554 interns hired this year with a total of 3,359 interns hired to date

SUSTAINABILITY STATEMENT


cont'd


OUR COVID-19 RESPONSE


In the past year, the Covid-19 virus has continued to heavily impact operations of businesses around the world and we at Inari have faced the challenges brought on by the pandemic. The health and safety of our employees, clients, and community remain our utmost priority and we take great effort to implement measures at our facilities and offices to safeguard their well-being. In-line with the recommendations of the World Health Organisation (WHO) and the respective governments, we have developed and implemented measures to mitigate the transmission of this virus at our operations.


To ensure the safety of our employees and visitors, we have implemented the following measures:

- Temperature screening and registration on MySejahtera app, Itinerary Code & Health Code app, or StaySafe.ph app prior to entering Inari's premises


Malaysia

MySejahtera

China

 行程码
(Itinerary Code)


Philippines

StaySafe.ph


 苏康码
(Health Code)



- Mandatory face mask-wearing within Inari premises




- Close our plant to visitors with exceptions of strict health screening protocol
- Leverage on technology to conduct virtual meetings
- Introduction of Work-From-Home ("WFH") procedure for non-production employees to reduce the capacity and risk of exposure



- Enforcement of social distancing within the workplace and ensure our workplace/premises are frequently sanitised
- Segregation of employees into different working teams to prevent contact across different shifts and departments

- Declaration by employee on potential exposure to any positive cases and undergo quarantine and swab test



In addition to the above measures, our employees in Penang were also required to wear proximity sensors to log and alert any close physical contacts amongst employees to ensure safe social distancing limits are adhered to. Furthermore, the data logs generated from the sensors serve to facilitate contact tracing in the event any of our employees tested positive for Covid-19.

We have also contributed our efforts towards supporting the needs of the nation by embarking on our first in-house face mask production line. To-date, we have produced about 2 million pieces of 3-ply disposable surgical face masks which was distributed for our employees' use, as well as for contributions to hospitals, government quarantine centres and others as part of our corporate social responsibilities ("CSR") initiative. Inari also helped to alleviate challenges and cope with the impact of the pandemic faced by underserved communities during this time through the distribution of food packs and hygiene products.

Inari has also further supported the efforts in combatting Covid-19, by collaborating with authorities to contribute an unutilised section of our P34 plant located in Batu Kawan, Penang, Malaysia as a Vaccination Centre (Pusat Pemberian Vaksin: "PPV") approved under the Public-Private Partnership Covid-19 Industry Immunisation Programme ("PIKAS") launched by the Malaysian Government to intensify the immunisation efforts in the industrial and factory sectors. Our P34 plant commenced PPV-related activities on 22 July 2021 with the capacity to administer 1,500 doses of Covid-19 vaccine per day. Upon the completion of the PIKAS on 2 September 2021, a total of 20,628 individuals have completed their two (2) doses of vaccination at our P34 plant.

To learn more about our efforts, please refer to the Local Communities section of this Statement.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC

Better Results from Better Practices

CORPORATE GOVERNANCE AND ETHICS

Code of Business Conduct and Ethics

Inari fully recognises that organisations with good corporate culture will help employees comprehend and clearly apply the Group's mission/vision and beliefs as well as the policies established within their day-to-day work. Our corporate principles and standards are stated in our Code of Business Conduct and Ethics.

The Code defines our high expectation on each and every employee to carry out good business practice and high personal conduct, and to go beyond strict adherence to local laws and regulations. The Code also states explicitly that all forms of insider information and securities trading, bribery and corruption are prohibited. The Code also forbids employees and directors from offering and accepting gifts, benefits or entertainment from third parties which may create a sense of obligation and compromise their professional judgment or create an appearance of doing so.

We continue to communicate and institutionalise the Code to all Directors and employees to ensure they uphold and align with our ethical standards. Each employee will receive a copy of the Code which is an integral part of the terms and conditions of employment. Annually, all Directors and employees are required to make declaration to strictly observe and apply the provisions encapsulated within the Code.

In addition, all employees (except trainees and direct labour) are required to complete the Declaration of Conflict-of-Interest Form to declare any form of relationship that may exist between themselves or their family members with any organisations, projects, contracts or business dealings involving the Group. Similarly, declarations by all Directors are required by completing the Conflict-of-Interest and Related Party Transactions Form on an annual basis and/or on needs basis to avoid or mitigate the risk of conflicting interests.

In FY2021, we did not record any cases of non-compliance and breach of ethical issues.

Anti-Corruption and Bribery Policy

Our Anti-Corruption and Bribery Policy clearly states that Inari has zero-tolerance towards corruption and bribery. We strictly prohibit any of our Directors, employees and associated third parties from taking part in any form of corruption, bribery, extortion, embezzlement or any kind of money laundering activities.

Our Policy is approved and governed by our Board of Directors through the Audit Committee on the ethical framework, adequacy and integrity of the internal controls system in ensuring overall ethical health and compliance level with professional and ethical standards in managing risks of corruption, bribery and money laundering. The Policy covers salient areas pertaining to corruption and bribery such as gifts, entertainment, donations, and sponsorships. The Policy also necessitates strict adherence by all parties across the supply chain. Annually, we will review the Policy's relevance based on the latest regulations and requirements.

In line with the new corporate liability provision of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which took effect on 1 June 2020, the Board of Directors had taken steps to direct the establishment of adequate procedures to prevent the commission of corrupt act by persons associated to the Group. We engaged with external consultant, KPMG Management & Risk Consulting Sdn Bhd ("KPMG"), to independently assess the adequacy of our policies and procedures on Inari's anti-corruption and bribery programme. The outcome of the assessment had led to the establishment of anti-corruption and bribery system as well as various enhancement made to our Board Charter, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures, Code of Business Conduct and Ethics, Supplier Code of Conduct, Terms of Reference of Board Committees and Internal Control System and Procedures across the Group.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC *(cont'd)*

Better Results from Better Practices

CORPORATE GOVERNANCE AND ETHICS *(cont'd)*

Anti-Corruption and Bribery Policy *(cont'd)*

All parties, who are subject to our Anti-Corruption and Bribery Policy, are required to complete the Corporate Social Responsibility, Donation and Sponsorship Form and Due Diligence Checklist and obtain approval from the relevant approving authority if they intend to provide or receive any sponsorships, donations and contribution to charity or social projects on behalf of our company. At Inari, we do not make charitable donations or contributions to political parties. Although employees and associated third parties acting in their personal capacity are not restricted to make any personal political donations, Inari will not make any reimbursement for these personal political contributions.

Additionally, corruption and bribery risk assessment will be conducted on an annual basis with intermittent assessments as and when necessary. During the financial year under review, the Board has engaged KPMG to conduct Corruption Risk Management ("CRM") assessment, which involves the independent assessment of the adequacy, effectiveness and integrity of the Group's risk management and internal control systems. The CRM assessment has been carried out across the Group based on the present and potential corruption risks. The assessment process took into account the potential impact and likelihood of occurrence, effectiveness of controls in place and action plans taken to mitigate the corruption risks. Various enhancements to the current anti-corruption system, policies and procedures have been further adopted including the development and establishment of Group Corruption Risk Management Framework and Corporate Liability and Sustainability Reporting Handbook.

Based on the outcome of CRM Assessment Report for FY2021, there were no reported incidents of corruption or breaches against our Anti-Corruption and Bribery Policy.

Whistleblowing Policy and Procedures

“ We encourage employees to come forward and voice their concerns and report any misconduct occurring in the organisation. We view whistleblowing as a positive act that can make a valuable contribution to the Group's efficiency and long-term success. ”

Inari has put in place a Whistleblowing Policy and Procedures to promote high standards of ethical conduct and has established proper channels for whistleblowing.

This Policy outlines the various reporting channels to provide Directors, employees and other stakeholders who have a business relationship with Inari an avenue to report suspected wrongdoings, unethical behaviours or workplace grievances that may cause adverse impact to the Group.

The whistleblowing reporting channels include making a report directly to the employees' immediate superior or to the designated officers, up to the Audit Committee Chairman. A report can be made verbally, writing via email or via the whistleblowing disclosure form as set out in the Whistleblowing Policy and Procedures. Alternately, employees may make a report via a whistleblowing hotline that is managed by an independent third party.

The Group treats all reports in a confidential manner and at the same time, the whistleblower shall be accorded protection of confidentiality of identity to the extent reasonably practicable, and protection against any adverse and detrimental actions and retaliations of all forms. In FY2021, we did not receive any cases of non-compliance and breaches of ethical issues through the whistleblowing channels.

Our policies and procedures namely the Code of Business Conduct and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures are made available on our company's website at www.inari-amertron.com.

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC (cont'd)
Better Results from Better Practices

CORPORATE GOVERNANCE AND ETHICS (cont'd)

Corporate Governance and Compliance

Inari is committed to the principles and best practices of corporate governance as laid out in the Bursa Malaysia Listing Requirements and MCCG. We ensure that the standards of corporate governance are being observed throughout the Group with the ultimate objective of enhancing long term shareholders value and returns to our stakeholders. Details of our corporate governance framework and practices are presented in the Corporate Governance Overview Statement on page 102 to 117 of this Annual Report as well as Corporate Governance Report which is available on the website of Bursa Malaysia.

Tax Governance

Taxation is important for Inari and for our stakeholders, therefore we actively manage, monitor and control our Group tax matters. We have formulated our tax strategy based on the local tax regulatory requirements in the countries where we operate including Malaysia, Philippines and China. Our tax strategy is incorporated into audited financial statements which is audited by external auditors and approved by the Board of Directors with recommendation from Audit Committee.

CUSTOMER SATISFACTION

The satisfaction of our customers is integral to the longevity of our business. We strive to understand and meet our customer's evolving expectations in delivering quality products continuously. We adopt a customer focused approach where any requests, concerns, or dissatisfaction are handled with close attention, urgency and confidentiality. We engage with our customers at every stage, from design and manufacturing to delivery to ensure tailored care when providing them with our services. Only by achieving consistent satisfaction of our customers, will we be able to build a trustful relationship.

Aside from regular meetings with customers, we respond to customer queries through the establishment of a systematic review process which is done periodically, based on the working level and functions involved. For all gaps identified we ensure that the appropriate action items are set out to resolve these concerns.

To ensure we maintained quality within our products and services, we are guided by our Quality Policy that enables us to achieve our quality objectives and commitment to excellence. Below summarises the tenets of our Quality Policy:

- Maintain the application of Quality Management System ("QMS") based on ISO 9001:2015 QMS model in general
- Improve our QMS effectiveness continuously while maintaining the performance of our products
- Produce safe and useful products that comply with applicable statutory and regulatory requirements as well as customers' requirements and specifications
- Enhance the efficiency of manufacturing processes through elimination of wastage and reduction of process variance
- Timely delivery of products and services constantly with zero defects
- Inculcate a mindset across our value chain that quality is the responsibility of all and require their total involvement and commitment

To review our quality of products and services, our customers assess our work based on various criterias quarterly. For this reporting period, we managed to meet the requirements based on the categories of customer quality and factory & facilities quality. The feedback received is crucial for us to enhance our processes and ensure that we are constantly meeting customer's increasing expectations and demands.

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC (cont'd)
Better Results from Better Practices

CUSTOMER SATISFACTION (cont'd)

Branding and Reputation

By building a strong brand reputation, we are able to gain trust with existing and new potential customers which drives revenue and our bottom-line growth. Our brand reputation reflects our core value and strengthens confidence in our products and services. Through our relentless efforts, we strive to maintain being an outstanding OSAT provider and to be best-of-class in our industry.

The quality of our products and services can be proven by the numerous awards we have received over the years. They are testament to our hard work and efforts in delivering quality, technology solutions and operational excellence.

Below lists the awards presented to our business in recognizing Inari's efforts and achievements.

- Asiamoney Awards 2019 for The Most Outstanding Company in Malaysia - Semiconductor & Semiconductor Equipment Sector
- Industry Excellence Platinum Award 2019 organised by The Institution of Engineering and Technology (IET) Malaysia Network
- All Executive Team 2019 - ASEAN Most Honored Companies and Special Achievement Award for CEO and CFO organised by Investor Relations Professionals Association Singapore (IRPAS)
- Broadcom's Strong Partnership & Excellent Shipment Support for 2018
- The Edge Billion Ringgit Club Awards - Highest Returns on Equity Over Three Years and Highest Growth in Profit After Tax Over Three Years in 2018; High Returns to Shareholders Over Three Years in 2016
- MIRA Best CEO for Investor Relations (Mid Cap) 2018
- Financial Times FT1000 High-Growth Companies Asia Pacific 2018
- Broadcom's Best Supplier Award (Best Contract Manufacturers) for 2010, 2015 and 2017
- Forbes Asia 200 Best Under A Billion Company Award for 2014, 2015 and 2016
- BestBrands Blue Chip Award 2013 (Electronics Manufacturing) by the BrandLaureate SMEs

INNOVATION

“ Think ahead and always stay relevant to the needs of our customers ”

Given the rapid pace of technological change in today's connected and digitalised world, aligning research and development goals to market opportunities is key to growing our business. We place importance on continuous improvement across our organisation and value chain as we aim to strengthen our competitive advantage and stay ahead of our competitors. As such, innovation is woven deeply into our corporate culture, people as well as the products and solutions we offer – a testament to innovation being placed at the center of everything we do. We ensure process efficiency and meeting both market and customer demands.

Process Innovation and Industry 4.0

Presently, the world is witnessing how the new industrial revolution is advancing the manufacturing industry with the focus on interconnectivity, automation, machine learning and real-time data. Companies are integrating and enabling technologies, including Internet of Things (IoT), cloud computing & analytics, and artificial intelligence & machine learning into production facilities and throughout the operations. Being one of the top industry players, Inari has embarked on this journey since 2017.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC (cont'd)

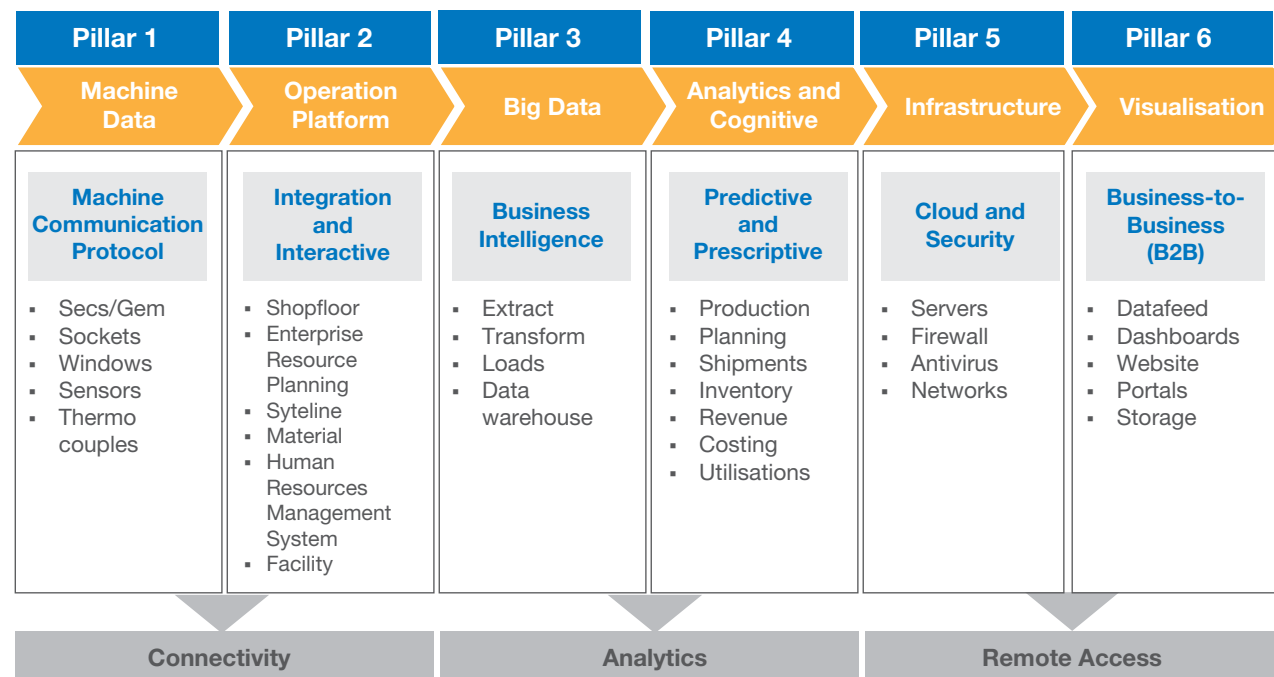
Better Results from Better Practices

INNOVATION (cont'd)

Process Innovation and Industry 4.0 (cont'd)

To ensure we are continuously driving innovation, our operations are guided by our six (6) Technology Advancement pillars, which comprise (i) Machine Data; (ii) Operation Platform; (iii) Big Data; (iv) Analytics and Cognitive; (v) Infrastructure and (vi) Visualisation.

Inari's Technology Advancement Pillars



Operational Excellence through Innovation

Inari actively collaborates with local partners to synergise technologies, skills, competitive advantages and strengths by meeting common goals. We work closely with several local vision automation houses, equipment & system automation providers, original equipment manufacturers (OEM) and sensor & related solution providers.

We have developed an Automation Strategy to guide the Group on the customised processes to achieve higher throughput, productivity and quality. During the financial year under review, we have revised our automation strategy by introducing additional phase, which is the Phase 4: Integration of System to ensure completeness of the process. Diagram below presents the summary of our automation strategy with our local partners.

SUSTAINABILITY STATEMENT

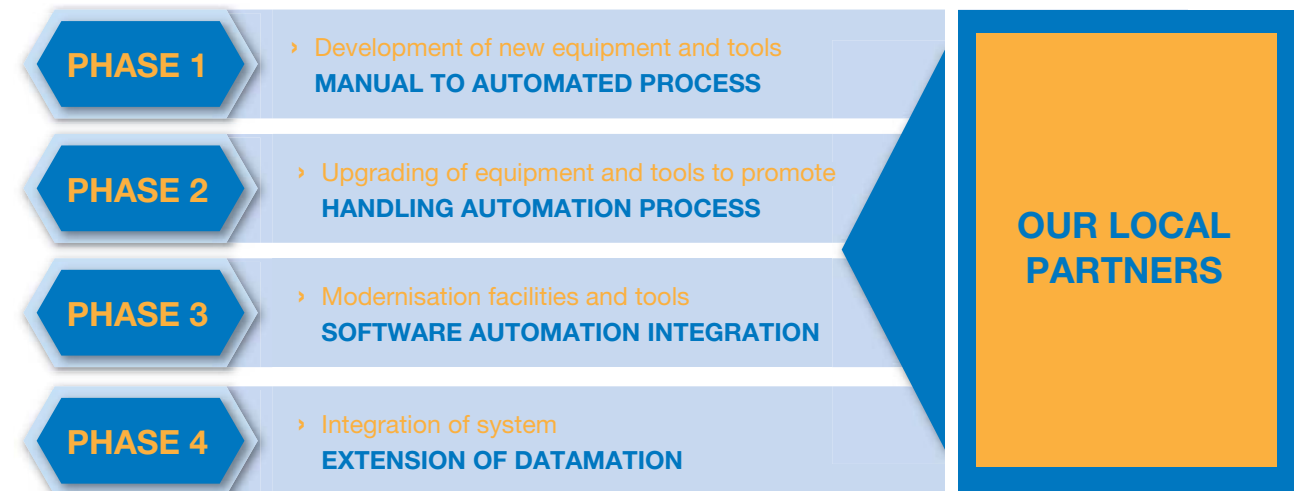
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ECONOMIC (cont'd)

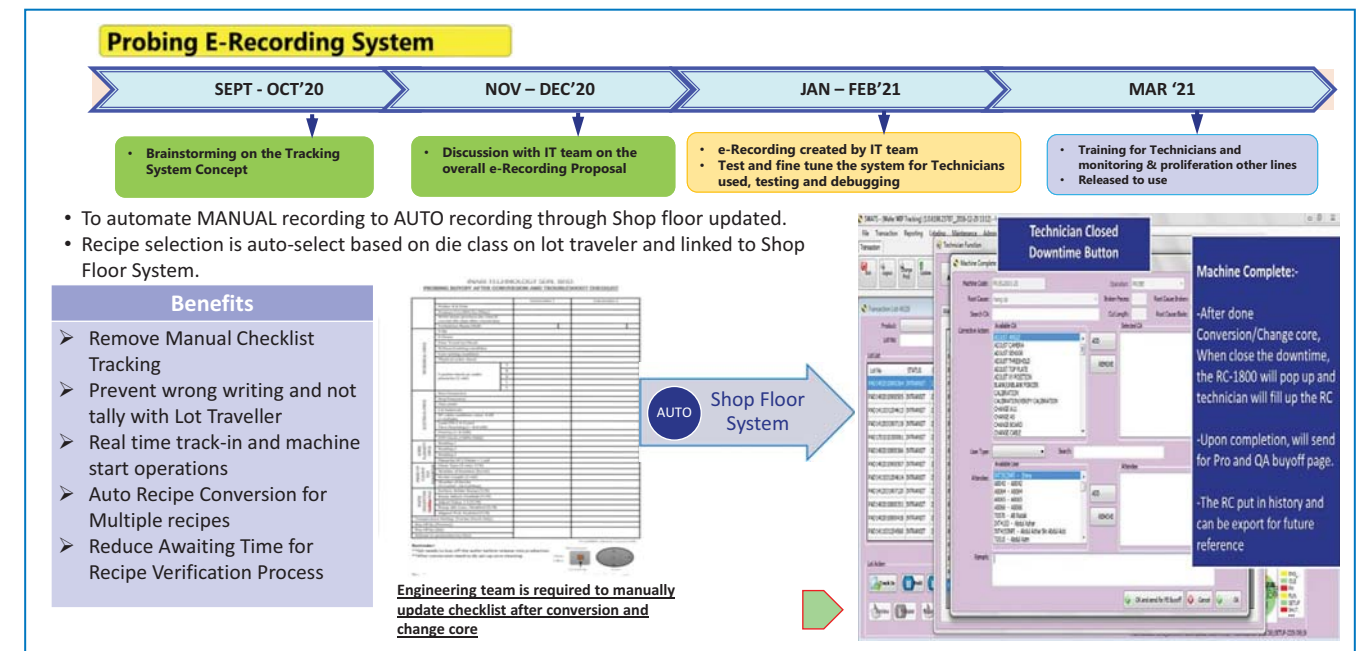
Better Results from Better Practices

INNOVATION (cont'd)

Operational Excellence through Innovation (cont'd)



Probing E-Recording System



SUSTAINABILITY STATEMENT

cont'd

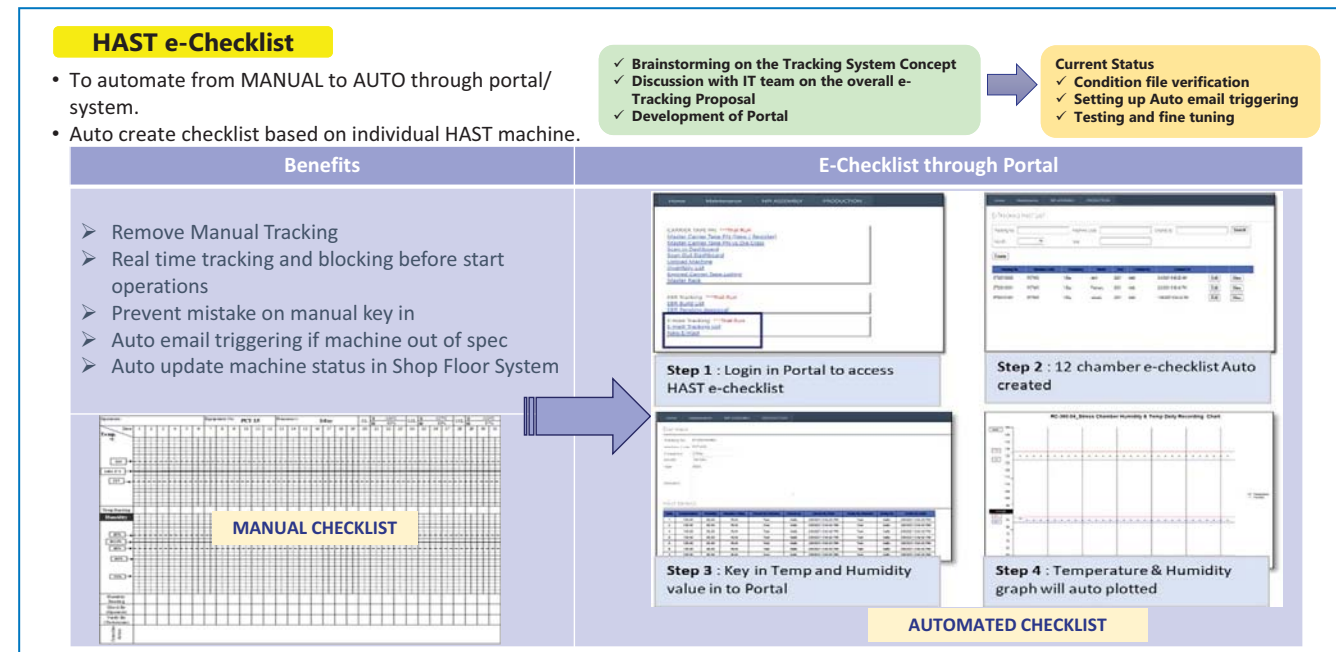
ECONOMIC (cont'd)

Better Results from Better Practices

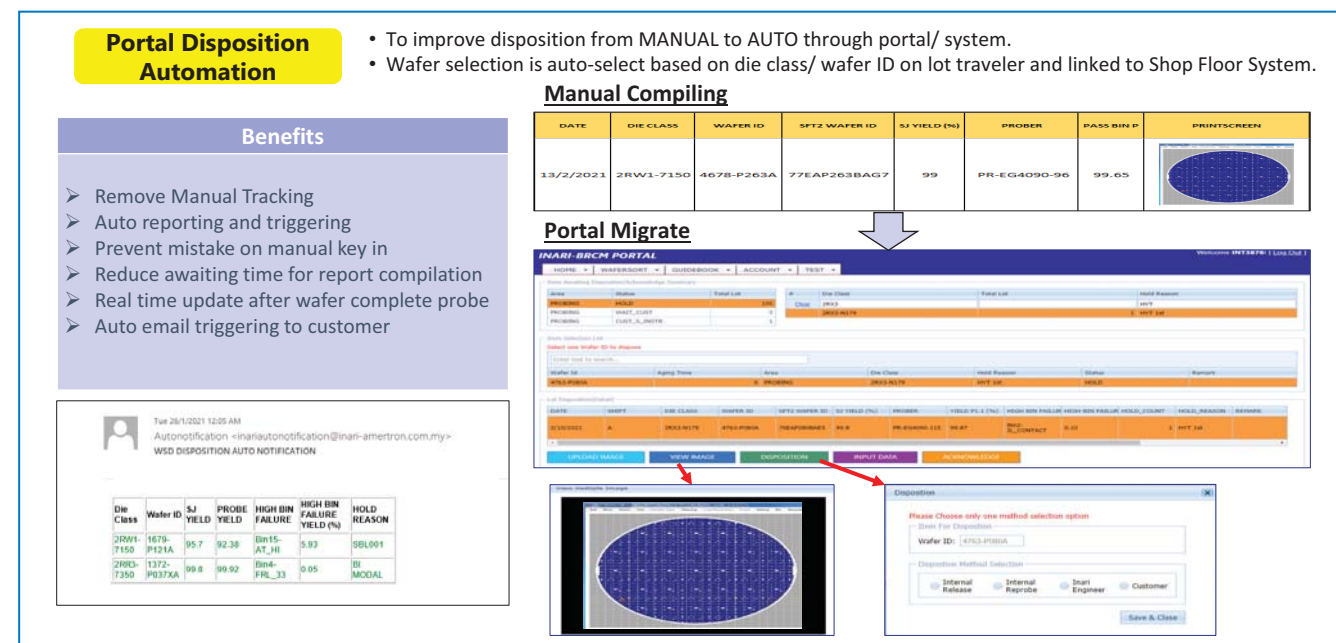
INNOVATION (cont'd)

Operational Excellence through Innovation (cont'd)

Hast e-Checklist



Portal Disposition Automation



SUSTAINABILITY STATEMENT

cont'd

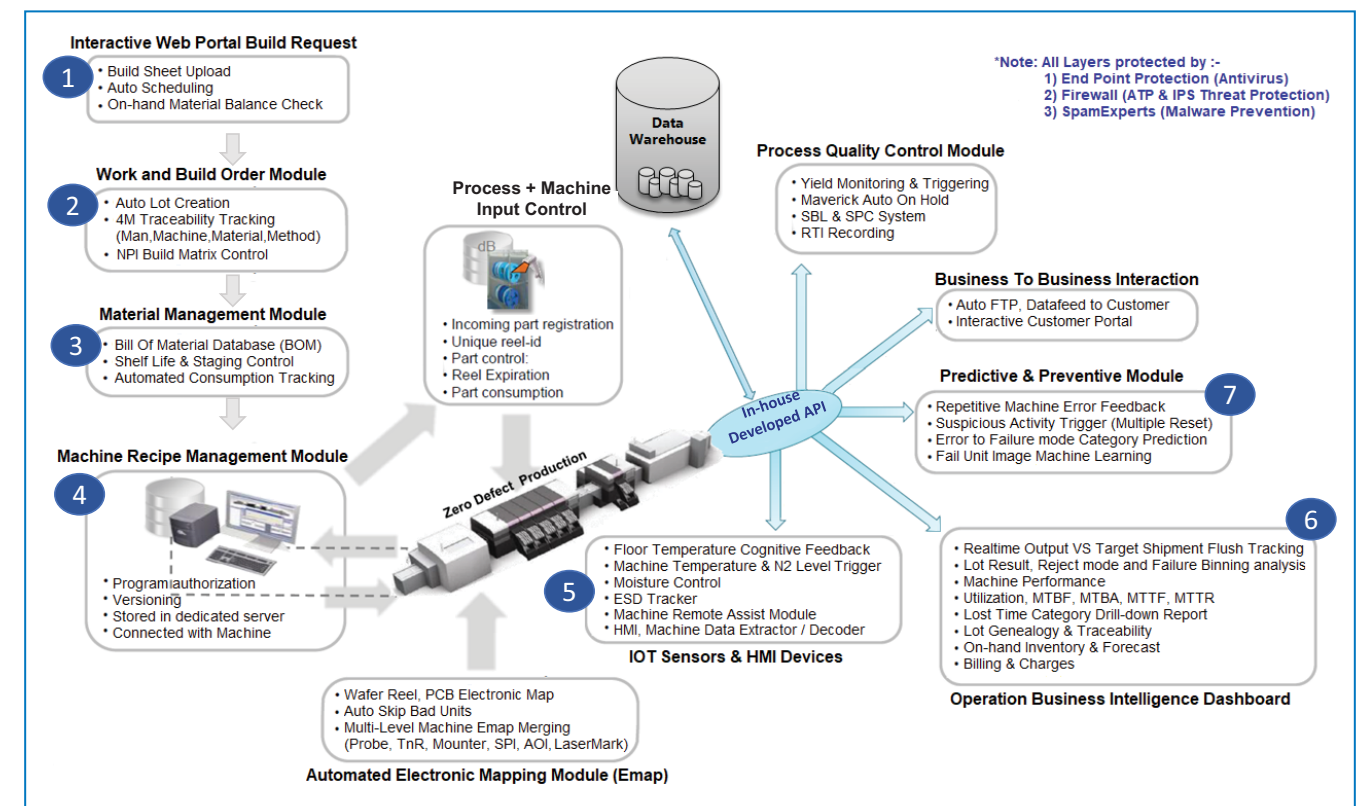
ECONOMIC (cont'd)

Better Results from Better Practices

INNOVATION (cont'd)

Operational Excellence through Innovation (cont'd)

Additionally, we have developed the Inari Manufacturing Execution System ("IMES") to strengthen its real-time operations tracking and triggering. The IMES connectivity allows fully integrated operations which help all levels of the operational teams to prepare, run and control the high-volume manufacturing operations in a lean and efficient manner for all circumstances of order fulfillment. The diagram below summarises Inari's in-house developed IMES process for implementation of Industry 4.0.



SUSTAINABILITY STATEMENT

cont'd

ECONOMIC (cont'd)

Better Results from Better Practices

INNOVATION (cont'd)

Operational Excellence through Innovation (cont'd)

Engineering Build Request ("EBR") and Material Management

1 2 3 EBR & MATERIAL MANAGEMENT

1. Engineering Build Request submission (Build & Shipment Instruction)
2. Process Routing Control
3. Automated Material & Inventory Validation
4. Realtime Inventory, Build Schedule/ Loading & WIP Tracking Report
5. EBR Billing Forecast
6. B2B Data Feed to Customer (Lot Genealogy, WIP Consumption & Traceability, Yield & Defect Breakdown, DO/Shipment Pre-alert & etc.)

Inventory (BAZA)									
ITEM NAME	QTY	UNIT	STATUS	DATE	TIME	LOCATION	REMARKS	OPERATOR	STATUS
BAZA10001	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10001	OK
BAZA10002	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10002	OK
BAZA10003	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10003	OK
BAZA10004	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10004	OK
BAZA10005	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10005	OK
BAZA10006	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10006	OK
BAZA10007	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10007	OK
BAZA10008	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10008	OK
BAZA10009	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10009	OK
BAZA10010	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10010	OK

EBR REQUEST FORM

Project/Module Name:

EBR Name (EBR#): Revision:

Qty Panel: Qty Build:

Start Date:

PE Name: Add PE Name

Shipment Location: Add Location

Build Location: Add Location

Machine: Add Machine

Require MCOB: ☐ YES ☒ NO Require 2DID: ☐ YES ☒ NO

EBR Purpose:

Upload File: No file chosen

SUBMIT FOR MATERIAL CHECKING

BUILD MATRIX

Record No	Item	Message	Result
1	WaferLot	Wafer DBES5-001-05 insufficient QTY detected in last Shopfloor (2170)	FAIL
2	WaferLot	Wafer DBES5-001-05-05 found in other EBR (EBR-000005-170), Please use different map name. (BAP 1)	FAIL
3	WaferLot	Wafer DBES5-001-06 insufficient QTY detected in last Shopfloor (2252)	FAIL

Validation Fail

Save Validate Submit Clear Cancel

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC (cont'd)

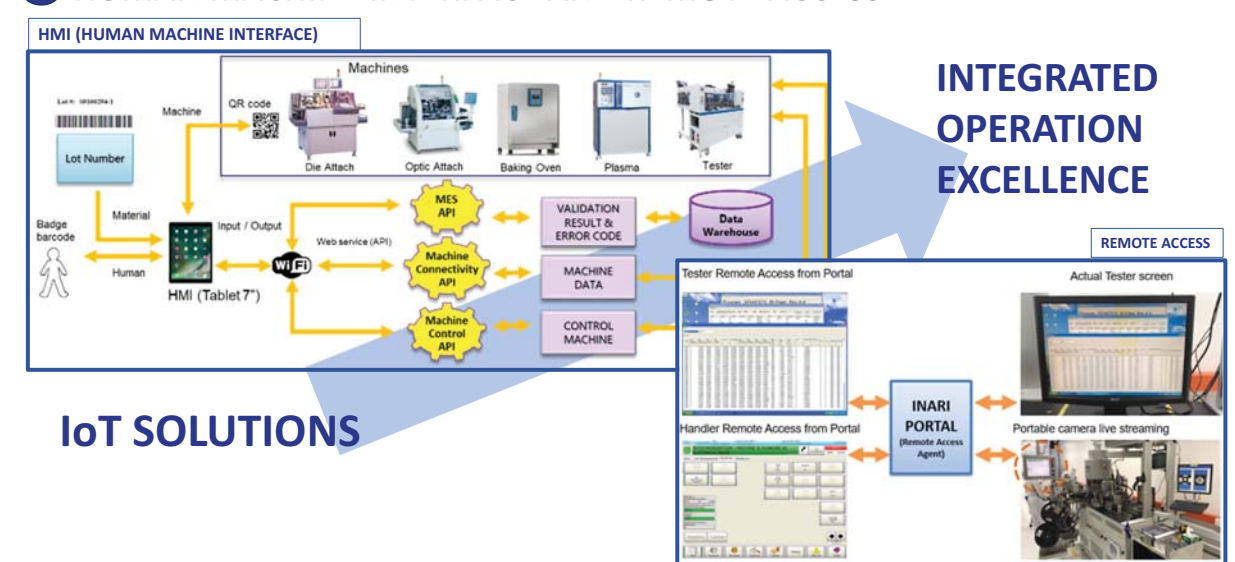
Better Results from Better Practices

INNOVATION (cont'd)

Operational Excellence through Innovation (cont'd)

Human Machine Interface ("HMI") and Remote Access

5 HUMAN MACHINE INTERFACE AND REMOTE ACCESS



Recipe Management System ("RMS")

4 RECIPE MANAGEMENT SYSTEM (RMS)

- Improve Sawing Recipe selection from MANUAL to AUTO CALL RECIPE through 2D barcode apps using tablet/ phone scanners.
- Auto-select of machine recipe based on die class on and linked to Shop Floor System.

Portable HMI interface

☐ Barcode scanning using tablet camera

☐ Operator ID Authentication

☐ Lot transaction

☐ Material transaction

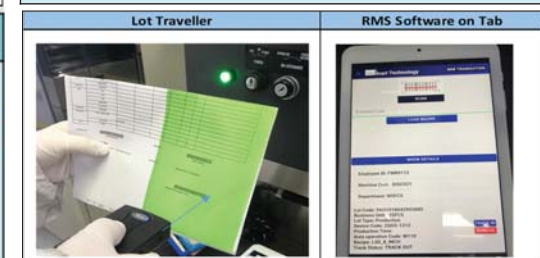
☐ Recipe Management (RMS)

☐ Machine Downtime tracking

RMS PORTAL									
ITEM	QTY	UNIT	STATUS	DATE	TIME	LOCATION	REMARKS	OPERATOR	STATUS
BAZA10001	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10001	OK
BAZA10002	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10002	OK
BAZA10003	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10003	OK
BAZA10004	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10004	OK
BAZA10005	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10005	OK
BAZA10006	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10006	OK
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BAZA10009	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10009	OK
BAZA10010	1	PCS	OK	2021-11-10	10:15	BAZA		BAZA10010	OK

BENEFITS

- ❖ Remove Manual Checklist Tracking
- ❖ Prevent Wrong Recipe Selection
- ❖ Real Time track-in and machine start operations
- ❖ Auto Recipe Conversion for Multiple recipes
- ❖ Reduce Awaiting Time for Recipe Verification Process



In-house Developed Live Dashboard Portal

6 IN-HOUSE DEVELOPED LIVE DASHBOARD PORTAL

Live Dashboard Portal

1. Real-time Tester Performance Status
2. Machine Utilisation
3. Yield Monitoring/ Pareto Chart
4. Machine Plan/ Unplanned Downtime Monitoring
5. Failure Binning Summary/ Breakdown
6. Remote Access Capabilities (VNC/ VPN)



SUSTAINABILITY STATEMENT

cont'd

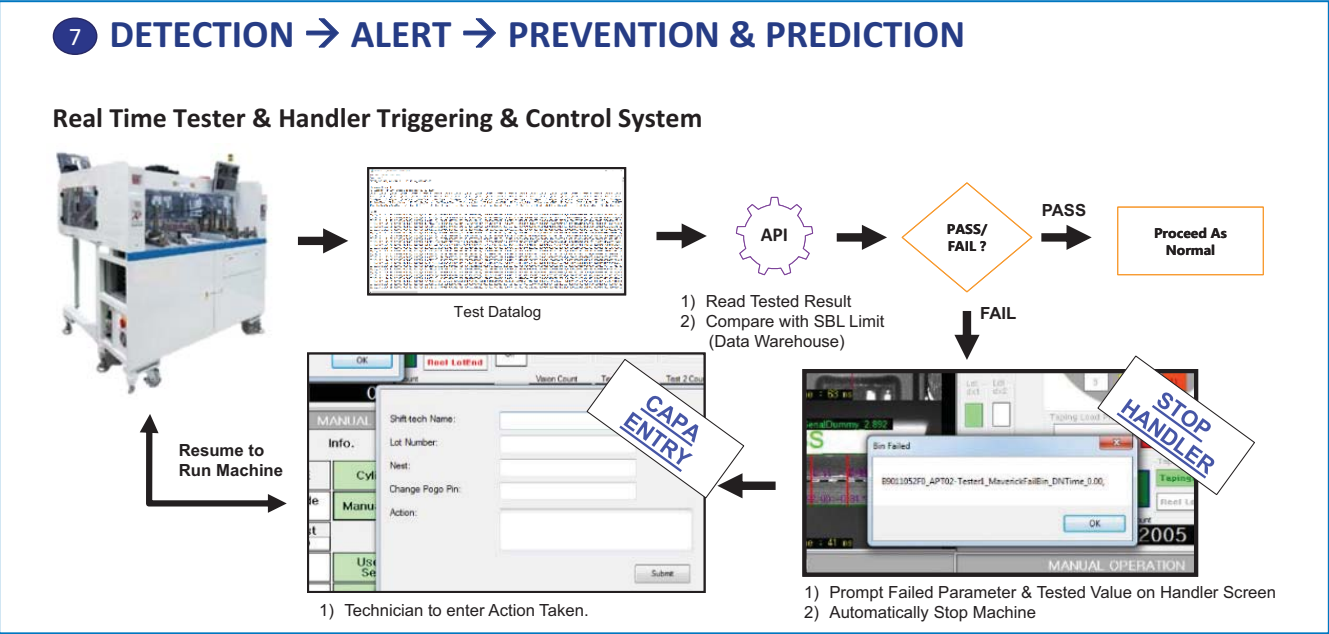
ECONOMIC (cont'd)

Better Results from Better Practices

INNOVATION (cont'd)

Operational Excellence through Innovation (cont'd)

Real Time Tester & Handler Triggering & Control System



In addition to internal initiatives and commitments, Inari collaborates with external parties such as system integrators, equipment suppliers, academia and government agencies through knowledge sharing. The list below presents some of the initiatives conducted by Inari showcasing our efforts to improve the manufacturing industry landscape in FY2021.

