



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



ACTUALISING THROUGH TECHNOLOGY & INNOVATION

ANNUAL REPORT 2022

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

CONTENTS



Scan this QR code to view our
Annual Report 2022

02	Corporate Information
03	Corporate Structure
04	5 Years Group Financial Highlights
06	Awards and Recognitions
08	Key Achievements and Milestones
10	Inari Amertron Berhad in the News
12	Profile of the Board of Directors
16	Profile of the Key Senior Management
18	Chairperson's Letter to the Shareholders
22	Management Discussion and Analysis
36	Sustainability Statement
114	Events Highlights
116	Corporate Governance Overview Statement
134	Additional Compliance Information
138	Statement on Risk Management and Internal Control
145	Audit Committee Report
150	Financial Statements
245	List of Properties
247	Analysis of Shareholdings
250	Statement of Directors' Interest in the Company and Its Related Corporations
251	Notice of Annual General Meeting
256	Statement Accompanying Notice of Annual General Meeting
	Proxy Form

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
Group 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 Khee
Ahmad Ridzuan Bin Wan Idrus**

Independent Non-Executive Directors

**Foo Kok Siew
Datuk Phang Ah Tong**

Alternate Director to Dato' Sri Thong Kok Khee
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
Datuk Phang Ah Tong**

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 Khee

Independent Non-Executive Director
Datuk Phang Ah Tong

REMUNERATION COMMITTEE

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

PRINCIPAL BANKERS

Agricultural Bank of China
AmBank (M) Berhad
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
Yuantia Commercial Bank Co. Ltd.

STOCK EXCHANGE LISTING

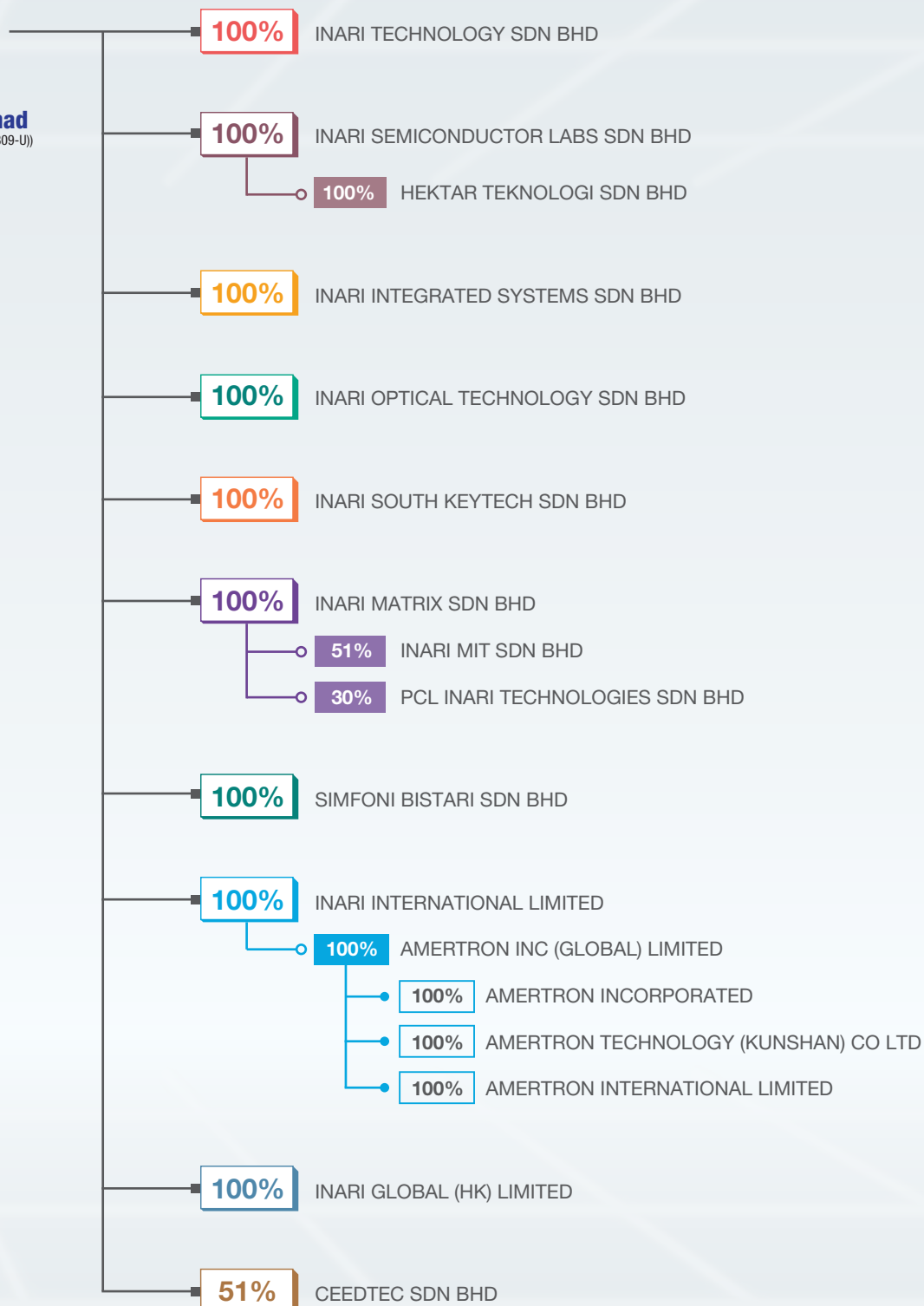
Main Market of
Bursa Malaysia Securities Berhad
Stock Name : INARI
Stock Code : 0166
Sector : Technology
Sub-sector : Semiconductors

CORPORATE STRUCTURE

As at 25 October 2022



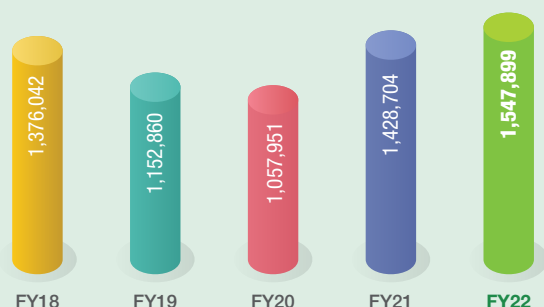
Inari Amertron Berhad
(Registration No. 201001016131 (1000809-U))



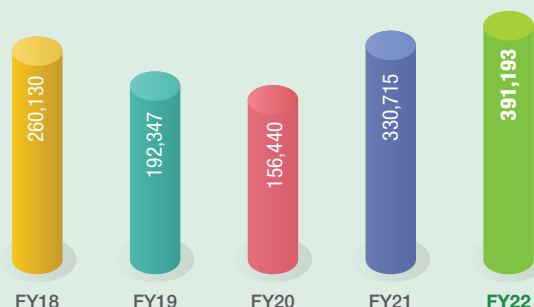
5 YEARS GROUP FINANCIAL HIGHLIGHTS

	2018	2019	2020	2021	2022
Revenue (RM'000)	1,376,042	1,152,860	1,057,951	1,428,704	1,547,899
Profit After Taxation (RM'000)	260,130	192,347	156,440	330,715	391,193
EBITDA (RM'000)	380,835	312,343	273,499	455,466	548,053
Earnings Per Share (Basic) (sen)	8.08	6.06	4.85	10.01	10.65
Dividends Per Share (sen)	8.4	5.2	4.4	11.0	10.0
Dividend Payout Ratio (%)	81.6%	85.8%	91.1%	113.5%	94.7%
Dividend Payout (RM'000)	212,338	164,973	142,510	375,364	370,495
Total Equity (RM'000)	1,070,817	1,121,959	1,208,932	1,377,437	2,511,035
Net Assets Per Share (sen)	33.8	35.2	37.1	41.0	67.6
Cash And Bank Balances (RM'000)	529,962	429,716	594,594	904,886	1,971,021
Debt/Equity Ratio (times)	0.022	0.013	0.005	0.001	-

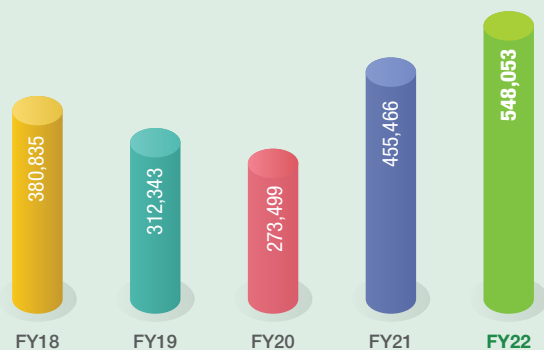
Revenue
(RM'000)



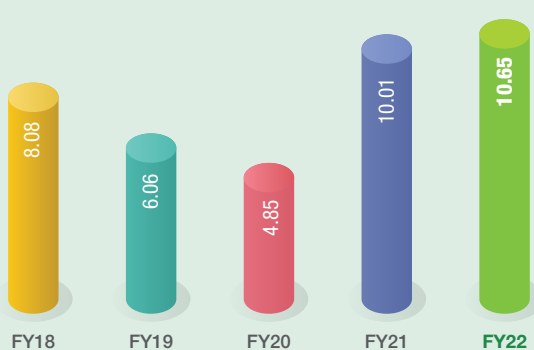
Profit After Taxation
(RM'000)



EBITDA
(RM'000)

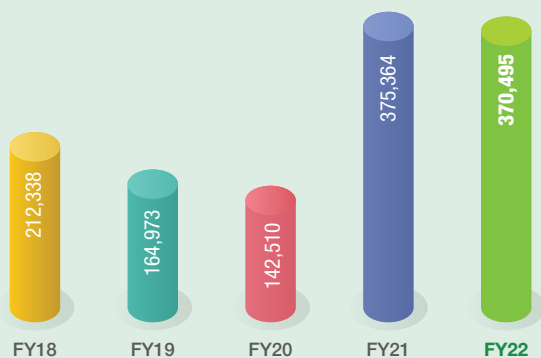
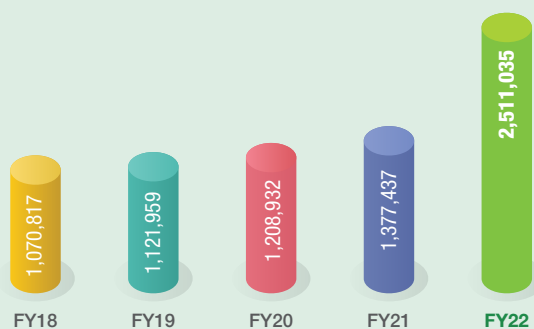
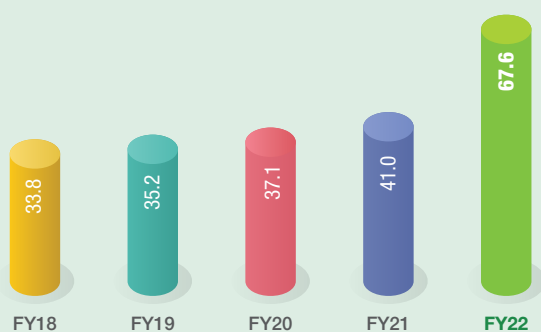
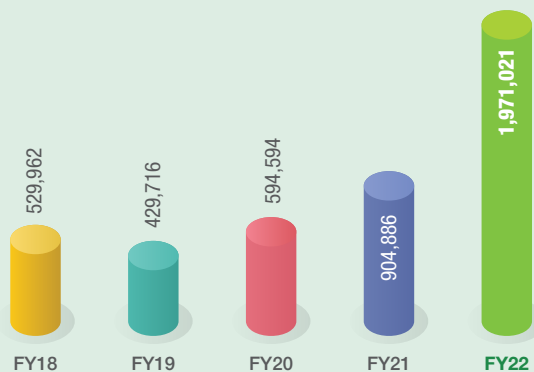
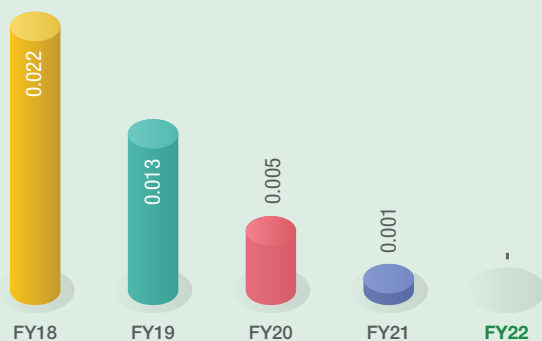


Earnings Per Share (Basic)
(sen)



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)**Debt/Equity Ratio**
(times)

AWARDS AND RECOGNITIONS

1. **2022**
SUPPLIER APPRECIATION AWARD - AMS OSRAM
2. **2022**
THE IEM AWARD - RECOGNITION FOR CONTRIBUTION IN THE ENGINEERING INDUSTRY (MATERIALS & PRODUCTION)
3. **2019**
ALL-ASIA EXECUTIVE TEAM ASEAN MOST HONORED COMPANIES
4. **2019**
ALL-ASIA EXECUTIVE TEAM SPECIAL ACHIEVEMENT AWARDS BEST CEO (MALAYSIA) - LAU KEAN CHEONG
5. **2019**
ALL-ASIA EXECUTIVE TEAM SPECIAL ACHIEVEMENT AWARDS FOR CFO (MALAYSIA) - CHONG POH LENG
6. **2019**
THE INSTITUTION OF ENGINEERING AND TECHNOLOGY (IET) - INDUSTRY EXCELLENCE PLATINUM AWARD
7. **2019**
ASIAMONEY AWARDS 2019 – THE MOST OUTSTANDING COMPANY IN MALAYSIA, SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT SECTOR
8. **2018**
FT 1000 HIGH-GROWTH COMPANIES ASIA-PACIFIC FROM FINANCIAL TIMES
9. **2018**
APPRECIATION FOR THE STRONG PARTNERSHIP AND EXCELLENT SHIPMENT SUPPORT FROM BROADCOM
10. **2018**
MALAYSIA INVESTOR RELATIONS AWARDS (MIRA) - BEST CEO FOR INVESTOR RELATIONS (MID CAP)
11. **2018**
THE EDGE BILLION RINGGIT CLUB AWARDS - HIGHEST RETURN ON EQUITY OVER THREE YEARS
12. **2018**
THE EDGE BILLION RINGGIT CLUB AWARDS - HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
13. **2017**
RECOGNITION FOR PARTNERSHIP EXCELLENCE FROM EPSON
14. **2017**
BEST SUPPLIER AWARD FROM BROADCOM WIRELESS SEMICONDUCTOR DIVISION
15. **2016**
THE EDGE BILLION RINGGIT CLUB AWARDS HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS
16. **2016**
ASIA BEST EMPLOYER BRAND AWARDS
17. **2016**
MALAYSIA BEST EMPLOYER BRAND AWARDS
18. **2014, 2015 & 2016**
FORBES ASIA 200 BEST UNDER A BILLION COMPANY
19. **2015**
BEST SUPPLIER OF THE YEAR RECOGNITION AWARD FROM BROADCOM (AVAGO)
20. **2013**
OUTSTANDING PERFORMANCE MICROSEMI PMG PHOENIX SUPPLIER
21. **2013**
THE BRANDLAUREATE SMEs BESTBRANDS BLUE CHIP AWARD ELECTRONICS MANUFACTURING
22. **2010**
BEST SUPPLIER AWARD BEST CONTRACT MANUFACTURER FROM AVAGO



16



17



20



18



21



22



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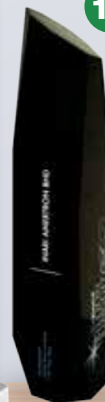
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12



13



14



15



19



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.