Date	Initiatives/Events
August 2020	■ Participated as the Industrial Judge panel for the “ <i>Design Thinking - Industry 4.0 Approach</i> ” organised by INTI College Penang
September 2020	■ Participated in the formation of “ <i>Electrical & Electronic (“E&E”) Industry Roadmap 2021-2030</i> ” which will be the guideline for the ‘New Industrial Masterplan (NIMP), organised by Ministry of International Trade and Industry(MITI) and Ministry of Science, Technology and Innovation (MOSTI)
October 2020	■ Presented the “ <i>Replicating the Successful Model</i> ” which featured the “Waterfall Effect” to MIDA on development program, initiated by Inari to further develop local SME
November 2020	■ Inari is the Chairman of the “ <i>E&E Marketplace of Malaysia (“EEMM”)</i> ” which is the portal for local and international suppliers under electrical and electronic sector to promote, present and search the products and services online. The EEMM portal was officially launched under E&E Productivity Nexus of Malaysian Productivity Corporations
December 2020	■ Presented “ <i>The Business Model in the Industry, Risk and Challenges Faced (EE Sector)</i> ” and become the panelist in the forum organised by Bank Negara Malaysia to give the business overview and bridge the information to the participating financial institutions with the identified high-tech sectors

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC (cont'd)

Better Results from Better Practices

INNOVATION (cont'd)

Operational Excellence through Innovation (cont'd)

Date	Initiatives/Events
January 2021	■ 18 engineers and technicians from Inari attended the “ <i>Strategic Workforce Transformation Program</i> ” organised by Penang Skills Development Centre to develop and train on the IoT and Artificial Intelligence functions in operations
	■ 5 (five) managers attended the “ <i>Advanced Semiconductor Technology Conference</i> ” organised by Semi with the theme of “Towards Connecting, Sensing, Predicting and Optimising Manufacturing Operation in the Digital Age”
	■ Participated in the “ <i>Artificial Intelligence for SMEs (Ai4s) Program Inception</i> ” organised by Malaysian Investment Development Authority (MIDA)
	■ Officially registered with MSIA under the Malaysian Productivity Corporation (MPC) and our Group CEO, Mr. Lau Kean Cheong is one of the committee member
February 2021	■ Joined as the committee member of the “ <i>Industrial Advising Committee for Politeknik Seberang Prai</i> ” for 2021 to 2022
March 2021	■ Participated in the “ <i>Artificial Intelligence 7 Big Data in Operation</i> ” organised by BIGIT Campus
June 2021	■ Conducted online presentation to Politeknik Seberang Prai on “ <i>Industry 4.0 – Awareness and Preparing for Graduating Students</i> ” towards employment
	■ Joined as the Alternate Chairman for “ <i>Industry 4.0-i-Connect</i> ” founding members team, organised by Crest and Nano Malaysia Berhad

SUPPLY CHAIN MANAGEMENT

Supply chain management is an essential part of business success. As a responsible corporation, it is our duty to manage our overall operations in a sustainable manner. At Inari, we actively engage our suppliers to minimise any risks of non-compliance related to human rights, labour standards and environmental management across all our business value chain. We are cognisant that our operational performance of our supply chain will impact customer’s perception towards the business. Thus, we are highly committed to provide ethical products and services to our customers and at the same time supporting our suppliers and their employees.

Internally, we design our procurement processes to select and retain suppliers through a non-discriminatory bidding and tendering process. With our international footprint and market presence, our procurement processes are required to comply with relevant laws and regulations in the different jurisdictions that we operate to reflect our on-going commitment to sustainable procurement practices.

Supplier Code of Conduct

We aim to establish a mutually beneficial relationships with our suppliers. To achieve this, we developed our Supplier Code of Conduct (“SCOC”) as standard terms and conditions to ensure our requirements are communicated and made clear to our suppliers. Our SCOC is also translated into relevant languages and is communicated globally to all our suppliers. Our environmental and social, corporate governance standards are outlined below, which makes reference to the Responsible Business Alliance Code of Conduct, GRI Standards, United Nations Global Compact Initiative, United Declaration of Human Rights, and International Labour Organisation Conventions.

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC (cont'd)
Better Results from Better Practices

SUPPLY CHAIN MANAGEMENT (cont'd)

Supplier Code of Conduct (cont'd)

Environment	Social	Governance
<ul style="list-style-type: none">■ Comply with all local and international regulations on environmental, health and safety matters.■ Use resources efficiently, apply energy and water-efficient environmentally friendly technologies and reduce waste as well as gas emissions.■ Adopt appropriate management systems to ensure product quality and safety meet the applicable requirements.■ Minimise the negative impact on biodiversity, climate change, pollution and water scarcity.■ Identify the potential safety and health issues, and minimise their impact by implementing occupational safety and health procedures (including emergency reporting, employee notification & evacuation procedures, employees training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans).	<ul style="list-style-type: none">■ Respect personal dignity, privacy and rights of each individual.■ Support the protection of human rights and prohibit any forced labour and child labour.■ Uphold the freedom of association and the right to collective bargaining.■ Provide a workplace free of harassment, harsh and inhumane treatment and discrimination of any kind.■ Ensure the employees are fairly compensated, comply with local laws on minimum wages and working hours.■ Enable all of the stakeholders to report concerns or potentially unlawful practices at the workplace via our whistleblowing channel.	<ul style="list-style-type: none">■ Abide by all applicable local and international trade laws and regulations.■ Consider business integrity as the basis of business relationships.■ Prohibit all types of bribery, corruption and money laundering.■ Endeavour to deal fairly and should not take unfair advantage of anyone through the manipulation, concealment, abuse of privileged information, misrepresentation of a material fact or any other unfair business practices.■ Declare any potential or actual conflicts of interest.■ Respect the privacy and confidentiality of information of all the employees and business partners as well as protect data and intellectual property from misuse.

In addition to the SCOC, we expect continuous improvement from our suppliers in terms of economic, environmental and social, corporate governance performance. To ensure commitment from our suppliers, we have prepared a Supplier Declaration Form (“SDF”) reflecting our principles of which all suppliers are requested to sign. The intention of this SDF is to increase awareness and improve transparency, economic, environmental and social, corporate governance adherence and integrity of Inari’s supply chain.

Fair Procurement Practices and Supplier Screening

We believe that our sourcing process is key to conducting successful tender projects together with our suppliers that add value to Inari as well as to the communities in which we operate. Presently, our sourcing process and procedure are governed by our Procurement Policy. We will ensure all suppliers are treated fairly and equally. Additionally, we strive to establish a common objective with our suppliers to achieve a favourable balance between quality and price whilst fulfilling the economic, environmental and social, corporate governance requirements.

To ensure ethical business operations, we have maintained a checklist for new vendor selection request. We will assess our suppliers in term of quality, pricing, delivery lead time, product certification (which includes the assessment of environmental and social performance) as well as organisation background. We carry out due diligence assessments on all the suppliers vide Supplier Due Diligence Questionnaire in our Procurement Policy.

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC (cont'd)
Better Results from Better Practices

SUPPLY CHAIN MANAGEMENT (cont'd)

Supporting Local Ecosystem and Local Procurement

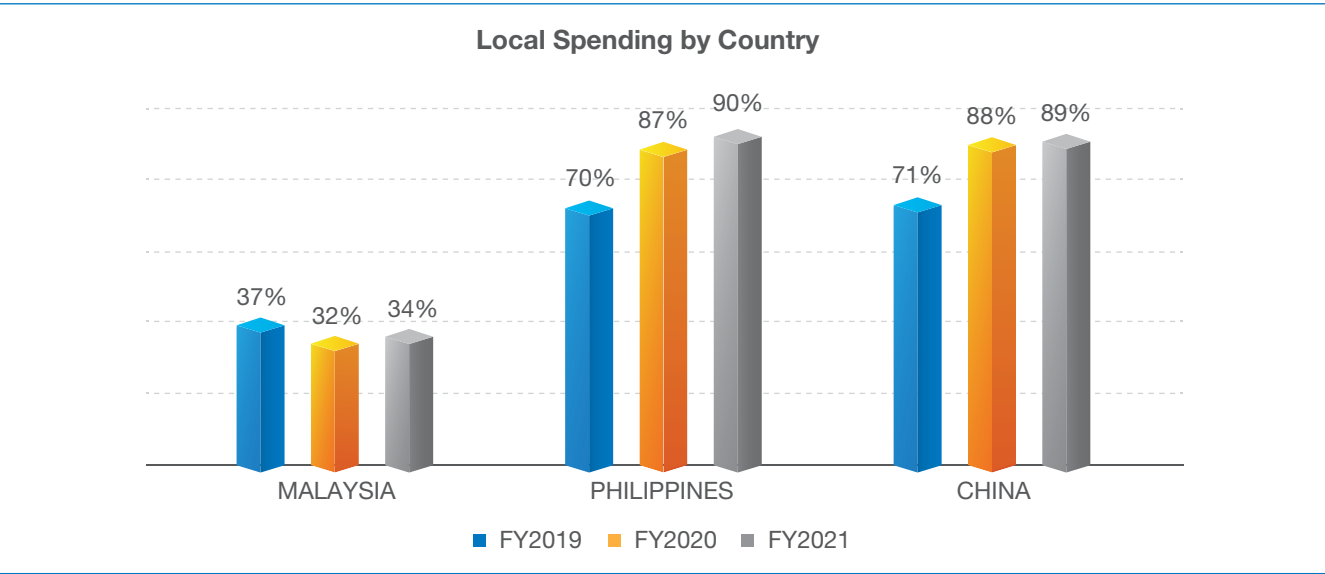
We strongly believe the health of the local electronics and electrical ecosystem is an important requirement in our long-term economic sustainability. Over the years, we have been initiating with various local equipment manufacturers and academia to co-develop or improve existing equipment performance and create new automation, machine connectivity and data extraction systems. These collaborations also formed part of our Industry 4.0 framework.

Our concerted efforts have created new capabilities and platforms which benefits local equipment manufacturers by enhancing their company portfolios and profiles. This has also further enabled Inari in supporting industries such as metal fabrication and component suppliers to increase their revenues thereby creating more employment opportunities. The academia sector also benefits in this programme as university-owned research and development are used and tested in an industry environment, concurrently providing platforms for students and lecturers to gain up-to-date knowledge and practical experiences.

At Inari, we continue to prioritise procurement of goods and services from local suppliers who meet the standards we require. By promoting local suppliers, Inari is able to reduce dependency on foreign equipment and the impact of foreign exchange fluctuations through local purchases. In term of business operations, working with local equipment improves production and development turnaround time with services and support from local suppliers and academia. Ultimately, we will be contributing a direct positive economic impact on the communities where we operate.

Inari strives to retain the cost-effectiveness of our supplier base by continuously engaging with the local suppliers for our indirect material. The proportion of our spending from local suppliers has increase over the years as shown below.

Proportion of spending	Unit	FY2019		FY2020		FY2021	
		Local Suppliers	Foreign Suppliers	Local Suppliers	Foreign Suppliers	Local Suppliers	Foreign Suppliers
Malaysia	Percentage (%)	37	63	32	68	34	66
Philippines	Percentage (%)	70	30	87	13	90	10
China	Percentage (%)	71	29	88	12	89	11



SUSTAINABILITY STATEMENT
cont'd

ECONOMIC (cont'd)
Better Results from Better Practices

SUPPLY CHAIN MANAGEMENT (cont'd)

Conflict-Free Minerals Policy

In addition to our supply chain management practices, we have established a Conflict-Free Mineral Policy to ensure that material defined as conflict minerals do not directly or indirectly finance or benefit the armed groups in the Democratic Republic of the Congo, or any adjoining countries while continuing to support responsible mineral sourcing in the region.

Inari has defined its Conflict Minerals Due Diligence Programme as aligned with the framework of “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Area” promulgated by the Organisation for Economic Cooperation and Development. Inari has also evaluated its internal controls for conflict minerals and encourage our suppliers to conduct similar evaluation with their suppliers.

We also encourage our suppliers to purchase minerals from smelters who are listed on the Conflict-Free Smelter Program Compliant Smelter List to ensure the materials used in our supply chain are conflict-free. Our Conflict-Free Minerals Policy is made available on our company’s website.

PRIVACY AND DATA PROTECTION

As technology becomes increasingly integral to the workplace to enable more effective and efficient forms of collaboration, it is imperative that Inari is able to manage the threats and increasing risk of cyber-attacks to the Company. Inari is committed to protecting the private information and personal data of our customers, suppliers, and employees.

Our cybersecurity measures and practices ensure that information is appropriately and lawfully shared and that data is handled with the utmost care, done confidentially and with integrity. We comply with the regulations on the Personal Data Protection Act which apply to dealing with and processing personal data in commercial transactions. All information and personal data are secured through the use of our integrated data protection and information security strategy.

Below lists the key internal controls to protect data privacy:

- ✓ Protect our technology resources and assets with encryption, firewalls, antivirus or anti-malware software, automated patching and security vulnerability assessments
- ✓ Use appropriate physical and organisational security measures to protect personal data
- ✓ Require all employees to comply with Inari’s Code of Business Conduct and Ethics
- ✓ Provide training and awareness programmes on data security and proper handling of information
- ✓ Sign Non-Disclosure Agreements between Inari and customers, suppliers and contractors
- ✓ Annual simulation on disaster recovery
- ✓ Use of antivirus, firewall, data backup and use of multiple internet service providers to ensure connectivity

Due to our data privacy and protection efforts, we have received zero cases related to breaches of data or complaints from external stakeholders.

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT
Caring for our Planet

“ We aim to deliver green and safe products and services while maintaining the good of the environment ”

Responsible stewardship of the environment is no longer a voluntary decision, but it has emerged to be a critical action to future proof our business. The ongoing discussions and calls for companies to act on climate change has accelerated the transition to low carbon products and services to ensure environmental impacts are reduced and managed in a responsible manner. Against this backdrop, we are committed to providing environmentally friendly products to our customers and improving practices along our value chain for the efficient and responsible use of all resources.

Presently, our environmental management and practices are governed by the Environmental Policy. The key areas of focus in our environmental and climate change management are to enhance energy consumption efficiency, reduce GHG emission, ensure efficient use of water resources, and maximise recovery, re-use and recycling activities. Our Environmental Policy is outlined below, which is also made available on our company’s website.

Environmental Policy

- We use only environmentally safe materials that comply with Restriction of Certain Hazardous Substances (“RoHS”), Registration, Evaluation, Authorisation and Restriction of Chemicals (“REACH”) and Halogen-free requirements in our products and processes.
- We establish objectives, targets and standards for continuous environmental improvement and protection.
- We prevent water, air and noise pollution, reduce waste and minimise the consumption of natural resources.
- We always comply with relevant environmental regulations and customer’s specific requirements.
- We educate, train and motivate employees to be environmentally friendly in a responsible manner.
- We encourage and influence environmental protection among the suppliers and subcontractors.

Certifications

Our efforts in managing our environmental and climate change management have led our operations to receive several certifications in relation to Environment, Health and Safety (“EHS”) compliance from local and international governing bodies which recognise our efforts in preserving the environment.



SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)
Caring for our Planet

Biodiversity

Inari is supportive to the preservation of biodiversity in the regions where we operate. We have chosen our operation sites diligently to ensure that our operation sites are not located within close proximity to any reserved forest or protected habitat. Our operation sites are located at the industrial zones in Malaysia, Philippines and China as detailed below:

- Bayan Lepas Free Industrial Zone, Penang, Malaysia;
- Bayan Lepas Non-Free Industrial Zone, Penang, Malaysia;
- Batu Kawan Industrial Park, Penang, Malaysia;
- Clark Freeport Zone, Clarkfield, Philippines; and
- Kunshan Comprehensive Bonded Zones, Jiangsu, China.

Environmental compliance

In FY2021, we complied with all relevant environmental regulations and no sanctions resulting from non-compliance for our operations in Malaysia, Philippines and China.

ENERGY USAGE

During the financial year under review, we continue to focus our investments in environmental technologies and efforts in improving plant operations management systems that result in the delivery of products manufactured through processes that reduce our environmental footprint.

Our initiatives on energy-efficiency projects as at FY2021 are listed below:

Energy-efficiency projects	Purpose	Target saving	Status
Installation of solar panel at P13 and P55	Green energy	92,171 kWh per month	In-progress
Installation of solar panel at P21	Green energy	63,747 kWh per month	In-progress
Conversion of screw compressor to centrifugal compressor at P3	Energy efficiency	161 kW per month	Completed
Conversion of screw compressor to centrifugal compressor at P13	Energy efficiency	161 kW per month	Completed
Conversion of T8 lighting to light-emitting diode (“LED”) tube at P1	Energy efficiency	115 kW per month	Completed
Conversion of T8 lighting to LED tube at P3	Energy efficiency	12 kW per month	Completed
Conversion of T8 lighting to LED tube at P5	Energy efficiency	6 kW per month	Completed
Enhancement to machine switch off plan	Energy saving	141 kW per month	Completed

In addition to the above energy-efficiency projects, we also expect discipline among our employees at Inari to switch off unused lighting and electronic equipment within Inari’s premises.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)
Caring for our Planet

ENERGY USAGE (cont'd)

Our total energy consumption in FY2021 is approximately 399,009 GJ of energy (petrol, diesel and electricity), representing an increase of 8% in our total energy consumption, which was mainly due to increase in volume of production/factory output unit. However, we managed to obtain **lower energy intensity by 29%** which signifies a higher efficiency level within our operations.

Petrol Consumption	Unit	FY2019	FY2020	FY2021
Malaysia	GJ	140	138	126
Philippines	GJ	161	123	99
China	GJ	149	106	139
Total	GJ	450	367	364

Diesel Consumption	Unit	FY2019	FY2020	FY2021
Malaysia	GJ	249	265	581
Philippines	GJ	2,026	3,976	7,085
China	GJ	– (a)	– (a)	– (a)
Total	GJ	2,275	4,241	7,666

Note:
(a) No consumption of diesel for operation in China.

Electricity Consumption	Unit	FY2019	FY2020	FY2021
Malaysia	GJ	263,844	270,989	288,894
Philippines	GJ	79,669	69,082	76,975
China	GJ	26,586	24,885	25,110
Total	GJ	370,099	364,956	390,979

Energy Intensity	Unit	FY2019	FY2020	FY2021
Malaysia	GJ/FOU	0.000025	0.000022	0.000015
Philippines	GJ/FOU	0.000323	0.000397	0.000295
China	GJ/FOU	0.000136	0.000155	0.000138

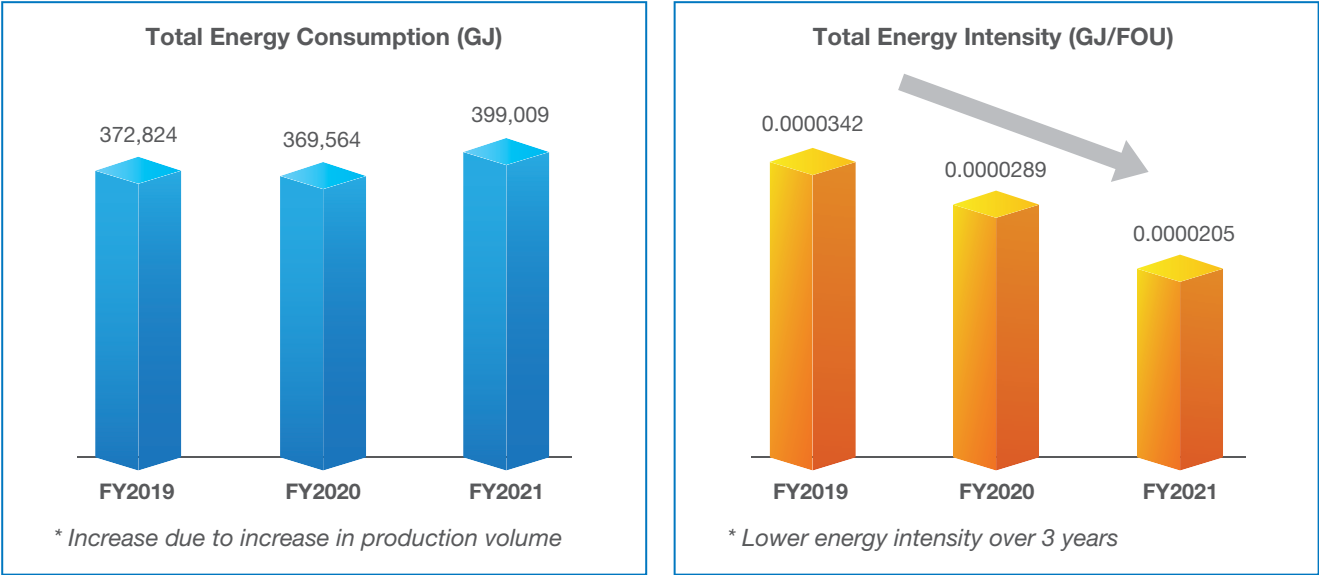
Overall Energy Intensity	GJ/FOU
FY2019	0.0000342
FY2020	0.0000289
FY2021	0.0000205

Note:
(a) FOU stands for Factory Output Unit.

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT (cont'd)
Caring for our Planet

ENERGY USAGE (cont'd)



Note:
(a) Total energy consumption covers petrol, diesel and electricity consumption in Malaysia, Philippines and China.

GHG EMISSIONS

Our operational GHG emissions are measured and disclosed below:

- GHG emissions Scope 1 refers to direct GHG emissions from the activities in our organisation including mobile combustion; and
- GHG emissions Scope 2 refers to indirect GHG emissions from consumption of electricity.

During the year under review, our GHG emissions generated a total of 74,905 tCO₂e. In comparison to FY2020, Inari recorded an increase in GHG emissions, which is mainly due to higher volume of production. However, our effective energy management and initiatives has **lowered our total energy intensity by 29%**, which then translates to a **decrease in GHG emissions intensity by 29%**.

GHG Emissions Scope 1	Unit	FY2019	FY2020	FY2021
Malaysia	tCO ₂ e	29	30	54
Philippines	tCO ₂ e	170	321	563
China	tCO ₂ e	10	7	9
Total	tCO ₂ e	209	358	626

Notes:
(a) GHG emissions Scope 1 covers consumption of petrol and diesel.
(b) Malaysia, Philippines and China: Emission factor for Scope 1 obtained from IPCC Fifth Assessment Report, while the default emissions factors were based on IPCC Guidelines for National Greenhouse Gas Inventories (2006)

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT (cont'd)
Caring for our Planet

GHG EMISSIONS (cont'd)

GHG Emissions Scope 2	Unit	FY2019	FY2020	FY2021
Malaysia	tCO ₂ e	48,885	50,208	53,526
Philippines	tCO ₂ e	15,957	13,667	15,228
China	tCO ₂ e	5,850	5,475	5,525
Total	tCO ₂ e	70,692	69,350	74,279

Notes:
(a) GHG emissions Scope 2 covers consumption of electricity.
(b) Malaysia: Emission factor for Scope 2 obtained from 2017 Clean Development Mechanism (CDM) Electricity Baseline for Malaysia, Malaysia Green Tech Corporation.
(c) Philippines: Emission factor for Scope 2 obtained from 2015-2017 National Grid Emission Factor, Department of Energy, Republic of the Philippines.
(d) China: Emission factor for Scope 2 obtained from China's regional power grids for emission reduction projects in 2019

Total GHG Emissions (Scope 1 and Scope 2)	Unit	FY2019	FY2020	FY2021
Malaysia	tCO ₂ e	48,914	50,238	53,580
Philippines	tCO ₂ e	16,127	13,988	15,791
China	tCO ₂ e	5,860	5,482	5,534
Total	tCO ₂ e	70,901	69,708	74,905

Total GHG Emissions (Scope 1 and Scope 2) Intensity	Unit	FY2019	FY2020	FY2021
Malaysia	tCO ₂ e / FOU ('000)	0.00468	0.00404	0.00282
Philippines	tCO ₂ e / FOU ('000)	0.06355	0.07580	0.05533
China	tCO ₂ e / FOU ('000)	0.02992	0.03392	0.03020

Overall GHG Emissions (Scope 1 and Scope 2) Intensity	(tCO ₂ e/FOU ('000))
FY2019	0.00651
FY2020	0.00545
FY2021	0.00385

Note:
(a) FOU stands for Factory Output Unit.

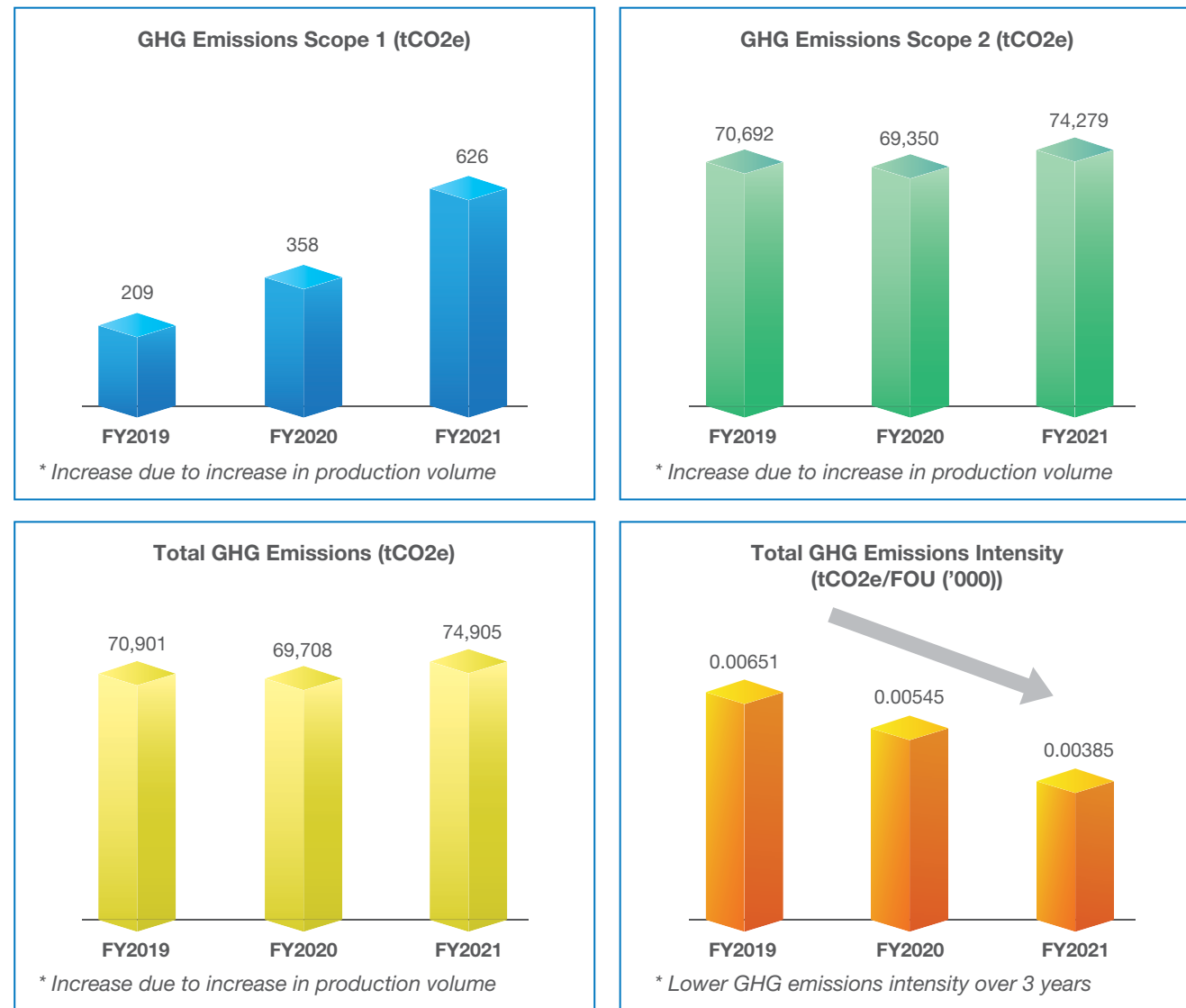
SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)

Caring for our Planet

GHG EMISSIONS (cont'd)



Presently, we have yet to embark on the process of collecting data on GHG emissions Scope 3 (indirect emission) which relates to business travel and emissions within our value chain. However, efforts are in place through promoting the utilisation of groupwide and personal video conferencing facilities to minimise non-essential air and ground travel. Additionally, Inari does not produce any Nitrogen Oxides (NO_x) and Sulfur Oxides (SO_x) emissions as none of our business activities involve biomass combustion.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)

Caring for our Planet

WATER MANAGEMENT

At Inari, our wafer fabrication and packaging facilities consumed a large portion of our daily water usage. The water is utilised to clean silicon wafers during wafer processing. Due to the high volume of water consumption within our production processes, we continue to focus on water conservation.

Water Saving and Efficiency

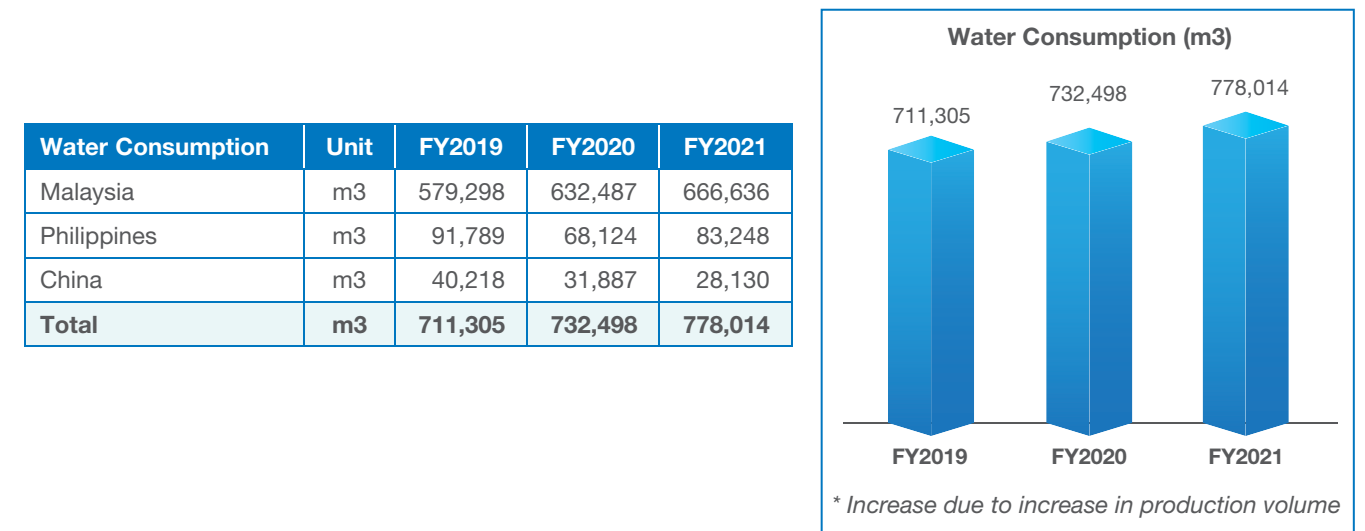
We have taken necessary actions to ensure the efficient use of our water. One of our efforts taken to increase efficiency is by reducing water consumption by converting from single spindle to dual spindle machines which increase wafer production capacity while having the same water intake.

Our plants are equipped with complex rinse water collection systems with separate drains to collect lightly contaminated wastewater to reuse in our plants' toilet flushing systems. Our other ongoing water-saving plans include rainwater harvesting and recycling of reverse osmosis reject water for gardening and as raw water. With this re-use strategy, we recycle as much water as we can from our manufacturing processes for re-use purposes.

We have also upgraded our water piping system in to compensate the low domestic water pressure which may be resulted from the ageing of underground water pipping. Our facility team will continue to monitor and look for cost-effective methods to improve our water usage.

Water Consumption

Our water consumption in FY2021 amounted to a total of 778,014 m³ and experienced an increase of 6.2% compared to the last reporting year. This was mainly due to the increase in volume of production/factory output unit. Despite the increase in water consumption, we managed to record **lower water intensity by 30%** which signifies the effectiveness of our water saving and consumption efficiency initiatives.



SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT (cont'd)
Caring for our Planet

WATER MANAGEMENT (cont'd)

Water Consumption (cont'd)

Water Intensity	Unit	FY2019	FY2020	FY2021
Malaysia	m3/FOU	0.000055	0.000051	0.000035
Philippines	m3/FOU	0.000362	0.000369	0.000292
China	m3/FOU	0.000205	0.000197	0.000153

Overall Water Intensity	Unit (m3/FOU)
FY2019	0.000065
FY2020	0.000057
FY2021	0.000040

Note:
(a) FOU stands for Factory Output Unit.

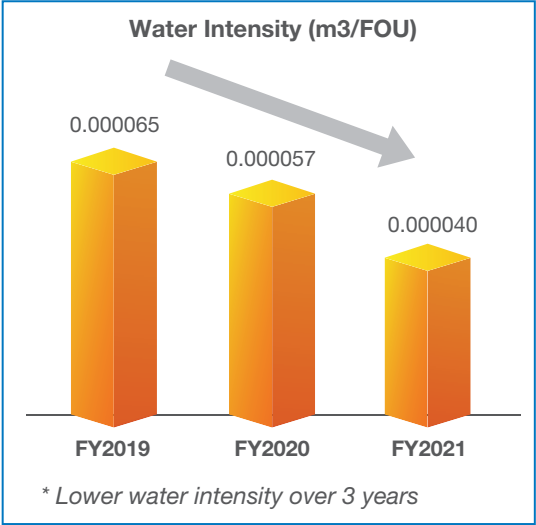
Wastewater Discharge Quality

Effluent discharge contains chemicals, metals, organic and inorganic compounds which may be detrimental to the environment. Hence, we strive to maintain the water quality discharged to ensure compliance with the applicable local regulatory requirements. The effluent discharged will be treated prior discharging from operation sites into sewerage connecting to municipal’s sewerage treatment plant. During the financial year under review, **we fully complied with all local regulatory requirements** for our wastewater discharge quality.

Compliance Status: Full compliance ✓													
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Wastewater discharge quality	Unit	Malaysia				Philippines				China			
		FY2019	FY2020	FY2021	(a)	FY2019	FY2020	FY2021	(b)	FY2019	FY2020	FY2021	(c)
Temperature	°C	NA	NA	NA	40°C ^(e)	25.00	25.00	Wastewater discharged is treated by third party service provider	22-32°C	NA	NA	NA	NA
pH	-	7.75	7.91	7.57	5.5 - 9.0	7.10	8.90		6 - 9.5	7.11	7.23	7.26	6-9
BOD5	mg/L	NA	NA	NA	NA	2.00	1.00		>50	73.80	86.50	18.90	300
COD	mg/L	20.41	38.37	30.70	200	78.00	NA		>100	288.00	231.00	37.00	500
Suspended solids	mg/L	3.08	11.45	9.16	100	<2.50	2.50		>100	32.00	89.00	4.00	400
Oil and grease	mg/L	NA	NA	NA	NA	0.63	0.96		>5	NA	0.24	0.24	20
Ammoniacal Nitrogen	mg/L	NA	NA	NA	NA	2.70	0.08		>0.5	33.30	44.70	8.60	45

Notes:
(a) Malaysia’s Standard B under Environmental Quality (Industrial Effluents) Regulations 2009
(b) Philippines’ Water Quality Guidelines and General Effluent Standards (DENR Administrative Order no 2016-08)
(c) China’s Integrated Wastewater Discharge Standard (GB8978-1996).
(d) In FY2021, the wastewater discharged for our operation in Philippines is treated by third party service provider, Clark Water Corporation.
(e) The Department of Environment assesses that temperature is not critical parameter as Inari does not have any process that will discharge hot water.



SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT (cont'd)
Caring for our Planet

WATER MANAGEMENT (cont'd)

Water Stress Management

Presently, our operations are not located in water stress areas. The water consumed within our operations in Malaysia, Philippines and China, is primarily fresh water supplied by respective local water service providers, namely Perbadanan Bekalan Air Pulau Pinang, Clark Water Corporation and Kunshan Water Supply Group Co. Ltd. The respective local water service providers will provide water tanker supply in the event of any disruption of supply. As of to date, we do not have major water disruptions issue within our operations.

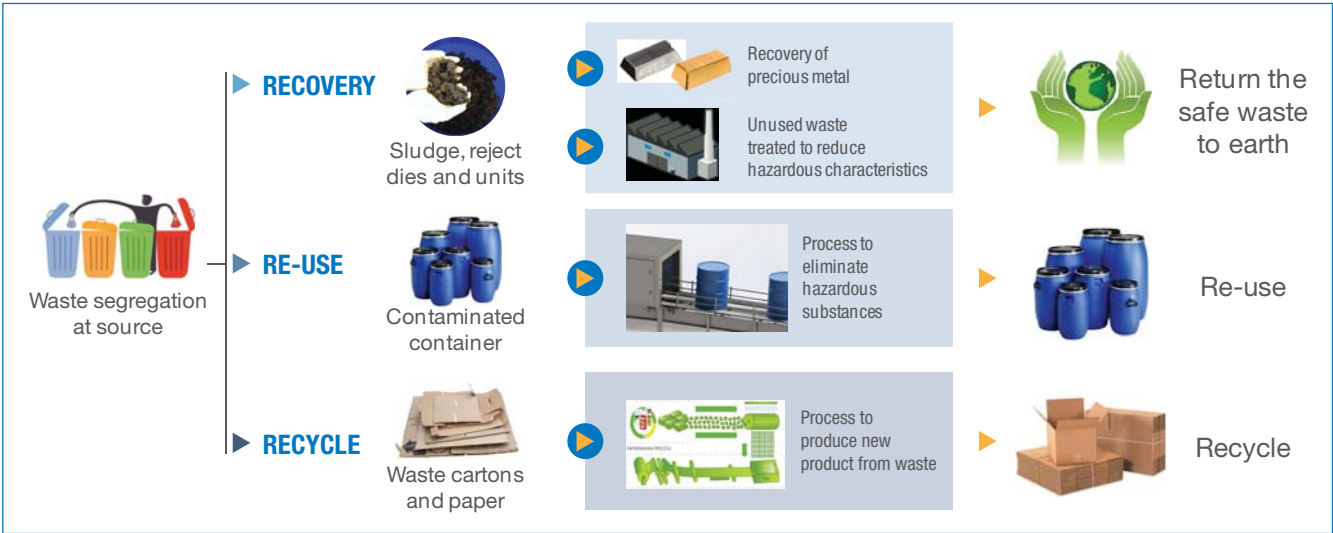
WASTE MANAGEMENT

Waste management is always our priority. We practice the 3R Programme of “Recovery, Re-use and Recycle” in managing waste generated by our operations. The waste produced are properly segregated, recovered and recycled wherever possible. We hire reputable and licensed local waste recovery contractors with expertise in recycling electronics and scheduled waste, to recycle the waste into usable and re-usable forms. The waste recovery contractors are selected through a rigorous selection and audit process.

Inari’s 3R Programme

3R Programme	Methodology
Recovery	<ul style="list-style-type: none">Invest in Industrial Effluent Treatment SystemIncrease efficiency in extracting pollutantsEnsure cleaner waste discharged to the environmentProvide recycle bins at strategic locations
Re-use	<ul style="list-style-type: none">Collaborate with licensed hi-tech waste recycling contractorIncrease waste re-use proportionRe-use of carton boxRe-use of plastic tray and reel
Recycle	<ul style="list-style-type: none">Collaborate with licensed hi-tech waste recycling contractor
Disposal	<ul style="list-style-type: none">Minimise the mass ended up in landfill

3R Waste Management Approach



SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)

Caring for our Planet

WASTE MANAGEMENT (cont'd)

Our waste management approach also includes organic and non-organic waste chemicals. The organic waste chemicals are converted into raw materials for pesticides and water treatment solutions, while the non-organic waste chemicals are broken down to produce alcohol, thinner and solutions used by other industries. The table below presents the sample list of production waste which Inari recovers, re-uses and recycles.