2011

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

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 160,000 square feet factory buildings in Bayan Lepas Industrial Park (P13).
- Inari was recognised by Forbes as one of the "Asia 200 Best Under A Billion" Company.

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.

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.

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).

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, Philippines commenced in May 2015 and expected to operate in August 2017.
- Inari was recognised by Forbes as one of the "Asia 200 Best Under A Billion" Company.
- Inari ranked No. 1 on Focus Malaysia "50 Fastest Growing Companies".

2009

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

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.

2016

- On 7 January 2016, Inari completed a 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 200 Best Under A Billion" Company.
- Inari won "The Edge Billion Ringgit Club Award 2016" for Highest Returns to Shareholders over Three Years.

2010

- Inari Technology attained ISO 13485 certification for medical sensor products.
- Inari Technology won "Excellent Manufacturing and Outsourcing Support on Wireless Semiconductor Division Products 2009 Award".
- Rented new plant (P8).

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 optoelectronic 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 storeys 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 688,000 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" 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 688,000 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 Honored Companies" and "Special Achievement Awards for Best CEO and CFO (Malaysia)" 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 Malaysia 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.

2022

- Inari's Private Placement exercise which was completed on 30 July 2021 was chosen as the Best Share Placement for 2021 by the Edge Malaysia in January 2022. The placement was reported to be timed perfectly, received overwhelming demand and was well oversubscribed, with the final book consisting of a high-quality mix of long-only and ultra-high-net-worth investors.
- A newly constructed P55 plant in Bayan Lepas, Penang has started operations in August 2021 and delivered its first batch of RF Test and System-on-Module ("SOM") products.
- Amertron Technology (Kunshan) Co. Ltd, our China operation entity received Supplier Appreciation Award for Partnership, Loyalty & Outstanding Services by ams OSRAM.
- On 28 June 2022, Inari entered into a Joint Venture Contract for expansion of its existing operations in the China market.
- Inari Amertron Berhad received The IEM Award from The Institution of Engineers Malaysia as a recognition for contribution in the Engineering Industry (Materials and Production) in Malaysia.

INARI AMERTRON BERHAD IN THE NEWS

Inari Amertron seen to gain from new smart devices

TECHNOLOGY

Friday, 17 Sep 2021



The smartphone company aims to double its support of 5G to 200 carriers across 60 countries by working on custom designed antennas and radio frequency (RF) components to support more frequencies.

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 Amertron to grow presence in China

ANALYST REPORTS

Wednesday, 20 Oct 2021 8:54 AM MYT



KUALA LUMPUR: Inari Amertron Bhd could be poised to capitalise on growth opportunities in China as it enters into a partnership with a venture capital firm incorporated by the country's top contract chipmaker.

20.10.2021

Edge Weekly

Deals of 2021: Best Share Placement - Inari Amertron's well-timed placement exercise

Source: Surinjan / The Edge Malaysia
January 12, 2022 12:30 pm +08



This article first appeared in The Edge Malaysia Weekly, on December 27, 2021 - January 03, 2022



INARI Amertron Bhd's private placement exercise of 253 million of its shares, representing 10% of its share capital pre-placement and 0.1% of its enlarged capital post-placement, successfully raised RM109 billion.

12.1.2022

New phase of growth for Inari Amertron

CORPORATE NEWS

Wednesday, 23 Feb 2022



TA Research said these newer projects were expected to add 5%-8% to Inari's revenue in FY22, according to the company's guidance.

PETALING JAYA: Inari Amertron Bhd is working on five key projects with five new customers as part of its next-growth phase beyond the financial year ending June 30, 2022 (FY22).

23.2.2022

Inari's core RF segment on expansion mode

TECHNOLOGY

Thursday, 19 May 2022

PETALING JAYA: Despite key downside risks, Inari Amertron Bhd's core radio frequency (RF) segment is on an expansion mode.

19.5.2022

Semiconductor sector still the darling of analysts

TECHNOLOGY

Friday, 30 Jun 2022



TA Securities Research maintained its "overweight" stance on the technology sector with "buy" recommendations on Inari Amertron Bhd with a target price (TP) of RM6.40, Mafarid Pacific Industries Bhd (MIP) with a TP of RM4.40 and Ustream (U) Bhd with a TP of RM4.40.

KUALA LUMPUR: The semiconductor sector continues to be favoured by analysts, especially the outsourced semiconductor assembly and test (OSAT) providers.

10.6.2022

INARI AMERTRON BERHAD IN THE NEWS

cont'd

Radio frequency business boost for Inari Amertron

CORPORATE NEWS

Wednesday, 06 Jul 2022



Kenanga Research has maintained its "outperform" call on Inari with an unchanged target price of RM43.30 based on a 24.5 times financial year 2022 (FY22) forward earnings per share.

PETALING JAYA: Inari Amertron Bhd is preparing for the annual ramp up of its radio frequency (RF) business in anticipation of the upcoming U5-branded smartphone model launch soon in September.

The company's utilisation rate at its Bayan Lepas, Penang plant is currently at some 75% and this is expected to gradually increase to about 90% nearer to the launch date, Kenanga Research said.

6.7.2022

● 半导体 ● 晶片法案

美晶片法案惠及本地科技业 分析师喊买3大半导体股

2022年8月5日 ● 14741点阅

● 责任编辑: 戴晓小

【吉隆坡5日讯】随着美国正式通过晶片法案,当中包含逾520亿美元(约2319亿令吉)的半导体补助,分析师认为,此举措可带动我国半导体封装测试和外包装配和测试(OSAT)未来业绩表现,加全球半导体次季销售提振,更为全球科技股注入一剂强心剂。

美国最新通过规模2800亿美元(约1兆2482亿令吉)的晶片法案,以加强美国的目前在半导体领域的不足,其中包括520亿美元的补贴,鼓励全球晶片制造商在美国建立半导体工厂。

MIDF证券研究在分析报告中引述大马半导体工业协会(MSIA)指出,上述法案不仅不会冲击大马科技领域,还会惠及本地从事半导体封装测试,以及外包装配和测试的企业。

当中包括益纳利高晶(INARI, 0166, 主要板科技)、友尼森(UNISEM, 5005, 主要板科技)和东益电子(GTRONIC, 7022, 主要板科技)。

5.8.2022

Inari posts record earnings for FY22 despite lower 4Q figures

Bloomberg | theedgemarkets.com
August 19, 2022 10:24 pm +08

KUALA LUMPUR (Aug 17): Inari Amertron reported record profit and revenue for the financial year ended June 30, 2022 (FY22), despite a decline in fourth quarter earnings.

Full-year net profit rose 18.29% to RM100.92 million, from RM85.47 million for FY21, on higher revenue growth at its radio frequency business segment, the group said in a stock exchange filing.

Revenue increased 5.34% to RM1.53 billion from RM1.43 billion in FY21, with all of the group's business segments recording growth.

19.8.2022

Analysts continue to favour Inari Amertron as FY22 meets expectations

Hokley Chung | theedgemarkets.com
August 22, 2022 18:18 pm +08

KUALA LUMPUR (Aug 22): The majority of research firms covering Inari Amertron Bhd — 10 out of 15 — have kept their target prices (TPs) and 'buy' calls on the company, which reported record net profit and revenue for its financial year ended June 30, 2022, in line with consensus expectations.

They continue to believe that Inari Amertron will have a favourable future as a proxy for 5G network roll-out, amid resilient demand for 5G mobile devices and the upcoming launch of Apple Inc's iPhone 14 models next month.

One of them is Public Investment Bank Bhd, which has reiterated its "outperform" call with an unchanged TP of RM4.13 on Inari Amertron, a leading provider of outsourced semiconductor assembly and test (OSAT) services to well-known local and multinational manufacturers of electronic products.



22.8.2022



5.9.2022

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 : 65/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 Divfex Berhad (formerly known as Diversified Gateway Solutions Berhad).

DATO' DR. TAN SENG CHUAN

Age/Gender : 67/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 37 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 Divfex 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 Divfex Berhad respectively.

LAU KEAN CHEONG

Age/Gender : 55/Male
Nationality : Malaysian

- Executive Director cum Group 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 Group 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 30 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 : 63/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 Divfex 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 Divfex Berhad respectively.

HO PHON GUAN

Age/Gender : 67/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 33 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 : 63/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 26 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 : 68/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 : 61/Male
Nationality : Malaysian

- Independent Non-Executive Director
- Chairman of Audit Committee
- Member of Remuneration Committee and 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.

DATUK PHANG AH TONG

Age/Gender : 65/Male
Nationality : Malaysian

- Independent Non-Executive Director
- Chairman of Sustainability and Risk Management Committee
- Member of Audit Committee, Nomination Committee and 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 Cosmos Technology International Berhad and also sits on the Board of Apex Healthcare Berhad, United Overseas Bank (Malaysia) Berhad and Media Prima 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.

PROFILE OF THE BOARD OF DIRECTORS

cont'd

AHMAD RIDZUAN BIN WAN IDRUS

Age/Gender : 51/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 digital transformation for EPF Investment Division since 28 January 2019, among other roles that he has taken during his tenure in EPF include leading the Simpanan Shariah (SS) team in the development of SS Dashboard using Microsoft Power BI and leading the EPF Sustainable Investment Centre (SIC) in development of EPF Sustainable Investment Framework and Policy. 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 : 40/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:

- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- 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 2022.

PROFILE OF THE KEY SENIOR MANAGEMENT

CHONG POH LENG

Age/Gender : 52/Female
Nationality : Malaysian

- Group Chief Financial Officer

Ms Chong Poh Leng who is a Chartered Accountant with the Malaysian Institute of Accountants (“MIA”) has been appointed as 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 has attended notable Senior Management Programme at the Business School, Institut Européen d’Administration des Affaires (INSEAD) in Fontainebleau, France. Ms Chong has more than 26 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 : 57/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 34 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

PANG CHOON MENG

Age/Gender : 61/Male
Nationality : Malaysian

- Senior Vice President of Amertron Incorporated, Philippines

Mr Pang Choon Meng joined Inari as the Senior Vice President of Amertron Incorporated, Philippines on 1 March 2022.

He graduated from the National Taiwan University with a Bachelor of Science (BSc) in Mechanical Engineering and holds a Master of Science in Mechanical Engineering from the West Virginia University, USA.

Mr Pang started his career in 1996 at Motorola's Semiconductor Product Division and its subsequent spinoff, Freescale Semiconductor, where his main responsibilities include leading the microcontroller devices assembly and test operations to drive operational excellence as well as to lead the global probe transfer to set up a high volume probe floor in Malaysia and China. In 2014, Mr Pang subsequently joined Fairchild Semiconductor, Penang as an Engineering Director before being promoted to Managing Director overseeing factory site operations. Mr Pang then joined Infineon Technologies, Melaka in 2016 as the Vice President of Power Logic Test where he contributed to the integration of four high volume test modules into a new factory site amid production ramp up, before leaving to join Inari in 2022.

He has more than 30 years of working experience in the semiconductor manufacturing industry and has broad experience in leading 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 Pang does not hold any directorship in other public listed companies in Malaysia.

FOO KHA CHOY

Age/Gender : 53/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 32 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 2022.

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 ("Inari" or "the Company") and its subsidiaries ("the Group") for the financial year ended 30 June 2022 ("FY2022").

PERFORMANCE REVIEW

The Covid-19 pandemic which began in early 2020 continued to have an impact into FY2022. Fortuitously, the global economy's shift towards home digitisation and online consumption of goods and services led to the increase in demand for digital goods and new 5G products. This has resulted in continued revenue growth for the Group. The Group worked determinedly through a series of external challenges and our efforts led to the Group to post increased revenue and net profit of RM1.55 billion and RM391.2 million respectively for the financial year under review.

During the financial year, we invested a total of RM128.1 million in capital expenditure, primarily to increase capacity for wafer processing, device packaging and testing alongside enhancing reliability, productivity and efficiency at our various plants and facilities. Our tenth and newest P55 plant commenced operations in August 2021 with its production capacity dedicated for RF test expansion and for a new customer to assemble System-on-Module ("SOM") products.



CHAIRPERSON'S LETTER TO THE SHAREHOLDERS

cont'd

The financial position of the Group remains strong with our operations continuing to generate healthy cash flow. During the year, we were also able to undertake and complete a private placement exercise on 30 July 2021 with net proceeds of RM1,020.3 million after deducting exercise cost of RM12.0 million. The Group's cash and cash equivalent position increased to RM1.97 billion with zero borrowings at the end of FY2022.

Inclusion into KLCI-30 Index

Effective 20 December 2021, Inari became the first technology company to be represented in the FTSE Bursa Malaysia KLCI ("FBM KLCI") in the second half semi-annual review of 2021. The FBM KLCI comprises the largest 30 companies listed on the Main Board of Bursa Malaysia by market capitalisation. I would like to congratulate Inari's team on this achievement.



COVID-19 PANDEMIC MEASURES

From 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. Strict procedures were enacted and enforced throughout all our plants to safeguard both operations and employees. These included body temperature checks, sanitisation, social distancing and segregation of 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 continued to exercise similar strict procedures during FY2022 and in full compliance with the SOPs of the various countries and localities where our plants are located. During the year, the Group made efforts to ensure and encourage vaccination of its employees. To-date, more than 96% of our total employees in the plants throughout Malaysia, Philippines and China has completed COVID-19 vaccination with additional booster shot.

CHAIRPERSON'S LETTER TO THE SHAREHOLDERS

cont'd



OUTLOOK AND PROSPECTS

Gartner released its worldwide semiconductor latest forecast on 27 July 2022 reported that the global semiconductor revenue growth is projected to grow 7.4% in 2022 to USD639 billion, down from 2021 growth of 26.3%. Although chip shortages are abating, the semiconductor revenue is projected to decline 2.5% to USD623 billion in 2023 seeing weakness in semiconductor end markets.

In the report, Gartner projected that semiconductor revenue from smartphones is on pace to slow to 3.1% growth in 2022, while semiconductor revenue from the data center market will remain resilient for longer at 20% growth in 2022 due to continued cloud infrastructure investment. In addition, the automotive electronics segment will continue to record double-digit growth over the next three years as semiconductor content per vehicle will increase due to the transition to electronic and autonomous vehicles.¹

Given the mixed news, the Group remains cautious but positive on the prospects for FY2023 on the back of continued demand for our products from the global transition towards 5G and the continuing digitalisation of businesses. The Group will continue to focus on strategies to improve our production capacity and utilisation, strengthen our operational efficiencies to grow revenue consistent with or better than industry forecasts in FY2023.