Production Waste	3R Program	Recycled Products
Electronic waste	Recovery	Precious metal recovery (gold, nickel & copper)
Metal sludge	Recovery	Heavy metal extraction
Spent lubricating oil	Recovery	Industrial lubricating oil
Waste of non-halogenated organic solvent	Recovery	Recycled solvent (propanol, pesticide & coagulant)
Contaminated container	Re-use	Cleaned container
Contaminated rags and gloves	Re-use	Reuse as low-grade rags & gloves
Plastic scrap	Recycle	Plastic pallet for consumer product
Metal waste	Recycle	Precious metal (iron & aluminum bar)
Solder waste	Recycle	New solder wire

At Inari, we also aim to reduce the consumption of new material. These initiatives have contributed to cost savings and allow effective use of materials. We recorded an increase in the recycling and re-use tonnage over the years, derived mainly from:

- Re-use of packaging carton when shifting material and semi-finished goods for inter-warehouse and inter-production floor transfer; and
- Increase the use of recycled plastic trays in our plants rather than reels for material and semi-finished products for inter-production line transfer.

The following table discloses our total waste generated, comprising both hazardous and non-hazardous waste, across our operations in Malaysia, Philippines and China. In comparison to FY2020, Inari recorded an increase in waste generation, which is mainly due to higher volume of production.

Waste Generation	Unit	Malaysia			Philippines			China		
		FY2019	FY2020	FY2021	FY2019	FY2020	FY2021	FY2019	FY2020	FY2021
Hazardous Waste ^(a)	metric ton	127.99	95.99	109.26	106.2	71.5	78.7	35.18	14.14	24.04
Non-Hazardous Waste ^(b)	metric ton	235.52	478.20	497.70	251.0 ^(c)	112.2 ^(c)	175.8 ^(c)	2.00 ^(c)	1.60 ^(c)	12.70 ^(c)
Total Waste Generated	metric ton	363.51	574.19	606.96	357.2	183.7	254.5	37.18	15.74	36.74

Notes:

(a) Hazardous waste covers chemicals, organic and inorganic compounds.

(b) Non-hazardous waste covers paper, plastic, metal and general waste.

(c) Operations in Philippines and China cover paper consumption only.

SUSTAINABILITY STATEMENT

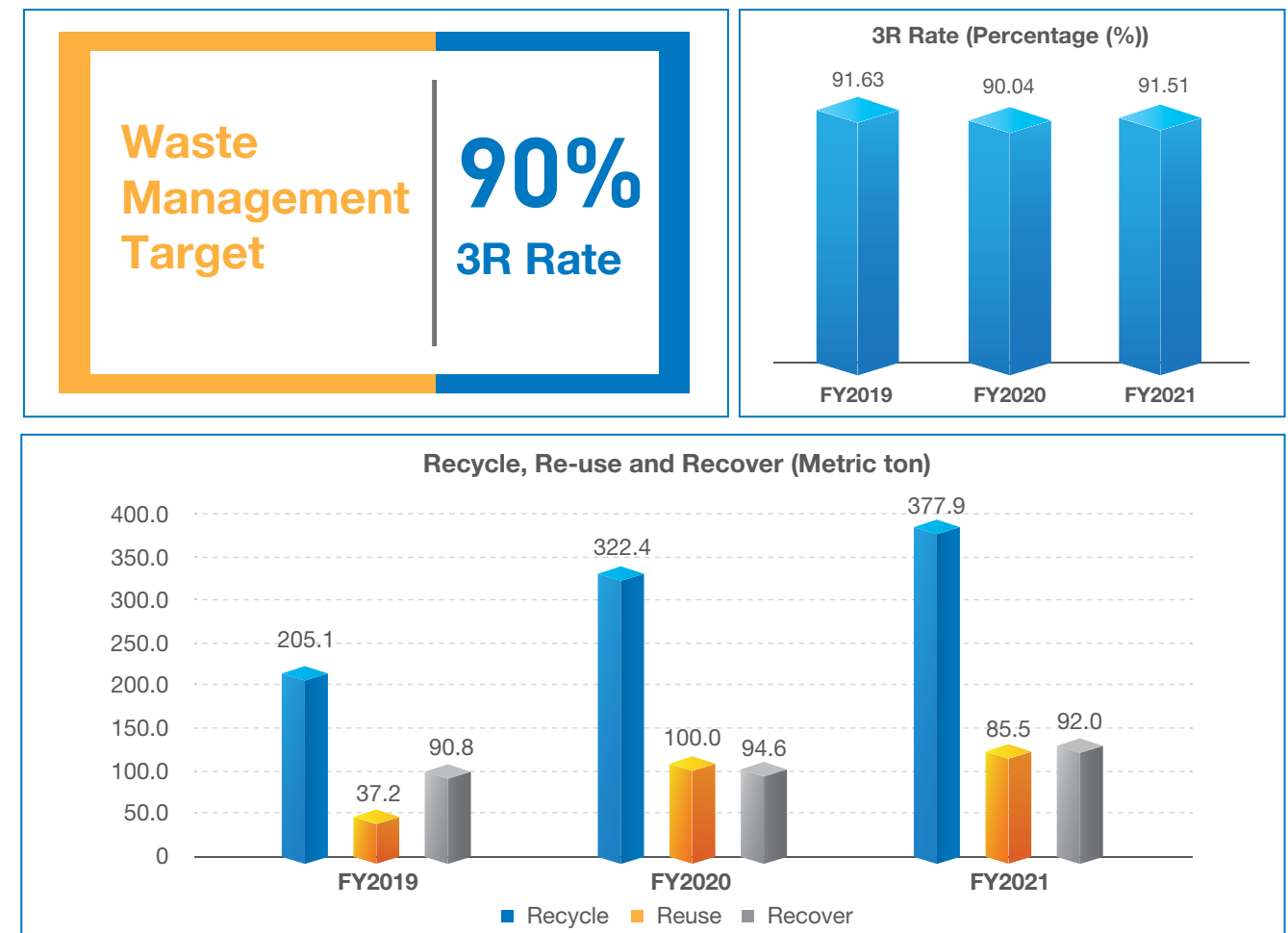
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ENVIRONMENT (cont'd)

Caring for our Planet

WASTE MANAGEMENT (cont'd)

In Malaysia, we have set our production waste management target with the aim of achieving 90% 3R rate. The following charts present our 3R Programme performance at our Malaysia operating site.



PRODUCT STEWARDSHIP

Our rigorous product stewardship initiatives ensure our manufacturing process fulfil the highest quality and safety standards throughout their lifecycle. Ultimately, we aim to provide customers and relevant stakeholders with the skills and knowledge and good product quality,

Our production and product development process are complying with the requirements prescribed by the European Union Restriction of Hazardous Substances underlying the restricted use of certain hazardous substances in the electronics industry.

In order to understand and manage the potential environmental, safety and health risks presented by our products and services, we evaluate them carefully by working closely and supporting the research and development work with our customers and suppliers to monitor any adverse impact and ensure our products are safe and sustainable. The detailed outcome of our analysis is presented through structured Safety Data Sheets, which set out any hazards or risk associated with a particular product alongside any relevant local regulatory requirements.

SUSTAINABILITY STATEMENT

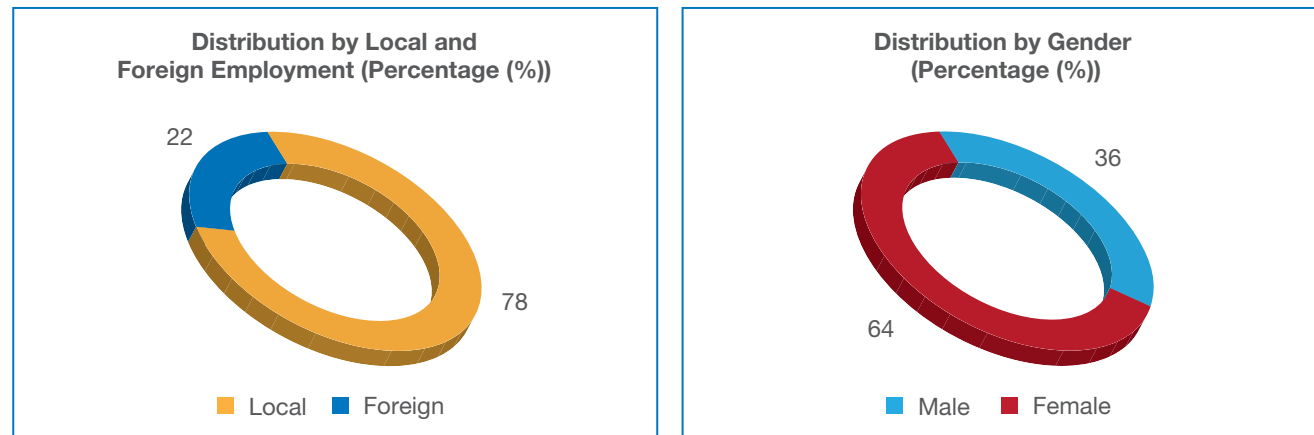
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WORKPLACE

Caring for our People

EMPLOYEE GENDER AND DIVERSITY

We recognise the strength in having a diverse workforce. As a part of our strategic priorities and corporate DNA, we build a fair culture of inclusiveness where employees are treated and valued equally regardless of age, race, gender, disability, nationality, religion, or sexual orientation. We ensure that all our employees are treated with respect and dignity, and are provided with a safe working environment.



Note: Total number of employees: 5,803

Contractors or temporary employees	Percentage (%)
Malaysia	-
Philippines	23.9
China	51.0
Employees with disabilities	Percentage (%)
Malaysia	0.12
Philippines	-
China	0.48

Employee Distribution	Percentage (%)		
	FY2019	FY2020	FY2021
By Gender			
Male	27	31	36
Female	73	69	64
By Nationality			
Local	71	70	78
Foreign	29	30	22

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE *(cont'd)*

Caring for our People

EMPLOYEE GENDER AND DIVERSITY *(cont'd)*

Turnover Rate	Percentage (%)		
	FY2019	FY2020	FY2021
By Gender			
Male	17.6	17.5	12.8
Female	26.7	13.7	20.9
By Age Group			
< 30 years old	28.5	25.3	26.8
30-50 years old	15.3	5.5	6.4
> 50 years old	0.5	0.4	0.4
By Region			
Malaysia	24.8	18.0	31.8
Philippines	17.0	21.3	20.5
China	45.2	31.3	31.9

Overall Turnover Rate	Percentage (%)
FY2019	23.5
FY2020	20.2
FY2021	28.3

New Hire Rate	Percentage (%)		
	FY2019	FY2020	FY2021
By Gender			
Male	13.8	17.5	17.1
Female	15.9	13.6	17.9
By Age Group			
< 30 years old	25.5	23.0	30.7
30-50 years old	4.0	8.0	4.1
> 50 years old	0.2	0.1	0.2
By Region			
Malaysia	33.2	24.0	47.2
Philippines	20.4	3.8	14.6
China	38.5	23.1	24.0

Overall New Hire Rate	Percentage (%)
FY2019	28.8
FY2020	17.1
FY2021	35.0

We have increased our number of employees from 5,661 to 5,803 this year, with the overall workforce comprising a majority of women at 64%. We are committed to local employment and therefore have decreased our dependency on foreign workers to 22% from last year's 30%. The foreign workers at our operations comprise Indonesians, Burmese, Nepalese, and Vietnamese. For our operations in China and Philippines, 99.8% of our employees comprise of local hires. However, we do see an increase in turnover rate, likely caused by Covid-19 precautionary measures undertaken by the Group involving the reorganising and reshuffling of employees in our production lines to avoid any Covid-19 cross-infections affecting our operations. Despite this, we have also managed to increase our hire rate for this reporting period to support our higher production levels within our operations. We continue to see that employees in the under 30 years old age category are consistently our largest groups for turnover and new hires as they are in the early stages of their career journey and are looking for new opportunities.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)

Caring for our People

EMPLOYEE DEVELOPMENT AND TALENT RETENTION

By providing various professional development, training sessions, and other programmes, we aim to enhance our performance and quality standards across the Group. It is imperative we invest in the capabilities of our employees to remain at the forefront of innovation.

Our approach involves a human capital management development framework that encompasses the following:

- Management Talent Development Programmes
- Supervisory Level Development Programmes
- Technical Engineering and i4.0 Upskilling Programmes
- Machine Operation Training, Supplier Responsibility Compliance, Electro Static Discharge Rules; Environment, Health & Safety Practices

Below we summarise the types of training and development programmes conducted at Inari.

Orientation

We ensure that all new employees understand the corporate activities, values and business unit performance-based culture by undergoing the orientation programme, held within the first week of their commencement. Topics including corporate culture, organisational structure, overview of career paths, benefit plans, administrative procedures, key corporate policies and procedures will be shared. They are also instructed about the importance of the Code of Business Conduct and Ethics, Anti-Corruption and Bribery Policy, as well as the Whistleblowing Policy and Procedures.

Onboard Training

The onboarding training is prepared by respective department leaders to focus on departmental goals and in engaging employees with the overall company objectives. The purpose of the training is to address employee needs and provide them with easy access to information and skills needed to deliver their job efficiently.

Mandatory Training

As Inari operates in specific industrial areas, we ensure that employees are prepared and trained on all applicable regulations. Mandatory training that employees are required to undergo are OSH training as well as environmental training.

Technical Skills Development Training

We conduct various training to develop employees' technical skills for the performance delivery including, big data analysis, coding & programming, technical writing and database software. The necessary trainings are conducted regularly based on the latest industry developments to ensure employees are up-to-date.

Soft Skills Development Training

Soft skill training is conducted periodically to enable our employees to interact effectively with other people in the workplace. Topics covered in our soft skills training include presentation skills, communication skills, leadership skills, emotional intelligence, teamwork, and others.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)

Caring for our People

EMPLOYEE DEVELOPMENT AND TALENT RETENTION (cont'd)

During this reporting period, across all our operations, we have conducted a total of 77,770 hours of training, with an average of 13 training hours per employee.




Average number of training hours per employee	FY2019	FY2020	FY2021
By Gender			
Female	7	4	12
Male	14	15	17
By Employee Category			
Manager and above	17	25	22
Executive	20	16	17
Non-executive	8	6	13

Average training hours per employee	No. of hours
FY2019	12
FY2020	10
FY2021	13

Compensation and Benefits

We recognise that Inari's success is driven by a committed workforce, and therefore we strive to empower employees through a supportive corporate culture that ensures their well-being is taken care of. We comply with the standard minimum wage laws within each country we operate in, with a minimum entry level wage to minimum wage ratio of 1:1. In addition to providing our employees with fair remuneration packages, we also provide eligible employees to receive remuneration in the form of share options as stipulated in our Employees' Share Options Scheme and performance bonus. Benefits, promotions, recognition, rewards and increments are solely based on the employee's performance and merit, where 100% of our employees received a performance review. We ensure the salary scale is benchmarked on a periodic basis against industry peers to compensate and reward our employees fairly.

The following are some of the benefits and privileges provided to our employees:

 Insurance/Medical Coverage <ul style="list-style-type: none">■ Executive health screening■ Free medical attention and treatment by medical practitioner duly appointed by Inari■ Hospitalisation scheme extended to the employees' family or dependents■ Outpatient medical benefits extended to employees' family or dependents■ Personal accident, hospitalisation and term life insurance coverage to permanent employees■ Social insurance	 In-house Facilities <ul style="list-style-type: none">■ Car parking space■ Hostel for operators■ Personal lockers■ Prayer rooms■ Transport services■ 24-hour canteen	 Employees with Special Needs <ul style="list-style-type: none">■ Dedicated mother's nursing room■ Dedicated parking spaces for disabled employees■ Sickbay for sick employees
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SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)

Caring for our People

HUMAN AND LABOUR RIGHTS

Inari's employment practices uphold its belief for fair employment, and therefore is committed to protecting the human and labour rights of all our employees. Our Human Resources and Administrative department oversees all issues regarding human rights, forced and child labour and ensure protection of our employees' rights. They are responsible for implementing and making sure that our operations comply with regulations mandated by the Department of Labour.

This includes ensuring that workers both local and foreign, are provided with adequate accommodation with more space per individual as stipulated in the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446). Building facilities provided include a multi-purpose hall, canteen/cafeteria, management office, reading and tv room, security, mini mart, common surau, among others.



Inari's dormitory building dedicated to workers



Spacious dormitory rooms with natural lighting



Laundry facilities within the dormitory



Living room within dormitory units



Common area within the dormitory building with various amenities

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)

Caring for our People

HUMAN AND LABOUR RIGHTS (cont'd)

Furthermore, to ensure responsible supply chain management, we have incorporated human rights elements in our Supplier Code of Conduct which we expect our suppliers to fully comply with in all our commercial dealings.

We also highlight the following clauses in our Human Resource Policy:

- Humane Treatment and Non-discrimination
- Zero Tolerance to Harassment
- Respect Human Rights
- Freedom of Association and Collective Bargaining
- Availability of Grievance Channel
- Child Labour and Forced Labour Prohibition
- Working hours do not exceed the maximum set by local law
- Wages and benefits comply with all applicable wage laws
- OSH
- Anti-Corruption and Bribery

Child Labour and Forced Labour Prohibition

At Inari, we do not tolerate or condone any use of child labour or forced labour. We comply fully with the regulations and local laws of the countries we operate in. There were zero cases reported for child labour or forced labour, discrimination, or grievances on human rights since our incorporation.

Fair Treatment in Managing Foreign Labour

We only employ foreign workers with the complete legal work permits. At Inari, we strictly prohibit the unlawful withholding of wages, passports, or other personal documents. We do not require them to lodge any form of monetary deposits as condition of employment and no recruitment fees are charged back to the workers. We abide strictly to the law that employees must receive at least minimum wages and that wage deductions are not imposed as disciplinary measure. Our foreign workers are given a contract of employment and are entitled to similar benefits as local employees as stated in our Wages, Benefits and Contracts Policy. Furthermore, we ensure that foreign workers are aware of their entitlements by communicating with them in their local language for better understanding.

OCCUPATIONAL SAFETY AND HEALTH

In safeguarding the well-being of our employees, we are committed to stringent health and safety practices and good work environment. The well-being of our employees is enhanced by the commitment of our management team at all levels and requires their close monitoring of the business units' safety performance. As we strive to achieve zero injuries and casualties at our production plants, safety awareness is essential to avoid accidents and prevent occupational illness.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE *(cont'd)*

Caring for our People

OCCUPATIONAL SAFETY AND HEALTH *(cont'd)*

OSH Policy

Inari provides a safe and healthy workplace for its employees, and therefore, has established an OSH Policy that is committed to:

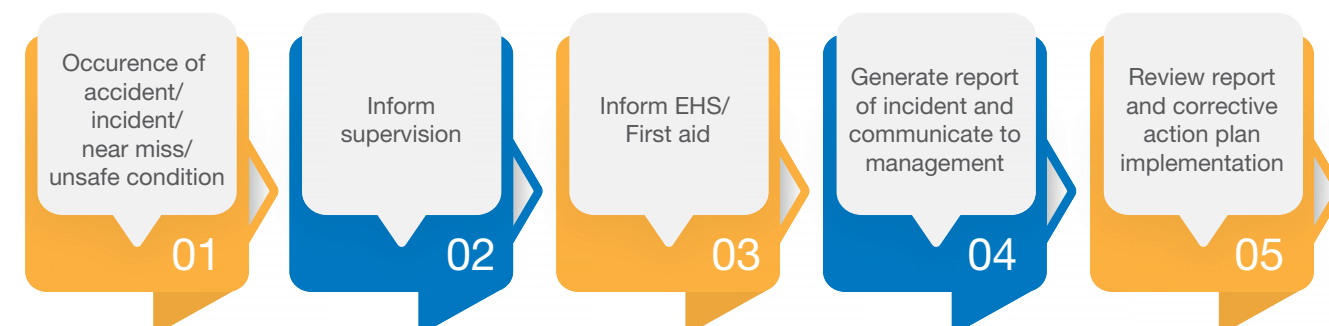
- Making OSH a core value of everything we do;
- Having a risk-based process in place for the identification, classification and control of hazards and risks;
- Providing all employees, contractors and visitors with relevant information, operational controls and regular training on OSH requirements to enable them to conduct their activities safely;
- Providing a positive culture in which employees, contractors and visitors feel free to share their concerns about non-conformance, undesirable, unsafe situations or any OSH related issues;
- Implementing effective approaches to protect people from safety and health risks;
- Being fully transparent in the periodic reporting on OSH performance;
- Consulting and collaborating with employees and other stakeholders on OSH matters;
- Complying with all applicable laws and regulations which apply to our business.

In ensuring we provide a healthy and safe working environment, 100% of our operations are in compliance with the relevant OSH regulations or are ISO 45001:2018 certified.



Incident Reporting and Investigation

To ensure proper management of safety and health issues at our plants, we implement a standard operating procedure for identification of any workplace hazards or risks and to develop control measures to minimise these risks from occurring. All employees, visitors and contractors are informed of our incident reporting platforms and are encouraged to report any risky or unsafe conditions to the supervisor.



SUSTAINABILITY STATEMENT

cont'd

WORKPLACE *(cont'd)*

Caring for our People

OCCUPATIONAL SAFETY AND HEALTH *(cont'd)*

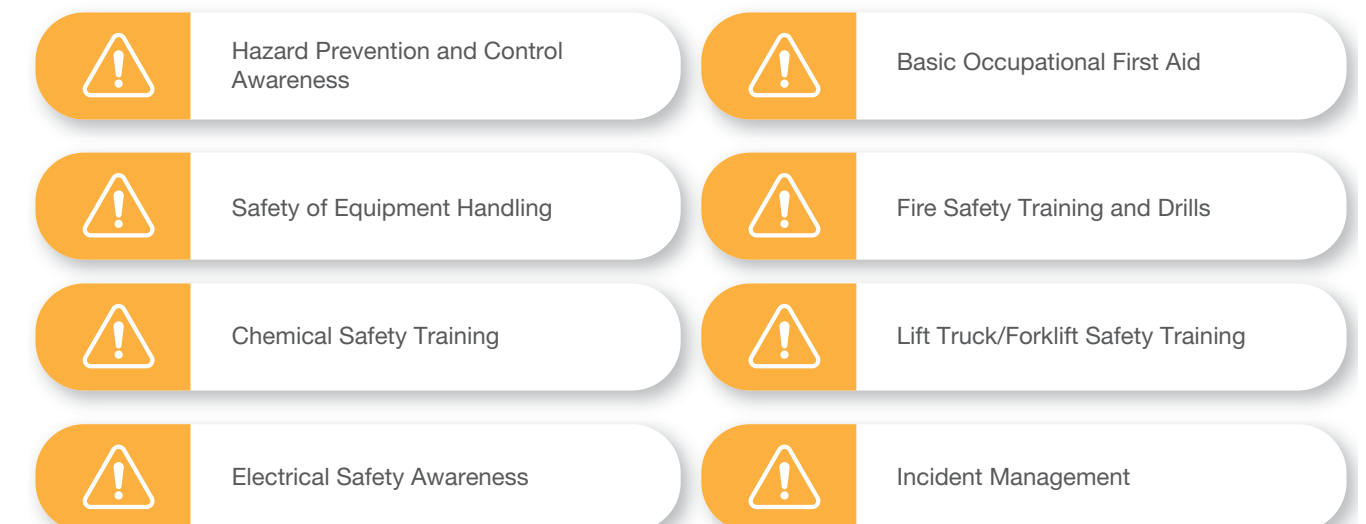
Incident Reporting and Investigation *(cont'd)*

In the event of an incident or unsafe work condition occurred, an initial investigation will be carried out by the supervisor which they will report to the EHS department within 24 hours. Once the report has been reviewed by the EHS department, if necessary, further investigation will be conducted and requests for corrective actions will be sent to the respective Area Manager to develop and implement the next steps for preventing recurrence. Where applicable, the Head of department and Human Resource department may take the appropriate disciplinary action for those involved in unsafe acts or conditions. Management periodically reviews for opportunities for continual improvement when necessary.

OSH Awareness Training

At Inari, we take safety seriously and therefore, ensure our employees receive training on various safety procedures and conduct drills to build their awareness and competencies. OSH training and development programmes are imperative to keep abreast with current relevant regulatory requirements and to equip employees with the skills they need to carry out work safely. The types of training conducted include incident management, hazard management, as well as emergency preparedness and response. During this reporting period, all employees attended trainings or refresher courses on health and safety.

These trainings include:



SUSTAINABILITY STATEMENT
cont'd

WORKPLACE (cont'd)
Caring for our People

OCCUPATIONAL SAFETY AND HEALTH (cont'd)

Managing OSH Performance

Our OSH committee is responsible for monitoring, recording and reporting the Group’s occupational safety, health and environment performance. They also report on measures carried out towards the prevention of accidents. Through our stringent efforts, we have successfully managed to record zero cases of occupational fatality or work-related illnesses within the Group.

Our continuous efforts aim to:

- Limit the number of incidents in the workplaces;
- Perform evacuation exercises in facilities with difficult escape paths;
- Improve hazard control, notably in hazardous chemical work areas; and
- Improve the safety of equipment or activities, with a special emphasis on lifelines.

Injury Type/Rate	Units	FY2019	FY2020	FY2021
Malaysia				
Number of injury incidents	no.	1	2	– (b)
Number of fatalities	no.	– (b)	– (b)	– (b)
Number of work-related illness	no.	– (b)	– (b)	– (b)
Lost Time Injury Frequency (LTIF) ^(a)	Percentage (%)	0.11	0.25	– (b)
Philippines				
Number of injury incidents	no.	11	4	13
Number of fatalities	no.	– (b)	– (b)	– (b)
Number of work-related illness	no.	– (b)	– (b)	– (b)
Lost Time Injury Frequency (LTIF) ^(a)	Percentage (%)	2.20	1.10	2.92
China				
Number of injury incidents	no.	1	– (b)	– (b)
Number of fatalities	no.	– (b)	– (b)	– (b)
Number of work-related illness	no.	– (b)	– (b)	– (b)
Lost Time Injury Frequency (LTIF) ^(a)	Percentage (%)	0.63	– (b)	– (b)

Notes:

(a) Rates are calculated based on the formulas as follows:

Lost Time Injury Frequency	No. lost time injuries/ total man-hours X 1,000,000
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(b) No cases reported.

SUSTAINABILITY STATEMENT
cont'd

WORKPLACE (cont'd)
Caring for our People

OCCUPATIONAL SAFETY AND HEALTH (cont'd)

Managing OSH Performance (cont'd)

Below is the summary of injuries and corrective measures at our operations in Philippines:

Type of Injury	Causes	Corrective Action	Preventative Action
Minor laceration of hand	<ul style="list-style-type: none">• Switch on the equipment used were either defective or misused• Sharp edges exposed	<ul style="list-style-type: none">• Fix the defective switch• Change location of switch to avoid misuse• Provide appropriate equipment when handling sharp edges or cutters	<ul style="list-style-type: none">• Replaced location of switch to be more suitable for user• Briefing on handling of equipment
Minor head bump/ injury	Door open when not in use	To ensure that door is closed after use or when not in use	Installed spring closer and door magnets to ensure doors are securely shut when not in use
Minor injury on foot	Machine door was not properly closed	Fix door sensor	Regular safety briefings on compliance, personal safety and proper usage of personal protective equipment (“PPE”)

In the event of each incident occurred, we have conducted a root cause analysis investigation and with the finding, developed the necessary corrective actions and revised our preventative measures to avoid occurrence in the future. All 13 incidents from Philippines operations were minor injuries.

Through the robust management of our health and safety efforts to be more stringent, we managed to record zero cases of workplace injuries reported at our operations in Malaysia and China during this reporting period. This is an improvement from our previous year’s performance. We will continue to be vigilant and commit to safeguard the health and safety of our employees by enforcing tighter controls to mitigate possible safety risks identified.

EMPLOYEE WELFARE

Inari’s strength is its workforce and we take great efforts to take care of the wellbeing of our employees. As such, we invest in the health and welfare of employees and are committed to producing a caring and supporting community.

Employee Wellness Activities

At Inari, we recognise the need to maintain a healthy work-life balance and to do so we have a number of different programmes and activities for employees to participate. The aim is to release stress and foster positive relationships amongst co-workers and creating a supportive community. Our employee sports clubs organise events such as weekly indoor fitness classes like yoga, or sports events such as bowling, volleyball, badminton and basketball tournament. However, due to the pandemic, these regular activities were not possible for the safety of our staff.

SUSTAINABILITY STATEMENT
cont'd

WORKPLACE (cont'd)
Caring for our People

EMPLOYEE WELFARE (cont'd)

Employee Engagement Survey

We conduct employee engagement surveys annually to gather feedback and understand the views of our employees at Inari. The surveys are collected by our Human Resource team which then help analyse areas where the company can improve, and to also help identify any major concerns that our employees may have and how to address them accordingly.

For this reporting period, our survey’s response rate is 83% with an overall score results of our engagement survey having increased to 98% compared with last year’s 80%. The components of this year’s survey look at three (3) key aspects of employees’ satisfaction with respect towards diversity and equality, teamwork and job security. In addition to this, we have also looked at our response in securing a safe work environment during the pandemic.

Survey Questions	Score (Percentage (%))
Do you agree that Inari respects individual differences?	93
Is teamwork valued and encouraged within this organisation?	95
Overall, do you feel secure working at Inari?	96
Pandemic Measures	
Do you undergo temperature screening before entering Inari?	100
Do you wear a mask, practice social distancing and good personal hygiene during/after working hours/outside of Inari?	100
Do you wash your hands frequently using soap and water or hand sanitiser?	100
Does Inari provide personal protective equipment (PPE) such as face mask to all employees or place hand sanitisers at identified locations surrounding the premises?	100
Overall Results	98%

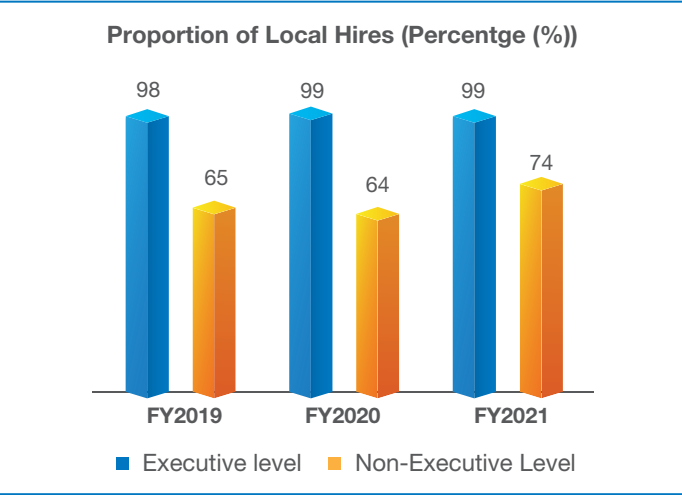
SUSTAINABILITY STATEMENT
cont'd

LOCAL COMMUNITIES
Giving Back

Inari strives to be a responsible corporate citizen by giving back to the surrounding communities in which we operate and to create a positive impact in the long-term. Through our various CSR initiatives including our internship programmes, we utilise our knowledge and experience to give back.

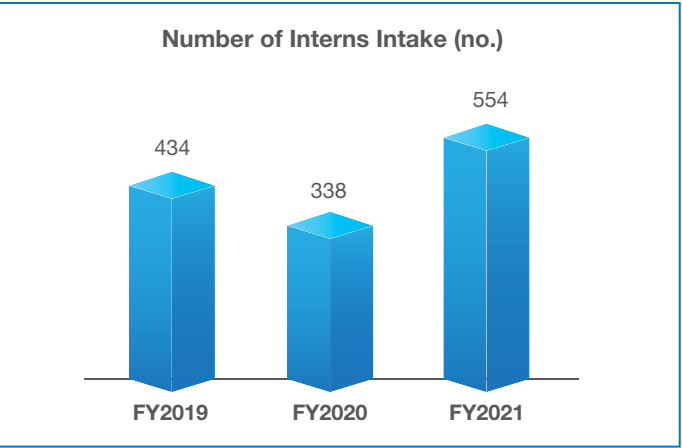
Local Employment

In supporting the communities we operate in, hiring local is a priority whenever possible to boost local economies and increase social well-being. Providing job opportunities is valuable resource that we as a business can offer to enable people to reach their potential. Across our operations in Malaysia, Philippines, and China, we strive to employ locally, especially at our production facilities. We have increasingly hired locally over the years as we recognise its importance.



Internship Programme

To enhance the sustainability of our business, our internship programme enables us to cultivate future talents. By doing so, we establish deeper relationships and provide interns with the opportunity to gain skills and hands-on experience that will enable them to be successful in their careers. Our internship programme commenced in FY2015 through the collaboration with various higher institutions and colleges in Malaysia to take in industrial interns to expose them to a working environment where they are able to apply the knowledge from the classroom to real-world experience. Since FY2015, we have offered this opportunity to a total of 3,359 interns.



SUSTAINABILITY STATEMENT

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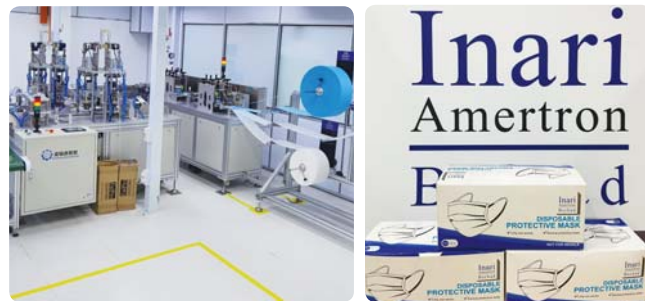
LOCAL COMMUNITIES (cont'd)

Giving Back

Local Communities Development

We recognise the importance of giving back to the communities we operate in and do so through various contributions and donations, as well as other CSR programmes. We strive to create a positive impact to our local communities especially those that are underserved. Through our working committee, we organise our CSR programmes to be centered on providing support to indigenous communities and charitable institutions, with a focus on distribution of food items and donation drives to help with everyday necessities.

This year, we continue to support local efforts against combatting the impacts of the Covid-19 pandemic. We contributed a total of RM1.15 million in CSR programmes in FY2020/2021 in donations, sponsorship and non-monetary contributions, with our employees participating in 3,600 volunteering hours towards the betterment of the local communities. Besides that, we launched our own in-house face mask production line at the P1 plant in Penang, Malaysia in September 2020. To-date, we have produced about 2 million pieces of 3-ply disposable surgical face masks which was distributed for our employees' use, as well as for contributions to hospitals, government quarantine centres and others as part of our corporate social responsibilities ("CSR") initiative.



Vaccination Centre at Inari P34 Plant at Batu Kawan, Penang

As Malaysia is on its path towards recovery, the government has been ramping up its efforts to ensure the population is vaccinated. As such, Inari has supported these efforts in combatting Covid-19, by collaborating with authorities to contribute an unutilised section of our P34 plant located in Batu Kawan, Penang, Malaysia as a Vaccination Centre (Pusat Pemberian Vaksin: "PPV") approved under the Public-Private Partnership Covid-19 Industry Immunisation Programme ("PIKAS") launched by the Malaysian Government to intensify the immunisation efforts in the industrial and factory sectors. Our P34

plant commenced PPV-related activities on 22 July 2021 with the capacity to administer 1,500 doses of Covid-19 vaccine per day. Upon the completion of the PIKAS on 2 September 2021, a total of 20,628 individuals have completed their two (2) doses of vaccination at our P34 plant.



In addition to this effort, below summaries our other contributions this year for our CSR activities.

Covid-19 Efforts

Donation of Laptop to Pusat Pemberian Vaksin (PPV) Pulau Pinang

As the nation commenced its vaccination rollout this year, Inari has donated several laptops to the vaccination centres in Pulau Pinang to help ease the burden and smooth processes to carry out vaccinations.



SUSTAINABILITY STATEMENT

cont'd

LOCAL COMMUNITIES (cont'd)

Giving Back

Local Communities Development (cont'd)

Covid-19 Efforts (cont'd)



Donation of various equipment to Penang General Hospital

To ensure the resilience of our communities, especially our frontliners who have contributed their endless efforts to protect us during this time, we have donated equipment such as unit patient monitors and face masks. This is to help cope with the overwhelming demand of medical equipment and supplies.

Donation of Face Masks to Police Department, Penang, Malaysia

To help support our frontliners, we have donated boxes of face masks so that they are able to stay protected while carrying out their duties to keep the nation safe.



Community-based Efforts



Donation Drive at Munting Tahanan ng Nazareth Mabalacat, Philippines

We hosted a donation drive at the orphanage for special kids, to help provide supplies such as food, hygiene products, and other necessities.

Donation of Supplies at Atlu Bola High School, Philippines

To safeguard the health and safety of the students at Atlu Bola High School, we donated various supplies such as boxes of face masks, thermal scanners, among others.