SUSTAINABILITY

At Inari, good sustainability practices remain the core of our business strategy where it is embedded in our day-to-day operations. For three years in a row since 22 June 2020, Inari has met the globally recognised standards and qualified for inclusion into the FTSE4Good Bursa Malaysia ("F4GBM") Index which is testament to Inari's commitment to sustainability. Inclusion in the F4GBM Index is a recognition given to companies listed on Bursa Malaysia which have demonstrated strong Environmental, Social and Governance ("ESG") practices. Our inclusion represents an 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 Standards ("GRI Standard") and the United Nations Sustainable Development Goals ("UNSDGs") which are presented in the Annual Report on pages 36 to 113.

Our Board of Directors, who has overall oversight on corporate sustainability strategy and performance is supported by the Sustainability and Risk Management Committee ("SRMC") alongside senior management in monitoring the implementation of sustainability strategy and performance, and risk management in an integrated manner. 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.

¹ Source : Gartner's Press Release "Gartner Forecasts Worldwide Semiconductor Revenue Growth to Slow to 7% in 2022"- 27 July 2022

CHAIRPERSON'S LETTER TO THE SHAREHOLDERS

cont'd



To promote the long-term sustainability of the Group, ESG practices have been incorporated into the Group's business strategies. At the forefront of our sustainability goals 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 sustainability strategy in promoting innovation and market competitiveness.

DIVIDEND

During FY2022, the Group continued its commitment to delivering good returns to our shareholders with the dividend payout ratio at 94.7% over the profit after tax. This represents a total dividend of 10.0 sen per ordinary share and a total cash dividend payout amounting to RM370.5 million for FY2022.

Inari's dividend payout to shareholders is decided after taking into consideration a number of factors including amongst others, the earnings, capital commitments, general financial conditions, distributable reserves and other factors.

ACKNOWLEDGMENT

As in past years, I would like to express my gratitude to the Group's customers, business associates, advisers, suppliers, banks, governmental and regulatory authorities, and our shareholders for their continued support to the Group.

Finally, I would also like to thank and express my appreciation to the Group 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 FY2022.

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 2022

MANAGEMENT DISCUSSION AND ANALYSIS

(A) OVERVIEW OF BUSINESS OBJECTIVES AND STRATEGIES

Inari Amertron Berhad (“Inari” or “Company”) and its subsidiaries (“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 bumping, 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 including 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 new product introduction (“NPI”) services, failure analysis lab, sensor and IC Package design and characterisation, process customisation and assembly, product testing, box build, and direct-to-end-customer dropship services.

The Group continues to focus on our growth strategy in expanding business through value-accretive investments in production capacity and technological innovation by continuously enhancing manufacturing capabilities and processes, fast execution and nurturing a strong talent pool, while balancing the need for the incorporation of good sustainability measures and best practices across all of Inari Group’s operations and organisational structures.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

MANUFACTURING CAPABILITIES



High-Mix Low-Volume & Low-Mix High-Volume Operations



Wafer Probe & Processing

- Fine Print Wafer Bumping
- Low Stress Bumped & Unbumped Wafer
- Tight Temperature Control & Stress Test
- IR/2D/3D MEMS Inspection
- Chip-on-Carrier Wafer Coating & Processing



Assembly

- Hermetic, Leaded, Sensor & LED Packages
- RF System in Package
- Power System on Module
- Fine Pitch Flip Chip Surface Mounting
- Fibre Transceiver Packages

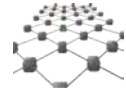
RF device for Smart Mobiles



Sensors for Automotive & Industrial



Fibre and ASICs for Communications & Storage



Package Test

- Radio Frequency Testing (20GHz)
- Fibre LIV/Dynamic Testing
- Optical/3D Sensor Testing
- Test Design & Development
- Complex High Speed ASIC Testing



Back-End

- Die Level Traceability & Genealogy
- In-line Automated Visual Inspection
- Burn-In, Pre-Cond & MSL Packing
- Vendor Managed Inventory & Drop Ship
- Customer Interactive Tracking Portal

KEY CAPACITIES (and growing)



Wafer Probe & Process

300+

Probers

60+

Wafer Saws

5+

Back Grinders

150+

Flip Chip T&R

Surface Mount & Assembly

20+

SiP Lines

30+

Moulds

20+

Laser Markers

30+

AOIs

Automated Test Equipment (ATEs)

1,500+

Test Systems

70+

ATE Testers

1,000+

Handlers

50+

AOIs



5+ Billion Chips Produced Yearly

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Plants and Facilities Milestones

Inari Group 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 Group has grown by leaps and bounds over the years with operations across Malaysia, Philippines and China with ten (10) plants having a total built-up production floor space of approximately 1.8 million square feet and a total workforce of more than 5,500. 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



P3 (2008)

74,000 square feet
Malaysia



CK1 (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 (2017)
83,000 square feet
Philippines



P34 (2019)
688,000 square feet
Malaysia

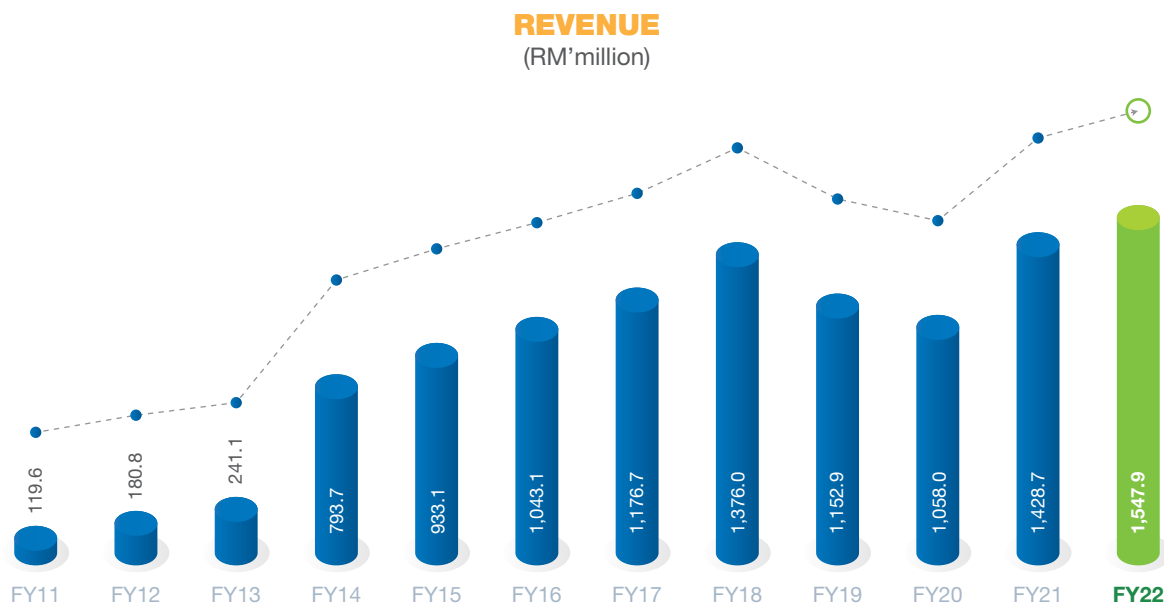


P55 (2021)
49,000 square feet
Malaysia



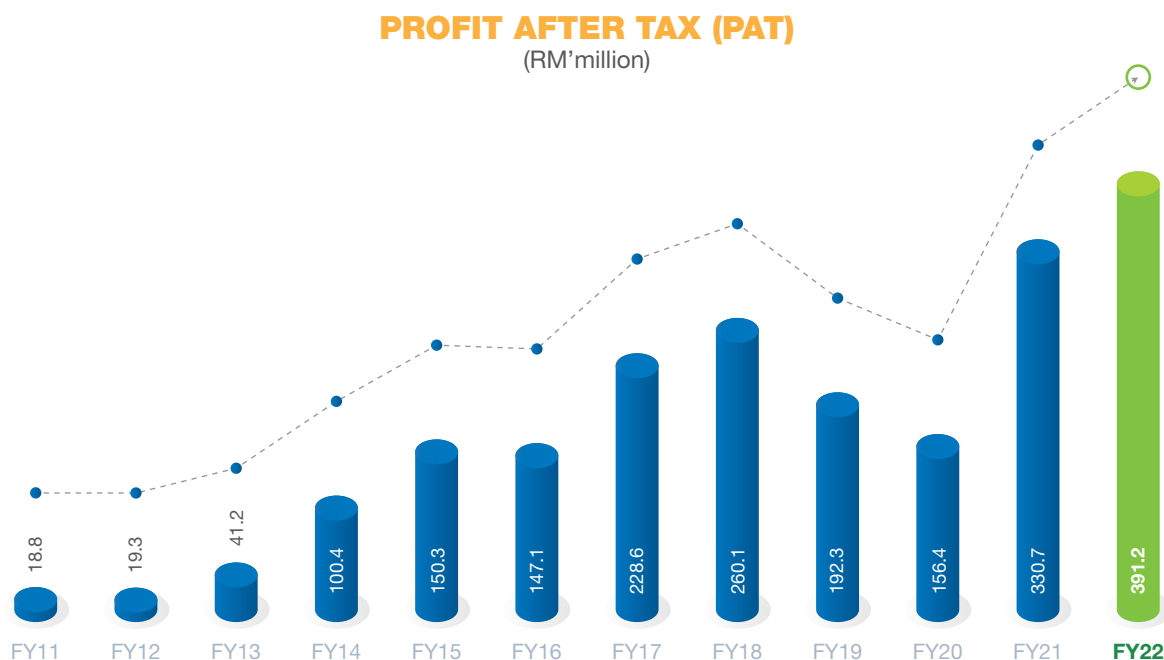
MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



Solid Revenue Growth

Revenue increased steadily since FY2011 and registered highest revenue of RM1.55 billion in FY2022.



Highest PAT Growth

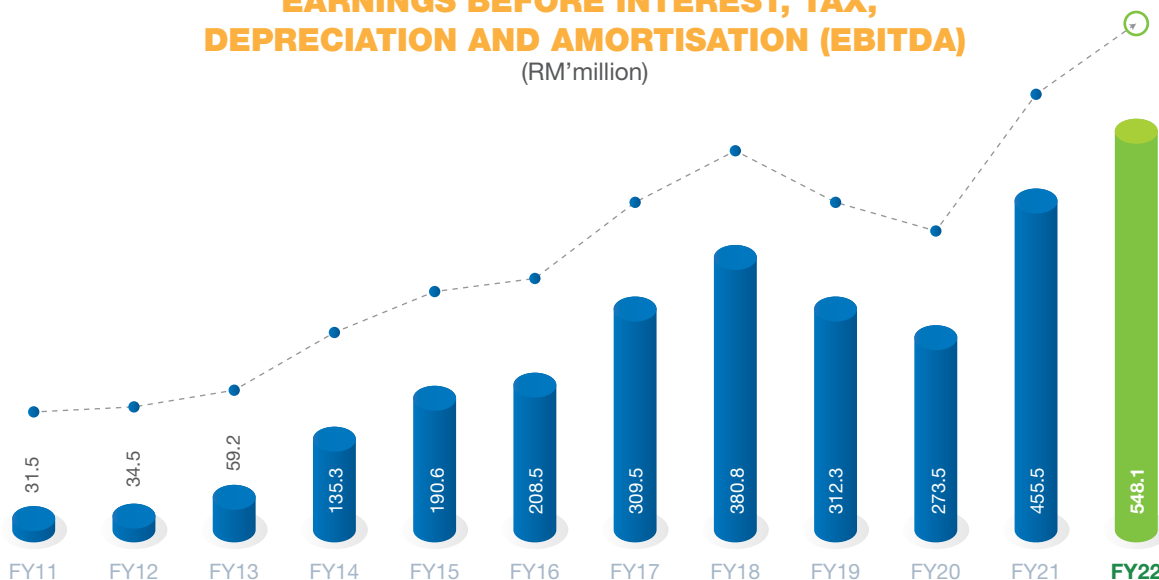
Registered highest PAT of RM391.2 million in FY2022, an increase of 18.3% year-on-year as compared with FY2021.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

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

(RM'million)

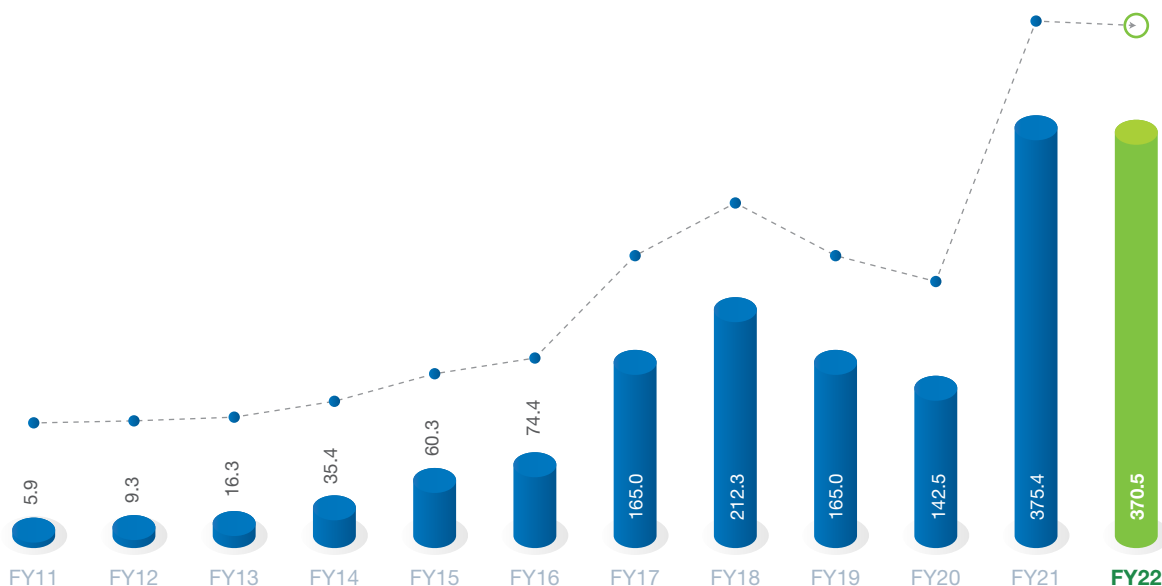


Steady EBITDA Growth

EBITDA increased steadily since FY2011 with a remarkable growth to RM548.1 million in FY2022.

CASH DIVIDEND PAYOUT

(RM'million)



Robust Dividend Growth

Robust growth in cash dividend payout since FY2011. Recorded dividend payout ratio of 94.7% which amounting to RM370.5 million in FY2022.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(B) FINANCIAL REVIEW

Financial Performance

Inari Group's revenue soared to a record high of RM1.55 billion for the financial year ended 30 June 2022 since the Company's listing on the Bursa Malaysia Securities Berhad in year 2011. The record revenue represents a 8.3% year-on-year increase over revenue of RM1.43 billion a year ago. Growth was recorded in all business segments with the Radio Frequency ("RF") business segment continuing to be the key contributor to the revenue growth.