SUSTAINABILITY STATEMENT

cont'd

Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index)

GRI Content Index			
GRI Indicator	Disclosure	Response	Page Number
102-1	Name of the organisation	Company Profile	3
102-2	Activities, brands, products and services	Management Discussion and Analysis	22-35
102-3	Location of headquarters	Corporate Information	2
102-4	Location of operations	Management Discussion and Analysis	22-35
102-5	Ownership and legal form	Analysis of Shareholding	229-231
102-6	Markets served	Management Discussion and Analysis	22-35
102-7	Scale of the organisation	Corporate Structure and Audited Financial Statement	3/132-226
102-8	Information on employees and other workers	Sustainability Statement ("SS") - Employee Gender and Diversity, Employee statistics	76-77
102-9	Supply chain	Sustainability Statement - Supply Chain Management	61-64
102-10	Significant changes to the organisation and its supply chain	Management Discussion and Analysis Sustainability Statement - Supply Chain Management	22-35 61-64
102-11	Precautionary principles or approach	Statement of Risk Management and Internal Control	121-126
102-12	External initiatives	Sustainability Statement – Our Sustainability Goals	48
102-13	Membership of associations	Sustainability Statement – Corporate Membership	42
102-14	Statement from senior decision-maker	Chairperson's Letter to the Shareholders	18-21
102-16	Values, principles, standards and norms of behaviour	Sustainability Statement – Our Sustainability Journey Thus Far Corporate Governance Overview Statement	39 102-117
102-18	Governance structure	Profile of Directors, Profile of Key Senior Management Corporate Governance Overview Statement Sustainability Statement – Sustainability Governance	12-17 102-117 40-41
102-40	List of stakeholder groups	Sustainability Statement - Stakeholder Engagement	42-43
102-41	Collective bargaining agreements	Inari does not have collective bargaining agreement. However, it is stated in our Human Resources Policy that all employees have the rights to form and join organisation of their choice. Sustainability Statement - Human and Labor Rights	-
102-42	Identifying and selecting stakeholders	Sustainability Statement - Stakeholder Engagement	42-43
102-43	Approach to stakeholder engagement	Sustainability Statement - Stakeholder Engagement	42-43
102-44	Key topics and concerns raised	Sustainability Statement - Stakeholder Engagement, Materiality Assessment, Our Sustainability Strategy	42-47
102-45	Entities included in the consolidated financial statements	Audited Financial Statement	132-226

SUSTAINABILITY STATEMENT

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Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Indicator	Disclosure	Response	Page Number
102-46	Defining report content and topic boundaries	Sustainability Statement – Reporting Period and Boundary	38
102-47	List of material topics	Sustainability Statement - Materiality Assessment, Our Sustainability Strategy, Our Sustainability Goals	44-48
102-48	Restatements of information	In this Sustainability Statement FY2021, certain reported key performance has been restated to better reflect the sustainability matters.	-
102-49	Changes in reporting	Sustainability Statement – Reporting Period and Boundary	38
102-50	Reporting period	Sustainability Statement – Reporting Period and Boundary	38
102-51	Date of most recent report	The Company's Annual Report 2020, was published in October 2020. The online version of the Annual Report 2020 can be found online at http://www.inari-amertron.com/annual-report.asp	-
102-52	Reporting cycle	Sustainability Statement – Reporting Period and Boundary	38
102-53	Contact point for questions regarding the report	Sustainability Statement – Point of Contact	38
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Statement – Reporting Framework and Standards	38
102-55	GRI content index	GRI Content Index	90-100
102-56	External assurance	To be applied in the future	-
GRI 201: Economic Performance			
103-1	Explanation of the material topic and its boundary	Not applicable as it does not reach our materiality consideration.	-
103-2	The management approach and its components	Not applicable as it does not reach our materiality consideration.	-
103-3	Evaluation of the management approach	Not applicable as it does not reach our materiality consideration.	-
201-1	Direct economic value generated and distributed	Audited Financial Statement	132-226
201-2	Financial implications and other risks and opportunities due to climate change	To be applied in the future	-
201-3	Defined benefit plan obligations and other retirement plans	Audited Financial Statement	132-226
201-4	Financial assistance received from government	Audited Financial Statement	132-226

SUSTAINABILITY STATEMENT
cont'd

Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Indicator	Disclosure	Response	Page Number
GRI 202: Market Presence			
103-1	Explanation of the material topic and its boundary	Not applicable as it does not reach our materiality consideration.	-
103-2	The management approach and its components	Not applicable as it does not reach our materiality consideration.	-
103-3	Evaluation of the management approach	Not applicable as it does not reach our materiality consideration.	-
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Inari complies with all applicable minimum wage standards regardless of gender. The entry level for both female and male employees is equivalent to the national minimum wage.	-
202-2	Proportion of senior management hired from the local community	Sustainability Statement - Local Communities Employments Employee Statistics	87
GRI 203: Indirect Economic Impacts			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	53-61
103-2	The management approach and its components	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	53-61
103-3	Evaluation of the management approach	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	53-61
203-1	Infrastructure investments and services supported	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	53-61
203-2	Significant indirect economic impacts	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	53-61
204: Procurement Practices			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management	61-64
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management	61-64
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management	61-64
204-1	Proportion of spending on local supplies	Sustainability Statement - Supply Chain Management	61-64

SUSTAINABILITY STATEMENT
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Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Indicator	Disclosure	Response	Page Number
GRI 205: Anti-corruption			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy Statement on Risk Management and Internal control - Internal Audit Function Corporate Governance Overview Statement	50-51 125-126 102-117
103-2	The management approach and its components	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy Statement on Risk Management and Internal control - Internal Audit Function Corporate Governance Overview Statement	50-51 125-126 102-117
103-3	Evaluation of the management approach	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy Statement on Risk Management and Internal control - Internal Audit Function Corporate Governance Overview Statement	50-51 125-126 102-117
205-1	Operations assessed for risks related to corruption	Sustainability Statement - Corporate Governance and Ethics Corporate Governance Overview Statement	50-52 102-117
205-1	Communication and training about anticorruption policies and procedures	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy Statement on Risk Management and Internal control - Internal Audit Function	50-51 125-126
205-3	Confirmed incidents of corruption and actions taken	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy Statement on Risk Management and Internal control - Internal Audit Function	50-51 125-126
302: Energy			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Environment	65-66
103-2	The management approach and its components	Sustainability Statement – Environment	65-66
103-3	Evaluation of the management approach	Sustainability Statement – Environment	65-66
302-1	Energy consumption within the organisation	Sustainability Statement - Energy Usage	66-68
302-2	Energy consumption outside the organisation	To be applied in the future	-
302-3	Energy intensity	Sustainability Statement - Energy Usage	66-68
302-4	Reduction of energy consumption	Sustainability Statement - Energy Usage	66-68
302-5	Reductions in energy requirements of products and services	To be applied in the future	-

SUSTAINABILITY STATEMENT
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Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Indicator	Disclosure	Response	Page Number
303: Water and Effluents			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Environment	65-66
103-2	The management approach and its components	Sustainability Statement – Environment	65-66
103-3	Evaluation of the management approach	Sustainability Statement – Environment	65-66
303-1	Interactions with water as a shared resource	To be applied in the future	-
303-2	Management of water discharge-related impacts	To be applied in the future	-
303-3	Water withdrawal	To be applied in the future	-
303-4	Water discharge	To be applied in the future	-
303-5	Water consumption	Sustainability Statement - Water Management	71-73
305: Emissions			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Environment	65-66
103-2	The management approach and its components	Sustainability Statement – Environment	65-66
103-3	Evaluation of the management approach	Sustainability Statement – Environment	65-66
305-1	Direct (Scope 1) GHG emissions	Sustainability Statement - GHG Emissions	68-70
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Statement - GHG Emissions	68-70
305-3	Other indirect (Scope 3) GHG emissions	Sustainability Statement - GHG Emissions	68-70
305-4	GHG emissions intensity	Sustainability Statement - GHG Emissions	68-70
305-5	Reduction of GHG emissions	Sustainability Statement - GHG Emissions	68-70
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	Sustainability Statement - GHG Emissions	68-70
306: Effluents and Waste			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Environment	65-66
103-2	The management approach and its components	Sustainability Statement – Environment	65-66
103-3	Evaluation of the management approach	Sustainability Statement – Environment	65-66
306-1	Water discharge by quality and destination	To be applied in the future	-

SUSTAINABILITY STATEMENT
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Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Indicator	Disclosure	Response	Page Number
306: Effluents and Waste (cont'd)			
306-2	Waste by type and disposal method	Sustainability Statement – Waste Management	73-75
306-3	Significant spills	No significant spills as of FY2021	-
306-4	Transport of hazardous waste	To be applied in the future	-
306-5	Water bodies affected by water discharges and/or runoff	To be applied in the future	-
307: Environmental Compliance			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Environment	65-66
103-2	The management approach and its components	Sustainability Statement – Environment	65-66
103-3	Evaluation of the management approach	Sustainability Statement – Environment	65-66
307-1	Non-compliance with environmental laws and regulations	We have not identified any non-compliance with environmental laws and regulations as of FY2021	-
308: Supplier Environmental Assessment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management	61-64
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management	61-64
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management	61-64
308-1	New suppliers that were screened using environmental criteria	Sustainability Statement - Supply Chain Management	61-64
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainability Statement - Supply Chain Management	61-64
401: Employment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Employee Gender and Diversity, Employee Statistics	76-77
103-2	The management approach and its components	Sustainability Statement - Employee Gender and Diversity, Employee Statistics	76-77
103-3	Evaluation of the management approach	Sustainability Statement - Employee Gender and Diversity, Employee Statistics	76-77
401-1	New employee hires and employee turnover	Sustainability Statement - Employee Gender and Diversity, Employee Statistics	76-77
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Statement - Employee Gender and Diversity, Employee Statistics	76-77

SUSTAINABILITY STATEMENT

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Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Indicator	Disclosure	Response	Page Number
GRI 402: Labour/Management Relations			
103-1	Explanation of the material topic and its boundary	Not applicable as it does not reach our materiality consideration.	-
103-2	The management approach and its components	Not applicable as it does not reach our materiality consideration.	-
103-3	Evaluation of the management approach	Not applicable as it does not reach our materiality consideration.	-
402-1	Minimum notice periods regarding operational changes	We will ensure the employees are informed with appropriate notice periods regarding operational changes in Inari.	-
403: Occupational Health and Safety			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Occupational Safety and Health	81-85
103-2	The management approach and its components	Sustainability Statement - Occupational Safety and Health	81-85
103-3	Evaluation of the management approach	Sustainability Statement - Occupational Safety and Health	81-85
403-1	Occupational health and safety management system	Sustainability Statement - Occupational Safety and Health	81-85
403-2	Hazard identification, risk assessment and incident investigation	Sustainability Statement - Occupational Safety and Health	81-85
403-3	Occupational health services	Sustainability Statement - Occupational Safety and Health	81-85
403-4	Worker participation, consultation and communication on occupational health and safety	Sustainability Statement - Occupational Safety and Health	81-85
403-5	Worker training on occupational health and safety	Sustainability Statement - Occupational Safety and Health	81-85
403-6	Promotion of worker health	Sustainability Statement - Occupational Safety and Health	81-85
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Statement - Occupational Safety and Health	81-85
403-8	Workers covered by an occupational health and safety management system	Sustainability Statement - Occupational Safety and Health	81-85
403-9	Work-related injuries	Sustainability Statement - Occupational Safety and Health	81-85
403-10	Work-related ill health	Sustainability Statement - Occupational Safety and Health	81-85

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Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Indicator	Disclosure	Response	Page Number
404: Training and Education			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Employee Development and Talent Retention	78-79
103-2	The management approach and its components	Sustainability Statement - Employee Development and Talent Retention	78-79
103-3	Evaluation of the management approach	Sustainability Statement - Employee Development and Talent Retention	78-79
404-1	Average hours of training per year per employee	Sustainability Statement - Employee Development and Talent Retention	78-79
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Statement - Employee Development and Talent Retention	78-79
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Statement - Employee Development and Talent Retention	78-79
405: Diversity and Equal Opportunity			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Employee Gender and Diversity	76-77
103-2	The management approach and its components	Sustainability Statement - Employee Gender and Diversity	76-77
103-3	Evaluation of the management approach	Sustainability Statement - Employee Gender and Diversity	76-77
405-1	Diversity of governance bodies and employees	Profile of Board of Directors, Profile of Key Senior Management, Sustainability Statement - Employee Gender and Diversity, Employees Statistics	12-17 76-77
405-2	Ratio of basic salary and remuneration of women to men	To be applied in the future	-
406: Non-discrimination			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Human and Labour Rights	80-81
103-2	The management approach and its components	Sustainability Statement – Human and Labour Rights	80-81
103-3	Evaluation of the management approach	Sustainability Statement – Human and Labour Rights	80-81
406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination in FY2021 Sustainability Statement - Human and Labour Rights	-

SUSTAINABILITY STATEMENT
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Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Indicator	Disclosure	Response	Page Number
408: Child Labour			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-64 80-81
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-64 80-81
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-64 80-81
408-1	Operations and suppliers at significant risk for incidents of child labour	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-64 80-81
409: Forced or Compulsory Labour			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-64 80-81
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-64 80-81
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-64 80-81
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-64 80-81
412: Human Rights Assessment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-64 80-81
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-64 80-81
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-64 80-81
412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-64 80-81
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-64 80-81

SUSTAINABILITY STATEMENT
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Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Indicator	Disclosure	Response	Page Number
413: Local Communities			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Local Communities	87-89
103-2	The management approach and its components	Sustainability Statement – Local Communities	87-89
103-3	Evaluation of the management approach	Sustainability Statement – Local Communities	87-89
414: Supplier Social Assessment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management	61-64
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management	61-64
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management	61-64
414-1	New suppliers that were screened using social criteria	Sustainability Statement - Supply Chain Management	61-64
414-2	Negative social impacts in the supply chain and actions taken	Sustainability Statement - Supply Chain Management	61-64
415: Public Policy			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy and Supply Chain Management	50-52 61-64
103-2	The management approach and its components	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy and Supply Chain Management	50-52 61-64
103-3	Evaluation of the management approach	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy and Supply Chain Management	50-52 61-64
415-1	Political contributions	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy	50-52
418: Customer Privacy			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Privacy and Data Protection	64
103-2	The management approach and its components	Sustainability Statement - Privacy and Data Protection	64
103-3	Evaluation of the management approach	Sustainability Statement - Privacy and Data Protection	64
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Statement - Privacy and Data Protection	64

SUSTAINABILITY STATEMENT

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Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Indicator	Disclosure	Response	Page Number
419: Socioeconomic Compliance			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Corporate Governance and Ethics	50-52
103-2	The management approach and its components	Sustainability Statement - Corporate Governance and Ethics	50-52
103-3	Evaluation of the management approach	Sustainability Statement - Corporate Governance and Ethics	50-52
419-1	Non-compliance with laws and regulations in the social and economic area	We have not identified any non-compliance with laws and regulations in the social and economic area as of FY2021	-

EVENTS HIGHLIGHTS



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “Board”) of Inari Amertron Berhad (“Inari” or the “Company”) is pleased to present the Corporate Governance Overview Statement for the financial year ended 30 June 2021.

This Statement provides an overview of the Corporate Governance (“CG”) framework, approach, key focus areas and practices of Inari and its subsidiaries (collectively referred to as the “Group”) during the financial year under the leadership of the Board.

This CG Overview Statement is to be read together with the CG Report, which articulates the Company’s application of each Practice enunciated by the Malaysian Code on Corporate Governance 2017 (“MCCG”). The CG Report is made available on the Company’s website at www.inari-amertron.com as well as via an announcement made on the website of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The disclosures in the CG Overview Statement and CG Report are made pursuant to paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia with additional guidance derived from Practice Note 9 of MMLR and the Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia.

In order to achieve a granular understanding of the Group’s governance framework and practices, this CG Overview Statement should also be read in tandem with other statements in this Annual Report, namely the Statement on Risk Management and Internal Control, Audit Committee Report, Sustainability Statement and Management Discussion and Analysis.

CORPORATE GOVERNANCE APPROACH

In the years since its inception, the Company has grown by leaps and bounds to become the market leader in the Malaysian technology sector. Throughout this journey, Inari has not failed nor faltered in its promise to consistently deliver and create value for its diverse stakeholder groups. The Group has remained resilient in driving sustainable business growth amidst uncertain geopolitical and economic environment. Towards this end, the Board has renewed its focus in building and maintaining a dynamic and robust governance framework that can support the business and propel the Group to greater heights.

The Group’s overall corporate governance approach is to:

- put in place the right people, processes and structures to direct and manage the Group’s business and affairs;
- encourage the application of good governance practices through the harmonisation of the diverse interests of stakeholders;
- meet stakeholder expectations of sound corporate governance as part of Inari’s commitment to its shareholders, customers and the local community.

As the Company progresses along its corporate governance journeys, the Board has continuously dedicated effort in ensuring that the Group’s corporate governance framework reflects the latest curation of best practices, market dynamics and evolving stakeholder expectations.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

The Group recognises the importance of providing instructive corporate governance disclosures to secure the confidence of stakeholders in the vision, mission and the overall strategic direction of the Group. As a testament to the Group’s commitment towards promoting a sound corporate governance culture, the Company has benchmarked its practices against the relevant promulgations as well as other better practices.

Inari has provided comprehensive and forthcoming disclosure in the CG Report on the extent of its applications of the Practices encapsulated in the MCCG. For any departures from Practices prescribed by the MCCG, Inari has provided clear and compelling explanations in the CG Report. The Board nevertheless appreciates the sound reasoning or Intended Outcome envisioned by the MCCG and thus, has implemented alternative measures that would to a large extent deliver congruent outcomes. The Company has additionally disclosed measures that it has taken or intends to take to ultimately apply the said Practices. This is further accompanied by an indicative timeframe for the adoption of the departed Practices. A detailed narrative on the application of individual Practices of MCCG is available in the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont’d

SUMMARY OF CORPORATE GOVERNANCE PRACTICES (cont’d)

In accordance with Practice Note 9 of MMLR, a summary of Inari’s corporate governance practices with reference to the MCCG is outlined below.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Roles and Responsibilities of the Board

a. Board Charter and Board Committees

Inari is helmed at the leadership level by an esteemed and dedicated Board. The Board assumes an active role in providing leadership for the overall strategic and operational direction of the Group. In fulfilling its fiduciary duties, the Board monitors the strategic, financial and sustainability performance of the Group whilst ensuring sound risk management and internal control framework is in place to effectively identify, monitor and mitigate the principal business risks surrounding the Group.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary duties and leadership functions. The Board has defined its Board Charter by setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as key matters reserved for the Board’s approval. The Board Charter is made available on the Company’s website at www.inari-amertron.com.

In order to assist the Board in its oversight function on specific responsibility areas, the Board has established four (4) Board Committees, namely Audit Committee (“AC”), Nomination Committee (“NC”), Remuneration Committee (“RC”) and Sustainability and Risk Management Committee (“SRMC”). Governed by their respective Terms of References, the Board Committees report to the Board on their meeting proceedings and deliberations as well as make recommendations to the Board on the matters under their purview.

During the financial year, the respective Board Committees have carried out their duties and activities as annunciated in their respective Terms of References.

In line with the corporate liability provision of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”) which took effect on 1 June 2020, the Board of Directors had taken steps to direct the establishment of adequate procedures to prevent the commission of corrupt act by persons associated to the Group. We engaged with external consultant, KPMG Management & Risk Consulting Sdn Bhd (“KPMG”), to independently assess the adequacy of our policies and procedures on Inari’s anti-corruption and bribery programme. The outcome of the assessment had led to the establishment of anti-corruption and bribery system as well as various enhancement made to our Board Charter, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures, Code of Business Conduct and Ethics, Supplier Code of Conduct, Terms of Reference of Board Committees and Internal Control System and Procedures across the Group.

The details of Terms of References for the respective Board Committees are available for reference on the Company’s website at www.inari-amertron.com. Reference can also be made to the CG Report for their compliance with the principles and practices encapsulated in the MCCG.

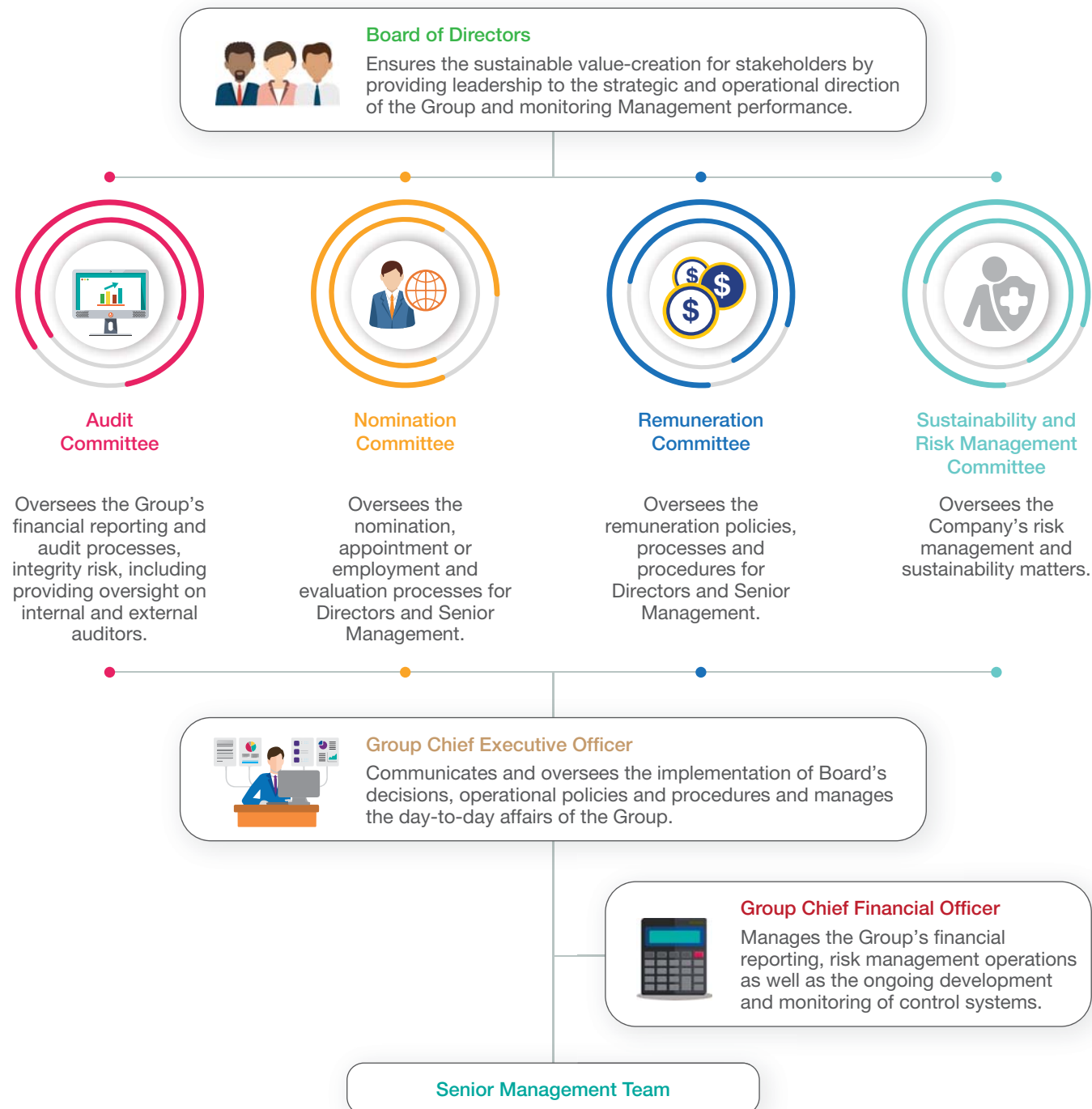
CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. Roles and Responsibilities of the Board (cont'd)

a. Board Charter and Board Committees (cont'd)



CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. Roles and Responsibilities of the Board (cont'd)

a. Board Charter and Board Committees (cont'd)

The roles of the Chairman and Group Chief Executive Officer ("CEO") are clearly separated and the positions are held by different individuals. This duties segregation between the Chairman and CEO ensures an appropriate balance of role, responsibility and accountability at the Board level. The Chairman is responsible for providing leadership to the Board in overseeing Management and the Group's overall strategic functions, whereas the day-to-day management of the Group's business affairs is delegated to the CEO of the Company, who is further supported by the Group Chief Financial Officer ("CFO"). The Board nevertheless reserves the decision-making authority on significant matters of the Group as encapsulated in the Board Charter. The Board Charter serves as an authoritative document that governs the conduct of the Board, Board Committees and individual Directors. The Board Charter incorporates provisions that promote clear demarcation for the roles of the Chairman of the Board, Executive Vice Chairman and CEO.

b. Meeting Convened and Company Secretary

The Board and Board Committees convene meetings with sufficient regularity to deliberate on matters under their purview. During the financial year under review, the Directors of Inari have dedicated adequate time and effort to prepare and actively participate during Board and Board Committee meetings. The Board has deliberated on pertinent matters including the Company's annual business plan, annual budget as well as key performance indicators.

There were six (6) Board meetings, five (5) AC meetings, two (2) NC meetings, one (1) RC meeting and four (4) SRMC meetings held during the financial year ended 30 June 2021. Throughout FY2021, all Directors attended more than 50% of the Board meetings held during the financial year and complied with Paragraph 15.05(3)(c) of the MMLR and the provision of the Company's Constitution.

Details of the individual Directors' meeting attendance for the financial year ended 30 June 2021 are as below:

Director	Board	AC	NC	RC	SRMC
Y.A.M. Tengku Puteri Seri Kemala Tengku	5/6	4/5	2/2	-	-
Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP					
Dato' Dr. Tan Seng Chuan	6/6	-	-	-	4/4
Lau Kean Cheong	6/6	-	-	-	-
Dato' Wong Gian Kui	6/6	-	-	-	-
Ho Phon Guan	6/6	-	-	-	-
Mai Mang Lee	6/6	-	-	-	-
Dato' Sri Thong Kok Khee	6/6	-	2/2	-	-
Foo Kok Siew	6/6	5/5	-	1/1	4/4
Oh Seong Lye	6/6	5/5	2/2	1/1	-
Datuk Phang Ah Tong	6/6	-	-	1/1	4/4
Ahmad Ridzuan Bin Wan Idrus*	3/3	-	-	-	-

Chairman Member * Appointed on 8 January 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. Roles and Responsibilities of the Board (cont'd)

b. Meeting Convened and Company Secretary (cont'd)

In undertaking its duties, the Board is supported by two competent and suitable qualified Company Secretaries. The Company Secretaries serve as counsels to the Board on matters relating to corporate governance. The Company Secretaries seek to ensure the Board's adherence to regulatory promulgations as well as the observance of internal policies and procedures. In addition to facilitating the flow of information between the Board and Management, the Company Secretaries also attend Board and Board Committee meetings whereby they are tasked to accurately record meeting proceedings and decisions taken by the Board and Board Committees.

The Board ensures the Directors have unrestricted access to the advice and services of senior management and the Company Secretaries and may obtain independent professional advice at the Company's expense in order to discharge their duties effectively.

c. Uphold Integrity in Financial Reporting

The Board is responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year. In preparing the financial statements, the Directors ensure that the Group has:

- 1) selected appropriate accounting policies and applied them consistently;
- 2) made judgements and estimates that are reasonable and prudent;
- 3) prepared the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- 4) ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the financial statements comply with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors have overall responsibilities for taking reasonable steps to safeguard the assets of the Group so as to prevent and detect fraud and other irregularities.

The Directors confirm that they have complied with these requirements and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

The Board has also entrusted the AC which consists of members who possess the required and relevant financial expertise to review the Group's financial reports to ensure conformity with applicable MFRSs, International Financial Reporting Standards and the requirements of the Companies Act 2016 before the financial statements are recommended to the Board for consideration and approval for release to the public.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. Roles and Responsibilities of the Board (cont'd)

d. Code of Business Conduct and Ethics and Anti-Corruption and Bribery Policy

The Board acknowledges its role in propagating ethical standards and values across the different levels of the Group and thus, has taken the initiative to formalise a Group-wide Code of Business Conduct and Ethics and Anti-Corruption and Bribery Policy. The aforementioned documents serve as a policy to provide direction and guidance governing both Directors and employees in their day-to-day professional conduct and decision-making process. The Code of Business Conduct and Ethics is an extensive document that provides guidance on matters ranging from conflict of interest situations to corruption and money laundering. These Code, Policies and Procedures have been communicated and institutionalised to all Directors and employees to ensure they uphold and are aligned with our ethical standards. Each employee will receive a copy of the Code which is an integral part of their terms and conditions of employment.

All Directors and employees are required on annual basis to declare that they will abide and adhere to Inari Code of Business Conduct and Ethics with complete integrity in the execution of his/her duties and assignments. Additionally, all employees (except trainees and direct labours) are required to complete Declaration of Conflict of Interest Form to declare any form of relationship that exists between themselves or their family members with any organisations, projects, contracts or business dealing involving the Group so as to avoid or mitigate the risk of conflicting interest. Similarly, declaration by all Directors is required by completing the Conflict of Interest and Related Party Transactions Form at least annually or on need basis. During the financial year ended 30 June 2021, there was no misconduct cases being reported.

In addition, the Board has put in place an Anti-Corruption and Bribery Policy that outlines the Group's commitment to conduct business ethically as well as complying with all applicable laws, including compliance with the MACC Act and any of its amendments made by the relevant authority from time to time. In this respect, the Anti-Corruption and Bribery Policy provides principles, guidance and requirements to Directors, employees and associated third parties on how to recognise and deal with bribery and corrupt practices that may arise in the course of daily business and operation activities within Inari Group. The Group emphasises its position in taking a zero-tolerance approach to corruption and bribery, and the Group is committed to conducting all of its business in an honest and ethical manner. Inari Technology Sdn Bhd, led by our CEO and witnessed by the Deputy Director (Operation) of MACC Pulau Pinang, had signed the Corruption-Free Pledge on a voluntary basis to affirm our commitment against corruption practices.

The Anti-Corruption and Bribery Policy covers salient areas pertaining to corruption and bribery such as gifts, entertainment, donations and sponsorships. The Anti-Corruption and Bribery Policy necessitates strict adherence by all parties across the supply chain. The Company strictly prohibits any Directors, employees and associated third parties from taking part in any form of corruption, bribery, extortion, embezzlement or any kind of money laundering activities. All persons, who are subject to our Anti-Corruption and Bribery Policy, are required to complete the Corporate Social Responsibility, Donation and Sponsorship Form and Due Diligence Checklist and obtain approval from the relevant approving authority if they intend to provide or receive any sponsorships, donations and contribution to charity or social projects on behalf of Inari.

The Company does not make charitable donations or contributions to political parties. Whilst employees and associated third parties acting in their personal capacity are not restricted to make any personal political donations, Inari will not make any reimbursement for these personal political contributions back to its employees or the associated third parties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. Roles and Responsibilities of the Board (cont'd)

d. Code of Business Conduct and Ethics and Anti-Corruption and Bribery Policy (cont'd)

The Anti-Corruption and Bribery Policy has been adequately communicated to all Directors, employees and associated third parties through various communication channels and is published on our corporate website. The adoption of anti-corruption and bribery culture in business operations and familiarisation with the Anti-Corruption and Bribery Policy procedures as well as Whistleblowing Policy and Procedures was facilitated through various training sessions attended by Directors, Senior Management and employees. During the financial year, our employees attended various trainings on anti-corruption and bribery conducted by the human resource and training department. All persons include Directors, employees and stakeholders are expected to promptly report, via the established whistleblowing channels as provided for in the Whistleblowing Policy and Procedures, of any suspicious transactions that may indicate corruption, bribery or money laundering.

The Board, through AC, maintains oversight of the ethical framework, adequacy and integrity of the system of internal control in ensuring overall ethical health and compliance level with professional and ethical standards in managing risks of corruption, bribery and money laundering. Corruption and bribery risk assessment is conducted at least on an annual basis with intermittent assessments as and when necessary to assess the corruption and bribery risk across the Group and ensure there is adequate procedures in place to address and mitigate those risks.

The Code of Business Conduct and Ethics and Anti-Corruption and Bribery Policy are available on the Company's website at www.inari-amertron.com.

e. Whistleblowing Policy

As an additional measure to safeguard the integrity of the Group, the Board has adopted a Whistleblowing Policy and Procedures to encourage employees and other stakeholders to report legitimate ethical concerns. The Group's Whistleblowing Policy and Procedures outlines the reporting channels for Directors, employees and stakeholders who have a business relationship with the Group to report suspected wrongdoings that may adversely impact the Group. The whistleblowing reporting channels include making a report directly to the employees' immediate superior or to the designated officers up to the AC Chairman.

A report can be made verbally or in writing via email or by the whistleblowing disclosure form as set out in the Whistleblowing Policy and Procedures. Alternatively, employees may make report via a whistleblowing hotline managed by an independent third party. The Group treats all reports in a confidential manner and at the same time the whistleblower shall be accorded with the protection of confidentiality of identity to the extent reasonably practicable and protection against any adverse and detrimental actions and retaliations of all forms. Any whistleblowing cases, findings and appropriate course of action will be reported to the Audit Committee. For FY2021, there were no whistleblowing cases reported.

The Whistleblowing Policy and Procedures are available on the Company's website at www.inari-amertron.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

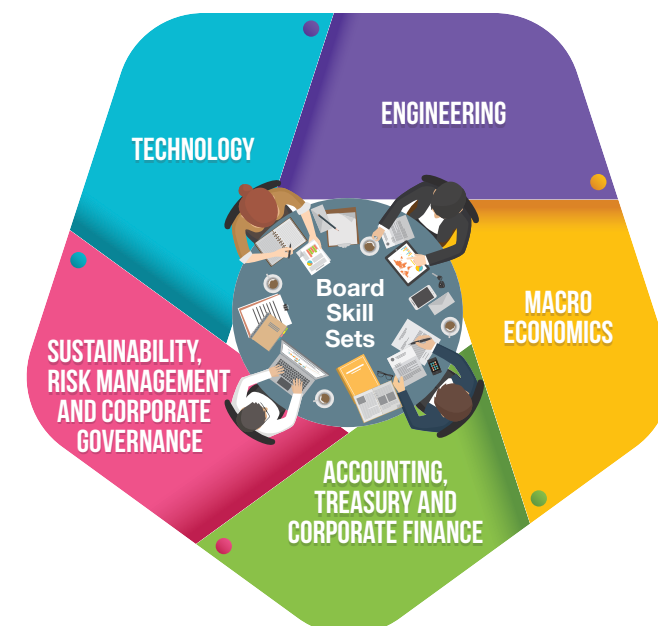
2. Board Composition

In an economic landscape that is constantly evolving, the Board is expected to be more vigilant and proactive to respond to shifting opportunities and the varying risk manifestations. In this respect, it is imperative for the Board to have an optimum mix of skills, qualifications and experience that can support the Group's quest to deliver value for its stakeholders. The NC is delegated with the responsibility of ensuring the Board's size and composition continues to be effective and relevant to the needs of the Group. The selection of candidates for directorships and recommendation for the re-election of Directors are premised on the individuals' character, skills, knowledge, expertise, experience, professionalism, competencies and integrity. Candidates for directorships and Directors are also assessed based on their willingness to devote adequate time and commitment to attend to their duties. Directors are required to notify the Chairman before accepting any new directorships and to indicate the time commitment that they are expected to expand on the slated appointments.

The Board, led by an Independent Non-Executive Chairperson, comprises of five (5) Executive Directors, two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. The current Board composition complies with Paragraph 15.02 of MMLR that requires at least one-third (1/3) of the Board to be Independent Directors. The Executive Directors have overall responsibilities for the operational activities of the Group and implementation of the Board's policies, strategies and decisions. The composition of the Board reflects the wide range of business, commercial and finance experience essential in the management and direction of a corporation of this size. The profile of each Director is presented on pages 12 to 15 of this Annual Report.

The presence of Independent Directors though not forming a majority is sufficient to prove the necessary check and balance on the decision-making process of the Board. They possess integrity and extensive experience to provide unbiased and independent views to the Board. They constantly express their views to the Board in an effective and constructive manner and therefore are able to function as check and balance and bring in unbiased and independent views and advices to the Board. Nevertheless, the Board recognises the value of having a majority Independent Directors on the Board in promoting objectivity during boardroom deliberations and impartiality in the decision-making process. The Board with the assistance of the NC will continue to drive efforts in identifying candidates that are suitable for the position of Independent Director through the possession of necessary attributes and business acumen.

The collective skill sets of the Board is aptly illustrated below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

3. Nomination

The NC comprises exclusively of three (3) Non-Executive Directors, with a majority of them being Independent Directors which is in line with paragraph 15.08A(1) of MMLR. The primary function of the NC is to assist the Board in identifying and recommending candidates for directorships of the Company along with the membership of the Board's various committees. The NC also undertakes in assessing on annual basis, the effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual Director and also the independence of the Independent Directors.

During the financial year ended 30 June 2021, the NC has carried out their duties annunciated in its Terms of Reference, which is published on the Company's website and undertaken the following activities:

a. Appointment and Re-Election of Directors

The NC reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, Board Committees and Directors who are retiring and who are eligible for re-election.

The Board recognises the importance of emphasising the element of diversity on Board from the facets of gender, cultural background and professional experience, whilst still maintaining the importance of meritocracy and overall cultural fit within the Board. Given that Inari operates within a niche sector, the process of identifying talented and high-caliber individuals who can understand the business and industry whilst contributing to the diversity on the Board continues to be challenging. Nevertheless, the Board has taken steps to actively incorporate a wide range of perspectives during boardroom discussions and deliberations. These measures include harnessing opinions and recommendations from third-party experts and Management personnel of varying levels.

During the year under review, Encik Ahmad Ridzuan Bin Wan Idrus was appointed as a Non-Independent Non-Executive Director of the Company on 8 January 2021. The appointment of Encik Ahmad Ridzuan was made pursuant to a nomination by the Employees Provident Fund, a substantial shareholder of the Company. The Board, through the assessment and recommendation of the NC, approved Encik Ahmad Ridzuan's appointment and was of the view that his vast experience and extensive knowledge in strategy, process improvement, ERP systems implementation, finance, procurement and digital transformation would further enhance the Board's strength and contribute positively to the overall effectiveness of the Board. The detailed profile of Encik Ahmad Ridzuan can be found in the Profile of the Board of Directors in the Annual Report.

NC is also entrusted by the Board to review succession planning measures in place for the pipeline of Board members and key Management positions. The NC seeks to guide the refinement of the human development approach to create a robust pool of qualified successors. In the event no suitable internal candidates are found within the designated timeframe, external candidates are identified.

In accordance with the Company's Constitution, any newly appointed Director shall hold office until the next Annual General Meeting ("AGM") following his or her appointment and shall be eligible for re-election. Accordingly, Encik Ahmad Ridzuan who was appointed on 8 January 2021 is standing for re-election at the 11th AGM and being eligible, has offered himself for re-election as a Director of the Company.

In accordance with the Company's Constitution, at each AGM, one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire by rotation from office and seek re-election. All Directors shall retire from office once at least every three (3) years but shall be eligible for re-election. Re-appointments are not automatic and the Directors who retire are to submit themselves for re-election subject to approval by shareholders at the Company's AGM.

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP, Dato' Sri Thong Kok Khee and Datuk Phang Ah Tong shall retire by rotation at the 11th AGM of the Company and being eligible, have offered themselves for re-election as Directors of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

3. Nomination (cont'd)

a. Appointment and Re-Election of Directors (cont'd)

The Board, via NC, had assessed the performance of the retiring Directors, and is satisfied with their performance during the financial year and is of the view that their continued service would benefit the Company and its stakeholders. Thus, the Board recommended their re-election for shareholders' approval at the 11th AGM. Details of the Directors seeking re-election are disclosed in the Profile of the Board of Directors.

b. Annual Assessment and Tenure of Independent Directors

The NC assessed the Independent Directors to ascertain if they display a strong element of detached impartiality. In conducting this assessment, the NC and Board adopted the independence criteria in Paragraph 1.01 of the MMLR for the annual independence assessment of its Independent Directors. Also, the assessment was made based on a qualitative approach if Independent Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour. The Board is cognisant of the widely held notion that extended tenure leads to entrenchment and as such, the Board remains conscious of the need to promote renewal amongst Independent Directors. Based on the results of the annual assessment, all the four (4) Independent Directors satisfied the independence criteria.

In conformity with Practice 4.2 of MCCG, the Board Charter states that upon completion of a cumulative term of nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, the Board shall justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two (2) tier voting process.

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP and Mr Foo Kok Siew have served the Board as Independent Directors for a cumulative term of more than nine (9) years. The Board, having assessed and concluded that each of the Independent Director continues to demonstrate a strong element of independence and objectivity in Board proceedings and discharge their duties with integrity and impartiality, will seek shareholders' approval to retain them as Independent Directors at the forthcoming AGM. The profile of these Independent Directors is disclosed in the Profile of the Board of Directors while the justification for their retention is disclosed in Practice 4.2 in the CG Report and explanatory note 7 in the notice of 11th AGM on page 237 of this Annual Report.

c. Annual Board Effectiveness Evaluation ("BEE")

The NC performed an annual assessment to evaluate the performance of the Board, Board Committees and Individual Directors in order to verify that the Board is operating effectively and efficiently as a whole. During the financial year ended 30 June 2021, a detailed self-assessment was undertaken using a set of detailed questionnaires which covered matters relevant to the Board performance, among other items, duties, responsibilities, competency, commitment, technical knowledge and contribution to boardroom interaction. The NC reviewed the outcome arising from the evaluation process which was compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Based on the assessment carried out during the financial year under review, the NC concluded the evaluation outcome points towards the areas of financial administration and vigilance, efficacy of Board Committees, as well as the rigour of Board deliberations as strengths. In terms of potential enhancements, the areas of boardroom diversity and succession planning, in-depth strategic planning and responsiveness to market dynamics have been identified. The results of the BEE are disclosed in the CG Report which is available on the Company's website at www.inari-amertron.com.

In line with Practice 5.1 of MCCG, the Board, via the NC, will also engage an external expert to facilitate the Board effectiveness evaluation periodically.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

4. Remuneration (cont'd)

	Fees (RM)		Salary, Bonus and other Emoluments* (RM)		Meeting Allowance (RM)		Total Remuneration (RM)	
	Company	Group	Company	Group	Company	Group	Company	Group
Executive Directors	-	-	829,793	10,808,048	-	-	829,793	10,808,048
Non-Executive Directors	739,200	739,200	-	-	32,500	32,500	771,700	771,700
Total	739,200	739,200	829,793	10,808,048	32,500	32,500	1,601,493	11,579,748

* Include Defined Contribution Plan

Remuneration Band	Executive Directors	Non-Executive Directors
RM1 to RM50,000	-	1
RM100,001 to RM150,000	-	2
RM150,001 to RM200,000	-	3
RM800,001 to RM850,000	1	-
RM1,000,001 to RM1,050,000	1	-
RM1,500,001 to RM1,550,000	1	-
RM2,000,001 to RM2,050,000	1	-
RM5,400,001 to RM5,450,000	1	-
	5	6

The Employees' Share Option Scheme ("ESOS") granted to Directors of the Company and the equity-settled share-based payment transactions are disclosed in the Additional Compliance Information on pages 118 to 119 of this Annual Report and Note 28 and 38 to the financial statements.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee and External Auditors

In relation to the Step Up Practice 8.4 of the MCCG, the Board has a long-standing practice of having the AC comprising exclusively of Independent Directors. The independence of the AC enables it to exercise robust and impartial oversight combined with a healthy degree of professional skepticism over the Group's financial reporting and audit processes. The Chairman of the AC is distinct from the Chairman of the Board so as to promote unfettered objectivity during the Board's review of the AC's findings and recommendations. The present composition of the AC allows it to possess the requisite level of financial literacy and business acumen to have a sound understanding of the financial matters of the Group as well as an understanding of the latest developments in financial reporting, accounting and auditing standards.

The Board has put in place a Policy on External Auditors to facilitate a formal and transparent relationship with the external auditors. The Policy on External Auditors governs the selection, appointment and assessment of the external auditors as well as the provision of non-audit services by the external audit firm, amongst others. The AC has unbridled access to both the internal auditors and external auditors, who in turn report directly to the AC on their activities, findings and recommendations. For the financial year ended 30 June 2021, the external auditors have provided written assurance to the Board that its personnel are and have been independent throughout the conduct of their audit, in accordance to the terms of relevant professional and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

1. Audit Committee and External Auditors (cont'd)

Full details of the AC's duties and responsibilities are stated in its Terms of Reference which is made available on the Company's website at www.inari-amertron.com and detailed disclosure on the role and activities undertaken by the AC during the financial year is provided in the Audit Committee Report on pages 127 to 131 of this Annual Report.