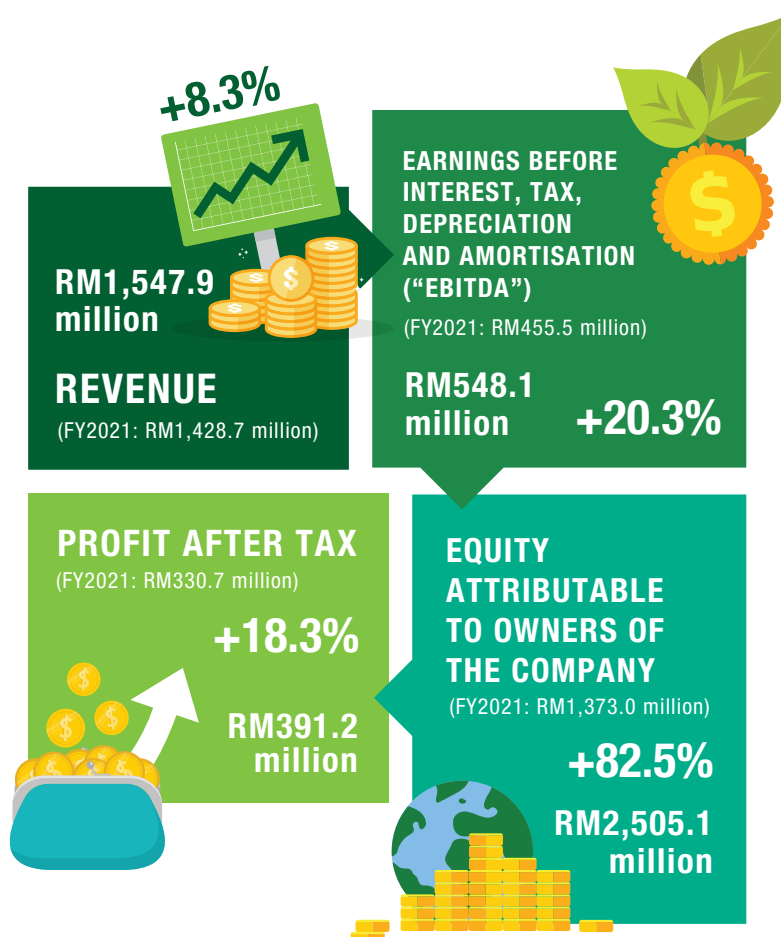
The Group made a net profit of RM391.2 million in the current financial year, up 18.3% year-on-year from RM330.7 million in the previous financial year. The Group's EBITDA also increased by 20.3% to RM548.1 million as compared to RM455.5 million in the previous financial year. Overall, the improved performance was primarily attributed by higher revenue growth in the RF business segment and greater cost efficiency and productivity in our operations.

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

- Foreign currency exchange gain of RM23.4 million in FY2022 compared with a foreign currency exchange loss of RM6.8 million in FY2021;
- Higher interest income of RM23.9 million in FY2022 compared with interest income of RM7.1 million in FY2021; and
- Higher taxation at RM54.9 million compared with RM21.5 million in FY2021, an increase of RM33.4 million mainly due to higher provision of tax by RM11.2 million derived from a corresponding increase in operating profit, and higher provision for deferred taxation by RM22.2 million in the current financial year.

Profit Attributable to Owners of The Company

Profit attributable to owners of the Company for FY2022 increased 18.3% year-on-year to RM390.9 million compared with RM330.5 million in the previous financial year. The Group's Earnings Per Share ("EPS") grew to 10.65 sen for the current financial year ended 30 June 2022.



Liquidity and Capital Resources

The Group's cash and cash equivalents increased to RM1,971.0 million compared with RM904.9 million at the end of FY2021. This amount includes the net proceeds of RM1,020.3 million raised from the private placement exercise completed on 30 July 2021 less exercise costs of RM12.0 million. The healthy cash flow generated from operations allowed Inari to deliver steady cash dividends while keeping up with capital expenditure. The Group's higher cash and cash equivalents as of 30 June 2022 are the result of the following:

- Net cash generated from operating activities of RM504.7 million in FY2022 compared with RM486.5 million in FY2021;
- Total cash invested in capital expenditure of RM128.1 million in FY2022 compared with RM99.1 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 ongoing automation and cost optimisation measures;

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



MANAGEMENT DISCUSSION AND ANALYSIS

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- c) Financing activities registered a net outflow of RM372.6 million in the financial year mainly arising from total cash dividend payments of RM433.2 million, netted off against proceeds from the exercise of ESOS options of RM63.3 million, net repayment of bank loans for machinery financing of RM1.1 million and repayment of lease liabilities of RM1.6 million during the financial year under review; and
- d) Net proceeds of RM1,020.3 million raised from the private placement exercise which was completed on 30 July 2021 after deducting total exercise cost of RM12.0 million.

Gearing

The Group has zero gearing at the end of FY2022 as all outstanding loan facilities have been fully repaid during the financial year under review.

Dividend

During FY2022, the Company declared four (4) single-tier interim dividends totalling 10.0 sen per ordinary share. The total dividend declared represents dividend payout ratio at 94.7% over the profit after tax as compared with FY2021's payout ratio at 113.5% from the total dividend of 11.0 sen per ordinary share. The total dividend declared to shareholders in FY2022 amounted to RM370.5 million compared with RM375.4 million declared in FY2021.

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 Malaysia and the gross proceeds raised from the private placement was RM1,032.3 million.

After defraying all expenses related to the exercise of RM12.0 million and Bursa Malaysia listing fee of RM0.2 million, the net proceeds available for utilisation was RM1,020.1 million. The private placement will be utilised for capital expenditure, acquisitions, and investments after deducting expenses in relation to the private placement.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

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.

As part of the Group's investment and expansion plan, the Group had on 28 June 2022 entered into a Joint Venture ("JV") Contract with the objectives to bring together the strengths and expertise of the counter party to carry out OSAT manufacturing and related business in China for the China market. The JV will enable the Group to expand and add onto the Group's existing operations in the China market. The Group will utilise approximately 27% of the total proceeds from the private placement to subscribe the registered share capital to become a majority shareholder representing 54.4648% of the enlarged capital in the JV Company. The share subscription in the JV Company is expected to take place progressively starting in the 3rd quarter of 2022 and is expected to be completed in the 1st quarter of 2023.

Pending utilisation, the proceeds will be placed in interest-bearing deposit accounts with licensed financial institution(s) or in money market instruments. Please refer to page 136 of the Annual Report on the status of utilisation of proceeds.

(C) OPERATIONS REVIEW

Key Milestones and Operations Highlights

(1) Performance in FY2022

Performance remains resilient in a challenging environment

FY2022 was a challenging year for Inari Group due to the continuing impact of the Covid-19 outbreak on the global economy which has led to disruptions in the supply chain. The global recovery which was earlier projected to strengthen due to the mild impact of the Covid-19 Omicron variant was dampened by the slowing growth and increasing global inflation arising in part from the war in Ukraine. Fortunately, the global shift towards online connectivity as well as the continuing migration from 4G to 5G connectivity has contributed to growing demand for products in the Group's business segments in the global semiconductor market.

Amidst these economic challenges and opportunities, the Group was able to navigate successfully to post a record revenue of RM1.55 billion, registering an increase of 8.3% year-on-year as compared with RM1.43 billion recorded in the previous financial year.

(2) Operational Highlights

We believe the global technology sector will continue to benefit from market demand amidst positive trends in internet connectivity and the global transition towards 5G and the continuing digitalisation of businesses. The increasing demand in these markets remains the key driver of growth and sustainability in Inari Group's business.

We are cognizant of the importance of having full integration in all our processes via technology automation & data exchange platform via the implementation of Industry 4.0 (I4.0). Our Operation Technology teams aim to integrate machine connectivity across all types of products to allow easier decision making and active process control. Within our manufacturing practice, I4.0 integration has added last-minute, almost real-time change and prioritisation capabilities, while making more custom products possible alongside better quality and productivity. In addition, our I4.0 platform allows efficient collaboration, communication, data analysis and up-to-date reporting with customers as part of our OSAT offerings.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Resilient RF Performance

Despite some supply chain disruption during the year, the RF business unit, our Group's main revenue contributor, continued to show resilience and growth. We see continued demand for RF products in an increasingly connected world, especially in the wake of steady migration from 4G to 5G from major smartphone chipset vendors. The growth and expansion of 5G frequency bands and increasing demand for more innovation in new smartphone models and smart devices continue to drive output in our RF business unit.

Additionally, our plants are fully equipped with a ready, trained workforce for capacity ramp-up at short notice to support demand spikes for RF products especially during new product launches with tight lead time making the Group a favourite RF OSAT. We continue to invest into all our plants to add and improve wafer processing and advanced SiP assembly capacities.

Amertron Business Units - Relatively Stable

Amertron Philippines and China operations for FY2022 remain stable and 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. We continue to target transforming our current optoelectronic products to SiP products and will continue to exercise care and discipline in managing costs while improving our operational performance.



Further Expansion into China

The Group had on 28 June 2022 entered into a JV Contract with the objectives to combine the strengths and expertise of the JV party to carry out OSAT manufacturing and related business in China for the China market. The JV will construct and set up new manufacturing plant and facilities on a piece of 11.5 acres industrial land owned by the JV Company located at Yiwu, Zhejiang China, as well as to expand the Group's existing plant and operations in Kunshan, China. The JV will enable the Group to expand and add onto our already existing China operations in the burgeoning China market with a view to increasing future revenue and earnings.

(D) CHALLENGES & RISKS

We remain positive on the Group's business outlook while staying cautious and cognizant of the challenges as the semiconductor industry is highly competitive, fast-changing and subject to demand volatility. We also closely monitor and review our risk management and business sustainability practices by applying frameworks which include processes and policies aimed at addressing and mitigating risks 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, where demand volatility and rapid technology obsolescence are an ever-present risk. The uncertainties arising from the Covid lockdown situation in China's zero-Covid strategy affect supply chains and consumer demand, and the conflict in Ukraine expanding beyond its borders adds to falls in demand and further disruption of supply chains. Additionally, any slowdown in the global semiconductors or smartphone demand, or even any technology obsolescence will have a significant negative effect on our business.

Direct mitigation for such macro risks is nearly impossible. Nevertheless, the Group takes proactive 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.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

The Group is mindful of the current economic uncertainties and challenging market conditions. We will continue with our 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 is affected by cyclical changes in the industry and has experienced market downturns due to demand volatility and excessive build-up of inventories. Although the semiconductor market has continued to grow 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 positive that the continued innovation in new and novel electronic products for consumers will continue to drive market demand and consequently absorb the output of all our Group's installed and planned capacities. However, the Group remains cognizant of the risks involved and will remain vigilant as any negative cycles 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 large 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 focused 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 good 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 are our core competitive strengths which differentiates us from our competitors and will enable us to sustain and grow our market position with existing and new customers. Furthermore, we continue to expand our research and development efforts to enhance the development of new products to further strengthen our position in the OSAT industry.

Human Capital

We recognise that our employees are the most valuable resource and believe the Group's continued success depends significantly on the talent, experience, hard work, and value created by our management and technical personnel. As such, we are aware that losing such key management and technical staff remain a risk to our business success and the importance of the need for strong and robust 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 pages 79 to 96 for further details.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

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.

COVID-19 PANDEMIC MEASURES

Since the start of the Covid-19 outbreak in early 2020, we have implemented various preventive measures and actions to mitigate the adverse consequences of the Covid-19 pandemic and to reduce the impact to our operations. These measures are always in line with the health, safety and regulatory requirements set by the governments of the various countries we operate in; such measures include body temperature checks and screening, regular workplace sanitisation and social distancing at work. We segregated our employees into different working teams to prevent contact and avoid cross infection in different shifts and departments, and made the wearing of face mask compulsory at all workplaces.

When there were occasional surges in reported Covid-19 cases, we took strict safety measures by closing our plant to all visitors and only allow exceptions under strict health screening protocols. We continued to conduct internal and external meetings virtually via our video and teleconferencing facilities, whenever possible.

In September 2020, we launched our own in-house 3-ply face mask production in a new manufacturing line sited at our P1 plant in Penang, Malaysia. We further improved the production line in April 2022 to produce 4-ply face mask to afford better protection against the Covid-19 virus. To-date, we have produced 2.5 million pieces of disposable surgical face masks 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.

(E) OUTLOOK AND PROSPECTS

Gartner released its worldwide semiconductor latest forecast on 27 July 2022 reported that the global semiconductor revenue growth is projected to grow 7.4% in 2022 to USD639 billion, down from 2021 growth of 26.3%. Although chip shortages are abating, the semiconductor revenue is projected to decline 2.5% to USD623 billion in 2023 seeing weakness in semiconductor end markets.

In the report, Gartner projected that semiconductor revenue from smartphones is on pace to slow to 3.1% growth in 2022, while semiconductor revenue from the data center market will remain resilient for longer at 20% growth in 2022 due to continued cloud infrastructure investment. In addition, the automotive electronics segment will continue to record double-digit growth over the next three years as semiconductor content per vehicle will increase due to the transition to electronic and autonomous vehicles.¹

Given the mixed news, the Group remains cautious but positive on the prospects for FY2023 on the back of continued demand for our products from the global transition towards 5G and the continuing digitalisation of businesses. The Group will continue to focus on strategies to improve our production capacity and utilisation, strengthen our operational efficiencies to grow revenue consistent with or better than industry forecasts in FY2023.

¹ Source : Gartner's Press Release "Gartner Forecasts Worldwide Semiconductor Revenue Growth to Slow to 7% in 2022"- 27 July 2022

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

LOOKING FORWARD TO FY2023

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 FY2023, 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 to roll out on a larger scale throughout the Group to promote automation in our production processes to step up our operational excellence. We will also 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 production 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 continue to 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 EMS companies will also take place.



A large, mature tree with dense green foliage dominates the upper half of the image. Its branches spread out, casting shadows on a grassy field in the foreground. In the background, a calm lake reflects the surrounding greenery under a soft, hazy sky. The overall scene is peaceful and natural, emphasizing sustainability.

SUSTAINABILITY STATEMENT

CONTENTS

About This Sustainability Statement
Reporting Period And Boundary
Reporting Framework And Standards
Availability
Point Of Contact
Our Sustainability Journey Thus Far
Our Sustainability Governance
Our Sustainability Policy
Our Sustainability Strategy
Corporate Membership And Association
Our Sustainability Goals
Our Commitment Towards Climate Change
Listening To Our Stakeholders
Materiality Assessment

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 And Climate Change
Water Management
Waste Management
Product Stewardship

WORKPLACE

Caring for our People

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

LOCAL COMMUNITIES

Giving Back

Local Communities

SUSTAINABILITY STATEMENT

cont'd

ABOUT THIS SUSTAINABILITY STATEMENT

As one of the region's leading Outsourced Semiconductor Assembly & Test ("OSAT") providers and largest Malaysian technology companies with total built-up production floor space of approximately 1,800,000 square feet across Malaysia, Philippines and China, our actions have an impact across a very wide area and scope - affecting economies, the livelihoods of people and the health of natural environments. Therefore, we have a responsibility to and are deeply committed to a sustainable future and to improving the social, economic and environmental wellbeing of the community following.



In line with Inari's Core Values, we have integrated sustainability as a central part of our governance and everyday business processes. With this, we proudly present Inari Amertron Berhad and its subsidiaries (herein referred to as "Inari" or "the Group") sixth Sustainability Statement ("Statement"), highlighting the Group's performance in the economic, environment, workplace and local communities aspects of sustainability.

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 2021 to 30 June 2022 ("FY2022"). Where possible, information from previous years have been included to provide comparative data.

SUSTAINABILITY STATEMENT

cont'd

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

AVAILABILITY

This Statement is available on the Company’s website at www.inari-amertron.com in a downloadable PDF format.

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

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OUR SUSTAINABILITY JOURNEY THUS FAR


Our Vision & Mission

- 1 Deliver Quality Service & Products To Our Customers
- 2 Treat Staff, Customers, Our Business Partners Fairly
- 3 Deliver Good Returns To Our Shareholders


Our Key Beliefs

- I** **Integrity**
Need all levels to walk the talk at all times
- N** **No Excuse**
Focus on the Success Formula
- A** **Aligned Partnership**
Customers - Our Team - Suppliers
- R** **Result Oriented**
To delight Stakeholders, Customers and Employees
- I** **Initiative**
Positive and Can-Do attitude

2022

- Our **Sustainability Policy** included our support to the **Paris agreement 2015's** goal to reduce global warming and the **Net Zero** carbon emission by **2050**. This is evidenced by the inclusion of climate change risk and controls in annual Enterprise Risk Management assessment activities.
- Became a **listed Task Force on Climate-Related Financial Disclosures ("TCFD") supporter**. This indicates our commitment to align our disclosures to the TCFD recommendations. 
- Conducted a formal and objective **Board evaluation** by external consultant in accordance to MCCG Practice 6.1 to enhance the governance process.

2021

- Strengthen sustainability governance through the development and enhancement of the **Sustainability Reporting Handbook and Framework, Corporate Liability and Corruption Risk Management Framework**
- Became a **corporate member of Climate Governance Malaysia**, the Malaysian chapter of World Economic Forum's Climate Governance Initiative 

2020

- Included as one of the constituents of **FTSE4Good Bursa Malaysia Index** on 22 June 2020 
- Redesignated Sustainability Working Committee to **Sustainability and Integrity Working Group ("SIWG")**

2019

- Published third Sustainability Statement in accordance to **Global Reporting Initiative Standards**
- Mapped sustainability matters with **United Nations Sustainable Development Goals**

2018

- Board oversight on the implementation of sustainability strategy through the establishment of **Sustainability and Risk Management Committee**

2017

- Published **inaugural Sustainability Statement**
- Established **Sustainability Working Committee** which comprises Inari's management team and representatives from various departments
- Performed internal and external **Stakeholder Engagement & Materiality Assessment** exercise

SUSTAINABILITY STATEMENT

cont'd

OUR SUSTAINABILITY GOVERNANCE

Setting the Tone from the Top

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	
Chairman	Datuk Phang Ah Tong <i>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 supported by the Group CFO 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. These were done in alignment with, amongst others, the updated Malaysian Code on Corporate Governance ("MCCG") released in April 2021, particularly the Intended Outcome 4.0 which puts emphasis on sustainability management including climate change.

Further to becoming a corporate member of Climate Governance Malaysia, the Malaysian chapter of World Economic Forum's Climate Governance Initiative in 2021, our Board of Directors acknowledged and recognised climate change as a relevant long-term risk and/or opportunity to the business, thus, in FY2022, the Sustainability and Risk Management Committee namely, Datuk Phang, Mr. Foo and Dato' Dr. Tan had exercised their oversight of the management of climate change risks by reviewing the risk profile facilitated by external consultant on the impact of climate change to the Company's operations and the relevant controls put in place by the Management through the Company's annual enterprise risk management assessment activities. The detailed risk management process on climate change risk and other operations risk can be found at Statement on Risk Management and Internal Control of Inari's FY2022 annual report.

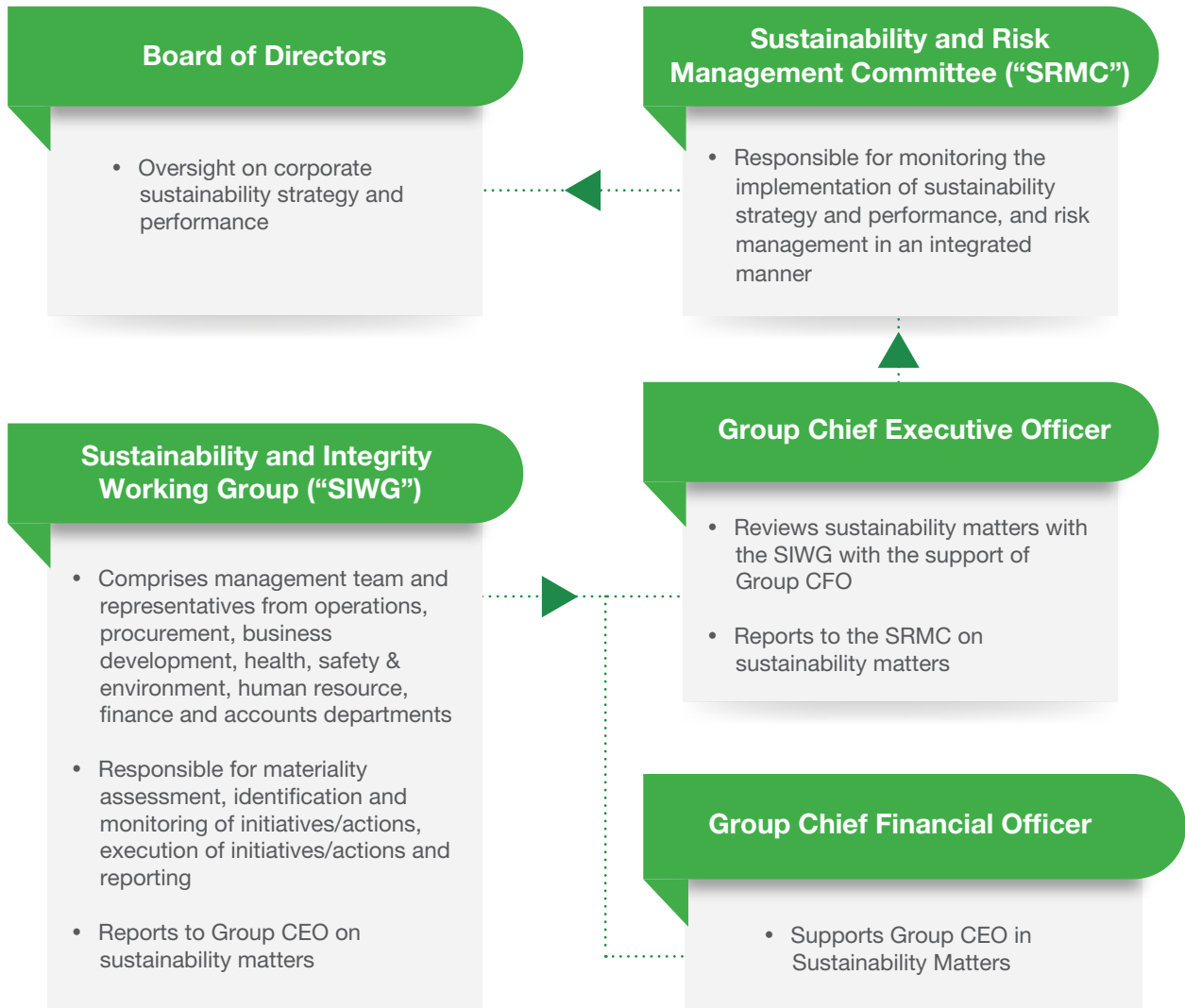
SUSTAINABILITY STATEMENT

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OUR SUSTAINABILITY GOVERNANCE (cont'd)

Setting the Tone from the Top (cont'd)

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



As stated in our Remuneration Policy and Procedures for Directors and Senior Management, our Directors and Senior Management incentives or remuneration pay are linked to ESG metrics including climate change, ensuring management accountability for the achievement of the Company's goals. In FY2022, the Group has set the FY2022 Key Performance Indicators (KPIs) tied to various ESG matters such as product quality and safety, human rights and labour practices, occupational health and safety, talent development and retention as well as compliance to regulatory requirements.

To reflect the Company's commitment in transitioning into a net zero carbon business by year 2050, the Group will introduce carbon emission reduction as new KPI for the near future.

SUSTAINABILITY STATEMENT

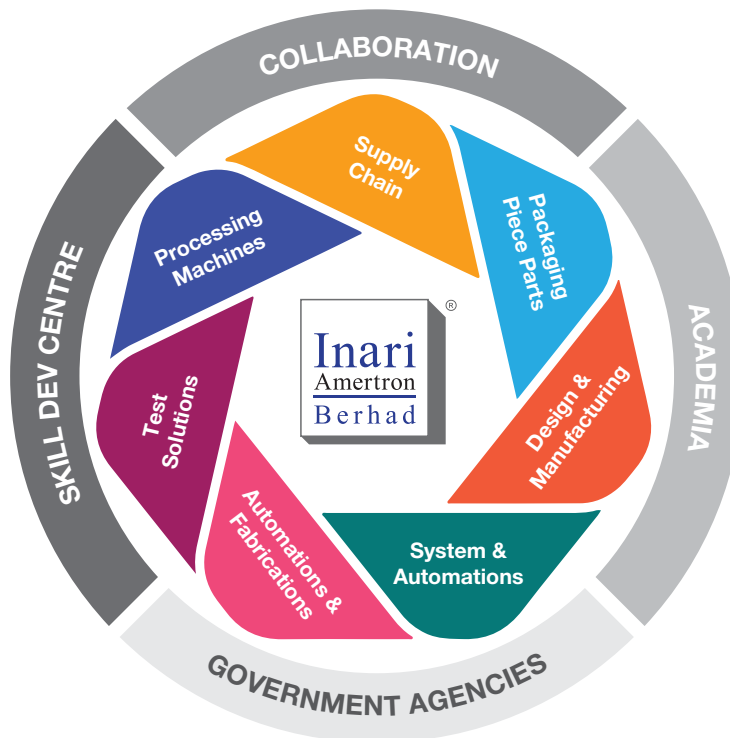
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OUR SUSTAINABILITY POLICY

Our sustainability policy had been established with the following objectives:

- Outline Inari Group's sustainability approach to identify, analyse, evaluate, manage and monitor significant issues concerning sustainability for the Inari Group in the areas of:
 - Economic sustainability;
 - Environmental sustainability;
 - Workplace sustainability;
 - Ethics and integrity.
- Integrate the philosophy of sustainable development into all Inari Group's activities; and
- Provide guidance to management and employees on their roles and responsibilities towards the sustainability goals of Inari Group.

Above all, our Sustainability Policy focus on collaboration with various stakeholders as we reckon collaboration is the foundation of success towards sustainable development. Company can only achieve sustainable growth by optimising all three factors in the sustainable equation: Profit, People and Planet.



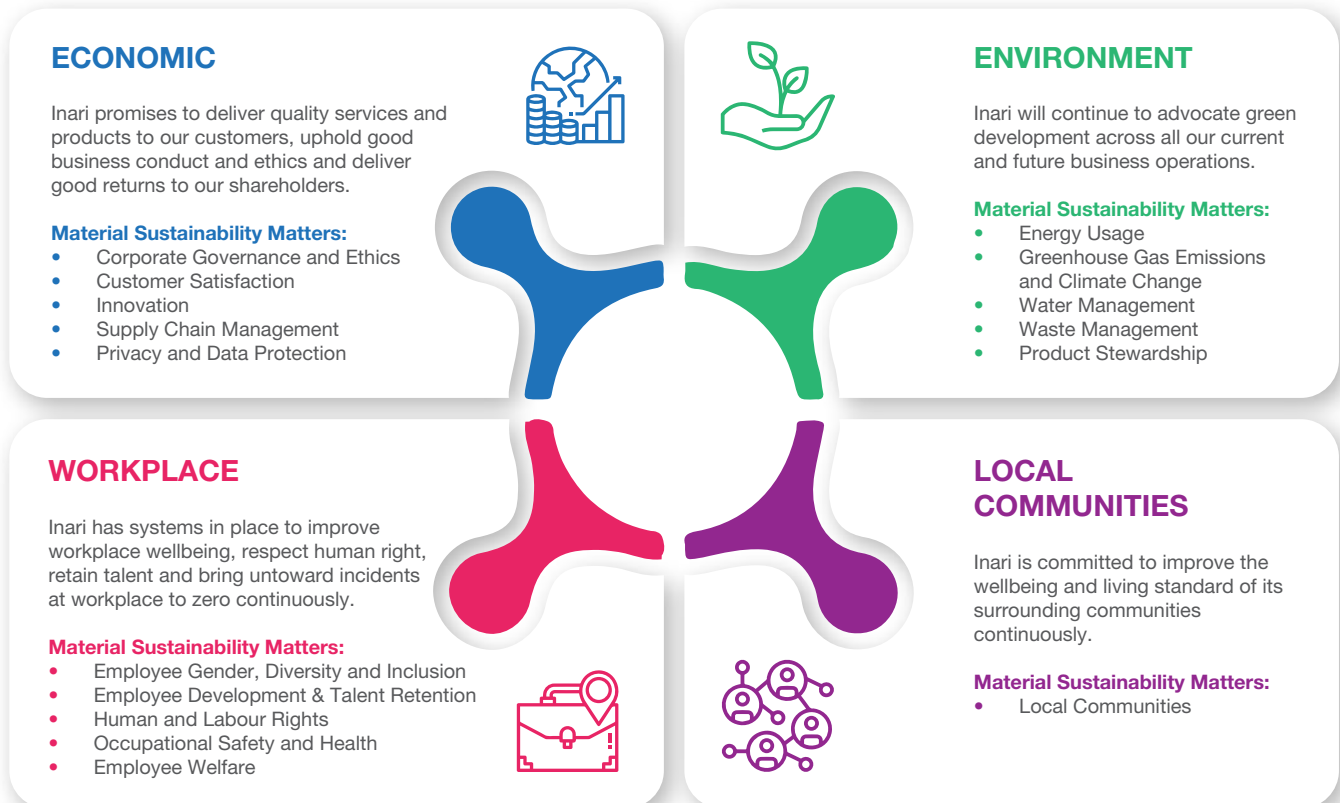
This policy shall be reviewed periodically to ensure that it is always consistent with the business and market environment that Inari Group is operating in. For FY2022, we have enhanced our Policy to include our support to Paris Agreement 2015 and Net Zero Carbon Emission by year 2050.