2. Risk Management and Internal Control Framework

In an ever-evolving and disruptive market landscape, it is imperative for the Group to be well-equipped to face any existing and emerging risks that could threaten business continuity. A Group-wide Enterprise Risk Management ("ERM") Framework has been established to support the timely identification, reporting and management of principal business risks. The ERM Framework includes formalised processes, policies and procedures surrounding the implementation, monitoring and review of the Group's internal control systems.

The Group's internal audit function is outsourced to an independent professional firm, KPMG. The AC reviews and approves the annual Internal Audit Plan to ensure there is risk alignment as well as adequate scope and coverage of the business activities being audited. The internal audit team reviews and makes subsequent recommendations to the AC and the Board on the effectiveness and adequacy of the Group's risk management and internal control systems. In fulfilling this duty, the internal audit team adopts a risk-based approach and adheres to a methodology that is closely aligned to the International Professional Practices Framework of The Institute of Internal Auditors.

Additionally, in line with the recommendation of Step Up Practice 9.3 of MCCG, the Board has constituted a Sustainability and Risk Management Committee ("SRMC"), comprising a majority of Independent Non-Executive Directors, which oversees the Group's risk management and sustainability matters. Full details of the SRMC's duties and responsibilities are stated in its Terms of Reference which is made available on the Company's website at www.inari-amertron.com.

During the financial year under review, the Board has engaged KPMG to conduct a Corruption Risk Management ("CRM") assessment, which involves the independent assessment of the adequacy, effectiveness and integrity of the Group's risk management and internal control systems. The CRM assessment was carried out across the Group based on the present and potential corruption risks. The assessment process took into account the potential impact and likelihood of occurrence, effectiveness of controls in place and action plans taken to mitigate the corruption risks. Various enhancements to the current anti-corruption system, policies and procedures have been further adopted including the development and establishment of Group Corruption Risk Management Framework and Corporate Liability and Sustainability Reporting Handbook.

A detailed narrative of the Group's risk management and internal control framework, including the internal audit function is presented in the Statement of Risk Management and Internal Control on pages 121 to 126 of this Annual Report.

3. Unrestricted Access to Information and Advice

The Board ensures the Directors have unrestricted access to the advice and services of Senior Management and the Company Secretaries and may obtain independent professional advice at the Company's expense in order to discharge their duties effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

1. Communication with Stakeholders

The Board values a candid and iterative relationship with the stakeholders of the Company as it provides the Board with valuable feedback that would contribute to the overall betterment of the Company. The Board always ensures there is effective, transparent and timely communication with the stakeholders. Shareholders and other stakeholders are kept informed of the latest developments of the Group via announcements to Bursa Malaysia, annual reports, circulars to shareholders and press releases. The Company maintains a corporate website at www.inari-amertron.com to promote accessibility of information to the Group's diverse stakeholder groups. The Board ensures that the website is regularly updated with recent announcements, past and current reports to shareholders as well as news and press releases pertaining to the Group. Any comments, queries and suggestions can be directed to a designated e-mail address, namely info1@inariberhad.com.

In order to supplement these efforts further, the Company additionally carries out investor relations activities such as organising dialogues and briefing sessions with market analysts and fund managers. Such analyst briefings are typically attended by a sizeable group of participants. Representatives from the Company also participate in a smorgasbord of investor relations conferences across the domestic and global shores.

2. Annual General Meeting

AGM serves as the primary platform for shareholders to engage the Board and Senior Management in a productive two-way dialogue. Shareholders are accorded with the opportunity to put forward questions and seek clarifications on the broad areas of the Group's performance, business activities and future outlook during a question and answer session held during the AGM. As is customarily practised, all Directors, including the Chairmen of the respective Board Committees, were present during the AGM of the preceding year whereby they availed themselves to provide meaningful responses, clarity and context to shareholders' inquiries. A summary of the Question and Answer session of the previous AGMs is made available to the shareholders at the Company's website.

The notice of AGM is provided to shareholders more than 28 days prior to the date of the AGM which is in line with Practice 12.1 of MCCG to provide shareholders with adequate time to prepare and make the necessary arrangements to attend the AGM.

In view of the Covid-19 health concerns, the Company had leveraged on technology by conducting the 10th AGM on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting facilities ("RPV"). The use of RPV enabled shareholders to fully participate in the proceedings without the need to be physically present at the meeting venue, thereby ensuring the health and wellbeing of all meeting participants. The Company will continue to conduct the 11th AGM via the use of RPV to enable greater shareholder participation.

Pursuant to Paragraph 8.29A of the MMLR by Bursa Malaysia, all the resolutions set out in the notice of the 11th AGM of the Company will be put to vote by poll and at least one (1) independent scrutineer will be appointed to validate the votes cast at the AGM. The outcome of the meeting will be announced to Bursa Malaysia on the same meeting day.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

CORPORATE GOVERNANCE FOCUS AREAS AND FUTURE PRIORITIES

During the financial year under review, the following corporate governance areas gained prominence in the boardroom agenda. Moving forward, the Board will continue to identify and introduce improvement measures in the area of corporate governance:

Board Independence

The Board recognises the value of having a majority Independent Directors on the Board in promoting objectivity during boardroom deliberations and impartiality in the decision-making process. The presence of majority Independent Directors provides the necessary counterweight for Directors to encourage, support and drive each other in promoting the value creation and sustainability of the business. The Board, with the assistance of the NC, is careful not to compromise on the business imperative by making unwieldy changes to its composition and will continue to drive efforts in identifying candidates that are suitable for the position of Independent Director through the possession of necessary attributes and business acumens.

Boardroom Diversity

Diversity in corporate leadership is a topic that has gained notable traction in the global and domestic marketplace, not least in the technology sector. The element of diversity can strengthen strategy formulation and risk management of the Group by adding varying perspectives into boardroom discussions and decision-making process whilst mitigating the perils of "groupthink" or "blind spots". Taking a cue from the government's policy pronouncement of having at least 30% women directors on boards, the Company aims to take incremental steps to drive efforts in recruiting female talent into both the boardroom and in Senior Management positions.

The NC, as the Board's delegate, will seek to leverage on various channels, including independent recruitment firms and Directors' registries, in order to gain access to a wider pool of candidates. The NC will also focus on developing an internal pipeline of talented and high-caliber individuals by identifying and training female individuals in Management positions within the Group to assume potential directorships or Senior Management positions in the future.

Integrated Reporting

The current Annual Report of the Company provides stakeholders with a fairly granular view of the Company's financial and non-financial information that would allow them to make informed decisions. The Annual Report contains components such as Management Discussion and Analysis, Corporate Governance Overview Statement, Sustainability Statement and Statement on Risk Management and Internal Control that form an integral part of the non-financial information. The Annual Report draws linkages between the various components contained thus allowing connectivity of information between the financial and non-financial information. Whilst there are certain characteristics of integrated reporting in the current Annual Report, it is on the whole, not an integrated report based on the parameters set out by the International Integrated Reporting Council's ("IIRC") Integrated Reporting Framework. The Company is gradually positioned towards and undertake the adoption of integrated reporting through the establishment of the necessary systems and controls as well as the presence of quality non-financial data to support the development of an integrated report.

We continually review our governance practices to ensure that we meet the expectations of regulators and all our stakeholders. This CG Overview Statement was approved by the Board on 23 September 2021.

ADDITIONAL COMPLIANCE INFORMATION

1) Audit and Non-Audit Fees

During the financial year ended 30 June 2021, the amount of audit and non-audit fees paid/payable by the Company and the Group to the external auditors for services rendered to the Company and its subsidiaries were as follows:

	Company		Group	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Audit fees	65	63	357	332
Non-audit fees*	19	19	131	99

* Exclusive of expenses and applicable taxes

The non-audit services rendered were included in respect of statutory tax compliance advisory services and review of the Statement on Risk Management and Internal Control.

2) Information in Relation to the Employees' Share Option Scheme ("ESOS")

- During the financial year, there were 24,815,300 share options granted to eligible Directors and employees of the Group pursuant to the Company's ESOS which has been implemented since 4 October 2013.
- The movements of share options granted, exercised and lapsed during the financial year are set out below:

	Number of Share Options	
	Grand Total Unit'000	Directors Unit'000
At 1 July 2020	135,044	56,525
Granted	24,815	7,085
Exercised	(96,671)	(40,228)
Lapsed	(2,656)	-
At 30 June 2021	60,532	23,382

- Percentage of share options applicable to Directors and Senior Management are as follows:

	FY2021	Since the commencement of ESOS up to 30.06.2021
Directors and Senior Management		
Aggregate maximum allocation	50%	50%
Actual granted and accepted	29%	42%

ADDITIONAL COMPLIANCE INFORMATION

cont'd

2) Information in Relation to the Employees' Share Option Scheme ("ESOS") (cont'd)

- The movements of share options granted to Directors of the Company and the equity-settled share-based payment transactions during the financial year are as follows:

Executive Directors

	Number of Share Options (units)			Equity-settled share-based payment transactions* (RM)	
	Balance as at 01.07.2020	Granted	Exercised		
Dato' Dr. Tan Seng Chuan	4,896,000	864,000	(5,328,000)	432,000	797,000
Lau Kean Cheong	26,479,111	2,304,000	(13,000,000)	15,783,111	2,204,000
Dato' Wong Gian Kui	7,232,003	864,000	(7,232,000)	864,003	763,000
Ho Phon Guan	4,296,000	864,000	(4,728,000)	432,000	797,000
Mai Mang Lee	4,896,000	864,000	(3,100,000)	2,660,000	797,000
Total	47,799,114	5,760,000	(33,388,000)	20,171,114	5,358,000

Non-Executive Directors

	Number of Share Options (units)			Equity-settled share-based payment transactions* (RM)	
	Balance as at 01.07.2020	Granted	Exercised		
	Balance as at 30.06.2021				
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	1,526,400	172,800	-	1,699,200	166,000
Dato’ Sri Thong Kok Khee	4,896,000	864,000	(5,328,000)	432,000	797,000
Foo Kok Siew	1,272,000	144,000	(480,000)	936,000	133,000
Oh Seong Lye	1,032,000	144,000	(1,032,000)	144,000	133,000
Total	8,726,400	1,324,800	(6,840,000)	3,211,200	1,229,000
Grand Total	56,525,514	7,084,800	(40,228,000)	23,382,314	6,587,000

* Equity-settled share-based payment transactions amount is derived from the fair value of the share options granted based on Black Scholes model. The salient features of the ESOS and Black Scholes model are outlined under Note 38 to the financial statements. The total amount arising from equity-settled share-based payment transactions is disclosed in Note 28 to the financial statements.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

3) Status of Utilisation of Proceeds Raised From Any Corporate Proposal

On 6 May 2021, the Company announced to implement a Private Placement of up to 333,000,000 ordinary shares (“Placement Shares”), representing approximately 10% of the total number of issued shares of the Company, in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 obtained from the shareholders of the Company at its 10th Annual General Meeting convened on 25 November 2020 and subsequently approved by Bursa Malaysia Securities Berhad (“Bursa Securities”) on 3 June 2021.

On 19 July 2021, the Company announced that the issue price had been fixed at RM3.10 per Placement Share, representing a discount of approximately 2.72% to the 5-day volume weighted average market price of Inari shares up to and including 16 July 2021, being the market day immediately prior to the price-fixing date of RM3.1868 per Inari Share.

The Private Placement was completed on 30 July 2021 in one (1) tranche comprising 333,000,000 Placement Shares at RM3.10 per share following the listing of and quotation for 333,000,000 Inari Shares on the Main Market of Bursa Securities. The total gross proceeds raised from the Private Placement amounting to RM1.03 billion, are expected to be utilised for capital expenditure, acquisitions and investments, and expenses in relation to the Private Placement.

The status of utilisation of proceeds raised from the Private Placement is as follow:

Details	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised Proceeds RM'000	Intended timeframe of utilisation from the listing date of the Placement Shares
1 Capital expenditure, acquisitions and investments	1,015,500	-	1,015,500	Within 30 months
2 Estimated expenses in relation to the Proposed Private Placement	16,800	12,161	4,639	Within 6 months
	1,032,300	12,161	1,020,139	

The balance of unutilised proceeds amounting to RM1.02 billion is currently placed in interest bearing deposit accounts with licensed financial institutions or in money market instruments, pending its utilisation within the intended timeframe.

4) Material Contracts involving Directors or Major Shareholders

There were no material contracts entered into by the Group involving Directors’ and major shareholders’ interest during the financial year ended 30 June 2021.

5) Recurrent Related Party Transactions of a Revenue or Trading Nature

- i. The aggregate value of the Recurrent Related Party Transactions of a Revenue or Trading Nature (“RRPT”) incurred by the Group during the year ended 30 June 2021 did not exceed the threshold prescribed under Paragraph 10.09(1) of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements.

Details of the RRPT undertaken by the Group during the financial year ended 30 June 2021 are disclosed in Note 33 to the financial statements.

- ii. The Company intends to seek the approval of its shareholders for the proposed shareholders’ mandate to enter into RRPT at the forthcoming 11th Annual General Meeting of the Company. A circular to the shareholders containing the details of the proposal is made available at the Company’s website.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (the “Board”) of Inari Amertron Berhad (“Inari” or the “Company”) is highly committed to maintaining a robust system of internal control and risk management in the Company and its subsidiaries (collectively referred to as the “Group”) to provide a platform for achieving the Group’s business objectives. The Board is pleased to present the following Statement on Risk Management and Internal Control (the “Statement”), which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 30 June 2021.

The Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and Practice 9.2 of the Malaysian Code on Corporate Governance 2017 (“MCCG”). In preparing this Statement, guidance has been drawn from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, a publication endorsed by Bursa Malaysia.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility in maintaining a sound system of internal control and risk management systems for the Group and recognises the importance of the said sound system that covers not only financial but also operational, compliance and integrity risks and the relevant controls designed to manage these risks on a continuous and systematic basis.

Given that there are inherent limitations in any internal control and risk management systems, the system in place is designed to manage risks within tolerable, acceptable and knowledgeable limits in an efficient manner, rather than completely eliminate the risk of failure to achieve business objectives of the Group. The system provides reasonable but not absolute assurance against material misstatements, financial losses, defalcations or fraud.

The Audit Committee and Sustainability and Risk Management Committee have been entrusted with the responsibility of assisting the Board in discharging its fiduciary duties in relation to the management of principal risks and internal controls.

Audit Committee (“AC”)

The AC, which comprises solely of Independent Non-Executive Directors, assists the Board in assessing and reviewing the adequacy, effectiveness and integrity of the Group’s internal control systems and communicating to the Board on the key risks pertaining primarily to the financial, operational and integrity risks faced by the Group, the impact and likelihood of such risks and action plans to manage and mitigate such risks.

Sustainability and Risk Management Committee (“SRMC”)

The SRMC, which comprises of two (2) Independent Non-Executive Directors and one (1) Executive Director, has been established to oversee risk management and sustainability matters in an integrated manner within the Group. The primary responsibilities of the SRMC are to assist the Board in identifying principal risks on business sustainability strategies and ensuring implementation of determined action plan and adherence to appropriate risk mitigation and sustainability efforts within the Group.

Notwithstanding the delegated responsibilities, the Board acknowledges its ultimate overall responsibility for the establishment and oversight of the Group’s internal control and risk management systems to safeguard the Group’s assets, shareholders’ investment and stakeholders’ interest.

RISK MANAGEMENT FRAMEWORK

The Group has in place an Enterprise Risk Management (“ERM”) framework which serves as a methodical approach for the timely identification, reporting and management of principal risks as well as in ensuring the implementation, tracking and review of the effectiveness of mitigation actions for the risks identified. It sets out the risk management governance, guidelines, processes and control responsibilities in association with the Group’s business and operational requirements in order to maintain a sound control environment. The key elements of the ERM framework are outlined in **Diagram 1** below.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

RISK MANAGEMENT FRAMEWORK (cont'd)

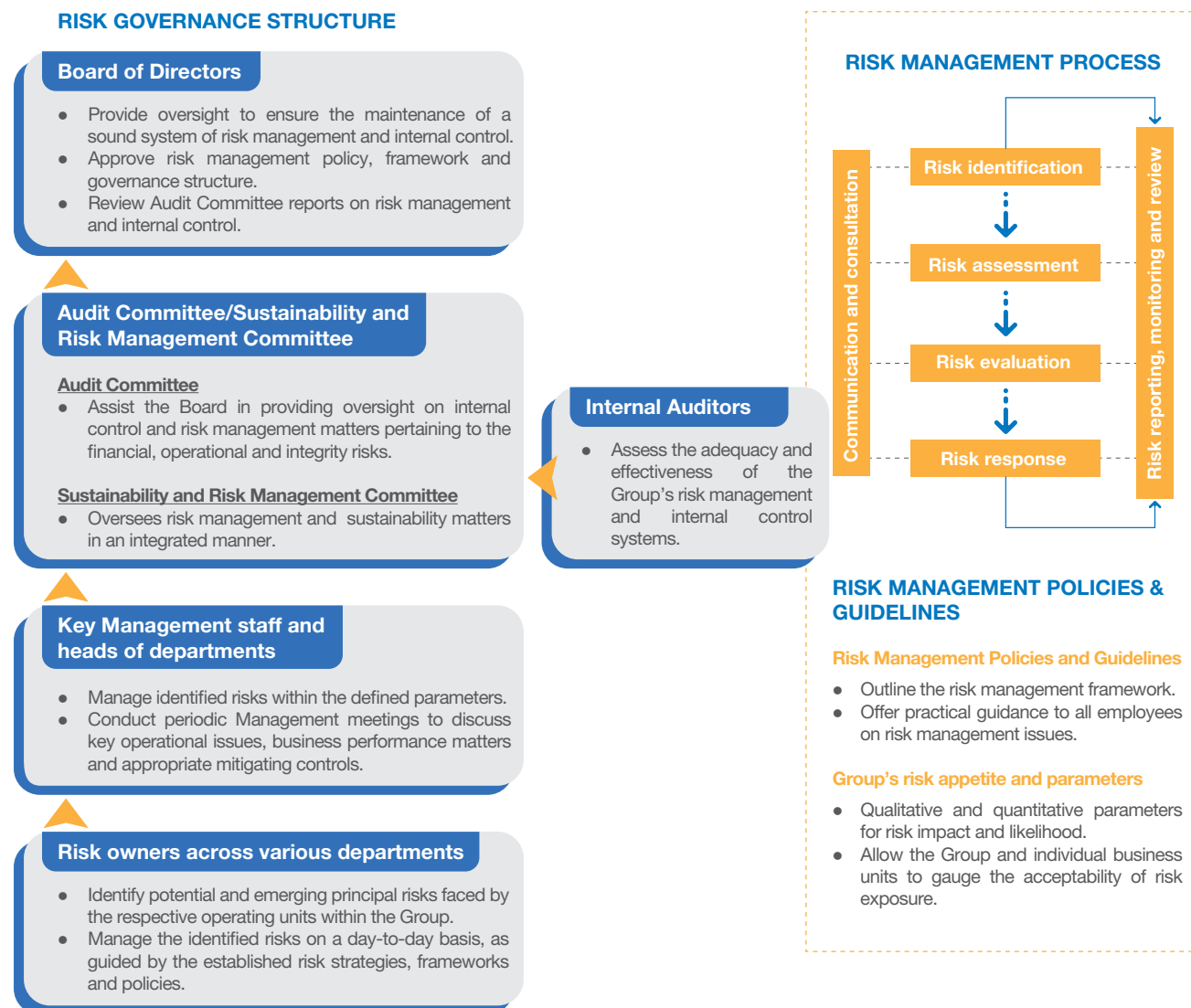


Diagram 1: Enterprise Risk Management Framework

During the financial year under review, Enterprise Risk Management ("ERM") assessment and Corruption Risk Management ("CRM") assessment were undertaken across all major subsidiaries, led by the Group Chief Executive Officer ("CEO"), Group Chief Financial Officer ("CFO") and the heads of respective business units based on the present and potential principal risks, corruption risks, climate change risks and other risks identified by the respective business units within the Group. The risk assessments had also been reviewed by our outsourced internal audit function under an independent professional firm, KPMG Management and Risk Consulting Sdn Bhd ("KPMG") to independently assess the adequacy, effectiveness and integrity of the Group's risk management and internal control systems. The assessment process took into account the potential impact and likelihood of occurrence, effectiveness of controls in place and action plans taken to manage the risks to the desired level. The results of risk updates and management action plans were presented to the Senior Management and subsequently escalated to the AC and SRMC and, where necessary, to the Board for further deliberation. The management action plans include proposed measures to mitigate weaknesses in the control environment as well as corresponding treatment measures to manage the material exposures identified. Key Management personnel and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL FRAMEWORK

The Board acknowledges that a sound system of internal control reduces the risks that will impede the Group from achieving its goals and strategic objectives. The salient elements of the Group's internal control framework are described below:

1 Organisation structure with defined roles and responsibilities

Board and Executive Committees

The delegation of responsibilities to the various committees of the Board of Directors is clearly defined in the respective committee's terms of reference. Board committees established as of to-date are the Audit Committee, Nomination Committee, Remuneration Committee and Sustainability and Risk Management Committee. There is also an Executive Committee, comprising of Executive Directors, CEO and CFO to review the performance of each business unit with a view of identifying, discussing and resolving strategic, operational, financial and key management issues on a regular basis.

Limits of authority and responsibility

The Group has in place a clear operational structure and organisational chart with defined limits of authority, key lines of responsibility and accountability, and adequately segregated reporting lines up to the Board and its committees to ensure effectiveness and independent stewardship. In designing and implementing these policies, structures and systems, the Group is guided by the dictum that no single individual should be accorded with unfettered powers and are subject to regular review and enhancement to ensure it reflects changes in accountability and risk appetite of the Group.

The CEO communicates and oversees the implementation of Board's decisions, operational policies and procedures as well as manages the day-to-day affairs of the Group, whilst the CFO manages the Group's financial reporting, risk management operations as well as the ongoing development and monitoring of control systems.

2 Strategic business planning processes

Appropriate business plans are established in which the Group's business objectives, strategies, and targets are articulated. Business planning and budgeting are undertaken annually to establish plans and targets against which performance is monitored on an ongoing basis.

3 Performance monitoring and reporting

The Management team led by the CEO, CFO and heads of respective business units (the "Management") monitors and reviews financial and operational results of the Group regularly, including reporting of performance against the operating plans and targets. The Management team formulates and implements action plans to address the identified areas of concern.

4 Documented policies and procedures

Internal policies and procedures, which are set out in a series of clearly documented standard operating manuals covering a majority of areas within the Group, are maintained and reviewed on a periodic basis. They are established and implemented to serve as a day-to-day operational guide to ensure compliance with financial and operational controls, the applicable laws and regulations, and are subjected to review and enhancement as and when necessary.

5 Quality control and assurance

The Group is highly committed to providing products and services that always meet and exceed the business objectives and customer requirements where possible. The Group undertakes rigorous effort in monitoring and measuring the continuous effectiveness of quality management systems and focused on acting opportunities for continual improvement. Applicable statutory and regulatory requirements are determined including safety and health regulations, environmental controls and all other relevant legislation have been considered and complied with.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL FRAMEWORK (cont'd)

6 Integrity and ethical values

The Board acknowledges that “tone from the top” is a key driver of a healthy corporate culture and serves to form the bedrock of value creation. Accordingly, the Board adopts the Code of Business Conduct and Ethics and Anti-Corruption and Bribery Policy for the Company’s Directors, Management and employees. The Board, through AC, oversees the establishment and implementation of the Group’s Code of Business Conduct and Ethics and Anti-Corruption and Bribery Policy across every level of the Group, which articulate the acceptable practices and guide the behaviour of Directors, Management and employees.

During the financial year under review, the Board has engaged KPMG to conduct a CRM assessment, which involves the independent assessment of the adequacy, effectiveness and integrity of the Group’s risk management and internal control systems. The CRM assessment was carried out across the Group based on the present and potential corruption risks. The assessment process took into account the potential impact and likelihood of occurrence, effectiveness of controls in place and action plans taken to mitigate the corruption risks. Various enhancements to the current anti-corruption system, policies and procedures have been further adopted including the development and establishment of Group Corruption Risk Management Framework and Corporate Liability and Sustainability Reporting Handbook.

The Board alongside Management implement Whistleblowing Policy and Procedures with a comprehensive whistleblowing programme which provides avenues for the stakeholders of the Group to raise bona fide concerns relating to potential breaches of regulations and internal policies as well as misdemeanours in an objective manner and without fear of retaliatory actions.

7 Continuous employee education and training

Employees are encouraged to continuously keep themselves abreast with professional development through adequate training and continuous education. Continuous training and development programmes such as leadership, corporate governance compliance, anti-corruption and bribery, technical training, health and safety have been put in place to motivate and improve the knowledge and competency of employees as well as to promote a good working relationship within the Group and with the external stakeholders. Ongoing briefings on the provisions of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) (“MACC Act”) which came into force on 1 June 2020 have been conducted to create awareness among the employees as well as in ensuring their thorough understanding of the Group’s policy of zero tolerance against all forms of bribery and corruption.

8 Financial performance review

The preparation of periodic and annual results is monitored and reviewed by the AC, before being tabled for approval by the Board prior to being released to regulators and stakeholders whilst the full-year financial statements are audited by the external auditors and approved by the Board before their issuance to regulators and stakeholders.

9 Approval of the annual internal audit plan

During the financial year under review, the risk-based internal audit plan covering identified areas was reviewed and approved by the AC. Follow-up review procedures were established to monitor and ensure the recommendations of internal audit are effectively implemented.

10 Coverage and safeguarding of major assets

Sufficient insurance coverage is in place to enable major assets to be adequately covered against mishaps, calamities and theft that may result in material losses to the Group. The insurance coverage is reviewed at regular intervals to ensure its adequacy vis-à-vis the Group’s risk appetite. At the same time, physical security measures are taken to safeguard these major assets.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

COVID-19 PANDEMIC

Since the onset of the Covid-19 pandemic in early 2020, Inari had formulated strategies and initiatives to enable minimal disruption to manufacturing activities and product shipments while keeping everyone safe. Various health and safety measures have been put in place to protect the wellbeing of not just our employees, but also that of our customers, suppliers, vendors and partners.

Apart from being in full compliance with the SOPs initiated by the various governments which included body temperature checks, sanitisation and social distancing, we segregated our employees into different working teams to prevent contact across different shifts and departments, and made the wearing of face masks compulsory at all workplaces. We also closed our plants to visitors, customers, suppliers and only allowed exceptions under very strict health screening protocols. For meetings with both internal and external parties, we conducted them virtually via video conferencing and teleconferencing facilities. We further implemented Work-From-Home (“WFH”) procedures for non-production employees to reduce the risk of exposure to Covid-19. In Penang, employees were also required to wear proximity sensors to log and alert any close physical contacts amongst employees to ensure safe social distancing limits are adhered to. Furthermore, the data logs generated from the sensors serve to facilitate contact tracing in the event any of our employees tested positive for Covid-19.

The Group remains extremely vigilant of the Covid-19 pandemic and its impact and continues to take all precautionary measures to ensure the safety and wellbeing of our people and stakeholders while ensuring continuous operational momentum.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent professional firm, KPMG to independently assess the adequacy, effectiveness and integrity of the Group’s risk management and internal control systems. The internal audit function reports directly and provides assurance to the AC through the execution of internal audit work based on a risk-based internal audit plan approved by the AC before the commencement of work. In carrying out its activities, the internal audit function has unrestricted access to the relevant records, personnel and physical properties of the Group. The internal audit work is carried out based on the KPMG Internal Audit Methodology, which is closely aligned with the International Professional Practices Framework (“IPPF”) of The Institute of Internal Auditors.

For the financial year ended 30 June 2021, the internal audit function assessed the adequacy and operating effectiveness of internal controls deployed by Management for the Group’s key processes, namely:-

- Sales and collection (including back charges or entitled claims to customers)
- Adequate controls on corporate liability provision under Section 17A of the MACC Act
- ERM assessment and updates
- Business continuity management (focusing on pandemic related impact on manpower planning, safety and health management)
- Information technology infrastructure and security management
- Production and quality management

The internal audit engagement by KPMG is led by an Executive Director, namely Dato’ Ooi Kok Seng, who is a Chartered Accountant and professional member of the Malaysian Institute of Certified Public Accountants (“MICPA”) and Malaysian Institute of Accountants (“MIA”). He is in the Internal Audit, Risk and Compliance Services (“IARCS”) practice of KPMG and has accumulated over 33 years of extensive experience in audit, accounting and consulting both in Malaysia and Washington, United States of America. He provides overall direction for the internal audit engagement and is responsible for all stages of the internal audit work. He also maintains contact with the Management to ensure open communication is practised and all internal audit works are carried out effectively and in a timely manner.

Other members of the KPMG team include Ms Kaoy Lay Min, a member of the Association of Chartered Certified Accountants (“ACCA”) and Ms Wong Ai Leen, who is a Certified Internal Auditor (“CIA”) led the engagement fieldwork and is further supported by other KPMG professional staffs. All the personnel deployed by KPMG do not have any family relationship or conflicts of interest with Inari that could impair their objectivity and independence during the course of their work.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION *(cont'd)*

During the financial year ended 30 June 2021, the total fee paid/payable to KPMG is RM356,000 (2020: RM356,000), which is exclusive of out-of-pocket expenses. This represents the total cost incurred for the internal audit work during the financial year.

REVIEW BY THE EXTERNAL AUDITORS

The external auditors, Grant Thornton Malaysia PLT, have reviewed this Statement on Risk Management and Internal Control as required under paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia, for inclusion in this Annual Report of the Company for the financial year ended 30 June 2021.

The review of this Statement by the external auditors was performed in accordance with the scope set out in the Audit and Assurance Practice Guide 3 (“AAPG 3”), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the MIA in February 2018.

The external auditors have reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk and control procedures.

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP’S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

For the financial year under review and up to the date of this Statement, the Board is of the view that the Group’s overall risk management and internal control is adequate and effective, proving reasonable assurance to safeguard the interests of stakeholders and the Group’s assets. There were no material weaknesses or deficiencies in the system of internal control and risk management that have directly resulted in any material loss to the Group.

The CEO and CFO to the best of their knowledge and based on a review undertaken on the state of risk management and internal control have also provided documented assurance to the Board that the Group’s risk management and internal control system, in all material aspects, is operating adequately and effectively based on the ERM and internal control framework of the Group.

This Statement is made in accordance with the resolution of the Board of Directors dated 23 September 2021.

AUDIT COMMITTEE REPORT

The Board of Directors of Inari Amertron Berhad is pleased to present the Audit Committee Report for the financial year ended 30 June 2021.

AUDIT COMMITTEE MEMBERS

The Audit Committee comprises the following members:

Foo Kok Siew
Chairman, Independent Non-Executive Director

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP
Independent Non-Executive Director

Oh Seong Lye
Independent Non-Executive Director

COMPOSITION COMPLIANCE

The Audit Committee consists of three (3) members, all of whom are Independent Non-Executive Directors and none of the appointed members is an alternate Director. The Audit Committee is chaired by Mr Foo Kok Siew. The current Audit Committee composition meets the requirements of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad as well as the financial literacy and independence enumerations outlined in the Malaysian Code on Corporate Governance 2017 (“MCCG”).

MEETINGS AND ATTENDANCE

The Audit Committee held five (5) meetings during the financial year ended 30 June 2021 and the attendance of the Audit Committee members is as follows:

	Audit Committee Member	Attendance
1	Foo Kok Siew, <i>Chairman/Independent Non-Executive Director</i>	5 / 5
2	Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP, <i>Independent Non-Executive Director</i>	4 / 5
3	Oh Seong Lye, <i>Independent Non-Executive Director</i>	5 / 5

The Group Chief Executive Officer and Group Chief Financial Officer normally attend the meetings to facilitate direct communication and provide clarification on audit issues, financial reports and operations of the Group. Representatives of the internal auditors and external auditors are also invited to attend the meetings when necessary. During the financial year, the Audit Committee members held a private discussion with the external auditors without the presence of the Management to review and discuss key issues.

The minutes of each Audit Committee meeting were accurately recorded reflecting the deliberations and decisions of the Committee and tabled for confirmation at the next Audit Committee meeting and subsequently presented to the Board for notation. The Chairman of the Audit Committee apprised the Board of relevant and significant issues raised by the internal auditors and external auditors during the financial year.

Through an annual evaluation, the Board is satisfied that the Audit Committee and its members had discharged their functions, duties and responsibilities in accordance with its Terms of Reference.

AUDIT COMMITTEE REPORT

cont'd

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee, which outline composition, authority, duties and responsibilities, meeting, reporting and disclosure are published on the Company's website at www.inari-amertron.com.

AUTHORITY

The Audit Committee is authorised by the Board to investigate any matters within its Terms of Reference and shall have unrestricted access to any information pertaining to the Group, both the internal auditors and external auditors and to all employees of the Group. The Audit Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary in the discharge of its duties.

SUMMARY OF ACTIVITIES AND WORK OF AUDIT COMMITTEE

The primary activities and work undertaken by the Audit Committee in the discharge of its functions and duties during the financial year under review included the following:

1. Financial Reporting

- Reviewed the Group's quarterly financial reports including the announcements in relation thereof, prior to recommending to the Board for its approval and release of the Group's financial results to Bursa Malaysia.

The review is to ensure that the Group'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 Malaysian Financial Reporting Standards, International Financial Reporting Standards as well as applicable disclosure enumerations of the MMLR and any other legal and regulatory requirements.

- Reviewed the audited financial statements of the Group prior to recommending the said statements for consideration and approval by the Board, to ensure that they presented a true and fair view of the Group's financial position and performance for the year and complied with regulatory requirements.
- Discussed and reviewed the integrity of information, regulatory and accounting standards compliance in the audited financial statements and quarterly financial reports, considered and focused particularly on the following areas:
 - Changes in or implementation of major accounting policy or accounting standards;
 - Significant matters or unusual events or transactions highlighted by the management or the external auditors including financial reporting issues and how these matters were addressed; and
 - Management judgements and estimations made on the recognition, measurement and presentation of the financial statements.

2. Internal Audit

- Reviewed and approved the Enterprise Risk Management ("ERM") and the annual internal audit strategy and plan for the financial year ended 30 June 2021 covering the assessment and identification of principal risk areas and key risk management and internal control processes, to ensure there are adequate scope and comprehensive coverage over the activities within the Group and that the risk areas are audited annually.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES AND WORK OF AUDIT COMMITTEE (cont'd)

2. Internal Audit (cont'd)

- Reviewed the internal audit reports presented by the internal auditors during the financial year ended 30 June 2021 which encompass the results of the internal audit assessments, recommendations and proposed enhancements suggested by the internal auditors, the respective management personnel's responses and corrective actions taken by management in addressing and resolving issues and ensuring that all issues were adequately addressed in a timely manner.
- Reviewed the implementation status of recommendations for outstanding audit findings to ensure all key risks and controls issues were addressed.
- Reviewed adequacy and effectiveness of the Group's internal controls system and provide reasonable assurance on the Group's system of internal control with the objective to minimise potential occurrence of fraud and material misstatement or error.
- Reviewed the Corruption Risk Management ("CRM") assessment and management action plans including enhancements to the current anti-corruption system, policies and procedures and establishment of Corruption Risk Management Framework.
- Reviewed whistleblowing cases, if any, and Management's responses and resolutions thereon. During the financial year ended 30 June 2021, there were no unethical or corrupt practices reported to the designated officers via the reporting channel for whistleblowing established by the Company.

3. External Audit

- Reviewed external auditors' Audit Planning Memorandum for the financial year ended 30 June 2021 which covered impact and implication of Covid-19 outbreak, audit scope, audit approach, areas of audit focus, planned audit procedures, audit timeline and reporting schedule, key audit matters and latest pronouncements of MFRS and Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act").
- Discussed and reviewed with the external auditors the results of the audit, the auditors' report and internal control evaluation and recommendations in respect of control weaknesses noted in the course of their audit.
- Reviewed and approved the provision of any non-audit services by the external auditors.
- Held private discussion with the external auditors without the presence of the Management to provide the external auditors and the Audit Committee members an opportunity to discuss area of concern or additional matters. No major concerns were highlighted and the external auditors had confirmed that they received full co-operation and support from the Management and staff of the Group in the course of their audit and unrestricted access to the Group's records.
- Considered and recommended to the Board the audit fees payable to the external auditors.
- Reviewed and assessed the performance, suitability and independence of the external auditors in carrying out statutory audit for the Group pursuant to the Policy on External Auditors. The Audit Committee members received confirmation from the external auditors that they have complied with the independence requirements set out in 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 that they have fulfilled their ethical responsibilities in accordance with the By-Laws and the IESBA Code throughout their audit engagement for the financial year under review.
- The Audit Committee was satisfied with the outcome of the performance assessment and independence of the external auditors for the financial year ended 30 June 2021 and therefore, had recommended to the Board to re-appoint Grant Thornton Malaysia PLT as the external auditors of the Company. A resolution for their re-appointment will be tabled for shareholders' approval at the forthcoming Annual General Meeting.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES AND WORK OF AUDIT COMMITTEE (cont'd)

4. Recurrent Related Party Transactions

- Reviewed the Recurrent Related Party Transactions ("RRPT") of a revenue or trading nature entered into by the Group on a quarterly basis.
- Reviewed the methods and procedures by which prices and other terms of RRPT are determined to ensure that they are undertaken on arm's length basis and on normal commercial terms that are consistent with the Group's usual business practices and policies, and are not more favourable to the related parties than those generally available to the public.
- During the financial year ended 30 June 2021, there were no RRPT that triggered the disclosure threshold under the MMLR, and required approval by shareholders at general meeting.

5. Other Activities

- Reviewed and recommended to the Board for approval, the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report.
- Reviewed and recommended to the Board for approval the results of the CRM assessment and enhancements made to the current anti-corruption system, policies and procedures and establishment of Corruption Risk Management Framework.
- Reviewed and recommended to the Board for approval new or enhanced framework and policies and procedures related to corporate governance and sustainability.
- Reviewed and revised the Audit Committee's Terms of Reference to incorporate the additional duties of the Audit Committee in overseeing the anti-corruption and bribery framework within the Group and the implementation of adequate measures to prevent corruption and bribery.

SUMMARY OF THE WORK OF INTERNAL AUDITORS

The Audit Committee obtains reasonable assurance on the effectiveness of the Group's system of internal controls via the internal audit function which is responsible for the regular review and appraisal of the effectiveness of the risk management, system of internal controls and governance processes of the Group.

The Group's internal audit function has been outsourced to a reputable professional service provider firm which assists the Audit Committee and the Board in evaluating the Group's risk management and internal control system and to provide their recommendations for further improvement.

The activities undertaken by the internal auditors during the financial year ended 30 June 2021 included the following:

- Presented internal audit strategy and plan for the Audit Committee's review and endorsement;
- Presented ERM assessment and CRM assessment reports and also enhancement made to current anti-corruption system, policies and procedures and establishment of Corruption Risk Management Framework for the Audit Committee's review and endorsement;
- Reviewed the effectiveness and adequacy of the existing systems and procedures, controls and governance processes within the Group;
- Conducted audit field works and evaluated risk exposure relating to the Group's system of internal controls on integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements;
- Issued internal audit reports incorporating audit recommendations and management's responses in relation to audit findings pertaining to the systems and controls and presented them to the Audit Committee for review and deliberation; and
- Performed follow-up audit and review to ensure that the agreed recommendations had been implemented effectively and in a timely manner.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF THE WORK OF INTERNAL AUDITORS (cont'd)

The internal auditors performed its audit assignments based on the annual audit plan approved by the Audit Committee. The internal audit reports presented by the internal auditors during the financial year ended 30 June 2021 covered the following areas:

- Sales and collection (including back charges/entitled claims to customers)
- Adequate controls on corporate liability provision under Section 17A of the MACC Act
- ERM assessment and updates
- Business continuity management (focusing on pandemic related impact on manpower planning, safety and health management)
- Information technology infrastructure and security management
- Production and quality management

The total fee paid/payable for the outsourcing of the internal audit function for the financial year ended 30 June 2021 was RM356,000 (2020: RM356,000).

Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control on pages 121 to 126 of the Annual Report.

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DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 5 to the Financial Statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	330,715	304,239
Profit for the financial year attributable to:-		
- Owners of the Company	330,473	
- Non-controlling interests	242	
Profit for the financial year	330,715	

DIVIDENDS

Since the end of the previous financial year, the Company has declared and paid the following dividends:-

	RM'000
<u>In respect of the financial year ended 30 June 2020:-</u>	
Fourth interim single tier dividend of 1.10 sen per share, paid on 9 October 2020	35,983
<u>In respect of the financial year ended 30 June 2021:-</u>	
First interim single tier dividend of 2.00 sen per share, paid on 8 January 2021	66,012
Second interim single tier dividend of 2.50 sen per share, paid on 8 April 2021	83,473
Third interim single tier dividend of 2.20 sen per share, paid on 8 July 2021	73,588
Special single tier dividend of 1.80 sen per share, paid on 8 July 2021	60,208
	319,264

The Company had on 6 August 2021 declared a fourth interim single tier dividend of 2.50 sen per share amounting to RM92,083,433 payable on 8 October 2021. This dividend is not reflected in the financial statements for the current financial year and will be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2022.

The Directors do not recommend any final dividend for the financial year.

DIRECTORS’ REPORT

cont’d

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the Financial Statements.

DIRECTORS

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

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP
Dato’ Dr. Tan Seng Chuan
Lau Kean Cheong
Dato’ Wong Gian Kui
Ho Phon Guan
Mai Mang Lee
Dato’ Sri Thong Kok Khee
Foo Kok Siew
Oh Seong Lye
Datuk Phang Ah Tong
Ahmad Ridzuan Bin Wan Idrus (Appointed on 8 January 2021)
Thong Mei Chuen (Alternate Director to Dato’ Sri Thong Kok Khee)

The Directors of subsidiaries of the Company who held office during the financial year and up to the date of this report other than those named above, are:-

Chong Poh Leng
Dr. Estrella F. Alabastro
Lee Salvatore R. Echiverri
Choong Lee Shyue
Heng Fook Main @ Heng Foo Cheong
Tan Hai Poo
Dato’ Yoon Chon Leong (Alternate Director to Tan Hai Poo)
Tang, Liang
Kwong Kim Mone
Chua Yee Heong

DIRECTORS’ REPORT

cont’d

DIRECTORS’ INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors’ Shareholdings, the interests of Directors in office at the end of the financial year in shares and share options of the Company and of its related corporations during the financial year are as follows:-

Directors of the Company

	Number of ordinary shares			
	At 1.7.2020	Bought/ Exercise of share options	Sold	At 30.6.2021
Interest in the Company				
Direct interest				
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	538,125	-	-	538,125
Dato’ Dr. Tan Seng Chuan	765,953	5,328,000	(4,443,500)	1,650,453
Lau Kean Cheong	16,371,325	13,000,000	(4,000,000)	25,371,325
Dato’ Wong Gian Kui	-	7,232,000	(7,036,000)	196,000
Ho Phon Guan	35,111,628	4,728,000	(6,000,000)	33,839,628
Mai Mang Lee	12,360,816	3,100,000	(2,000,000)	13,460,816
Dato’ Sri Thong Kok Khee	1,296,000	5,328,000	(2,750,000)	3,874,000
Foo Kok Siew	-	480,000	(400,000)	80,000
Oh Seong Lye	-	1,032,000	(1,032,000)	-
Thong Mei Chuen	680,451	-	-	680,451
Deemed interest				
Lau Kean Cheong ⁽ⁱ⁾	13,382,997	-	-	13,382,997
Mai Mang Lee ⁽ⁱⁱ⁾	3,292,959	-	(1,417,959)	1,875,000
Dato’ Sri Thong Kok Khee ⁽ⁱⁱⁱ⁾	614,969,776	650,000	(68,600,000)	547,019,776

⁽ⁱ⁾ Deemed interest by virtue of Section 59(11) of the Companies Act 2016 held through spouse.
⁽ⁱⁱ⁾ Deemed interest by virtue of Section 59(11) of the Companies Act 2016 held through children.
⁽ⁱⁱⁱ⁾ Deemed interest by virtue of Section 8(4) and Section 59(11) of the Companies Act 2016 held through Insas Berhad, Immobiliare Holdings Pte. Ltd. and children.

DIRECTORS’ REPORT
cont’d

DIRECTORS’ INTERESTS IN SHARES AND DEBENTURES (cont’d)

Directors of the Company (cont’d)

	Number of share options		
	At 1.7.2020	Granted	Exercised
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	1,526,400	172,800	-
Dato’ Dr. Tan Seng Chuan	4,896,000	864,000	(5,328,000)
Lau Kean Cheong	26,479,111	2,304,000	(13,000,000)
Dato’ Wong Gian Kui	7,232,003	864,000	(7,232,000)
Ho Phon Guan	4,296,000	864,000	(4,728,000)
Mai Mang Lee	4,896,000	864,000	(3,100,000)
Dato’ Sri Thong Kok Khee	4,896,000	864,000	(5,328,000)
Foo Kok Siew	1,272,000	144,000	(480,000)
Oh Seong Lye	1,032,000	144,000	(1,032,000)

	Number of ordinary shares		
	At 1.7.2020	Bought	Sold
Interest in subsidiaries			
Ceedtec Sdn. Bhd.			
Direct interest			
Ho Phon Guan	159,700	-	-
Amertron Incorporated			
Direct interest			
Dato’ Dr. Tan Seng Chuan	2	-	-
Lau Kean Cheong	2	-	-
Mai Mang Lee	1	-	-

Directors of the subsidiaries of the Company

	Number of ordinary shares		
	At 1.7.2020	Bought	Sold
Interest in the Company			
Direct interest			
Tan Hai Poo	165,150	27,500	(136,400)
Dato’ Yoon Chon Leong	924,418	200,000	(924,418)

DIRECTORS’ REPORT
cont’d

DIRECTORS’ INTERESTS IN SHARES AND DEBENTURES (cont’d)

Directors of the subsidiaries of the Company (cont’d)

	Number of share options		
	At 1.7.2020	Granted	Exercised
Chong Poh Leng	1,530,000	270,000	(1,530,000)
Interest in subsidiaries			
Ceedtec Sdn. Bhd.			
Direct interest			
Choong Lee Shyue	195,200	-	-
Heng Fook Main @ Heng Foo Cheong	412,500	-	-
Tan Hai Poo	319,400	-	-
Dato’ Yoon Chon Leong	834,000	-	-
Amertron Incorporated			
Direct interest			
Dr. Estrella F. Alabastro	1	-	-
Lee Salvatore R. Echiverri	1	-	-

Other than disclosed above, according to the Register of Directors’ Shareholdings, the other Directors in office at the end of the financial year did not hold any interest in shares and share options in the Company or its related corporations during the financial year.

DIRECTORS’ FEES AND BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the share options granted pursuant to the Employees’ Share Options Scheme.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than as disclosed in Notes 25 and 28 to the Financial Statements) by reason of a contract made by the Company or a related corporation with a Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interests other than those related party transactions as disclosed in Note 33 to the Financial Statements.

DIRECTORS' REPORT

cont'd

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a Directors' and Officers' Liability Insurance in respect of any legal action taken against the Directors and Officers in the course of discharging their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The total amount of insurance premium paid for the financial year was RM13,500.

ISSUE OF SHARE CAPITAL AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital was increased from RM704,839,607 to RM885,181,963 by the issuance of 96,671,500 new ordinary shares pursuant to the exercise of share options under the Employees' Share Options Scheme ("ESOS") at the exercise prices as disclosed in Note 16 to the Financial Statements.

The new ordinary shares issued during the financial year ranked pari passu with the existing ordinary shares of the Company.

There were no issuance of any debentures during the financial year.

ESOS

At an Extraordinary General Meeting held on 4 October 2013, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The ESOS was in force for a period of five (5) years commencing from 4 October 2013 to 3 October 2018.

On 23 April 2018, the Directors had extended the existing ESOS which was expired on 3 October 2018 for a further period of two (2) years until 3 October 2020 in accordance with the provisions of the ESOS By-Laws.

On 21 May 2020, the Directors had further extended the existing ESOS which was expired on 3 October 2020 for a further period of two (2) years until 3 October 2022 in accordance with the provisions of the ESOS By-Laws.

DIRECTORS' REPORT

cont'd

ESOS (cont'd)

The movements of share options offered during the financial year are as follows:-

Offer date	Exercise price	Number of share options				
		At 1.7.2020	Granted	Exercised	Lapsed*	At 30.6.2021
08.01.2014/28.01.2014	0.357	15,140	-	(400)	(437)	14,303
17.10.2014	0.533	39,121	-	-	(18)	39,103
01.10.2015	0.797	180,000	-	(67,400)	(50)	112,550
02.02.2016	1.000	392,100	-	(256,000)	-	136,100
23.02.2016	0.977	343,700	-	(169,600)	-	174,100
23.06.2016	0.863	328,400	-	(169,300)	-	159,100
16.12.2016	0.983	2,989,950	-	(2,825,400)	-	164,550
19.04.2017	1.187	5,690,225	-	(5,168,200)	(4,625)	517,400
17.08.2017	1.438	8,382,500	-	(6,624,900)	(6,975)	1,750,625
13.11.2017	1.721	20,413,800	-	(12,906,200)	(371,625)	7,135,975
11.04.2018	1.880	39,991,502	-	(23,668,500)	(891,963)	15,431,039
05.11.2018	1.890	29,563,900	-	(16,717,100)	(951,100)	11,895,700
24.03.2020	0.980	26,714,100	-	(24,059,700)	(135,300)	2,519,100
19.10.2020	2.460	-	12,332,900	(4,038,800)	(276,500)	8,017,600
20.05.2021	3.030	-	12,482,400	-	(18,000)	12,464,400
		135,044,438	24,815,300	(96,671,500)	(2,656,593)	60,531,645

* Lapsed due to resignation.

The salient features of the ESOS are disclosed in Note 38 to the Financial Statements.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and no provision for doubtful debts was required; and
- 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 have been written down to an amount which they might be expected so to realise.

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

- which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the Financial Statements of the Group and of the Company; or
- which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

cont'd

OTHER STATUTORY INFORMATION *(cont'd)*

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

- (a) any charges on the assets of the Group and of the Company that have arisen since the end of the financial year to secure the liability of any other person; and
- (b) any contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent or other liability of the Group and of the Company have become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) 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
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD

The significant events during the financial year and subsequent to the reporting period are disclosed in Note 39 to the Financial Statements.

AUDITORS

Details of auditors' remuneration are disclosed in Note 25 to the Financial Statements.

The Company has agreed to indemnify the Auditors, Grant Thornton Malaysia PLT as permitted under Section 289 of the Companies Act 2016 in Malaysia.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

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

DATO' DR. TAN SENG CHUAN
Director

23 September 2021

LAU KEAN CHEONG
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 147 to 226 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of their financial performance and cash flows for the financial year then ended.

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

DATO' DR. TAN SENG CHUAN

23 September 2021

LAU KEAN CHEONG

STATUTORY DECLARATION

I, Chong Poh Leng, being the Officer primarily responsible for the financial management of Inari Amertron Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 147 to 226 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur)
in the Federal Territory on)
23 September 2021)

Before me:

CHONG POH LENG
(MIA NO: CA 15821)

Commissioner for Oaths

INDEPENDENT AUDITORS’ REPORT

To the Members of Inari Amertron Berhad (Incorporated In Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Inari Amertron Berhad (“the Company”), which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 147 to 226.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant 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.

Revenue recognition

Revenue recognition is under area of audit focus as the magnitude and high volume of transaction may give rise to material misstatements in the timing and recognition of revenue. Specifically, we focused our audit efforts to address the possibility of overstatement of revenue.

Our procedures included, amongst others:-

- Obtained an understanding of the Group’s relevant policies and procedures over the timing and amount of revenue recognised;
- Inspected the documents evidencing the delivery of goods to customers to determine the point of which control was transfer for goods sold and services rendered;
- Evaluated and tested the controls relating to revenue recognition;
- Performed substantive tests to verify the revenue recognised;
- Performed analytical procedures on the trend of revenue recognised to identify any abnormalities; and
- Performed cut-off test around the financial year end to check the revenue is recognised in the correct accounting period.

The Group’s accounting policy and other related disclosures of revenue recognition are disclosed in Notes 3.9 and 23 to the Financial Statements.

INDEPENDENT AUDITORS’ REPORT

To the Members of Inari Amertron Berhad (Incorporated In Malaysia)
cont’d

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont’d)

Key Audit Matters (cont’d)

Recoverability of trade receivables

Due to the inherent subjectivity that is involved in making judgements in relation to credit risk exposures to determine the expected credit losses and recoverability of trade receivables, recoverability of trade receivables is considered as having a significant audit risk.

The Group applies a simplified approach in calculating the impairment losses on trade receivables and recognises a loss based on lifetime expected credit losses (“ECL”). The Group considers amongst others, its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment in calculating the provision for expected credit losses.

Our procedures included, amongst others:-

- Evaluated the controls relating to credit control and approval process;
- Considered and evaluated the underlying assumptions used by management to derive at the loss rate based on an ECLs model;
- Assessed the recoverability of overdue receivables to historical patterns of receipts, in conjunction with reviewing receipts subsequent to the financial year end for its effect in reducing overdue receivables at the financial year end;
- Held discussions with management personnel to evaluate the management’s view on justification on the sufficiency of provision of ECLs; and
- Assessed the adequacy of the disclosures in respect of credit risk.

The Group’s accounting policy, significant accounting estimate and judgement, and other related disclosures of trade receivables are disclosed in Notes 2.6.1, 3.5.1, 10 and 34 to the Financial Statements.

Inventories’ valuation and existence

Inventories’ valuation and existence are under significant audit risks as inventories may be held for long periods of time before sold making it vulnerable to obsolescence or theft. This could result in an overstatement of the value of the inventories if the cost is higher than the net realisable value. Furthermore, the assessment and application of inventories provisions are subject to significant management judgement.

Our procedures included, amongst others:-

- Attended inventories count at the financial year end and to assess the adequacy of controls over the existence of inventories;
- Tested samples of inventories items to ensure they were held at the lower of cost and net realisable value; and
- Evaluated management judgement with regards to the application of provision to the inventories.

The Group’s accounting policy, significant accounting estimate and judgement, and other related disclosures of inventories are disclosed in Notes 2.6.1, 3.6 and 9 to the Financial Statements.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

INDEPENDENT AUDITORS’ REPORT

To the Members of Inari Amertron Berhad (Incorporated In Malaysia)
cont’d

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont’d)*

Information Other than the Financial Statements and Auditors’ Report Thereon

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

Our opinion on the financial statements of the Group and of the Company do 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 on the other information obtained prior to the date of this auditors’ report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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.

INDEPENDENT AUDITORS’ REPORT

To the Members of Inari Amertron Berhad (Incorporated In Malaysia)
cont’d

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont’d)*

Auditors’ Responsibilities for the Audit of the Financial Statements *(cont’d)*

As part of an audit is in accordance with approved standards on auditing in Malaysia and ISAs, 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 of 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 have communicated 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 identified during our audit.

We also provided 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 determined those matters that were of most significant 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 described 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.

INDEPENDENT AUDITORS' REPORT

To the Members of Inari Amertron Berhad (Incorporated In Malaysia)
cont'd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, as disclosed in Note 5 to the Financial Statements.

OTHER MATTER

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur
23 September 2021

LIM SOO SIM
(NO: 03335/11/2021 J)
CHARTERED ACCOUNTANT

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	473,401	479,351	20	49
Investment in subsidiaries	5	-	-	597,446	533,309
Investment in an associate	6	5,481	5,688	-	-
Intangible assets	7	2,207	2,274	-	-
Deferred tax assets	8	15,387	6,061	-	-
Total non-current assets		496,476	493,374	597,466	533,358
Current assets					
Inventories	9	157,527	145,889	-	-
Trade receivables	10	237,223	183,221	-	-
Other receivables, deposits and prepayments	11	14,243	31,221	47	20
Amount due from subsidiaries	12	-	-	161,636	106,860
Amount due from an associate	13	-	459	-	2
Tax recoverable		9,853	15,393	-	140
Deposits, cash and bank balances	14 & 15	904,886	594,594	331,422	198,765
Total current assets		1,323,732	970,777	493,105	305,787
TOTAL ASSETS		1,820,208	1,464,151	1,090,571	839,145
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	16	885,182	704,840	885,182	704,840
Other reserves	17	25,836	47,522	17,483	29,007
Retained earnings		461,946	452,339	52,514	67,539
		1,372,964	1,204,701	955,179	801,386
Non-controlling interests	5	4,473	4,231	-	-
Total equity		1,377,437	1,208,932	955,179	801,386

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2021
cont'd

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
EQUITY AND LIABILITIES <i>(cont'd)</i>					
LIABILITIES					
Non-current liabilities					
Borrowings	18	-	1,147	-	-
Retirement benefits obligations	19	3,641	891	-	-
Deferred tax liabilities	8	11,640	11,291	-	-
Lease liabilities	20	897	1,866	-	-
Total non-current liabilities		16,178	15,195	-	-
Current liabilities					
Trade payables	21	127,700	70,370	-	-
Other payables, accruals and other liabilities	22	160,897	128,784	1,596	5,265
Borrowings	18	1,114	5,006	-	-
Tax payable		1,885	1,664	-	-
Dividend payable		133,796	32,494	133,796	32,494
Lease liabilities	20	1,201	1,706	-	-
Total current liabilities		426,593	240,024	135,392	37,759
Total liabilities		442,771	255,219	135,392	37,759
TOTAL EQUITY AND LIABILITIES		1,820,208	1,464,151	1,090,571	839,145

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	23	1,428,704	1,057,951	319,680	141,680
Cost of sales		(1,004,798)	(841,675)	-	-
Gross profit		423,906	216,276	319,680	141,680
Other income		12,977	15,744	1	2,574
Finance income		7,108	10,464	3,615	5,230
Administrative expenses		(91,012)	(68,750)	(18,637)	(6,711)
Operating profit		352,979	173,734	304,659	142,773
Finance costs	24	(523)	(803)	-	(3)
Share of loss of equity-accounted associate	6	(207)	(567)	-	-
Profit before tax	25	352,249	172,364	304,659	142,770
Tax expense	26	(21,534)	(15,924)	(420)	(101)
Profit for the financial year		330,715	156,440	304,239	142,669
Other comprehensive income, net of tax:-					
Item that will not be subsequently reclassified to profit and loss					
Remeasurement of retirement benefits		(1,602)	113	-	-
Item that will be subsequently reclassified to profit and loss					
Foreign currency translation of foreign operations		(10,162)	11,178	-	-
Total other comprehensive (loss)/income for the financial year, net of tax		(11,764)	11,291	-	-
Total comprehensive income for the financial year		318,951	167,731	304,239	142,669
Profit for the financial year attributable to:-					
Owners of the Company		330,473	155,750	304,239	142,669
Non-controlling interests	5	242	690	-	-
		330,715	156,440	304,239	142,669
Total comprehensive income for the financial year attributable to:-					
Owners of the Company		318,709	167,041	304,239	142,669
Non-controlling interests	5	242	690	-	-
		318,951	167,731	304,239	142,669
Earnings per share attributable to owners of the Company (sen):-					
- Basic	27	10.01	4.85		
- Diluted		9.91	4.81		

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

STATEMENTS OF CHANGES IN EQUITY
For The Financial Year Ended 30 June 2021

Attributable to owners of the Company										
		Non-distributable					Distributable			
Group	Note	Share capital RM'000	Warrants reserve RM'000	Discount on shares RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	ESOS reserve RM'000	Retained earnings RM'000	Non- controlling interests RM'000	Total equity RM'000
2021										
Balance at 1 July 2020		704,840	-	-	5,387	13,128	29,007	452,339	4,231	1,208,932
Total comprehensive income for the financial year		-	-	-	-	(10,162)	-	328,871	242	318,951
Transactions with owners:-										
Ordinary shares issued pursuant to exercise of ESOS		180,342	-	-	-	-	(29,464)	-	-	150,878
Share-based compensation pursuant to ESOS granted		-	-	-	-	-	17,940	-	-	17,940
Dividends		-	-	-	-	-	-	(319,264)	-	(319,264)
		180,342	-	-	-	-	(11,524)	(319,264)	-	(150,446)
Balance at 30 June 2021		885,182	-	-	5,387	2,966	17,483	461,946	4,473	1,377,437
2020										
Balance at 1 July 2019		650,450	4,832	(4,832)	5,387	1,950	22,658	437,973	3,541	1,121,959
Total comprehensive income for the financial year		-	-	-	-	11,178	-	155,863	690	167,731
Transactions with owners:-										
Ordinary shares issued pursuant to:-										
- Exercise of warrants		27,695	(4,722)	4,722	-	-	-	-	-	27,695
- Exercise of ESOS		26,695	-	-	-	-	(4,566)	-	-	22,129
Share-based compensation pursuant to ESOS granted		-	-	-	-	-	10,915	-	-	10,915
Share issuance expenses		-	(110)	110	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	(141,497)	-	(141,497)
		54,390	(4,832)	4,832	-	-	6,349	(141,497)	-	(80,758)
Balance at 30 June 2020		704,840	-	-	5,387	13,128	29,007	452,339	4,231	1,208,932

STATEMENTS OF CHANGES IN EQUITY
For The Financial Year Ended 30 June 2021
cont'd

Company	Note	Non-distributable				Distributable	
		Share capital	Warrants reserve	Discount on shares	ESOS reserve	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021							
Balance at 1 July 2020		704,840	-	-	29,007	67,539	801,386
Total comprehensive income for the financial year		-	-	-	-	304,239	304,239
<i>Transactions with owners:-</i>							
Ordinary shares issued pursuant to exercise of ESOS	16,17	180,342	-	-	(29,464)	-	150,878
Share-based compensation pursuant to ESOS granted	29	-	-	-	17,940	-	17,940
Dividends	29	-	-	-	-	(319,264)	(319,264)
		180,342	-	-	(11,524)	(319,264)	(150,446)
Balance at 30 June 2021		885,182	-	-	17,483	52,514	955,179
2020							
Balance at 1 July 2019		650,450	4,832	(4,832)	22,658	66,367	739,475
Total comprehensive income for the financial year		-	-	-	-	142,669	142,669
<i>Transactions with owners:-</i>							
Ordinary shares issued pursuant to:-							
- Exercise of warrants	16,17	27,695	(4,722)	4,722	-	-	27,695
- Exercise of ESOS	16,17	26,695	-	-	(4,566)	-	22,129
Share-based compensation pursuant to ESOS granted		-	-	-	10,915	-	10,915
Share issuance expenses		-	(110)	110	-	-	-
Dividends	29	-	-	-	-	(141,497)	(141,497)
		54,390	(4,832)	4,832	6,349	(141,497)	(80,758)
Balance at 30 June 2020		704,840	-	-	29,007	67,539	801,386

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

STATEMENTS OF CASH FLOWS
For The Financial Year Ended 30 June 2021

		Group		Company	
	Note	2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
OPERATING ACTIVITIES					
Profit before tax		352,249	172,364	304,659	142,770
Adjustments for:-					
Depreciation of property, plant and equipment	4	102,694	100,332	34	46
Equity-settled share-based payment transactions		17,940	10,915	2,149	1,744
Gain on disposal of property, plant and equipment		(41)	(3,460)	-	-
Impairment loss on investment in a subsidiary	5	-	-	9,200	-
Interest income		(7,108)	(10,464)	(3,615)	(5,230)
Interest expenses	24	523	803	-	3
Provision/(Reversal) for warranty	22	4,127	(734)	-	-
Property, plant and equipment written off	4	5	5	-	-
Provision for retirement benefits obligations	19	1,027	533	-	-
Share of loss of equity-accounted associate	6	207	567	-	-
Allowance/(Reversal of allowance) for slow moving inventories	9	334	(2,466)	-	-
Unrealised (gain)/loss on foreign exchange		(6,136)	(451)	2,422	(2,574)
Operating profit before working capital changes		465,821	267,944	314,849	136,759
Changes in working capital:-					
Inventories		(13,964)	31,764	-	-
Receivables		(35,933)	21,357	(27)	54
Payables		88,588	38,010	(3,670)	3,863
Cash generated from operations		504,512	359,075	311,152	140,676
Income tax paid		(24,582)	(21,752)	(280)	(288)
Income tax refunded		7	26	-	-
Interest received		7,108	10,464	3,615	5,230
Interest paid		(523)	(803)	-	(3)
Net cash from operating activities		486,522	347,010	314,487	145,615

STATEMENTS OF CASH FLOWS
For The Financial Year Ended 30 June 2021
cont'd

		Group		Company	
	Note	2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	B	(99,149)	(89,368)	(5)	(13)
Investment in a subsidiary	5(a)	-	-	-	(1,000)
Investment in an associate	6	-	(6,255)	-	-
Changes in amount due from subsidiaries		-	-	(112,387)	(32,379)
Changes in amount due from an associate		459	(459)	2	(2)
Proceeds from disposal of property, plant and equipment		756	8,571	-	-
Uplift of fixed deposits pledged to licensed banks		157	150	-	-
Placement of fixed deposits with licensed banks		(986)	(6,265)	(336)	(4,453)
Net cash used in investing activities		(98,763)	(93,626)	(112,726)	(37,847)
FINANCING ACTIVITIES					
Dividends paid to owners of the Company		(217,962)	(140,772)	(217,962)	(140,772)
Proceeds from issuance of shares		150,878	49,824	150,878	49,824
Repayment of borrowings		(4,755)	(8,836)	-	(221)
Repayment of lease liabilities		(1,380)	(1,044)	-	-
Net cash used in financing activities		(73,219)	(100,828)	(67,084)	(91,169)
CASH AND CASH EQUIVALENTS					
Net changes		314,540	152,556	134,677	16,599
Effects of changes in foreign exchange rates		(2,886)	6,207	(257)	2,539
Brought forward		519,563	360,800	127,174	108,036
Carried forward	A	831,217	519,563	261,594	127,174

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2021
cont'd

NOTES TO THE STATEMENTS OF CASH FLOWS

(A) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following:-

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	15	289,692	208,577	790	4,023
Deposits with licensed banks	14	615,194	386,017	330,632	194,742
		904,886	594,594	331,422	198,765
Less:					
Fixed deposits pledged to a licensed bank	14	-	(157)	-	-
Fixed deposits more than 3 months to maturity	14	(73,669)	(74,874)	(69,828)	(71,591)
		831,217	519,563	261,594	127,174

(B) Acquisition of property, plant and equipment

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash purchase		99,149	91,348	5	13
Set-off against government grant received		-	(1,980)	-	-
Total acquisition of property, plant and equipment	4	99,149	89,368	5	13

(C) Reconciliation of movement of liabilities to cash flows arising from financing activities

Group	At 1 July 2020 RM'000	Addition RM'000	Repayment RM'000	Effects of movement in exchange rate RM'000	At 30 June 2021 RM'000
Borrowings	6,153	-	(4,755)	(284)	1,114
Lease liabilities	3,572	-	(1,380)	(94)	2,098
	9,725	-	(6,135)	(378)	3,212

	At 1 July 2019 RM'000	Effect of adoption of MFRS 16 RM'000	Repayment RM'000	Effects of movement in exchange rate RM'000	At 30 June 2020 RM'000
Borrowings	14,870	-	(8,836)	119	6,153
Lease liabilities	-	4,561	(1,044)	55	3,572
	14,870	4,561	(9,880)	174	9,725

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

1. GENERAL INFORMATION

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 under the “Technology” sector, with a sub-sector of “Semiconductors”.

The registered office of the Company is located at No. 47-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

The corporate office of the Company is located at D-07-03, Plaza Kelana Jaya, Jalan SS 7/13A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at No. 51, Jalan Hilir Sungai Keluang Empat, Phase 4, Bayan Lepas Free Industrial Zone, 11900 Bayan Lepas, Pulau Pinang, Malaysia.

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 5 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiaries 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 23 September 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies as set out in Note 3 to the Financial Statements.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

2. BASIS OF PREPARATION (cont'd)

2.2 Basis of measurement (cont'd)

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group and the Company have established control framework in respect to the measurement of fair values of financial instruments. Executive Committee has overall responsibility for overseeing all significant fair value measurements. The Executive Committee regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (“RM”) which is the Company’s functional currency and all values are rounded to the nearest thousand (‘000) except when otherwise stated.

2.4 Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all years presented in these Financial Statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/ amendments/improvements to MFRSs which are mandatory for the financial periods of the Group and of the Company starting from 1 July 2020.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

2. BASIS OF PREPARATION (cont'd)

2.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective:-

Amendments to MFRSs effective 1 January 2021:-

Amendments to MFRS 9[#], 139[#], 7[#], Interest Rate Benchmark Reform – Phase 2 4[#] and 16^{*}

Amendments to MFRS effective 1 April 2021:-

Amendments to MFRS 16^{*} Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRSs effective 1 January 2022:-

Amendments to MFRS 3	Business Combinations: Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to MFRS 137 [#]	Provisions, Contingent Liabilities and Contingent Assets: Onerous Contract: Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018-2020

MFRS and Amendments to MFRSs effective 1 January 2023:-

Amendments to MFRS 4 [#]	Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17 and Amendments to MFRS 17 [#]	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
Amendments to MFRS 112 [*]	Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRSs - effective date deferred indefinitely:

Amendments to MFRS 10 and 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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[#] Not applicable to the Group’s operations

^{*} Not applicable to the Company’s operations

The initial application of the above standards and amendments are not expected to have any material financial impacts to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

2. BASIS OF PREPARATION (cont'd)

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

The management estimates the useful lives of the property, plant and equipment to be 2 to 60 years and reviews the useful lives at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to changes in the expected level of usage and developments, resulting in the adjustment to the Group's and the Company's assets.

The management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimation hence it would not result in material variance in the Group's and the Company's profit for the financial year.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit ("CGUs") and determines a suitable interest rate in order to calculate the present value of those cash flows.

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections derived from financial budgets approved by management. Management has made estimates about future results and key assumptions applied to cash flow projections of the CGUs. These key assumptions are applied to cash flow projections of the CGUs and include forecast growth in future revenues and operating profit margins, as well as determining appropriate pre-tax discount rates and growth rates.

In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 7 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

2. BASIS OF PREPARATION (cont'd)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

The Group's business is subject to economical and technological changes which may cause selling price to change rapidly, and as a result may impact on the Group's earnings.

The management reviews inventories to identify damaged, obsolete and slow-moving inventories which require judgement and changes in such estimates could result in revision to the valuation of inventories.

The management expects that the expected net realisable values of the inventories would not have material difference from the management's estimation. Hence it would not result in material variance in the Group's profit for the financial year.

Provision for expected credit losses ("ECLs") of trade and other receivables

The Group and the Company use a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the technology/semiconductor sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed rates, forecast economic conditions and ECLs are significant estimate. The amount of ECLs are sensitive to changes in circumstances and forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default rate in the future. The information about the ECLs on the Group's and Company's trade and other receivables is disclosed in Note 34 to the Financial Statements.

Deferred tax assets

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

cont'd

2. BASIS OF PREPARATION *(cont'd)*

2.6 Significant accounting estimates and judgements *(cont'd)*

2.6.1 Estimation uncertainty *(cont'd)*

Deferred tax assets *(cont'd)*

Assumptions about generation of future taxable income depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required on the application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the financial statements and the amount of unrecognised tax losses and unrecognised temporary differences.

Income taxes

Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Provision for warranty

A subsidiary of the Group provides warranty for manufacturing defects of its products sold. The product warranty will be in effect based on the subsidiary's normal warranty period of one to three years. The cost of the warranty is estimated based on actual historical expenses incurred and estimated future expenses related to current sales, and are updated periodically.

The estimate has been made on the basis of historical warranty trends and may change as a result of new products introduced, new materials, altered manufacturing process or other events that may affect product quality. In such circumstances, the original basis used to calculate the amounts for warranty may need to be revised when it is appropriate.

Employee share options

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

The assumptions and model used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 38 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

cont'd

2. BASIS OF PREPARATION *(cont'd)*

2.6 Significant accounting estimates and judgements *(cont'd)*

2.6.1 Estimation uncertainty *(cont'd)*

Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries in the selection of certain assumptions in calculating the obligations and cost of post-employment benefit. Those assumptions include, among others, discount rates, expected rate of return on plan assets and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognised expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligations.

The assumptions used and the fair value for retirement benefits obligations are disclosed in Note 19 to the Financial Statements.

2.6.2 Significant management judgement

There is no significant area of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below consistently throughout all financial years presented in these financial statements, except when otherwise stated.

3.1 Subsidiaries and basis of consolidation

3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Subsidiaries and basis of consolidation (cont'd)

3.1.1 Subsidiaries (cont'd)

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amounts is included in profit or loss.

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

3.1.3 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Subsidiaries and basis of consolidation (cont'd)

3.1.3 Business combination and goodwill (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.1.4 Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

3.1.5 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as a financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.1 Subsidiaries and basis of consolidation *(cont'd)*

3.1.6 Associates

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies. The Group's investment in associate is accounted for using the equity method. Under the equity method, investment in an associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

The financial statements of the associate is prepared as of the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each end of the reporting period whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and their carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investment in an associate is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.2 Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and less accumulated impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the asset to working condition for their intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on a straight-line method in order to write off the cost of each asset over its estimated useful life. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Right-of-use assets	2 to 12 years
Leasehold land and land use right	Over the lease period of 35 to 60 years
Leasehold buildings	Over the lease period of 10 to 60 years
Renovation	3 to 10 years
Production equipment	3 to 10 years
Office equipment, electrical installation, furniture and fittings	3 to 5 years
Motor vehicles	5 years

Capital work-in-progress consists of property, plant and equipment under construction/installation for their intended use. It is reclassified to property, plant and equipment once it is available for use. Asset under construction is stated at cost and it is not depreciated until it is completed and ready for its intended use.

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Fully depreciated items of property, plant and equipment are retained in the accounts until the items are no longer in use.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the assets are derecognised.

3.3 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Leases (cont'd)

3.3.1 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

- | | |
|-------------------------------------|---------------|
| • Right-of-use land and buildings | 2 to 3 years |
| • Right-of-use production equipment | 3 to 12 years |

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment test as detailed in Note 3.4 to the Financial Statements.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Leases (cont'd)

3.3.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.4 Impairment of non-financial assets

At the each reporting date, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses recognised in respect of a cash-generating unit or group of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units or group 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.

An impairment loss is recognised as an expense in profit or loss immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior financial years. Such reversal is recognised in profit or loss.

3.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Financial instruments (cont'd)

3.5.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s and the Company’s business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (“SPPI”)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s and the Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group or the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

At the reporting date, the Group and the Company carry only financial assets at amortised cost on their statements of financial position.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group’s and the Company’s financial assets at amortised cost include trade and other receivables, deposits, amount due from subsidiaries and an associate, deposits with licensed banks and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Financial instruments (cont'd)

3.5.1 Financial assets (cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:-

- The rights to receive cash flows from the asset have expired; or
- 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.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a ‘pass-through’ arrangement, they 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 its 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.

Impairment

The Group and the Company recognise an allowance for expected credit losses (“ECLs”) on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Financial instruments (cont'd)

3.5.1 Financial assets (cont'd)

Impairment (cont'd)

The Group and the Company estimate the expected credit losses on trade receivables and contract assets using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether the 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 the financial asset have occurred.

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

3.5.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on their statements of financial position.

Financial liabilities at amortised cost

After initial recognition, carrying amounts are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

The Group's and the Company's financial liabilities at amortised cost include trade and other payables, accruals and other liabilities, borrowings and dividend payable.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Financial instruments (cont'd)

3.5.2 Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

3.5.3 Offsetting of financial instruments

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

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete and slow-moving inventories.

Cost of work-in-progress and finished goods consists of cost of raw materials used, direct labour and a proportion of production overheads incurred; while the cost of raw materials consists of the purchase price plus the cost of bringing the inventories to their present location.

Cost of all inventories is determined on the weighted average cost basis.

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

3.7 Cash and cash equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current assets.

3.8 Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Provisions (cont'd)

Warranties

The Group provides warranties for repairs of manufacturing defects that existed at the time of sales. Provisions for warranty costs are recognised at the date of sales of the warrant products, based on the Directors' best estimate of the expenditure required to settle the Group's obligation.

3.9 Revenue recognition

3.9.1 Revenue from contracts with customers

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties such as sales taxes and service taxes.

If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where any one of the above conditions not met, revenue is recognised at a point in time at which the performance obligation is satisfied.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Revenue recognition (cont'd)

3.9.2 Dividend income

Dividend income from investment is recognised when the Group's and the Company's right to receive payment is established, which is generally when shareholders approve the dividend.

3.9.3 Outsourced semiconductor assembly and test services ("OSAT")

The Group provides OSAT and manufacturing of semiconductor related products. Revenue is recognised at a point in time when customer has acknowledged completion of the service.

3.9.4 Manufacturing of semiconductor and electronic products

Revenue from the manufacturing of semiconductor and electronic products is recognised at a point in time when the transfer of control of the goods has been passed to the buyer, i.e. generally when the customer has acknowledged delivery of the goods.

3.9.5 Variable consideration

Volume rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products assembled and tested during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

3.9.6 Contract balances

Trade receivables

A receivable represents the Group's and the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

3.9.7 Management fees

Management fees are recognised when services are rendered.

3.9.8 Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis using effective interest method in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Revenue recognition (cont'd)

3.9.9 Rental income

Rental income is recognised in profit or loss on a straight-line basis over the lease terms.

3.10 Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.11 Employee benefits

3.11.1 Short-term benefits

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

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

3.11.2 Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund. Such contributions are recognised as expenses in profit or loss as incurred. The Group's foreign subsidiaries also make contributions to their country's statutory pension schemes. The Group and the Company have no legal or constructive obligation to pay contributions in addition to its fixed contributions which are recognised as expenses in the period the relevant employee services are received.

3.11.3 Defined retirement benefit plans

A foreign subsidiary of the Group maintains a funded retirement benefit plan for all qualifying employees. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refund from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. Defined benefit cost comprise the following:-

- (a) service cost;
- (b) net interest on the net defined benefit liability or asset; and
- (c) remeasurement of net defined benefit liability or asset.

Service cost which includes current service cost, past service cost and gains or losses on non-routine settlements are recognised as expenses in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Employee benefits (cont'd)

3.11.3 Defined retirement benefit plans (cont'd)

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as an expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to the profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The Group's right to the reimbursement of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

3.11.4 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

3.11.5 Employee leave entitlements

Employee entitlements to annual leave are recognised as liabilities when they accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

3.12 Equity-settled share-based payment transactions

Employees' share options scheme ("ESOS")

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or income reflected in profit or loss represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Equity-settled share-based payment transactions (cont'd)

Employees' share options scheme ("ESOS") (cont'd)

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon market or non-vesting condition, which are tested as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employees' share options reserve is transferred to retained earnings upon expiry of the share options.

Where the terms of an equity-settled transaction award are modified, the expense is recognised as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it is vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

3.13 Tax expense

Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.13.1 Current tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date. Current tax for current and prior year is recognised in statements of financial position as liability (or asset) to the extent that it is unpaid (or refundable). Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3.13.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Tax expense (cont'd)

3.13.2 Deferred tax (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.14 Foreign currency translations

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

3.14.1 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.14.2 Foreign operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Foreign currency translations (cont'd)

3.14.2 Foreign operations (cont'd)

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

3.15 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment revenues, expenses and result include transfers between segments. These transfers are eliminated on consolidation.

3.16 Equity instruments

3.16.1 Equity, reserves and distribution to owners

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current year's profit and prior years' retained earnings.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as liabilities when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders, they are recognised as liabilities.

All transactions with the owners of the Company are recorded separately within equity.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Earnings per ordinary 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 financial year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares during the financial year.

3.18 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 in the statements of financial position, initially as a financial liability at fair value, net of transaction costs.

Financial guarantee contracts are subsequently measured at the higher of:-

- the amount determined in accordance with the Expected Credit Losses model under MFRS 9 Financial Instruments; and
- the amount initially recognised, less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 Revenue from Contracts with Customers.