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.



CORPORATE MEMBERSHIP AND ASSOCIATION

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 following associations and organisations:

- Clark Investors & Locators Association (“CILA”)
- Climate Governance Malaysia (“CGM”)
- Federation of Malaysian Manufacturers (“FMM”)
- Malaysia Semiconductor Industry Association (“MSIA”)
- Malaysian Employers Federation (“MEF”)
- Malaysian Investor Relations Association (“MIRA”)
- Penang Green Council (“PGC”)
- Personnel Officers Association of the Philippines (POAP), Clark Human Resources Council (“CHRC”) Philippines
- SEMI Global Industry Association (“SEMI”)
- Semiconductor & Electronics Industries in the Philippines, Foundation Inc (“SEIPI”)

SUSTAINABILITY STATEMENT

cont'd

CORPORATE MEMBERSHIP AND ASSOCIATION *(cont'd)*

MSIA and SEIPI are industry associations 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.

In 2021, we became a corporate member of Climate Governance Malaysia, the Malaysian chapter of World Economic Forum's Climate Governance Initiative. With this, we have enhanced our Sustainability Policy to show our support on the following:

- Paris agreement 2015's goal to reduce global warming and limit temperature rise to no more than 1.5 degree; and
- Malaysia becoming a carbon-neutral nation by as early as 2050 in line with the 12th Malaysia Plan (2020-2025).

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. Our commitment towards this goal is evidenced by our action plans below:

- Solar panel system at P13 has been installed and in operations since March 2022 to reduce electricity consumption for P13 (target reduction by 5%); plans are in place to roll out progressively similar solar panel systems at other plants
- Conducted awareness training on 3Rs ("Reduce, Reuse & Recycle") to all employees; and
- KPI set to achieve electricity and water reduction by installing indicators on the machines for monitoring for selected plants.



We strongly 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.

In August 2022, Inari became a listed Task Force on Climate-Related Financial Disclosures ("TCFD") supporter, which can be found online at <https://www.fsb-tcf.org/supporters/>. We believe that the TCFD recommendations provide a useful framework to increase transparency on climate-related risks and opportunities. This also indicates our commitment to align our disclosures to the TCFD recommendations.

SUSTAINABILITY STATEMENT

cont'd

CORPORATE MEMBERSHIP AND ASSOCIATION (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 FY2022.

Sustainability Strategy	Sustainability Goals	Performance in FY2022
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 Zero breaches of privacy and data protection Promote purchases from local suppliers 	<ul style="list-style-type: none"> Zero cases of non-compliance and ethical issue Revenue increased by 8.3% Profit after tax increased by 18.3% Dividend payout ratio: 94.7% Responded to all queries received from customers Zero cases related to breaches of privacy and data protection Our Group's spending for local suppliers has increased over the years

SUSTAINABILITY STATEMENT

cont'd

OUR SUSTAINABILITY GOALS (cont'd)

Sustainability Strategy	Sustainability Goals	Performance in FY2022
Environment <ul style="list-style-type: none"> Energy Usage Greenhouse Gas Emissions and Climate Change Water Management Waste Management Product Stewardship    	<ul style="list-style-type: none"> Advocate green development to align with the Climate Governance Malaysia target to reduce global warming and the Net ZERO carbon emission by year 2050 Zero non-compliance with local regulatory requirements for wastewater discharge 	<ul style="list-style-type: none"> Minor increase in energy intensity from FY2021 (0.0000205 GJ/FOU) to FY2022 (0.0000215 GJ/FOU) due to increase in volume of production/factory output unit. Nevertheless, we achieved lower energy intensity over 3 years Minor increase in GHG emissions intensity from FY2021 (0.00385 tCO₂e/FOU) to FY2022 (0.00404 tCO₂e/FOU) due to increase in volume of production/factory output unit. Nevertheless, we achieved a decrease in GHG emissions intensity over 3 years Decrease of 5% in water intensity 100% compliance with local regulatory requirements for wastewater discharge
Workplace <ul style="list-style-type: none"> Employee Gender, Diversity and Inclusion Employee Development and Talent Retention Human and Labour Rights Occupational Safety and Health Employee Welfare    	<ul style="list-style-type: none"> Employee engagement survey satisfaction score above 90% Promote employee Gender and diversity Continuous development for every employee 100% completion rate for employee performance review Respect and achieve 100% compliance to human and labour rights Zero workplace injury case 	<ul style="list-style-type: none"> Achieved an overall satisfaction score of 96% in employee engagement survey 60% of female employees in the global workforce Achieved 30,908 of total training hours with an average of 5 hours per employee 100% of employees received performance reviews Zero cases reported for forced/child labour, discrimination or grievances on human rights 6 minor cases of workplace injuries at operations in Malaysia, Philippines and China

SUSTAINABILITY STATEMENT

cont'd

OUR SUSTAINABILITY GOALS (cont'd)

Sustainability Strategy	Sustainability Goals	Performance in FY2022
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"> 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 Launched in-house face mask production line and produced 2.5 million face masks for distribution 1,036 interns hired this year with a total of 4,395 interns hired to date Contributed a total of RM282,039 in CSR initiatives in FY2022 and accumulated RM2.79 million both cash and in-kind since FY2018 14,990 volunteered hours, contributed by employees on community services

OUR COMMITMENT TOWARDS CLIMATE CHANGE

We acknowledged and recognised climate change as a relevant long-term risk and/or opportunity to the business, thus, we have set the following short-term and long-term goals to take part in positive change:

Theme	Indicator	Short term target (up to 5 years) - FY2022 actual as base year	Long term target (more than 5 years) - FY2022 actual as base year
Climate Change	Percentage reduction target (%) - scope 1 (tCO ₂ e)	-3%	-5%
Climate Change	Percentage reduction target (%) - scope 2 (tCO ₂ e)	-2%	-3%
Climate Change	Percentage reduction target (%) - GHG Intensity (tCO ₂ e / FOU)	-2%	-5%
Climate Change	Percentage reduction target (%) - Energy consumption (GJ)	-3%	-5%
Climate Change	Percentage reduction target (%) - Energy Intensity (GJ/ FOU)	-2%	-3%
Water Security	Percentage reduction target (%) - Water consumption (m ³)	-3%	-5%
Water Security	Percentage reduction target (%) - Water Intensity (m ³ / FOU)	-5%	-5%
Pollution & Resources	Percentage reduction target (%) - waste generation (mt)	-3%	-5%
Pollution & Resources	Percentage target (%) - 3R	90%	90%
Health & Safety	Percentage reduction target (%) - Number of injury incident	Zero injury	Zero injury

SUSTAINABILITY STATEMENT

cont'd

OUR COMMITMENT TOWARDS CLIMATE CHANGE (cont'd)





The above target shall be achieved through various on-going and planned energy-efficiency projects and process to improve energy efficiency, reduce greenhouse gas ("GHG") emissions, reduce water consumption, and operational excellence activities to reduce waste generation. The actual performance is being measured against the targets set on monthly basis and reported to the Senior Management to strive for achievement. The details of the actual performance are disclosed under Environment section from Page 66 to Page 78 of this Sustainability Statement.

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. Through these engagements, there were no significant stakeholders concerns or issues with our operation.




Stakeholder Group	Type of Engagement	Sustainability Concerns	Frequency
Customers 	<ul style="list-style-type: none"> Customer satisfaction surveys Audit on operations 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 	<ul style="list-style-type: none"> As and when needed On-going Annually
Employees 	<ul style="list-style-type: none"> Volunteer programmes Hotline Feedback boxes Annual appraisal Townhall meetings Employee surveys 	<ul style="list-style-type: none"> Safe and healthy working environment Ensure law-abiding operation Fair remuneration and compensation packages Diversity and equal opportunity for career advancement Employee development and talent retention Sustainable growth and development of organisation Human rights Work-life balance 	<ul style="list-style-type: none"> As and when needed On-going Annually
Senior Management 	<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 	<ul style="list-style-type: none"> On-going Monthly Quarterly Annually
Shareholders 	<ul style="list-style-type: none"> Analysis briefing Financial results reporting 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 	<ul style="list-style-type: none"> As and when needed On-going Quarterly Annually

SUSTAINABILITY STATEMENT

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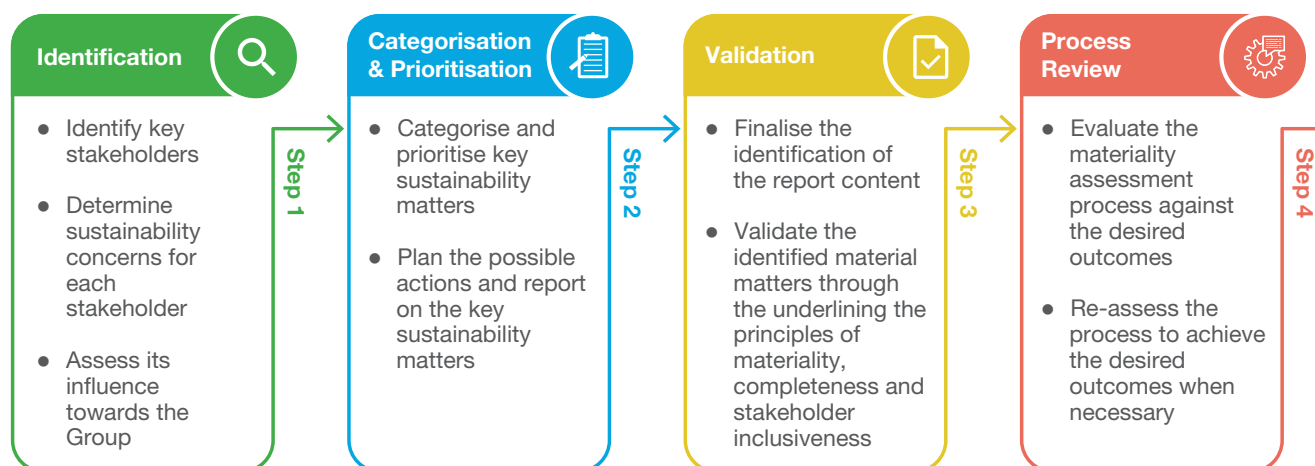
LISTENING TO OUR STAKEHOLDERS (cont'd)

Stakeholder Engagement (cont'd)

Stakeholder Group	Type of Engagement	Sustainability Concerns	Frequency
Suppliers/ Business Partners 	<ul style="list-style-type: none"> Supplier selection via pre-qualification and registration Regular supplier performance evaluation Due Diligence 	<ul style="list-style-type: none"> Strategic partnerships Fair tender practices Ethics, integrity and regulatory compliance Environment, health and safety governance matters Social governance matters including human rights, child rights, non-harassment, non-discrimination, compliance with local laws on minimum wages and working hours and etc. 	<ul style="list-style-type: none"> As and when needed On-going Annually
Regulators 	<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 	<ul style="list-style-type: none"> As and when needed On-going
Local Communities 	<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 	<ul style="list-style-type: none"> As and when needed On-going

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.



SUSTAINABILITY STATEMENT

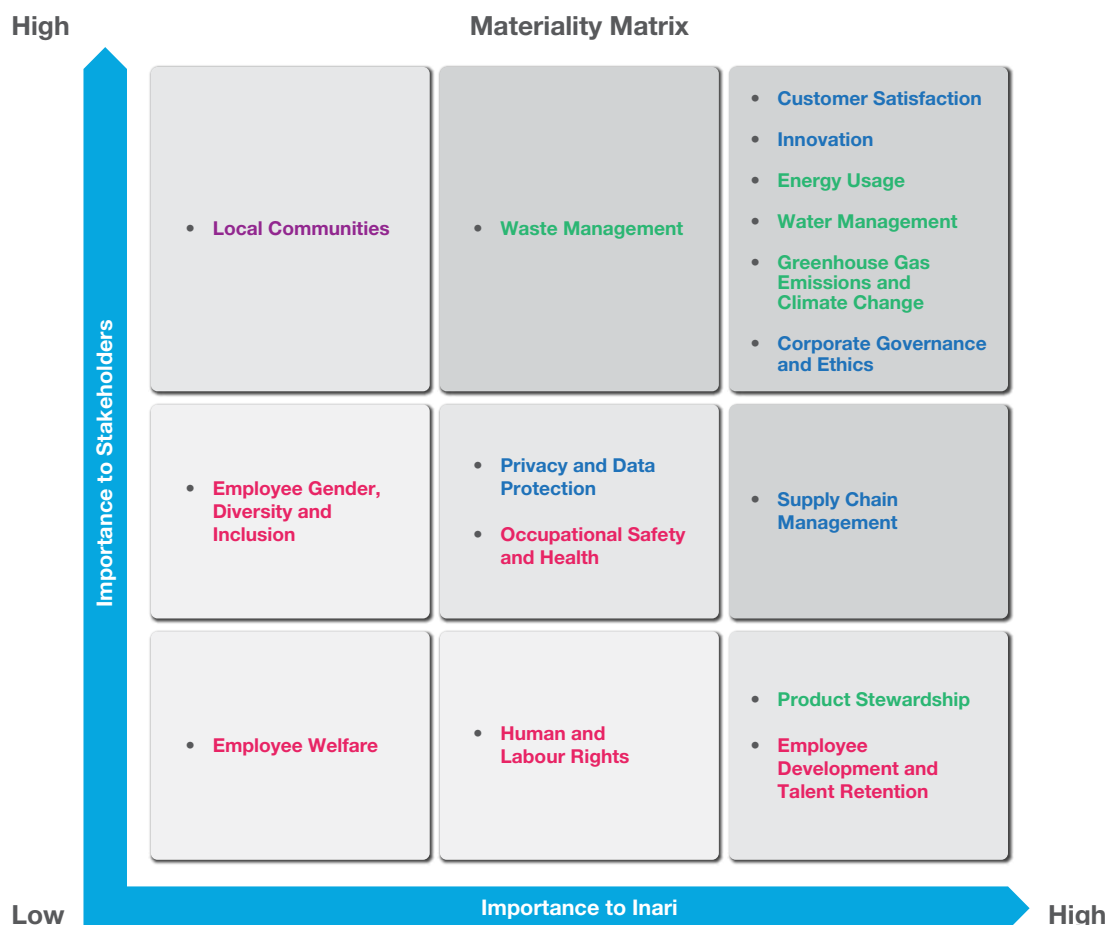
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MATERIALITY ASSESSMENT *(cont'd)*

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.

We have increased the importance of Greenhouse Gas Emissions and water management (both related to climate change) to Inari to be a material sustainability matters alongside with previously identified material sustainability matters, namely (i) Customer Satisfaction; (ii) Innovation; (iii) Energy Usage; and (iv) Corporate Governance and Ethics.

The remaining ten (10) material sustainability matters are still important to the Group and are continuously being monitored and reported.