As at the end of the reporting period, no values were placed on corporate guarantees provided by the Company as the Directors of the Company regard the value of the credit enhancement provided by the corporate guarantees as minimal.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
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4. PROPERTY, PLANT AND EQUIPMENT

Group	Right-of-use land and buildings RM'000	Leasehold land and land use right RM'000	Leasehold buildings RM'000	Renovation RM'000	Production equipment RM'000	Office equipment, electrical installation, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At cost									
Balance at 1 July 2019	-	51,673	164,540	31,726	548,214	75,638	1,140	20,847	893,778
Additions	-	-	774	1,427	79,150	5,920	44	4,033	91,348
Set-off against government grant received *	-	-	-	-	(1,980)	-	-	-	(1,980)
Initial application of MFRS 16 (right-of-use assets)	3,660	-	-	-	600	-	-	-	4,260
Disposals	-	(1,655)	(3,978)	(22)	(5,480)	(1,156)	-	(43)	(12,334)
Write off	-	-	-	(681)	(2,018)	(914)	-	-	(3,613)
Reclassification	-	-	19,366	-	844	1,351	-	(21,561)	-
Foreign currency translation	68	30	1,509	-	1,165	442	10	5	3,229
Balance at 30 June 2020	3,728	50,048	182,211	32,450	620,495	81,281	1,194	3,281	974,688
Additions	-	-	4,836	563	78,699	6,651	46	8,354	99,149
Disposals	-	-	-	-	(2,369)	(254)	-	-	(2,623)
Write off	-	-	-	-	(232)	(213)	-	-	(445)
Reclassification	-	-	2,477	-	369	303	-	(3,149)	-
Foreign currency translation	(161)	(30)	(1,371)	-	(1,065)	(408)	(8)	(95)	(3,138)
Balance at 30 June 2021	3,567	50,018	188,153	33,013	695,897	87,360	1,232	8,391	1,067,631

* A subsidiary of the Group has received government grants for the reimbursement of capital expenditure on machineries, tools and equipment, product prototyping, testing and commercialisation expenses.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Right-of-use land and buildings RM'000	Leasehold land and land use right RM'000	Leasehold buildings RM'000	Renovation RM'000	Production equipment RM'000	Office equipment, electrical installation, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation									
Balance at 1 July 2019	-	5,666	18,459	21,295	308,798	47,553	770	-	402,541
Charge for the financial year	870	723	3,139	6,578	77,735	11,175	112	-	100,332
Disposals	-	(246)	(590)	(16)	(5,431)	(940)	-	-	(7,223)
Write off	-	-	-	(681)	(2,016)	(911)	-	-	(3,608)
Foreign currency translation	16	5	401	-	734	343	7	-	1,506
Balance at 30 June 2020	886	6,148	21,409	27,176	379,820	57,220	889	-	493,548
Charge for the financial year	1,317	1,181	5,454	4,224	80,589	9,825	104	-	102,694
Disposals	-	-	-	-	(1,783)	(121)	-	-	(1,904)
Write off	-	-	-	-	(231)	(209)	-	-	(440)
Foreign currency translation	(19)	(6)	(376)	-	(686)	(308)	(6)	-	(1,401)
Balance at 30 June 2021	2,184	7,323	26,487	31,400	457,709	66,407	987	-	592,497

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
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Group	Right- of-use land and buildings RM'000	Leasehold land and land use right RM'000	Leasehold buildings RM'000	Renovation RM'000	Production equipment RM'000	Office equipment, electrical installation, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Accumulated impairment loss									
Balance at 1 July 2019	-	-	-	-	1,719	13	-	-	1,732
Foreign currency translation	-	-	-	-	57	-	-	-	57
Balance at 30 June 2020	-	-	-	-	1,776	13	-	-	1,789
Disposals	-	-	-	-	(3)	(1)	-	-	(4)
Foreign currency translation	-	-	-	-	(52)	-	-	-	(52)
Balance at 30 June 2021	-	-	-	-	1,721	12	-	-	1,733
Carrying amount									
At 30 June 2021	1,383	42,695	161,666	1,613	236,467	20,941	245	8,391	473,401
At 30 June 2020	2,842	43,900	160,802	5,274	238,899	24,048	305	3,281	479,351

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Renovation RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
At cost				
Balance at 1 July 2019	71	310	191	572
Additions	-	13	-	13
Balance at 30 June 2020	71	323	191	585
Additions	-	5	-	5
Balance at 30 June 2021	71	328	191	590
Accumulated depreciation				
Balance at 1 July 2019	62	237	191	490
Charge for the financial year	6	40	-	46
Balance at 30 June 2020	68	277	191	536
Charge for the financial year	3	31	-	34
Balance at 30 June 2021	71	308	191	570
Carrying amount				
At 30 June 2021	-	20	-	20
At 30 June 2020	3	46	-	49

Included in property, plant and equipment are the following:-

- (a) The carrying amounts of property, plant and equipment pledged to licensed banks for credit facilities granted to the Group are as follows:-

	Group	
	2021 RM'000	2020 RM'000
Leasehold land and buildings	47,216	44,965
Production equipment	-	*

* Less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

cont'd

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in property, plant and equipment are the following (cont'd):-

- (b) Included in the carrying amounts of property, plant and equipment are right-of-use assets acquired under lease arrangement as follows:-

	Group	
	2021	2020
	RM'000	RM'000
Right-of-use land and buildings	1,383	2,842
Leasehold land and land use right:-		
- Leasehold land with unexpired lease period of less than 60 years	41,931	43,087
- Prepaid land lease payments with unexpired lease period of less than 60 years	764	813
Production equipment	561	600
	44,639	47,342

Additions to the right-of-use assets are as follows:-

	Group	
	2021	2020
	RM'000	RM'000
Right-of-use land and buildings	-	3,660
Production equipment	-	600
	-	4,260

Depreciation of right-of-use assets are as follows:-

	Group	
	2021	2020
	RM'000	RM'000
Right-of-use land and buildings	1,317	870
Leasehold land and land use right	1,181	723
Production equipment	39	-

- (c) Impairment loss is recognised for the production equipment, office equipment, electrical installation and furniture and fittings due to technological obsolescence.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

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5. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	RM'000	RM'000
At cost		
Unquoted ordinary shares	137,449	79,903
Unquoted redeemable convertible preference shares	410,545	410,545
Allocated ESOS charge in respect of share options granted to the employees of subsidiaries	68,102	52,311
Less: Accumulated impairment loss		
At beginning of financial year	(9,450)	(9,450)
Recognised during the year	(9,200)	-
At end of financial year	(18,650)	(9,450)
	597,446	533,309

The details of the subsidiaries are as follows:-

Name of subsidiaries	Place of incorporation and principal place of business	Effective equity interest		Principal activities
		2021	2020	
		%	%	
Inari Technology Sdn. Bhd. ("ITSB")	Malaysia	100	100	Manufacturing of semiconductor related products and provision of electronic manufacturing services.
Inari Semiconductor Labs Sdn. Bhd. ("ISL")	Malaysia	100	100	Manufacturing of semiconductor related products, chip fabrication, die preparation and testing.
Inari Integrated Systems Sdn. Bhd. ("IIS")	Malaysia	100	100	Manufacturing of semiconductor related products and final testing of advanced communication chips.
Inari Optical Technology Sdn. Bhd. ("IOT")	Malaysia	100	100	Manufacturing, assembling and testing of optoelectronic and sensor components, modules and systems.
Inari South Keytech Sdn. Bhd. ("ISK")	Malaysia	100	100	Designing, developing and manufacturing of fiber optic products.
Inari Matrix Sdn. Bhd. ("IMSB")	Malaysia	100	100	Investment holding.
Simfoni Bistari Sdn. Bhd. ("SB")	Malaysia	100	100	Investment holding and property investment.
Inari International Limited ("IIL") *	Cayman Islands	100	100	Investment holding.
Inari Global (HK) Limited ("IHK") *	British Virgin Islands	100	100	Dormant.
Ceedtec Sdn. Bhd. ("CSB") ^	Malaysia	51	51	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
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5. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of subsidiaries	Place of incorporation and principal place of business	Effective equity interest		Principal activities
		2021	2020	
		%	%	
<u>Held through ISL</u>				
Hektar Teknologi Sdn. Bhd. ("HT")	Malaysia	100	100	Property investment.
<u>Held through IMSB</u>				
Inari MIT Sdn. Bhd. ("IMJV")	Malaysia	51	-	Design and assembly of semiconductor manufacturing process tools, customised semiconductor process tools and supply of semiconductor process tools and parts.
<u>Held through CSB</u>				
Ceedtec Technology Sdn. Bhd. ("CTSB") ^	Malaysia	51	51	Dormant.
<u>Held through IIL</u>				
Amertron Inc. (Global) Limited ("AIG") *	Cayman Islands	100	100	Investment holding.
<u>Held through AIG</u>				
Amertron Incorporated ("AIP") #	Philippines	100	100	Manufacturing of electronic and semiconductor related products and services include electronics optical fiber devices.
Amertron Technology (Kunshan) Co. Ltd. ("ATK") #	People's Republic of China	100	100	Manufacturing of semiconductor related products and services include optoelectronics devices.

Audited by other member firm of Grant Thornton International Limited.
* Audited by Grant Thornton Malaysia PLT for the purpose of enabling to form a group opinion.
^ Under member's voluntary winding-up.

- (a) On 19 September 2019, the Company incorporated IMSB with the subscription of 1 new ordinary share at an issue price of RM1.00, representing 100% equity interest in the share capital of IMSB. On 30 December 2019, the Company had further increased its investment in IMSB from RM1.00 to RM1,000,000 by subscribing 999,999 ordinary shares at an issue price of RM1.00.
- (b) On 18 August 2020, IMSB had entered into a Subscription and Shareholders' Agreement ("SSA") with MIT Semiconductor Pte. Ltd. ("MSPL") to set up an entity in Malaysia to carry on the business of supplying customised semiconductor process tools. Pursuant to the SSA, the entity, namely Inari MIT Sdn. Bhd. ("IMJV") had been incorporated on 24 September 2020, with the initial subscription of 100 new ordinary shares amounting to RM100, representing 51:49 equity interest held respectively by IMSB and MSPL.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

5. INVESTMENT IN SUBSIDIARIES (cont'd)

- (c) On 30 June 2021, the Company had subscribed additional 57,546,575 new ordinary shares of ITSB at an issue price of RM1.00 each amounting to RM57,546,575 by capitalising part of the amount due from ITSB.
- (d) Non-controlling interests in subsidiaries

The details of Group's subsidiaries that have material non-controlling interests at the end of the reporting year are as follows:-

	Ceedtec Group	
	2021	2020
Percentage of ownership interest and voting interest (%)	49	49
Carrying amount of non-controlling interests (RM'000)	4,189	4,231
(Loss)/Profit allocated to non-controlling interests (RM'000)	(42)	690

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests are as below:-

	Ceedtec Group	
	2021	2020
	RM'000	RM'000
Summary of financial position		
Current assets	8,614	8,663
Current liabilities	(66)	(29)
Net assets	8,548	8,634

Summary of financial performance

Total comprehensive (loss)/income for the financial year	(86)	1,409
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Summary of cash flows

Net cash used in operating activities	(6)	(35)
Net cash from investing activities	-	3,896
Net (decrease)/increase in cash and cash equivalents	(6)	3,861

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
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6. INVESTMENT IN AN ASSOCIATE

	Group	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost		
At beginning of financial year	6,255	-
Addition	-	6,255
At end of financial year	6,255	6,255
Share of post-acquisition reserve		
At beginning of financial year	(567)	-
Addition	(207)	(567)
At end of financial year	(774)	(567)
	5,481	5,688

Details of the associate are as follows:-

Name of associate	Place of incorporation and principal place of business	Effective interest		Principal activity
		2021	2020	
		%	%	
<u>Held through IMSB</u>				
PCL Inari Technologies Sdn. Bhd. ("PCLI") *	Malaysia	30	30	Manufacturing of wireless communication devices and electronic components.

* Reviewed by Grant Thornton Malaysia PLT.

The summary of financial information of the associate is as follows:-

	Group	
	2021 RM'000	2020 RM'000
Summary of financial position		
Non-current assets	6,135	6,760
Current assets	16,431	14,209
Non-current liabilities	(342)	(354)
Current liabilities	(3,954)	(1,656)
Net assets	18,270	18,959
Proportion of the Group's ownership in associate	30%	30%
Carrying amount of the Group's interest in associate	5,481	5,688

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6. INVESTMENT IN AN ASSOCIATE (cont'd)

The summary of financial information of the associate is as follows (cont'd):-

	Group	
	2021 RM'000	2020 RM'000
Summary of financial performance		
Revenue	31,006	-
Total comprehensive loss for the financial year	(689)	(1,891)
Group's share of loss for the financial year	(207)	(567)

7. INTANGIBLE ASSETS

	Group	
	2021 RM'000	2020 RM'000
Goodwill		
Cost	1,728	1,728
Foreign currency translation	479	546
Carrying amount	2,207	2,274

Goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

The aggregate carrying amounts of goodwill are allocated to AIG's group of subsidiaries.

For annual impairment testing purposes, the recoverable amount of all the cash generating units are determined based on their value-in-use, which applies a discounted cash flow model using cash flow projections based on approved financial budget and projections.

The key assumptions on which the management has based on for the computation of value-in-use are as follows:-

(i) Cash flow projections and growth rate

The five (5) years cash flow projections are based on past experience and the five (5) years business plan. The anticipated annual revenue growth rate applied for the five (5) years cash flow projections is 5% (2020: 5%) derived through past experience. A terminal value is assigned at the end of the five (5) year cash flow projections based on an assumed growth rate of 5% (2020: 5%) in perpetuity. The growth rate of 5% (2020: 5%) is in line with information obtained from external sources.

(ii) Pre-tax discount rate

The pre-tax discount rate applied is 9.6% (2020: 6.0%), based on the weighted average cost of capital of the Group adjusted to reflect the specific risks relating to the relevant business segments.

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8. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2021 RM'000	2020 RM'000
Deferred tax assets		
Balance at beginning	6,061	2,205
Recognised in profit or loss	9,260	3,838
Recognised in other comprehensive income	83	(7)
Foreign currency translation	(17)	25
Balance at end	15,387	6,061
Deferred tax liabilities		
Balance at beginning	(11,291)	(8,583)
Recognised in profit or loss	(430)	(2,618)
Foreign currency translation	81	(90)
Balance at end	(11,640)	(11,291)

Deferred tax assets and liabilities are attributable to the following:-

	Group	
	2021 RM'000	2020 RM'000
Deferred tax assets		
Inventories	1,037	692
Property, plant and equipment	523	508
Provisions	10,425	5,240
Retirement benefits obligations	174	44
Unutilised capital allowances	3,529	46
Others	(5)	(13)
Deferred tax assets	15,683	6,517
Set-off of deferred tax liabilities	(296)	(456)
Net deferred tax assets	15,387	6,061

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8. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Deferred tax assets and liabilities are attributable to the following (cont'd):-

	Group	
	2021 RM'000	2020 RM'000
Deferred tax liabilities		
Property, plant and equipment	(13,689)	(12,924)
Unutilised capital allowances	1,032	527
Others	721	650
Deferred tax liabilities	(11,936)	(11,747)
Set-off of deferred tax assets	296	456
Net deferred tax liabilities	(11,640)	(11,291)
Net		
Inventories	1,037	692
Property, plant and equipment	(13,166)	(12,416)
Provisions	10,425	5,240
Retirement benefits obligations	174	44
Unutilised capital allowances	4,561	573
Others	716	637
Net deferred tax assets/(liabilities)	3,747	(5,230)

9. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
Raw materials	119,233	101,740
Work-in-progress	32,148	38,846
Finished goods	3,468	3,517
Consumables	2,678	1,786
	157,527	145,889
Recognised in profit or loss:-		
Inventories recognised as cost of sales	1,002,519	843,427
Allowance/(Reversal of allowance) for slow moving inventories	334	(2,466)

The reversal of allowance for slow moving inventories was made when the related inventories were utilised for production purposes.

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10. TRADE RECEIVABLES

Trade receivables are generally extended to 45 to 120 days (2020: 45 to 120 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Other receivables	1,394	9,707	-	-
Advance to suppliers	1,711	2,558	-	-
Deposits	2,611	6,359	14	14
Goods and services tax ("GST") claimable	869	3,994	-	-
Prepayments	7,658	8,603	33	6
	14,243	31,221	47	20

Included in deposits of the Group and the Company is rental deposit amounting to RM8,000 (2020: RM8,000) paid to a subsidiary of a substantial shareholder of the Company.

12. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2021	2020
	RM'000	RM'000
Non-interest bearing	1,183	1,860
Dividend receivable	160,453	105,000
	161,636	106,860

The non-interest bearing amount is unsecured, non-trade related and repayable on demand.

The Company has not recognised any loss allowance as the subsidiaries are having good financial standing. The risk of default is expected to be zero as there was no previous history of default.

13. AMOUNT DUE FROM AN ASSOCIATE

In the previous financial year, amount due from an associate is unsecured, non-trade related and receivable on demand. The amount had been fully repaid during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

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14. DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Short-term deposits with licensed financial institutions	541,525	310,986	260,804	123,151
Fixed deposits pledged to a licensed bank	-	157	-	-
Fixed deposits more than 3 months to maturity	73,669	74,874	69,828	71,591
	615,194	386,017	330,632	194,742

In the previous financial year, fixed deposits of RM157,000 was pledged to a licensed bank for bank guarantee facilities granted to subsidiaries.

Short-term deposits with licensed financial institutions represent funds placed in Repo and Money Market with effective interest rates ranging from 0.09% to 2.96% (2020: 0.30% to 4.01%) per annum.

The effective interest rates of the fixed deposits with maturity period of more than 3 months as at the reporting date range from 0.18% to 0.45% (2020: 0.30% to 1.55%) per annum.

15. CASH AND BANK BALANCES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash in hand	67	61	6	3
Cash at bank	289,625	208,516	784	4,020
	289,692	208,577	790	4,023

16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2021	2020	2021	2020
			RM'000	RM'000
Issued and fully paid with no par value:-				
Balance at beginning	3,249,764,599	3,177,150,546	704,840	650,450
Issued pursuant to:-				
- Exercise of warrants	-	51,930,853	-	27,695
- Exercise of ESOS	96,671,500	20,683,200	180,342	26,695
Balance at end	3,346,436,099	3,249,764,599	885,182	704,840

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16. SHARE CAPITAL (cont'd)

The new ordinary shares issued during the financial year rank pari passu in all respect with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

- (a) During the financial year, the issued and paid-up ordinary share capital was increased from RM704,839,607 to RM885,181,963 by the issuance of 96,671,500 new ordinary shares pursuant to the exercise of share options under ESOS at the following exercise prices:-

Offer date	Exercise price RM	Number of shares issued
08.01.2014/28.01.2014	0.357	400
01.10.2015	0.797	67,400
02.02.2016	1.000	256,000
23.02.2016	0.977	169,600
23.06.2016	0.863	169,300
16.12.2016	0.983	2,825,400
19.04.2017	1.187	5,168,200
17.08.2017	1.438	6,624,900
13.11.2017	1.721	12,906,200
11.04.2018	1.880	23,668,500
05.11.2018	1.890	16,717,100
24.03.2020	0.980	24,059,700
19.10.2020	2.460	4,038,800

NOTES TO THE FINANCIAL STATEMENTS

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16. SHARE CAPITAL (cont'd)

- (b) In the previous financial year, the issued and paid-up ordinary share capital was increased from RM650,449,724 to RM704,839,607 by the issuance of 72,614,053 new ordinary shares pursuant to the following:-

- (i) 20,683,200 new ordinary shares arising from the exercise of share options under ESOS at the following exercise prices:-

Offer date	Exercise price RM	Number of shares issued
08.01.2014/28.01.2014	0.357	115,400
17.10.2014	0.533	47,900
01.10.2015	0.797	171,100
02.02.2016	1.000	140,000
23.02.2016	0.977	3,790,100
23.06.2016	0.863	136,700
16.12.2016	0.983	1,764,600
19.04.2017	1.187	848,200
17.08.2017	1.438	2,745,800
13.11.2017	1.721	384,200
11.04.2018	1.880	244,100
05.11.2018	1.890	73,000
24.03.2020	0.980	10,222,100

- (ii) 51,930,853 new ordinary shares arising from the exercise of warrant B 2015/2020 at an exercise price of RM0.5333.

17. OTHER RESERVES

Note	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Non-distributable:-</u>				
Warrants reserve (a)	-	-	-	-
Discount on shares (a)	-	-	-	-
Capital reserve (b)	5,387	5,387	-	-
Foreign currency translation reserve (c)	2,966	13,128	-	-
ESOS reserve (d)	17,483	29,007	17,483	29,007
	25,836	47,522	17,483	29,007

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17. OTHER RESERVES (cont'd)

(a) Warrants reserve and Discount on shares

The movements of the warrants are as follows:-

	----- Number of units -----		
	At 1.7.2019	Exercised	Expired
			At 30.6.2020
Warrants B 2015/2020 *	53,145,660	(51,930,853)	(1,214,807)
			-

* Warrants B 2015/2020 had expired in the financial year ended 30 June 2020.

(b) Capital reserve

Capital reserve relates to fair value adjustment to the shares issued for the acquisition of subsidiaries.

(c) Foreign currency translation reserve

The foreign currency translation reserve is in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiaries.

(d) ESOS reserve

	Group and Company	
	2021	2020
	RM'000	RM'000
Share-based compensation pursuant to ESOS granted	46,947	33,573
Transfer to share capital upon exercise of ESOS	(29,464)	(4,566)
	17,483	29,007

The ESOS reserve represents the equity-settled share options granted to eligible employees of the Group and of the Company. The ESOS reserve is made up of the cumulative value of services received from employees at grant date of the share options and is reduced by the expiry or exercise of the share options. The salient terms and key assumptions in deriving the fair value of the ESOS are disclosed in Note 38 to the Financial Statements.

18. BORROWINGS

	Group	
	2021	2020
	RM'000	RM'000
Term loans		
Non-current	-	1,147
Current	1,114	5,006
	1,114	6,153

NOTES TO THE FINANCIAL STATEMENTS

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18. BORROWINGS (cont'd)

The effective interest rate of the borrowings is 2.72% (2020: 3.05% to 4.65%) per annum.

The maturity analysis of borrowings is disclosed in Note 34 to the Financial Statements.

The borrowings of the Group are secured by way of:-

- (i) Legal charge over certain leasehold land and buildings of the subsidiaries;
- (ii) Specific debenture over certain machineries of the subsidiaries;
- (iii) Corporate guarantee by the Company; and
- (iv) Facility agreement of the Company and the subsidiaries.

19. RETIREMENT BENEFITS OBLIGATIONS

An indirect 100% owned subsidiary of the Company maintains a funded, non-contributory defined benefit retirement plan for all qualifying employees. Under the retirement plan, the retirement age is 60 years. The benefit is paid in a lump sum upon retirement or separation in accordance with the terms of the plan.

The retirement benefits are administered by a trustee bank that is legally separated from the subsidiary and under supervision of the Board of Trustees of the plan, as required by relevant law in that jurisdiction.

The movement of retirement benefits obligations during the financial year are as follows:-

	Group	
	2021	2020
	RM'000	RM'000
Balance at beginning	891	407
Recognised in profit or loss	1,077	557
Recognised in other comprehensive income, gross	1,685	(120)
Foreign currency translation	(12)	47
Balance at end	3,641	891
Expenses recognised in profit or loss are represented by:-		
Current service cost	1,027	533
Net interest cost	50	24
	1,077	557
Present value of retirement benefits obligations	7,621	4,840
Fair value of plan assets	(3,980)	(3,949)
	3,641	891

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19. RETIREMENT BENEFITS OBLIGATIONS *(cont'd)*

The fair value of plan assets available for retirement benefits are as follows:-

	Group	
	2021	2020
	RM'000	RM'000
Investments	3,980	3,948
Cash and cash equivalents	*	1
Fair value of plan assets	3,980	3,949

* Less than RM1,000.

Investments represent investment in debt securities pertaining to government and corporate bonds that are carried at fair value and unit investment trust funds that are valued by the fund manager at fair value using the market-to-market valuation. While no significant changes in asset allocation are expected in the next reporting period, the Retirement Plan Trustee may make changes in any time.

Actuarial valuations are made to update the retirement benefit costs and the amount of contributions. The valuation of retirement benefit plan as of 30 June 2021 was rolled over using the same basis based on latest available actuarial valuation report as of 31 December 2020.

In determining the amounts of the retirement benefits obligations, the following significant actuarial assumptions were used:-

	Group	
	2021	2020
Discount rate (%)	3.95	5.70
Salary increase rate (%)	3.00	3.00
Projected retirement benefit (per year of service)	22.5 days	22.5 days
Withdrawal rates (%)		
Age		
19-24	7.50	7.50
25-29	6.00	6.00
30-34	4.50	4.50
35-39	3.00	3.00
40-44	2.00	2.00
≥ 45	0.00	0.00

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19. RETIREMENT BENEFITS OBLIGATIONS *(cont'd)*

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on retirement benefits obligations as of 30 June 2021, assuming all other assumptions were held constant.

- (i) If the discount rate is 1.00% higher (lower), the retirement benefits obligations would decrease by RM387,247 (increase by RM53,836) (2020: decrease by RM832,362 and increase by RM1,050,132); and
- (ii) If the salary growth rate is 1.00% higher (lower), the retirement benefits obligations would increase by RM53,698 (decrease by RM390,346) (2020: increase by RM1,064,650 and decrease by RM856,561).

20. LEASE LIABILITIES

	Group	
	2021	2020
	RM'000	RM'000
Non-current	897	1,866
Current	1,201	1,706
	2,098	3,572

Group	Within 1 year RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2021				
Future minimum lease payments	1,277	647	384	2,308
Less: Future finance charges	(76)	(69)	(65)	(210)
Present value of lease liabilities	1,201	578	319	2,098
2020				
Future minimum lease payments	1,861	1,627	450	3,938
Less: Future finance charges	(155)	(146)	(65)	(366)
Present value of lease liabilities	1,706	1,481	385	3,572

The effective interest rates of the Group range from 4.63% to 6.00% (2020: 4.63% to 6.00%) per annum. The interest rates are fixed at the inception of the finance lease arrangements.

The Group has elected not to recognise lease liabilities for short-term leases (leases with an expected term of 12 months or less) and leases of low-value assets. Payments made under such leases are expensed on a straight-line basis.

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20. LEASE LIABILITIES (cont'd)

The total cash outflows for leases as a lessee are as follows:-

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Lease liabilities:-				
- Principal	1,380	1,044	-	-
- Interest paid	157	117	-	-
Short-term leases				
- Equipment	176	338	4	4
- Office premises	67	45	48	45
- Factory	1,137	1,251	-	-
Lease of low-value assets				
- Equipment	44	115	-	-
	2,961	2,910	52	49

21. TRADE PAYABLES

The normal credit terms granted by trade payables range from 30 to 90 days (2020: 30 to 90 days).

Included in trade payables of the Group is an amount owing to a related party of RM10,220,000 (2020: RM Nil) which are subject to the normal credit terms and is yet to due as at the reporting date.

22. OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

		Group		Company	
	Note	2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Other payables and accruals	(a)	95,068	94,039	1,596	5,265
Volume rebates	(b)	48,363	20,989	-	-
Amount due to customers	(c)	8,111	8,528	-	-
Provision of warranty	(d)				
Balance at beginning		5,228	5,962	-	-
Addition/(Reversal)		4,127	(734)	-	-
Balance at end		9,355	5,228	-	-
		160,897	128,784	1,596	5,265

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22. OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES (cont'd)

- Included in other payables and accruals of the Group is rental deposits of RM215,312 (2020: RM215,312) received from an associate.
- The Group provides retrospective volume rebates to certain customers once the quantity of products assembled and tested during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer.
- Amount due to customers arises from an exclusive agreement with certain customers wherein the difference between the purchase price and the standard cost of raw materials used in the manufacturing of specific product lines being sold to the said customers will be made payable to or receivable from the said customers, depending on the balance of the variance.
- Provision for warranty include the cost of labour, material and related overhead necessary to repair a product during the warranty period. The warranty period is usually for a period of between one to three years. The Group accrues for the estimated cost of the warranty on its products shipped in the provision for warranty, upon recognition of the sale of the products. Actual warranty costs are charged against the provision for warranty.

23. REVENUE

(a) Disaggregated revenue information

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Types of goods or services				
Outsourced semiconductor assembly and test services	1,401,625	970,884	-	-
Electronic manufacturing services	27,079	86,565	-	-
Gross dividend income from subsidiaries	-	-	318,000	140,000
Management fee from a subsidiary	-	-	1,680	1,680
Rental income	-	502	-	-
	1,428,704	1,057,951	319,680	141,680
Geographical markets				
Malaysia	107,071	226,660	319,680	141,680
Singapore	1,225,496	801,668	-	-
United States	6,160	20,366	-	-
China	89,049	7,943	-	-
Others	928	1,314	-	-
	1,428,704	1,057,951	319,680	141,680
Timing of revenue recognition				
At a point in time	1,428,704	1,057,951	319,680	141,680

NOTES TO THE FINANCIAL STATEMENTS

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23. REVENUE (cont'd)

(b) Performance obligations

The performance obligation for outsourced semiconductor assembly and test services is satisfied upon services rendered.

The performance obligation for electronic manufacturing services is satisfied upon delivery of goods.

The obligations for rebates, warranty and other similar or related obligations are disclosed in Note 22 to the Financial Statements. There were no any other obligations for returns and other similar or related obligations.

The types of warranties and related obligations are disclosed in Note 22 to the Financial Statements.

There were no remaining performance obligations unsatisfied as at the reporting date.

(c) Contract balances

		Group	
	Note	2021	2020
		RM'000	RM'000
Trade receivables	10	237,223	183,221
Volume rebates	22	(48,363)	(20,989)
Amount due to customers	22	(8,111)	(8,528)

The contract balance in relation to the revenue from contract with customers and the related payment terms are disclosed in Note 10 to the Financial Statements. Significant increase in the goods delivered and services performed during the financial year resulted in significant increase in the trade receivables.

There were no contract liabilities at the reporting date and previous years presented and no revenue was recognised from performance obligations satisfied in previous years.

24. FINANCE COSTS

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Lease liabilities interest	157	117	-	-
Term loans interest	92	464	-	3
Retirement benefits obligations	274	222	-	-
	523	803	-	3

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25. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- Grant Thornton Malaysia PLT	259	236	65	63
- Grant Thornton member firms	98	96	-	-
- Other services	6	6	6	6
Directors' fee	739	697	739	697
Realised loss/(gain) on foreign exchange	12,980	(8,363)	1	7
Expenses relating to:-				
- short-term leases	1,380	1,634	52	49
- leases of low-value assets	44	115	-	-
Other rental income	(2,008)	(56)	-	-

26. TAX EXPENSE

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Income tax expense recognised in profit or loss				
Current tax expense:-				
- Malaysia	26,885	13,472	250	90
- Overseas	3,367	3,718	-	-
Deferred tax	(8,926)	(3,394)	-	-
Under/(Over) provision in prior years:-				
- Current tax	112	(46)	170	11
- Deferred tax	96	2,174	-	-
	208	2,128	170	11
	21,534	15,924	420	101

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26. TAX EXPENSE (cont'd)

	Group	
	2021	2020
	RM'000	RM'000
Income tax expense recognised in other comprehensive income		
Deferred tax related to retirement benefits obligations	(83)	7

The reconciliation of tax expense of the Group and of the Company are as follows:-

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax	352,249	172,364	304,659	142,770
Income tax at Malaysian statutory tax rate of 24% (2020: 24%)	84,539	41,367	73,118	34,265
Tax effects in respect of:-				
Different tax rate in other countries	(5,250)	(1,748)	-	-
Income not subject to tax	(3,652)	(1,865)	(77,097)	(34,845)
Expenses not deductible for tax purposes	7,255	4,715	4,229	670
Double deduction of expenses for tax purposes	(23)	(25)	-	-
Pioneer income not subject to tax	(62,506)	(28,493)	-	-
Deferred tax assets not recognised	963	-	-	-
Utilisation of previously unrecognised deferred tax assets	-	(155)	-	-
Under provision in prior years	208	2,128	170	11
Total tax expense	21,534	15,924	420	101

Tax expense for the other taxation authorities is calculated at the rates prevailing in those respective jurisdictions.

The above recognised tax amounts are subject to acceptance of the respective countries relevant tax authorities.

Certain subsidiaries of the Company have been granted pioneer status under the Promotion of Investments Act, 1986.

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26. TAX EXPENSE (cont'd)

The deferred tax assets not recognised as at the reporting date are as follows:-

	Group	
	2021	2020
	RM'000	RM'000
Unabsorbed business losses	24,567	24,089
Unabsorbed capital allowances	14,143	14,072
Property, plant and equipment	2,810	168
Others	824	-
	42,344	38,329

The potential deferred tax assets in respect of these items have not been recognised as it is uncertain whether sufficient future taxable profits will be available against which certain subsidiaries can utilise the benefits.

The unabsorbed business losses and unabsorbed capital allowances of the Group are available for offsetting against future taxable profits of the Group, subject to no substantial changes in shareholdings of those entities under the Income Tax Act 1967 and subject to the relevant provision of Income Tax Act 1967. Effective Year of Assessment 2019 as announced in the Annual Budget 2019, the unabsorbed business losses of the Group for the year of assessment 2018 and thereafter will only be available to be carried forward for a period of seven (7) consecutive years. Upon expiry of the seven (7) years, the unabsorbed business losses will be disregarded. The deductible temporary differences in relation to unabsorbed capital allowances do not have any expiry date.

The expiry terms of the unabsorbed business losses are as follows:-

	Group	
	2021	2020
	RM'000	RM'000
Year of assessment 2025	23,028	23,028
Year of assessment 2026	645	645
Year of assessment 2027	416	416
Year of assessment 2028	478	-
	24,567	24,089

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27. EARNINGS PER SHARE

(a) Basic

The basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the Company to the weighted average number of shares in issue during the reporting year as follows:-

	Group	
	2021	2020
Profit attributable to owners of the Company (RM'000)	330,473	155,750
Weighted average number of shares (unit'000)		
Issued shares at 1 July (unit'000)	3,249,765	3,177,151
Effects of ordinary shares issued during the financial year (unit'000)	52,526	32,432
Weighted average number of ordinary shares at 30 June (unit'000)	3,302,291	3,209,583
Basic earnings per share (sen)	10.01	4.85

(b) Diluted

The calculation of diluted earnings per share is calculated by dividing the profit attributable to owners of the Company to the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares as follows:-

	Group	
	2021	2020
Profit attributable to owners of the Company (RM'000)	330,473	155,750
Weighted average number of ordinary shares as above (unit'000)	3,302,291	3,209,583
Effects of warrants outstanding (unit'000)	-	17,985
Effects of ESOS outstanding (unit'000)	33,134	7,720
Weighted average number of ordinary shares assumed to be in issue at 30 June (unit'000)	3,335,425	3,235,288
Diluted earnings per share (sen)	9.91	4.81

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28. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries, allowances, overtime, bonus and staff related expenses	205,636	181,828	1,910	1,764
Defined contribution plan	10,250	9,400	216	210
Provision for retirement benefits obligations	1,027	533	-	-
Social security contributions	2,855	2,639	9	8
	219,768	194,400	2,135	1,982

Included in the employee benefits expenses is the Directors' remunerations as below:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors' remunerations of the Company:-				
- Salaries and other emoluments	9,399	6,320	741	536
- Defined contribution plan	1,409	902	89	64
	10,808	7,222	830	600
Directors' remunerations of the subsidiaries:-				
- Salaries and other emoluments	64	69	-	-
	64	69	-	-
	10,872	7,291	830	600

During the current financial year, the share-based payments based on the fair value of the share options granted to the Directors of the Group and of the Company using Black-Scholes model are estimated at RM6,587,000 (2020: RM3,962,000) and RM1,992,000 (2020: RM1,221,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

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29. DIVIDENDS

	Group and Company	
	2021	2020
	RM'000	RM'000
<u>In respect of financial year ended 30 June 2019:-</u>		
- Fourth interim single tier dividend of 1.10 sen per share, paid on 10 October 2019	-	34,970
<u>In respect of financial year ended 30 June 2020:-</u>		
- First interim single tier dividend of 1.30 sen per share, paid on 9 January 2020	-	41,640
- Second interim single tier dividend of 1.00 sen per share, paid on 9 April 2020	-	32,393
- Third interim single tier dividend of 1.00 sen per share, paid on 10 July 2020	-	32,494
- Fourth interim single tier dividend of 1.10 sen per share, paid on 9 October 2020	35,983	-
<u>In respect of financial year ended 30 June 2021:-</u>		
- First interim single tier dividend of 2.00 sen per share, paid on 8 January 2021	66,012	-
- Second interim single tier dividend of 2.50 sen per share, paid on 8 April 2021	83,473	-
- Third interim single tier dividend of 2.20 sen per share, paid on 8 July 2021	73,588	-
- Special single tier dividend of 1.80 sen per share, paid on 8 July 2021	60,208	-
	319,264	141,497

30. SEGMENTAL REPORTING

Business segments

Group

For management purposes, the Group is organised into business units based on their products and services, which comprise the following:-

Segment I	-	Electronic manufacturing services, outsourced semiconductor assembly and test services.
Segment II	-	Investment holding.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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30. SEGMENTAL REPORTING (cont'd)

Business segments (cont'd)

Group (cont'd)

	Segment I		Segment II		Elimination		Note	Total	
	2021	2020	2021	2020	2021	2020		2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue									
External sales	1,428,704	1,057,449	-	502	-	-		1,428,704	1,057,951
Inter-segment sales	-	-	327,675	152,659	(327,675)	(152,659)	A	-	-
Total revenue	1,428,704	1,057,449	327,675	153,161	(327,675)	(152,659)		1,428,704	1,057,951
Results									
Segment results	354,393	159,808	301,495	144,241	(310,017)	(140,779)		345,871	163,270
Finance income	3,126	5,230	3,982	5,234	-	-		7,108	10,464
Finance cost	(523)	(723)	-	(80)	-	-		(523)	(803)
Share of loss of equity-accounted associate	-	-	(207)	(567)	-	-		(207)	(567)
Profit before tax	356,996	164,315	305,270	148,828	(310,017)	(140,779)		352,249	172,364
Tax expense	(20,655)	(12,430)	(879)	(3,494)	-	-		(21,534)	(15,924)
Profit for the financial year	336,341	151,885	304,391	145,334	(310,017)	(140,779)		330,715	156,440
Assets									
Segment assets	816,076	766,620	909,474	783,116	(840,949)	(707,321)		884,601	842,415
Investment in an associate	-	-	5,481	5,688	-	-		5,481	5,688
Deferred tax assets	15,387	6,061	-	-	-	-		15,387	6,061
Tax recoverable	9,509	15,018	344	375	-	-		9,853	15,393
Deposits, cash and bank balances	554,845	381,933	350,041	212,661	-	-		904,886	594,594
Total assets	1,395,817	1,169,632	1,265,340	1,001,840	(840,949)	(707,321)		1,820,208	1,464,151

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30. SEGMENTAL REPORTING (cont'd)

Business segments (cont'd)

Group (cont'd)

	Segment I		Segment II		Elimination		Note	Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000		2021 RM'000	2020 RM'000
Liabilities									
Segment liabilities	522,935	365,895	142,230	41,727	(240,674)	(172,402)		424,491	235,220
Retirement benefits obligations	3,641	891	-	-	-	-		3,641	891
Deferred tax liabilities	7,743	7,459	3,373	3,308	524	524		11,640	11,291
Tax payable	1,849	1,565	36	99	-	-		1,885	1,664
Borrowings	1,114	6,153	-	-	-	-		1,114	6,153
Total liabilities	537,282	381,963	145,639	45,134	(240,150)	(171,878)		442,771	255,219
Other information									
Addition to non-current assets	88,187	90,241	11,782	703	(820)	404	B	99,149	91,348
Depreciation	98,981	99,088	3,522	1,032	191	212		102,694	100,332
Other non-cash expenses/(income)	12,270	6,145	4,986	(4,271)	-	2,468	C	17,256	4,342

Notes to segment information:-

- AInter-segment revenues are eliminated on consolidation.
- BAdditions to non-current assets consist of property, plant and equipment.
- COther non-cash expenses/(income) consist of the following items:-

	Group	
	2021 RM'000	2020 RM'000
Equity-settled share-based payment transactions	17,940	10,915
Gain on disposal of property, plant and equipment	(41)	(3,460)
Property, plant and equipment written off	5	5
Provision for retirement benefits obligations	1,027	533
Provision/(Reversal) for warranty	4,127	(734)
Allowance/(Reversal of allowance) for slow moving inventories	334	(2,466)
Unrealised gain on foreign exchange	(6,136)	(451)
	17,256	4,342

NOTES TO THE FINANCIAL STATEMENTS

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30. SEGMENTAL REPORTING (cont'd)

Business segments (cont'd)

Group (cont'd)

Geographical information

Non-current assets information based on the geographical location of assets are as follows:-

	Non-current assets	
	2021 RM'000	2020 RM'000
Malaysia	430,621	430,283
China	8,982	9,836
Philippines	41,486	47,194
	481,089	487,313

Non-current assets information presented above excludes deferred tax assets and consists of the following items as presented in the Group's statements of financial position.

	2021 RM'000	2020 RM'000
Property, plant and equipment	473,401	479,351
Investment in an associate	5,481	5,688
Intangible assets	2,207	2,274
	481,089	487,313

Revenue information based on the geographical location of the customers are disclosed in Note 23 to the Financial Statements.

Information of major customers

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

	Segments	Revenue	
		2021 RM'000	2020 RM'000
- Customer A	Segment I	1,274,793	836,987
- Customer B	Segment I	141,000	189,657
		1,415,793	1,026,644

NOTES TO THE FINANCIAL STATEMENTS

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31. CAPITAL COMMITMENTS

	Group	
	2021	2020
	RM'000	RM'000
Authorised and contracted for:-		
- Plant, machinery and equipment	18,192	5,849
- Construction of building	3,189	4,111
	21,381	9,960

32. FINANCIAL GUARANTEES (UNSECURED)

	Company	
	2021	2020
	RM'000	RM'000
Corporate guarantee extended to licensed banks and financial institutions for credit facilities granted to subsidiaries		
- Limit	35,274	37,197
- Amount utilised	5,350	10,350

The fair value of the corporate guarantee is not recognised in the financial statements as the fair value on initial recognition was not material.

33. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purpose of these financial statements, 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 any financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

The Group and the Company have related party relationship with its related companies and key management personnel. Related companies are related by virtue of having the same holding company.

NOTES TO THE FINANCIAL STATEMENTS

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33. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with subsidiaries:-</u>				
Dividend income	-	-	318,000	140,000
Management fee	-	-	1,680	1,680
<u>Transactions with related parties:-</u>				
Network services paid/payable to:-				
- Insas Technology Berhad	3	3	3	3
- iVend Data Sdn. Bhd.	8	-	8	-
Rental paid/payable to Premium Realty Sdn. Bhd.	48	45	48	45
Secretarial fee paid to:-				
- Megapolitan Management Services Sdn. Bhd.	46	44	13	17
- Quadrant Biz Solutions Sdn. Bhd.	-	121	-	112
Professional fees paid/payable to:-				
- Megapolitan Management Services Sdn. Bhd.	134	31	134	31
- Quadrant Biz Solutions Sdn. Bhd.	-	99	-	99
- M&A Securities Sdn. Bhd.	-	10	-	10
Rental received from PCL Inari Technologies Sdn. Bhd.	861	-	-	-
Purchase from MIT Semiconductor Pte. Ltd.	10,097	-	-	-

The Directors are of the opinion that the above transactions were entered into in the normal course of business and had been established under normal trade terms.

The above parties are deemed related to the Group as follows:-

- Insas Technology Berhad is a major shareholder of the Company and a subsidiary of Insas Berhad ("Insas"). Insas is also a major shareholder of the Company by virtue of its interest in Insas Technology Berhad.
- Megapolitan Management Services Sdn. Bhd., M&A Securities Sdn. Bhd. and Premium Realty Sdn. Bhd. are the subsidiaries of Insas.
- Quadrant Biz Solutions Sdn. Bhd. is a jointly controlled entity of Insas.
- iVend Data Sdn. Bhd. is a subsidiary of Diversified Gateway Solutions Berhad, which is an associate of Insas.
- MIT Semiconductor Pte. Ltd. is a corporate shareholder of IMJV.

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33. RELATED PARTY DISCLOSURES *(cont'd)*

(c) Related party balances

Outstanding balances arising from related party transactions are disclosed in Notes 11, 12, 13 and 21 to the Financial Statements.

(d) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year are as follows:-

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Salaries and other short-term employee benefits	10,808	7,222	830	600

Key management personnel are those persons including Executive Directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

34. FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their risks. The Group and the Company operate within policies that are approved by the Directors and the Group's and the Company's policies are not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's transactions are entered into with diverse creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

It is the Group's and the Company's policies that all customers who wish to trade on credit terms are subject to credit verification procedures.

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL RISK MANAGEMENT *(cont'd)*

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk *(cont'd)*

Following are the areas where the Group and the Company are exposed to credit risk:-

i. Receivables

At the reporting date, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an on-going basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group and the Company use aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar pattern (i.e., by geographical region, product type, customer type and rating and coverage by letters of credit or collateral). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about the past events, current conditions and forecasts of future economic conditions.

Generally, the receivables are written off if the Directors deemed them uncollectable. The maximum exposure to credit risk arising from trade receivables are limited to the carrying amounts as stated in the statements of financial position. The Group's and the Company's receivables are highly credit worthy and have not historically defaulted on their repayment to the Group and the Company. As such, there is no expected credit losses as at the reporting date.

Trade receivables

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:-

	Expected credit loss rate	Total gross carrying amount	Expected credit loss
	%	RM'000	RM'000
Group			
2021			
Not past due	-	230,384	-
Past due 1 to 30 days	-	6,769	-
Past due 31 to 60 days	-	70	-
		237,223	-

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34. FINANCIAL RISK MANAGEMENT (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

i. Receivables (cont'd)

Trade receivables (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix (cont'd):-

	Expected credit loss rate	Total gross carrying amount	Expected credit loss
	%	RM'000	RM'000
Group			
2020			
Not past due	-	161,659	-
Past due 1 to 30 days	-	12,360	-
Past due 31 to 60 days	-	9,202	-
		<hr/>	
		183,221	-

The Group has significant concentration of credit risks on 2 (2020: 2) customers which comprise approximately 99% (2020: 97%) of the trade receivables balance as at the reporting date.

Other receivables

Group and Company

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

ii. Intercompany balances

The amount due from subsidiaries consist of non-interest bearing advances to its subsidiaries and dividend receivable. The non-interest bearing advances are unsecured and the Company monitors their results regularly. The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the reporting date, there was no indication that the amount due from subsidiaries is not recoverable.

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34. FINANCIAL RISK MANAGEMENT (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

iii. Financial guarantees

The Company provides unsecured corporate guarantees to licensed banks and financial institutions in respect of credit facilities granted to subsidiaries.

The maximum exposure to credit risk is disclosed in Note 32 to the Financial Statements, representing outstanding balance of credit facilities of the said subsidiaries as at the end of the reporting year. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

As at the end of the reporting year, there was no indication that any of the subsidiaries would default on repayment.

iv. Cash and cash equivalents

Cash and cash equivalents are placed with or entered into with reputable financial institutions with high credit ratings and have no history of default. The Group and the Company have no significant concentration of credit risk with any single bank.

As at the reporting date, there was no indication that the cash and cash equivalents are not recoverable.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as and when they fall due. The Group and the Company actively manage its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet its working capital requirements.

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34. FINANCIAL RISK MANAGEMENT (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the reporting period based on the undiscounted contractual payments:-

	Carrying amount RM'000	Contractual cash flows RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
Group						
2021						
Borrowings	1,114	1,119	1,119	-	-	-
Trade payables	127,700	127,700	127,700	-	-	-
Other payables and accruals	95,068	95,068	95,068	-	-	-
Dividend payable	133,796	133,796	133,796	-	-	-
Lease liabilities	2,098	2,308	1,277	449	198	384
	359,776	359,991	358,960	449	198	384
2020						
Borrowings	6,153	6,275	5,122	1,153	-	-
Trade payables	70,370	70,370	70,370	-	-	-
Other payables and accruals	94,039	94,039	94,039	-	-	-
Dividend payable	32,494	32,494	32,494	-	-	-
Lease liabilities	3,572	3,938	1,861	1,042	585	450
	206,628	207,116	203,886	2,195	585	450

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34. FINANCIAL RISK MANAGEMENT (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the reporting period based on the undiscounted contractual payments (cont'd):-

	Carrying amount RM'000	Contractual cash flows RM'000	Within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	More than five years RM'000
Company						
2021						
Other payables and accruals	1,596	1,596	1,596	-	-	-
Dividend payable	133,796	133,796	133,796	-	-	-
	135,392	135,392	135,392	-	-	-
Financial guarantees	-	5,350	5,350	-	-	-
2020						
Other payables and accruals	5,265	5,265	5,265	-	-	-
Dividend payable	32,494	32,494	32,494	-	-	-
	37,759	37,759	37,759	-	-	-
Financial guarantees	-	10,350	10,350	-	-	-

(c) Interest rate risk

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

The Group's and the Company's fixed rate short-term deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

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34. FINANCIAL RISK MANAGEMENT (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) Interest rate risk (cont'd)

The Group's and the Company's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group and the Company obtain fixed and floating debts based on assessment of the existing exposure and desired interest rate profile.

The interest rate profile of the Group's and of the Company's interest-bearing financial instruments based on their carrying amounts as at reporting date are as follows:-

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	73,669	74,874	69,828	71,591
Financial liabilities	2,098	3,572	-	-
Floating rate instruments				
Financial assets	541,525	311,143	260,804	123,151
Financial liabilities	1,114	6,153	-	-

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss and do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A 25 basis point increase in interest rate would not have a material impact to the profit before tax of the Group and of the Company.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency fluctuations primarily due to its normal trading activities whereby sales and purchases are principally transacted in USD. The Group and the Company maintain foreign denominated bank account (predominantly USD denominated account) to facilitate the deposits of the Group's and of the Company's revenue denominated in USD as well as to pay for purchases denominated in USD. This provides some form of natural hedge against adverse foreign exchange fluctuations. In addition, the Group enters into foreign currency forward contracts to minimise its exposure against the USD.

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34. FINANCIAL RISK MANAGEMENT (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) Foreign currency risk (cont'd)

The Group's and the Company's exposure to the USD, based on the carrying amounts of financial assets and liabilities as at the end of the reporting date are as follows:-

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiaries	-	-	1,183	1,860
Trade receivables	126,041	93,805	-	-
Other receivables and deposits	-	191	-	-
Deposits, cash and bank balances	321,414	198,598	81,512	81,283
Borrowings	(1,114)	(6,153)	-	-
Trade payables	(54,480)	(25,208)	-	-
Other payables, accruals and other liabilities	(9,485)	(12,626)	-	-
Net exposure	382,376	248,607	82,695	83,143

Sensitivity analysis for foreign currency risk

A 1% strengthening of the RM against the USD at the end of the reporting date would decrease the Group's and the Company's net profit/equity for the financial year by RM3,824,000 (2020: RM2,486,000) and RM827,000 (2020: RM831,000) respectively and a corresponding weakening would have an equal but opposite effect.

This analysis confines to the carrying amounts of financial assets and liabilities denominated in USD and as at the end of the reporting year and assumes that all other variables remain constant.

The strengthening of the RM against other currencies would not have a material impact to the net profit/equity of the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

cont'd

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at the end of the reporting year approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rate on or near the end of the reporting year.

The Group enters into forward exchange contracts to manage its exposure to sales and purchases transactions and local operating expenditure that are denominated in USD. The fair value of the foreign currency forward contract has not been recognised in the financial statements as it is immaterial as at the end of the reporting date. The notional value of foreign currency forward contracts as at the end of the reporting year is as follows:-

	Group	
	2021	2020
	RM'000	RM'000
Foreign currency hedging contracts		
Notional value of contracts*	35,104	35,952

* Equivalent to USD8,450,000 (2020: USD8,400,000).

36. FAIR VALUE MEASUREMENT OF NON-FINANCIAL INSTRUMENTS

The Group and the Company do not have any non-financial assets and liabilities measured at fair value.

37. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management policy remains unchanged and is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group and the Company may adjust the capital structure by issuing new shares, returning capital to shareholders or selling assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

A licensed bank in which a subsidiary of the Group obtains credit facilities has imposed a debt covenant that requires the Group to ensure its gearing ratio does not exceed 1.5.

The Directors determine and monitor to maintain an optimal gearing ratio that complies with debt covenants and other regulatory requirements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

cont'd

37. CAPITAL MANAGEMENT (cont'd)

As at the end of the reporting date, the gearing ratio of the Group and of the Company is as follows:-

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Total borrowings	1,114	6,153	-	-
Total equity	1,377,437	1,208,932	955,179	801,386
Gearing ratio (times)	*	*	N/A	N/A

* Less than 0.01 times.
N/A Not applicable.

38. ESOS

At an Extraordinary General Meeting held on 4 October 2013, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The ESOS was in force for a period of five (5) years commencing from 4 October 2013 to 3 October 2018.

The salient features of the ESOS are as follows:-

- The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed ten percent (10%) of the total issued and fully paid-up share capital of the Company at any time throughout the duration of the ESOS.
- Any employee or Director of any company comprised in the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least eighteen (18) years of age or above; and is employed on a continuous full-time basis for a period of not less than one (1) year and must be a confirmed employee.
- The option price shall be determined at a discount of not more than ten percent (10%) from the weighted average market quotation of the Company's shares as quoted on Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of the offer or at par, whichever is higher.
- The shares under options shall remain unissued until the options are exercised and shall, on allotment, rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the options.
- The Board of Directors has the absolute discretion, without the approval of the Company's shareholders in the general meeting to extend the duration of the ESOS for up to further five (5) years.

On 23 April 2018, the Directors had extended the existing ESOS which was expired on 3 October 2018 for a further period of two (2) years until 3 October 2020 in accordance with the provisions of the ESOS By-Laws.

On 21 May 2020, the Directors had further extended the existing ESOS which was expired on 3 October 2020 for a further period of two (2) years until 3 October 2022 in accordance with the provisions of the ESOS By-Laws.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

38. ESOS (cont'd)

The fair value of the share options granted was estimated at the grant date using Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted with the following inputs:-

	ESOS I	ESOS II	ESOS III	ESOS IV	ESOS V	ESOS VI	ESOS VII	ESOS VIII
Underlying share price (RM)	1.67	2.12	2.63	3.29	3.36	2.63	3.24	2.07
Adjusted exercise price (RM)	0.357	0.533	0.797	1.000	0.977	0.863	0.983	1.187
Expected volatility (%)	30.69	28.56	11.89	41.16	40.31	34.66	21.73	19.52
Risk-free interest rate (% per annum)	3.94	4.22	2.92	2.70	2.70	2.70	3.31	3.30
Dividend yield (%)	3.47	3.21	3.62	2.92	2.86	2.86	2.65	5.02
Expected life of options (years)	8.74	7.96	7.01	6.67	6.61	6.28	5.80	5.46
	ESOS IX	ESOS X	ESOS XI	ESOS XII	ESOS XIII	ESOS XIV	ESOS XV	ESOS XVI
Underlying share price (RM)	2.46	2.90	3.43	1.95	1.90	1.04	2.47	3.03
Adjusted exercise price (RM)	1.438	1.721	2.047	1.880	1.890	0.980	2.460	3.030
Expected volatility (%)	27.69	24.53	24.53	20.91	19.67	19.48	17.88	14.22
Risk-free interest rate (% per annum)	3.21	3.07	2.98	3.27	3.34	3.66	3.80	3.80
Dividend yield (%)	3.98	3.14	2.65	3.34	4.42	3.12	1.99	2.18
Expected life of options (years)	5.13	4.89	4.75	4.48	3.92	2.53	1.96	1.38

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021
cont'd

38. ESOS (cont'd)

The movements of share options offered during the financial year are as follows:-

		----- Number of share options -----				
	Offer date	At 1.7.2020 Unit	Granted Unit	Exercised Unit	Lapsed* Unit	At 30.6.2021 Unit
ESOS I	08.01.2014/ 28.01.2014	15,140	-	(400)	(437)	14,303
ESOS II	17.10.2014	39,121	-	-	(18)	39,103
ESOS III	01.10.2015	180,000	-	(67,400)	(50)	112,550
ESOS IV	02.02.2016	392,100	-	(256,000)	-	136,100
ESOS V	23.02.2016	343,700	-	(169,600)	-	174,100
ESOS VI	23.06.2016	328,400	-	(169,300)	-	159,100
ESOS VII	16.12.2016	2,989,950	-	(2,825,400)	-	164,550
ESOS VIII	19.04.2017	5,690,225	-	(5,168,200)	(4,625)	517,400
ESOS IX	17.08.2017	8,382,500	-	(6,624,900)	(6,975)	1,750,625
ESOS X	13.11.2017	20,413,800	-	(12,906,200)	(371,625)	7,135,975
ESOS XII	11.04.2018	39,991,502	-	(23,668,500)	(891,963)	15,431,039
ESOS XIII	05.11.2018	29,563,900	-	(16,717,100)	(951,100)	11,895,700
ESOS XIV	24.03.2020	26,714,100	-	(24,059,700)	(135,300)	2,519,100
ESOS XV	19.10.2020	-	12,332,900	(4,038,800)	(276,500)	8,017,600
ESOS XVI	20.05.2021	-	12,482,400	-	(18,000)	12,464,400
		135,044,438	24,815,300	(96,671,500)	(2,656,593)	60,531,645
		----- Number of share options -----				
	Offer date	At 1.7.2019 Unit	Granted Unit	Exercised Unit	Lapsed* Unit	At 30.6.2020 Unit
ESOS I	08.01.2014/ 28.01.2014	130,695	-	(115,400)	(155)	15,140
ESOS II	17.10.2014	87,039	-	(47,900)	(18)	39,121
ESOS III	01.10.2015	366,150	-	(171,100)	(15,050)	180,000
ESOS IV	02.02.2016	532,100	-	(140,000)	-	392,100
ESOS V	23.02.2016	4,133,800	-	(3,790,100)	-	343,700
ESOS VI	23.06.2016	465,100	-	(136,700)	-	328,400
ESOS VII	16.12.2016	4,754,550	-	(1,764,600)	-	2,989,950
ESOS VIII	19.04.2017	6,561,100	-	(848,200)	(22,675)	5,690,225
ESOS IX	17.08.2017	11,229,000	-	(2,745,800)	(100,700)	8,382,500
ESOS X	13.11.2017	21,432,100	-	(384,200)	(634,100)	20,413,800
ESOS XII	11.04.2018	42,050,752	-	(244,100)	(1,815,150)	39,991,502
ESOS XIII	05.11.2018	32,028,000	-	(73,000)	(2,391,100)	29,563,900
ESOS XIV	24.03.2020	-	37,070,200	(10,222,100)	(134,000)	26,714,100
		123,770,386	37,070,200	(20,683,200)	(5,112,948)	135,044,438

* Lapsed due to resignation.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

cont'd

LIST OF PROPERTIES

As at 30 June 2021

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD

(i) Coronavirus impact to the Group

On 11 March 2020, the World Health Organisation declared the Coronavirus (“Covid-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. The Malaysian Government imposed various Movement Control Order, total lockdown and National Recovery Plan starting from 18 March 2020 onwards as well as a State of Emergency which was declared by His Majesty the Yang di-Pertuan Agong to curb the spread of the Covid-19 outbreak in Malaysia. These have resulted in travel restrictions and other precautionary measures imposed by the authorities.

The restrictions imposed have not, however, negatively impacted the Group’s financial performance as the Group is operating in manufacturing sector which was allowed to operate throughout the restrictions imposed under guidelines set by the National Security Council, Ministry of Health and Ministry of International Trade and Industry respectively. While for subsidiaries operating in Philippines and China, the Covid-19 are handled in the same manner by the respective local authorities whereby the subsidiaries’ operations have not been negatively impacted as well and are able to operate in normal capacity.

As at the date of authorisation of the financial statements, the Covid-19 pandemic situation is still evolving and uncertain. The Group will continue to actively monitor and manage its funds and operations to minimise any negative impact arising from the Covid-19 pandemic.

(ii) Subsidiaries’ voluntary winding-up

During the current financial year, two (2) dormant subsidiaries of the Group, namely Ceedtec Sdn. Bhd. (“CSB”) and Ceedtec Technology Sdn. Bhd. (“CTSB”) have been placed under members’ voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016. As at the date of authorisation of the financial statements, the winding-up is still in progress.

(iii) Private placement

On 6 May 2021, the Company announced to implement a private placement of up to 333,000,000 new ordinary shares (“Placement Shares”) which was undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 obtained from the shareholders of the Company at its 10th Annual General Meeting convened on 25 November 2020 and subsequently approved by Bursa Malaysia Securities Berhad on 3 June 2021.

The private placement was completed with the listing and quotation of 333,000,000 Placement Shares at an issue price of RM3.10 per share on the Main Market of Bursa Securities on 30 July 2021.

	Address	Descriptions/ Existing use	Land area (sq. meter)	Tenure	Approximate age of building (years)	Carrying amount as at 30 June 2021 (RM'000)	Date acquired
1.	Building 2430, Maloma Street, Clark Freeport Zone, Clark Field, Municipality of Mabalacat, Province of Pampanga, Philippines.	3 interconnected industrial buildings	33,000	Term of sub-lease:- 25 years with an option to renew for another 22 years (expiring on 19 October 2043) and a further option to renew for another 25 years	Between 13 to 24 years	30,255	28.10.1996
2.	No 8, Xinzhu Road, Kunshan Free Trade Zone, Jiangsu Province, People's Republic of China.	4-storey detached factory	4,650	50 years lease expiring on 29 October 2050	19 years	4,429	10.07.2003
3.	No. 5, Phase 4, Bayan Lepas Free Industrial Zone, 11900 Bayan Lepas, Pulau Pinang, Malaysia.	3-storey factory building	2,089	60 years lease expiring on 29 May 2051	23 years	2,499	31.08.2006
4.	Lot No. 17331 held under title No. H.S.(D) 23157 Mukim 12, District of Barat Daya, Pulau Pinang, Malaysia.	Vacant industrial land	4,047	60 years lease expiring on 14 May 2051	-	862	17.04.2008
5.	No. 51, Phase 4, Bayan Lepas Free Industrial Zone, 11900 Bayan Lepas, Pulau Pinang, Malaysia.	(i) 3-storey factory building cum office block (ii) 2-storey factory building cum office block, canteen and warehouse	8,332	60 years lease expiring on 16 January 2054	22 years 8 years	8,818 5,609	21.07.2008
6.	761, Persiaran Cassia Selatan 3, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang, Malaysia. (Plot 315, Batu Kawan Industrial Park, Mukim 13, Daerah Seberang Perai Selatan, Pulau Pinang, Malaysia.)	3 blocks of 6-storey factory building cum office building	20,438	60 years lease expiring on 11 May 2076	2 years	85,840	24.07.2014

LIST OF PROPERTIES

As at 30 June 2021
cont'd

	Address	Descriptions/ Existing use	Land area (sq. meter)	Tenure	Approximate age of building (years)	Carrying amount as at 30 June 2021 (RM'000)	Date acquired
7.	Plot 98, Hala Kampung Jawa 1, Non Free Industrial Zone, Bayan Lepas Industrial Park, 11900 Pulau Pinang, Malaysia.	(i) 2-storey factory building cum office building	17,758	60 years lease expiring on 6 March 2050	Between 7 to 24 years	47,216	09.09.2014
		(ii) Extension of 5-storey factory building cum office building (Certificate of Completion and Compliance obtained on 28 July 2021)	4,552		< 1 year	-	
8.	Lot 6044, Mukim 12, Daerah Barat Daya, Plot 201, Lebuhr Kampung Jawa, Fasa III, Free Trade Zone, Bayan Lepas, Pulau Pinang, Malaysia.	Industrial land with a factory building	21,256	60 years lease expiring on 1 April 2041	Between 5 to 28 years	18,833	15.02.2016
						204,361	

ANALYSIS OF SHAREHOLDINGS

As at 23 September 2021

ORDINARY SHARES

Number of shares issued : 3,683,337,499
Class of shares : Ordinary shares
Voting rights : One vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
Less than 100	738	2.51	34,242	0.01
100 – 1,000	9,027	30.76	6,028,841	0.16
1,001 – 10,000	14,358	48.93	58,851,260	1.60
10,001 – 100,000	3,931	13.40	121,088,544	3.28
100,001 – 184,166,874	1,288	4.39	3,203,027,112	86.96
184,166,875 and above	1	0.01	294,307,500	7.99
	29,343	100.00	3,683,337,499	100.00

THIRTY LARGEST SHAREHOLDERS (Based on the Record of Depositors)
(Without aggregating the shares from different securities accounts belonging to the same depositor)

NO.	NAME	NO. OF SHARES	%
1	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	294,307,500	7.99
2	INSAS TECHNOLOGY BERHAD	181,219,375	4.92
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	166,132,000	4.51
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	158,312,600	4.30
5	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BERHAD (01-00871-000)	100,000,000	2.71
6	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	60,836,300	1.65
7	UOBM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BHD	50,000,000	1.36
8	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	45,689,400	1.24
9	UOBM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BERHAD	45,000,000	1.22
10	LEMBAGA TABUNG HAJI	44,565,000	1.21
11	PERMODALAN NASIONAL BERHAD	40,208,200	1.09

ANALYSIS OF SHAREHOLDINGS

As at 23 September 2021
cont'd

THIRTY LARGEST SHAREHOLDERS (Based on the Record of Depositors) *(cont'd)*
(Without aggregating the shares from different securities accounts belonging to the same depositor)

NO.	NAME	NO. OF SHARES	%
12	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BERHAD (INSBHD-RCCGLO2)</i>	40,000,000	1.09
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)</i>	39,503,000	1.07
14	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC DIVIDEND FUND</i>	38,913,400	1.06
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR INSAS PLAZA SDN BHD (6000068)</i>	37,500,000	1.02
16	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC SELECT TREASURES FUND</i>	33,539,000	0.91
17	HO PHON GUAN	33,339,628	0.90
18	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND</i>	31,816,800	0.86
19	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND</i>	30,157,178	0.82
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>URUSHARTA JAMAAH SDN. BHD. (2)</i>	30,000,000	0.81
21	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR INSAS PLAZA SDN BHD</i>	27,501,000	0.75
22	CARTABAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)</i>	26,965,250	0.73
23	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG VALUE FUND</i>	26,842,000	0.73
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)</i>	24,940,900	0.68
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)</i>	23,821,100	0.65
26	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PBTB FOR TAKAFULINK DANA EKUITI</i>	23,675,150	0.64
27	CITIGROUP NOMINEES (ASING) SDN BHD <i>UBS AG</i>	22,915,123	0.62
28	HONG LEONG ASSURANCE BERHAD <i>AS BENEFICIAL OWNER (LIFE PAR)</i>	21,238,400	0.58
29	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)</i>	21,003,600	0.57
30	INSAS PLAZA SDN BHD	20,116,700	0.55
		1,740,058,604	47.24

ANALYSIS OF SHAREHOLDINGS

As at 23 September 2021
cont'd

SUBSTANTIAL SHAREHOLDERS AS AT 23 SEPTEMBER 2021
(Based on the Register of Substantial Shareholders)

NAME	DIRECT INTEREST		INDIRECT INTEREST	
	NO. OF ORDINARY SHARES	%	NO. OF ORDINARY SHARES	%
Dato’ Sri Thong Kok Khee ⁽¹⁾	3,874,000	0.11	542,209,776	14.72
Insas Berhad ⁽²⁾	540,693,575	14.68	-	-
Insas Technology Berhad ⁽³⁾	424,769,375	11.53	11,206,500	0.30
Kumpulan Wang Persaraan (Diperbadankan) ⁽⁴⁾	294,956,900	8.01	40,543,075	1.10
Employees Provident Fund Board	264,206,700	7.17	-	-
⁽¹⁾ Direct interest and deemed interest by virtue of Section 8(4) and Section 59(11) of the Companies Act, 2016 (“the Act”) held through Insas Berhad, Immobillaire Holdings Pte Ltd and children.				
⁽²⁾ Deemed interest by virtue of Section 8(4) of the Act held through subsidiaries.				
⁽³⁾ Direct interest and deemed interest by virtue of Section 8(4) of the Act held through subsidiary.				
⁽⁴⁾ Direct interest and deemed interest held through fund managers.				

STATEMENT OF DIRECTORS' INTEREST

In the Company and Its Related Corporations as at 23 September 2021

DIRECTORS' INTEREST IN SHARES

(Based on the Register of Directors' Shareholding)

		Ordinary Shares			
		Direct Interest		Indirect Interest	
	Inari Amertron Berhad	Number	%	Number	%
1.	Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	538,125	0.01	-	-
2.	Dato' Dr. Tan Seng Chuan	1,650,453	0.04	-	-
3.	Lau Kean Cheong	25,371,325	0.69	13,382,997 ⁽¹⁾	0.36
4.	Dato' Wong Gian Kui	-	-	-	-
5.	Ho Phon Guan	33,839,628	0.92	-	-
6.	Mai Mang Lee	11,360,816	0.31	1,875,000 ⁽²⁾	0.05
7.	Dato' Sri Thong Kok Khee	3,874,000	0.11	542,209,776 ⁽³⁾	14.72
8.	Foo Kok Siew	260,000	0.01	-	-
9.	Oh Seong Lye	-	-	-	-
10.	Datuk Phang Ah Tong	-	-	-	-
11.	Ahmad Ridzuan Bin Wan Idrus	-	-	-	-
12.	Thong Mei Chuen (Alternate Director to Dato' Sri Thong Kok Khee)	680,451	0.02	-	-
Amertron Incorporated					
1.	Dato' Dr. Tan Seng Chuan	2	*	-	-
2.	Lau Kean Cheong	2	*	-	-
3.	Mai Mang Lee	1	*	-	-
Ceedtec Sdn Bhd					
1.	Ho Phon Guan	159,700	4.07	-	-

* Negligible

Notes:

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

(2) Deemed interest by virtue of Section 59(11) of the Act held through children.

(3) Deemed interest by virtue of Section 8(4) and Section 59(11) of the Act held through Insas Berhad, Immobillaire Holdings Pte Ltd and children.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 11th Annual General Meeting of Inari Amertron Berhad will be conducted on a fully virtual basis using the remote participation and voting facilities at the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") via its TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC:D1A282781) on **Thursday, 25 November 2021 at 11.00 a.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

- | | | |
|-----|--|--------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon. | Please see Explanatory Note 1 |
| 2. | To approve the payment of Directors' fees of RM739,200 (2020: RM697,200) for the financial year ended 30 June 2021. | Resolution 1 |
| 3. | To approve the payment of Directors' benefits of up to RM60,000 for the period from 26 November 2021 until the next Annual General Meeting of the Company. | Resolution 2 |
| 4. | To re-elect the following Directors retiring pursuant to Clause 95 or 102 of the Company's Constitution:- | |
| 4.1 | Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP | Resolution 3 |
| 4.2 | Dato' Sri Thong Kok Khee | Resolution 4 |
| 4.3 | Datuk Phang Ah Tong | Resolution 5 |
| 4.4 | En. Ahmad Ridzuan Bin Wan Idrus | Resolution 6 |
| 5. | To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 7 |

AS SPECIAL BUSINESS

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

- | | | |
|----|--|---------------------|
| 6. | AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT 2016 | Resolution 8 |
|----|--|---------------------|

"THAT, subject to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant authorities where required, the Directors of the Company be and are hereby empowered, pursuant to Section 75 and 76 of the Companies Act, 2016, to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued."

NOTICE OF ANNUAL GENERAL MEETING

cont'd

7. **PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)**

“**THAT**, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature (“Recurrent Related Party Transactions”) as set out in Section 2.3, Part A of the Circular/ Statement to Shareholders dated 25 October 2021, subject to the following:-

- (a) the Recurrent Related Party Transactions are undertaken in the ordinary course of business which are necessary for the day-to-day operations; on arm’s length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;
- (b) disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted during the financial year.

THAT such approval shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which the Proposed Shareholders’ Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (“the Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) it is revoked or varied by resolution passed by shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorized to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders’ Mandate.”

8. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES**

“**THAT**, subject to the Companies Act, 2016 (“the Act”), rules, regulations and orders made pursuant to the Act, the Company’s Constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to 10% of the total number of issued shares of the Company at the time of purchase;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;

Resolution 9

- (iii) the authority conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and any other relevant authorities; and
- (iv) upon completion of the purchase(s) of the ordinary shares by the Company, the Directors of the Company be and are hereby authorised to cancel all the shares so purchased or retain all the shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act) or retain part thereof as treasury shares and cancelling the balance, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise and give full effect to the purchase(s) of the ordinary shares in the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company.”

9. **PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

“**THAT** the following Independent Non-Executive Directors, who have served for a cumulative term of more than nine (9) years, be and are hereby retained and continue to act as Independent Non-Executive Directors of the Company:-

- (i) Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP
- (ii) Mr. Foo Kok Siew

Resolution 11

Resolution 12

10. To transact any other business of the Company of which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act, 2016.

By Order of the Board

Chow Yuet Kuen
MAICSA 7010284
SSM Practising Certificate No. 202008002730
Company Secretary

Lau Fong Siew
MAICSA 7045893
SSM Practising Certificate No. 202008002625
Company Secretary

Kuala Lumpur
25 October 2021

NOTICE OF ANNUAL GENERAL MEETING

cont'd

Notes

- The 11th Annual General Meeting (“AGM”) will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting facilities (“RPV”). The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the poll administrator for the AGM to facilitate the RPV via TIIH Online website at <https://tiih.online>. Please follow the procedures set out in the Administrative Guide for the AGM which is available on the Company’s website at <http://www.inari-amertron.com/2021-11th-agm.asp> to register, participate, and vote remotely via the RPV.
- A member entitled to participate and vote at the meeting via RPV is entitled to appoint not more than two (2) proxies to participate and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
- Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds 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.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
- The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the poll administrator not less than forty-eight (48) hours before the time set for holding the meeting i.e. no later than 23 November 2021 at 11.00 a.m:
 - In hard copy form
Submit to Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - By electronic form
Lodge via TIIH Online website at <https://tiih.online> by following the procedures provided in the Administrative Guide.
- A member who has appointed a proxy or authorised representative or attorney to participate in the AGM via RPV must request his/ her proxy or authorised representative or attorney to register himself/herself for RPV at TIIH Online website at <https://tiih.online> in accordance with the procedures set out in the Administrative Guide.
- Only members whose names appear in the **Record of Depositors as at 16 November 2021** will be entitled to participate or appoint proxy(ies) to participate in his stead in the AGM.

Explanatory Notes

1. Audited Financial Statements

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting.

2. Ordinary Resolution 1 – Directors’ Fees

The proposed Ordinary Resolution 1, if passed, will authorise the payment of Directors’ fees in respect of the financial year ended 30 June 2021 amounting to RM739,200 (2020: RM697,200).

3. Ordinary Resolution 2 – Directors’ Benefits

The benefits payable to the Non-Executive Directors comprise of meeting allowance for attending the Board, Board Committees and general meetings for the period from 26 November 2021 to the next Annual General Meeting in 2022. The meeting allowance is estimated based on the number of scheduled and unscheduled meetings and the numbers of Non-Executive Directors involved in these meetings.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

4. Ordinary Resolution 8 – Authority to Issue Shares under Section 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 8, if passed, is to empower the Directors of the Company to issue and allot shares up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. The renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to issuance of new shares for funding investment projects, working capital and/or acquisitions and is sought to avoid any delay and costs involved in convening a general meeting of the Company to approve such issue of shares. The general mandate sought for the issue of shares is a renewal of the general mandate which was approved by shareholders at the last Annual General Meeting held on 25 November 2020 and will lapse at the conclusion of the 11th Annual General Meeting.

As at the date of this notice, the Company had issued 333,000,000 new ordinary shares (“Inari Shares”) via private placement under this general mandate. The private placement was completed on 30 July 2021 following the listing of and quotation for 333,000,000 Inari Shares on the Main Market of Bursa Securities. Further details of the private placement are set out on page 120 of the Annual Report.

5. Ordinary Resolution 9 – Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 9, if passed, will empower the Company and/or its subsidiary companies to enter into Recurrent Related Party Transactions of a revenue or trading nature in a timely manner. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of general meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

Further information on the proposal is set out in Part A of the Circular/Statement to Shareholders dated 25 October 2021 which is available on the Company’s website at <http://www.inari-amertron.com/2021-11th-agm.asp>.

6. Ordinary Resolution 10 – Proposed Renewal of Authority for the Company to Purchase its Own Shares

The proposed Ordinary Resolution 10, if passed, will empower the Directors to purchase the Company’s shares up to 10% of the total number of issued shares of the Company by utilising the funds allocated out of the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on the proposal is set out in Part B of the Circular/Statement to Shareholders dated 25 October 2021 which is available on the Company’s website at <http://www.inari-amertron.com/2021-11th-agm.asp>.

7. Ordinary Resolutions 11 and 12 – Retention of Independent Non-Executive Directors

Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017, the tenure of an Independent Director shall not exceed a cumulative term limit of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the board as an Independent Director subject to justification and annual shareholders’ approval being obtained.

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP and Mr Foo Kok Siew have served as Independent Non-Executive Directors of Inari for a cumulative term of more than nine (9) years. The Board, via the Nomination Committee (with the Independent Directors concerned abstained from deliberation and assessment), had assessed the independence of Y.A.M. Tengku Aishah and Mr Foo, and recommended them to continue to act as Independent Non-Executive Directors based on the following justifications:-

- they have fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, they provide check and balance and bring an element of objectivity to the Board.
- these long-serving Independent Directors, who possess insight and in-depth knowledge of the Group’s business, understand the Company’s business operations extensively, enabling them to participate actively and contribute positively in deliberation and decision-making of the Board and Board Committees.
- they continue to exercise due care and diligence as Independent Non-Executive Directors of the Company and carry out their professional duties in the interest of the Company and shareholders.

Mr Oh Seong Lye, who has also served as an Independent Non-Executive Director of Inari for a cumulative term of more than nine (9) years, has given his intention in writing to retire from Inari Board at the close of the 11th AGM to be held on 25 November 2021. Hence, a resolution to retain Mr Oh as an Independent Non-Executive Director has not been included in the agenda for the 11th AGM and consequently Mr Oh will retire and cease to be a Director of Inari at the close of the forthcoming 11th AGM.

STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Details of individuals who are standing for election as Directors

The profile of the Directors who are standing for election and re-election (as per resolutions No. 3 to 6 as stated above) at the 11th Annual General Meeting of the Company are set out in the profile of the Board of Directors on pages 12 to 15 of the Annual Report. The details of their interest in the securities of the Company are set out in the Statement of Directors’ Interest on page 232 of the Annual Report.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The proposed Ordinary Resolution 8 is a renewal of the general mandate which was approved by shareholders at the last Annual General Meeting held on 25 November 2020 and will lapse at the conclusion of the 11th Annual General Meeting.

The Company had issued 333,000,000 new ordinary shares (“Inari Shares”) via private placement under this general mandate. The private placement was completed on 30 July 2021 following the listing of and quotation for 333,000,000 Inari Shares on the Main Market of Bursa Securities. Further details of the private placement are set out on page 120 of the Annual Report.



PROXY FORM

11th Annual General Meeting

No. of Shares Held	CDS Account No.

I/We _____
(FULL NAME IN BLOCK LETTERS)

NRIC No./Company No. _____ Tel No. _____

of _____
(FULL ADDRESS)

being a member(s) of INARI AMERTRON BERHAD, hereby appoint:-

1. Full name of Proxy in BLOCK LETTERS	NRIC/Passport No.	Proportion of shareholding	
		No. of shares	%
Address			

AND

2. Full name of Proxy in BLOCK LETTERS	NRIC/Passport No.	Proportion of shareholding	
		No. of shares	%
Address			

or failing him/her, the Chairperson of the meeting, as my/our proxy(ies) to vote for me/us on my/our behalf at the 11th Annual General Meeting of the Company to be held on a fully virtual basis using the remote participation and voting facilities at the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC:D1A282781) on **Thursday, 25 November 2021 at 11.00 a.m.** or at any adjournment thereof in the manner indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors’ fees of RM739,200		
2.	To approve the payment of Directors’ benefits of up to RM60,000		
3.	To re-elect Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP as Director		
4.	To re-elect Dato’ Sri Thong Kok Khee as Director		
5.	To re-elect Datuk Phang Ah Tong as Director		
6.	To re-elect En. Ahmad Ridzuan Bin Wan Idrus as Director		
7.	To re-appoint Grant Thornton Malaysia PLT as Auditors		
8.	To approve the authority to issue and allot shares		
9.	To approve the shareholders’ mandate for recurrent related party transactions of a revenue or trading nature		
10.	To approve the renewal of authority for the Company to purchase its own shares		
11.	To retain Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP as Independent Non-Executive Director		
12.	To retain Mr. Foo Kok Siew as Independent Non-Executive Director		

Please indicate with an “X” in the spaces provided how you wish your vote to be cast. If no specific instruction is given on the voting, the proxy will vote or abstain from voting at his/her discretion.

Signed this _____ day of _____ 2021

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

Fold this flap for sealing

Please fold here

AFFIX
STAMP
HERE

INARI AMERTRON BERHAD
c/o Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No.8, Jalan Kerinchi
59200 Kuala Lumpur

Please fold here

Notes

1. The 11th Annual General Meeting ("AGM") will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting facilities ("RPV"). The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the poll administrator for the AGM to facilitate the RPV via TIIH Online website at <https://tiih.online>. Please follow the procedures set out in the Administrative Guide for the AGM which is available on the Company's website at <http://www.inari-amertron.com/2021-11th-agm.asp> to register, participate and vote remotely via the RPV.
2. A member entitled to participate and vote at the meeting via RPV is entitled to appoint not more than two (2) proxies to participate and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
3. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds 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.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
5. The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the poll administrator not less than forty-eight (48) hours before the time set for holding the meeting i.e. no later than 23 November 2021 at 11.00 a.m.:
 - (a) In hard copy form
Submit to Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (b) By electronic form
Lodge via TIIH Online website at <https://tiih.online> by following the procedures provided in the Administrative Guide.
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7. Only members whose names appear in the **Record of Depositors as at 16 November 2021** will be entitled to participate or appoint proxy(ies) to participate in his stead in the AGM.



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