Legend:

- Economic
- Environment
- Workplace
- Local Communities

SUSTAINABILITY STATEMENT

cont'd

MATERIALITY ASSESSMENT (cont'd)

Material Sustainability Matter	Description
Economic	
Corporate Governance and Ethics	Ensuring 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 to mitigate the impact on climate change, amongst others
Greenhouse Gas ("GHG") Emissions and Climate Change	Implementing internal controls to better manage our carbon footprint
Water Management	Efforts to improve water consumption efficiency to mitigate the impact on climate change, amongst others
Waste Management	Efforts to decrease the generation of waste and to prevent waste from being directed to landfill
Product Stewardship	Efforts to ensure products are safe throughout its lifecycle including proper management of our hazardous waste
Workplace	
Employee Gender, Diversity and Inclusion	Embracing and promoting gender diversity and fostering an inclusive work environment
Employee Development and Talent Retention	Making efforts to retain employees and develop their capabilities through various training programmes
Human and Labour Rights	Protecting 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	Improving the wellbeing and living standard of its surrounding communities through various CSR programmes for the underserved. Hiring locally where possible to support the local economy and communities.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC

- Better Results from Better Practices

CORPORATE GOVERNANCE AND ETHICS

Code of Business Conduct and Ethics

Inari fully recognises that good corporate culture will help employees comprehend and apply clearly the Group's mission/vision and beliefs alongside policies established within their day-to-day work. Hence, the Board of Directors has established and adopted the Code of Business Conduct and Ethics for directors and employees which reflects the Board's commitment to maintaining the highest standard of ethical conduct and practices expected from the Directors and Employees of the Group.

The Code defines our high expectation on every employee to carry out good business practice and high personal conduct, with 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, 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 are aligned with our ethical standards. Each employee will receive a copy of the Code which forms an integral part of the terms and conditions of employment. Annually, all Directors and employees are required to make declarations to observe strictly 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 FY2022, we did not record any cases of non-compliance and breach of ethical issues.

Anti-Corruption and Bribery Policy

Inari Group's businesses and operations are governed under an anti-bribery management system developed in conjunction with the introduction of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which took effect on 1 June 2020. The system adopts a risk-based management approach and is supported by adequate procedures incorporating top-level commitment, corruption risk assessments, risk-based management measures, monitoring, review and reporting processes, and adequate communication and training with relevant stakeholders to enable the implementation of our group-wide 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 (which may include but not limited to suppliers, contractors, agents, consultants, outsourced personnel, distributors, advisors, government and public bodies including advisors, representatives and officials) 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 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.

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.

Regular Corruption Risk Management ("CRM") assessment has been carried out across the Group based on the present and potential corruption risk. 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 risk. 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.

For FY2022, 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, shareholders, suppliers, customers 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 types of reportable concerns and misconducts that can be reported through whistleblowing channel and mechanism includes but not limited to corruption and bribery, breach of the provisions in the Group's Code of Business Conduct and Ethics.

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.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC *(cont'd)*

- *Better Results from Better Practices*

CORPORATE GOVERNANCE AND ETHICS *(cont'd)*

Whistleblowing Policy and Procedures *(cont'd)*

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 FY2022, no non-compliance and breaches of ethical issues was reported 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.

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 MCGG. 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 pages 116 to 133 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 monitor and manage our Group tax matters. We formulate 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

Customer satisfaction 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 carried out 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 maintain quality within our products and services, we are guided by our Quality Policy that enables us to achieve our quality objectives and re-affirm our commitment to excellence. The 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 variances
- Deliver timely products and services, and consistently with zero defects
- Inculcate a mindset across our processing chain that quality is the responsibility of all and require their total involvement and commitment

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 in turn drives revenue and our bottom-line growth. Our brand reputation reflects our core values and strengthens confidence in our products and services. Through relentless effort, we strive to maintain 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 received over the years. They are testament to our hard work and effort in delivering quality, technology solutions and operational excellence.

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

- Recognition from the Institution of Engineers Malaysia for contribution in the Engineering Industry (Materials and Production) 2022
- Osram's Supplier Achievement Awards 2022
- 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



SUSTAINABILITY STATEMENT

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ECONOMIC (cont'd)

- Better Results from Better Practices

INNOVATION



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

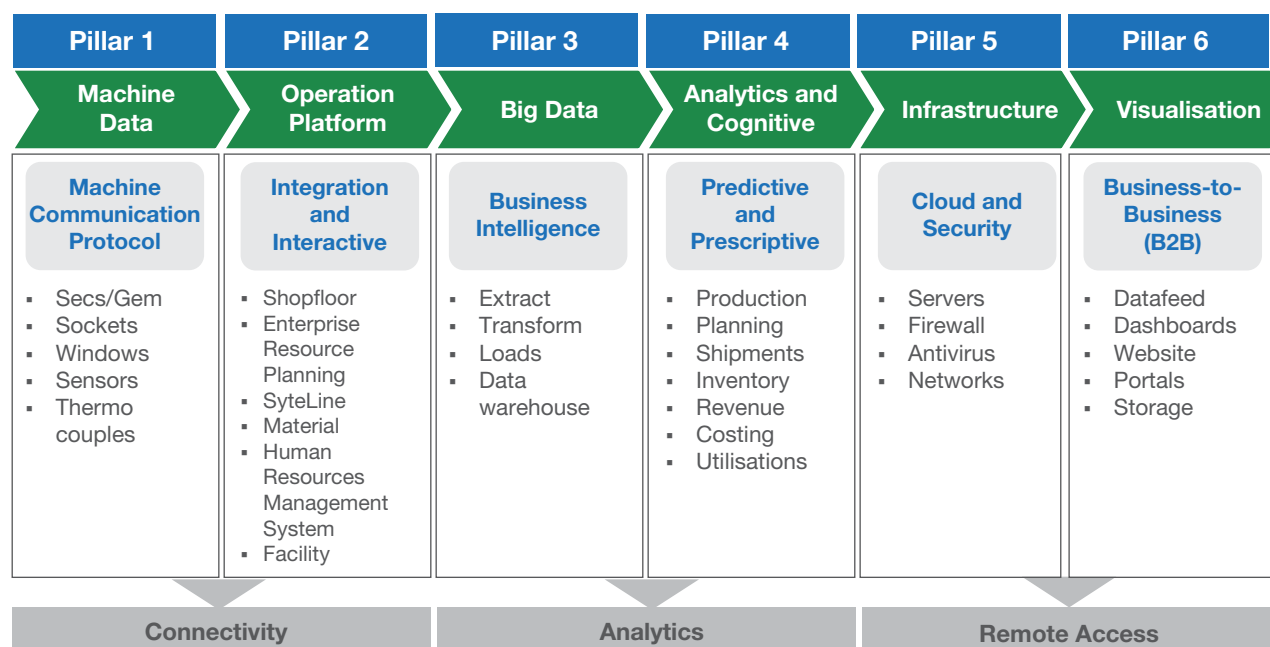
Given the rapid pace of technological change in today's connected and digitalised world, aligning research and development goals to market opportunities is key to growing our business. We place importance on continuous improvement across our organisation and its value chain as we aim to strengthen our competitive advantage and stay ahead of our competitors. As such, innovation is woven deeply into our corporate culture, our 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 customers' 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 acquisition and processing. Companies are integrating and enabling technologies, including those of Internet of Things (IoT), cloud computing & analytics, and artificial intelligence & machine learning into production facilities and throughout their operations. Being one of the top industry players, Inari has embarked on this journey since 2017.

To ensure we are driving innovation continuously, 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



SUSTAINABILITY STATEMENT

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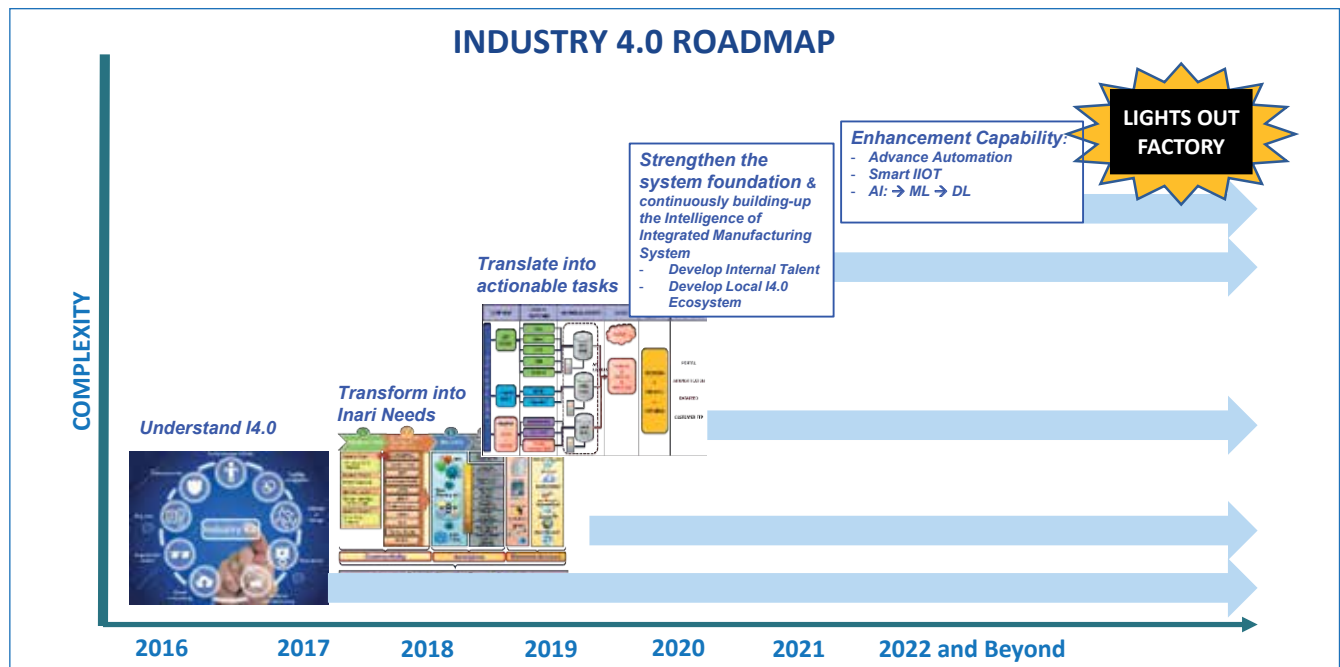
ECONOMIC (cont'd)

- Better Results from Better Practices

INNOVATION (cont'd)

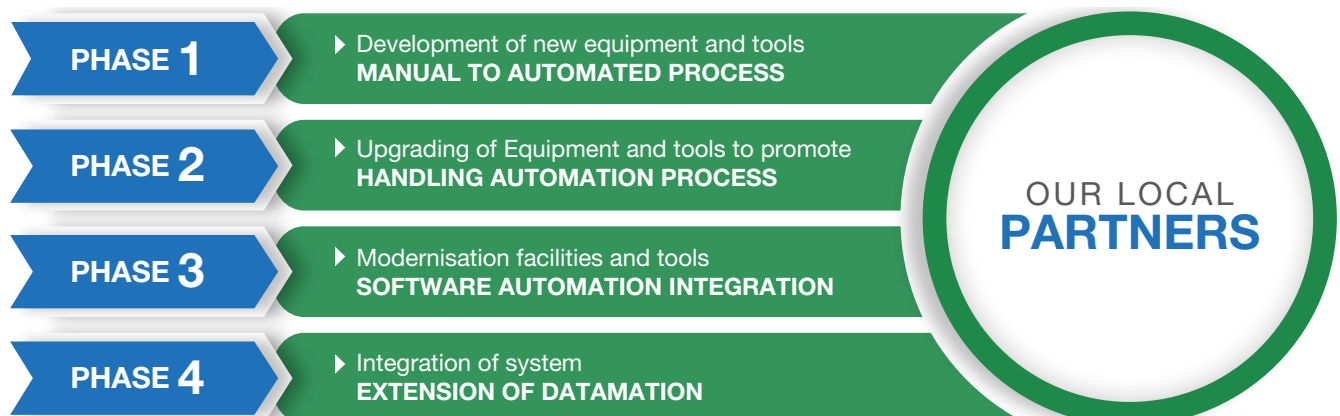
Operational Excellence through Innovation

Our Industry 4.0 Roadmap towards lights out factory is illustrated as below:



To support our Industry 4.0 Roadmap, 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. The 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

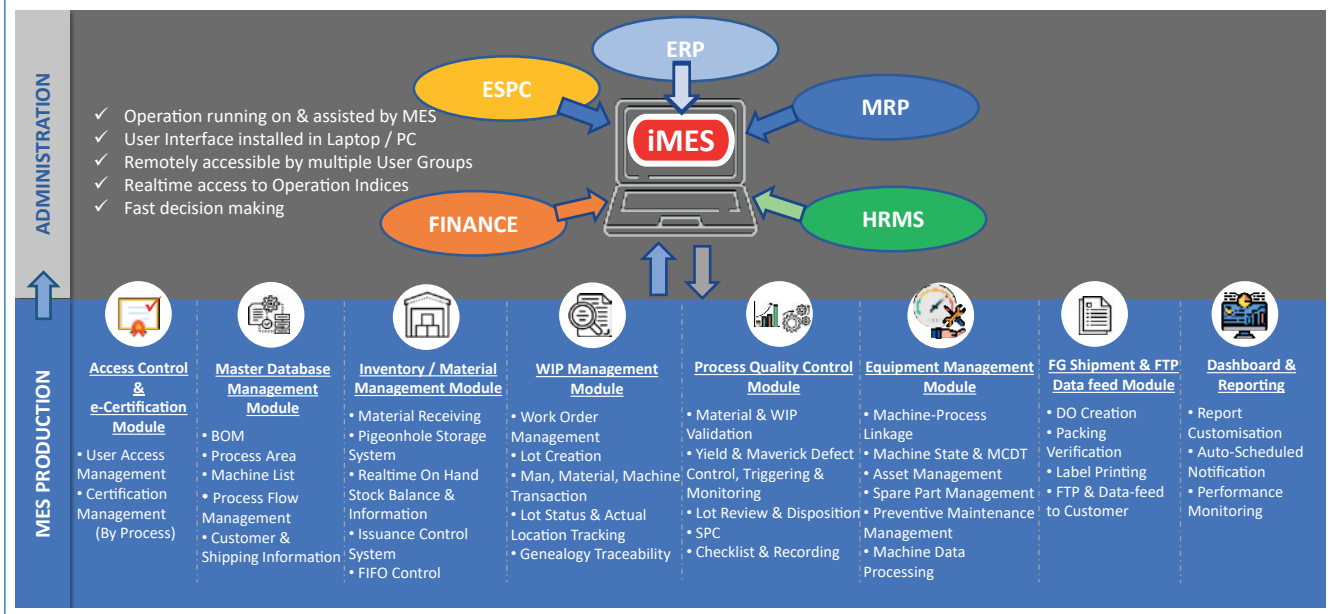
INNOVATION (cont'd)

Operational Excellence through Innovation (cont'd)

In addition, we have developed the Inari Manufacturing Execution System ("IMES") to strengthen our real-time operations tracking and triggering. The IMES connectivity allows fully integrated operations at 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.

INDUSTRY 4.0 BACKBONE & SYSTEM (iMES)

Inari Manufacturing Execution System



SUSTAINABILITY STATEMENT

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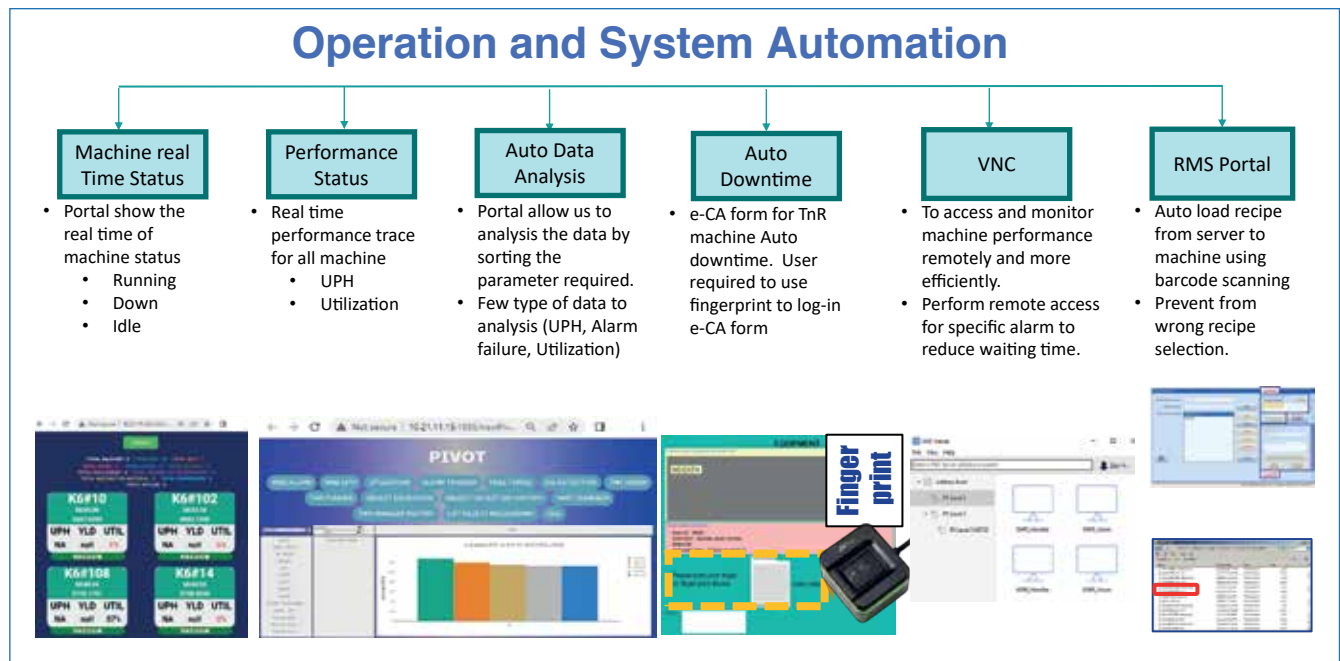
ECONOMIC (cont'd)

- Better Results from Better Practices

INNOVATION (cont'd)

Operational Excellence through Innovation (cont'd)

System control adopting the Industrial 4.0 approach



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 as at FY2022.

Date	Initiatives/Events
July 2021	<ul style="list-style-type: none"> Joined I-Connect: The committee consisted of Industry, ASM and Crest, to provide funding to SME for projects that leads to disruptive technology, utilising I4.0 element
August 2021	<ul style="list-style-type: none"> I4.0 and IOT forum organised by MPC: The Convergence of Information and Operations
September 2021	<ul style="list-style-type: none"> Presentation to MIDA Penang on Vendor Development Program and Inari Waterfall Effect Collaborating with MIMOS and NSW for new NANO material application and new technology dispensing system
October 2021	<ul style="list-style-type: none"> Attending the I4.0 Approach for EHS Operation System presented by MSTs Developing new Auto Trigger System for operation and process related activities for P13 and P3 Elected as Industry Advisory Board for UniMap Perlis under Electrical & Electronic faculty

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC (cont'd)

- Better Results from Better Practices

INNOVATION (cont'd)

Operational Excellence through Innovation (cont'd)

Date	Initiatives/Events
November 2021	■ Webinar: Good Regulatory Practice (GRP) convention on “New Way of Working (WoW) in E&E industries organised by EEPN
	■ Lecture and presentation to Diploma in Mechatronics students of UniMap on Challenges and Skill Expectation & Preparation for working
December 2021	■ Webinar on I4.0: Big Data vs Smart Data for Factory Automation organised by MPC
	■ Study visit and presentation to Tan Sri Dato Seri Wan Azlan from Economics Action Council on Challenges of E&E Industry
January 2022	■ Official I4.0 Readiness Assessment conducted by SIRIM after the launch of Malaysia Industry 4FWD
February 2022	■ Official report of I4.0 Readiness Assessment. Category received - Category: Experience (2nd rank from the top category - Leader)
	■ Collaboration with SME Corp and EEPN on PRESTIGE Program - Program for Enhancement of Strategic Industry and High Growth Enterprises
	■ Presented at Webinar on 50 Years of Excellence - Local Technopreneurship
March 2022	■ Sharing session with Invest Penang of Inari's Technopreneurship Internship program
	■ Collaboration with PSDC on Training and Talent Development
April 2022	■ Presentation and webinar to MPC on Inari Waterfall Effect for Firm Level Productivity Improvement and Industry 4.0
May 2022	■ Presentation of Inari I4.0 Development and Journey to Senior Government Officer organised by MMU
June 2022	■ Elected as Industry Advisory Board for Politeknik Tunku Syed Sirajuddin Perlis

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 cognizant 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.

SUSTAINABILITY STATEMENT

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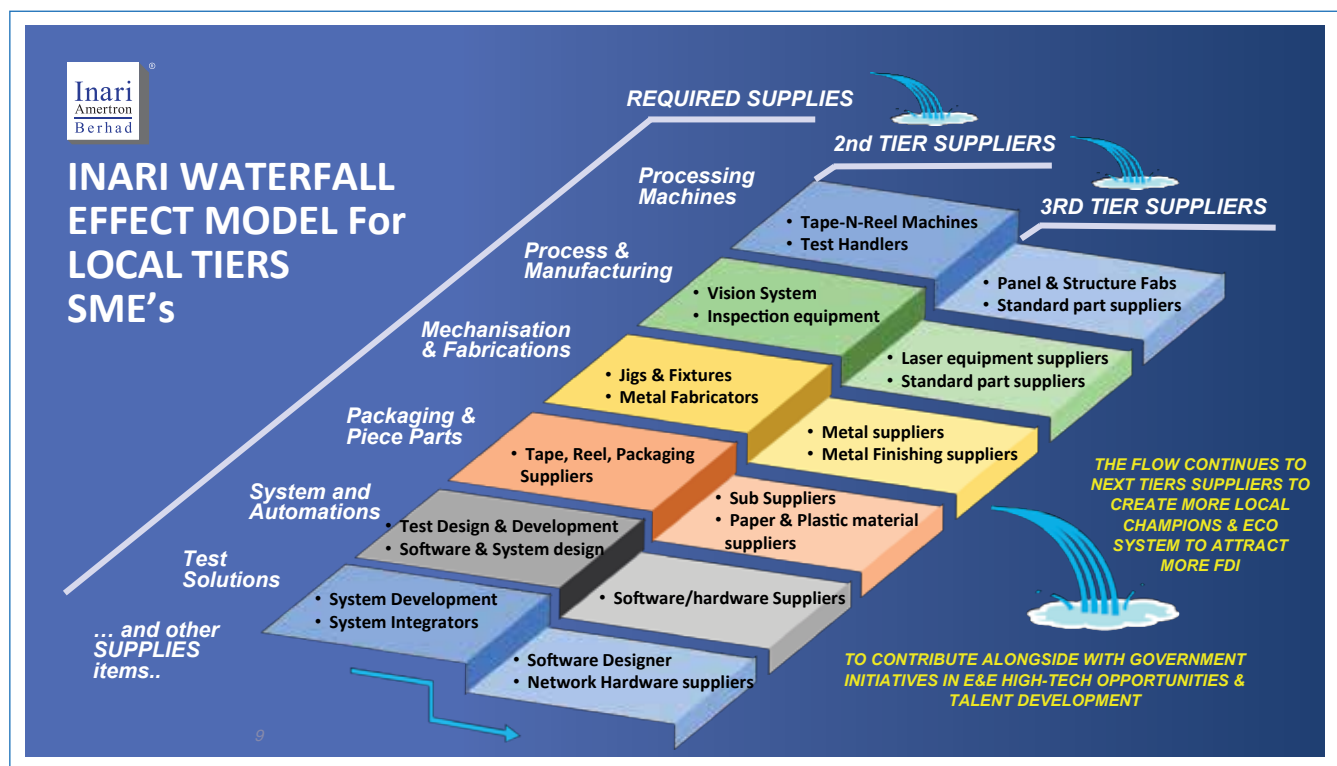
ECONOMIC (cont'd)

- Better Results from Better Practices

SUPPLY CHAIN MANAGEMENT (cont'd)

Supplier Code of Conduct

We aim to establish a mutually beneficial relationships with our suppliers. The below summaries the waterfall effect to our local partners/ suppliers with our Industrial 4.0 Roadmap:



In addition, we developed our Supplier Code of Conduct ("SCOC") as part of our 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 contained within the SCOC 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 environmental 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 procedure (including emergency reporting, employee notification and 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.

Conflict-Free Minerals Policy

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.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC *(cont'd)*

- *Better Results from Better Practices*

SUPPLY CHAIN MANAGEMENT *(cont'd)*

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 maintain a comprehensive checklist for new vendor selection request. We 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. On annual basis, supplier's risk assessment was conducted for top suppliers (varies among various operating sites) focusing on the following areas:

- ❖ Environment Protection and Waste Management
- ❖ Safety and Health
- ❖ Legal compliance
- ❖ Human Rights (Anti-discrimination, Fair Treatment and Prevention of forced labour and Human Trafficking)

Notwithstanding, no high-risk suppliers have been noted based on the risk assessment.

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.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC (cont'd)

- Better Results from Better Practices

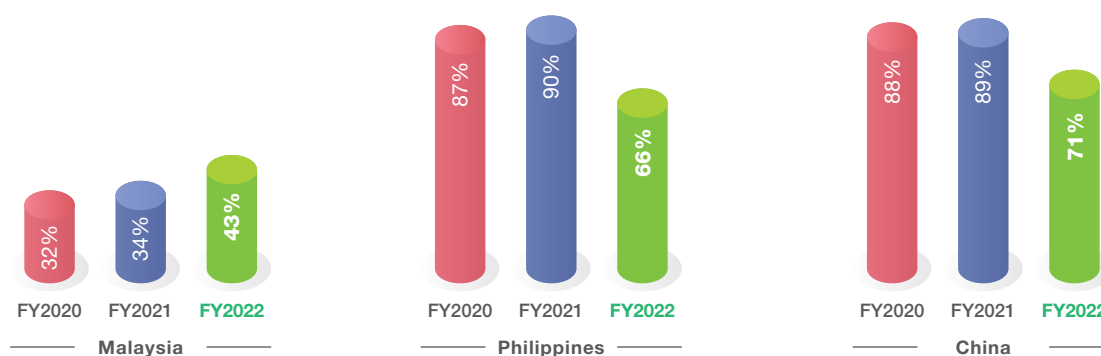
SUPPLY CHAIN MANAGEMENT (cont'd)

Supporting Local Ecosystem and Local Procurement (cont'd)

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

Proportion of spending	Unit	FY2020		FY2021		FY2022	
		Local Suppliers	Foreign Suppliers	Local Suppliers	Foreign Suppliers	Local Suppliers	Foreign Suppliers
Malaysia	Percentage (%)	32	68	34	66	43	57
Philippines	Percentage (%)	87	13	90	10	66	34
China	Percentage (%)	88	12	89	11	71	29

Local Spending by Country (%)



For Philippines and China, the increase in overseas spending for FY2022 is mainly due to shortages of critical components from local suppliers post pandemic to support higher demand of our operations. The Group's overall total spending for local suppliers has increased over the years.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC *(cont'd)*

- *Better Results from Better Practices*

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 the breaches of data and complaints received from external stakeholders.

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 environmental friendly products to our customers and improving practices along our value chain for the efficient and responsible use of all resources. Likewise, our Supplier Code of Conduct includes Environmental guidelines which delineates our expectation towards the suppliers.

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.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)

- Caring for our Planet

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 strive to mitigate the climate change by reducing greenhouse gas (GHG) emissions and conserve energy and water wherever feasible.
- We always comply with relevant environmental regulations and customer's specific requirements.
- We educate, train and motivate employees to be environmental 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.



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, Clark, Philippines; and
- Kunshan Comprehensive Bonded Zones, Jiangsu, China.

Environmental compliance

We are committed to comply with all applicable environment laws and regulations. In FY2022, we complied with all relevant environmental regulations and no sanctions resulting from non-compliance for our operations in Malaysia, Philippines and China.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT *(cont'd)*

- *Caring for our Planet*

Climate Change Management

The World Economic Forum in 2021 reported that leading threats to businesses today are extreme weather events, climate action failure and human-led environmental damage. Climate action failure ranks second highest both in terms of likelihood and impact in the Global Risks Perception Survey.

Southeast Asia has been identified to be one of the most vulnerable regions in the world to climate change. Climate change has two main impacts: the physical impact from changing climate conditions which affects assets and supply chains; and the economic impact to countries that are transitioning to a net zero carbon future. These present both risks and opportunities to businesses.

In 2022, extraordinary efforts had been carried out to improve energy and water consumption efficiency to mitigate the impact on climate change such as:

- Participated and obtained Green Office certifications by Penang Green Council and Perbadanan Bekalan Air Pulau Pinang ("PBA") (i.e. Aqua Certification).
- Our Sustainability Policy have stated our commitment on Net Zero Policy by 2050, thus, the Sustainability and Integrity Working Group is performing monthly monitoring of carbon emission and quarterly monitoring on Greenhouse Gas ("GHG") emission.

ENERGY USAGE

The World Economic Forum in 2021 reported that leading threats to businesses today are extreme weather events, climate action failure and human-led environmental damage. Climate action failure ranks second highest both in terms of likelihood and impact in the Global Risks Perception Survey. We are aware of the global concern on the climate change resulting from the increase in energy consumption and GHG emissions. We are committed to implement and enforce energy-efficiency projects. 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 enhance energy consumption efficiency to reduce the GHG emissions, climate change impact and environmental footprint.

Our initiatives on energy-efficiency projects as at FY2022 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	Completed
Installation of solar panel at P21	Green energy	63,747 kWh per month	In-progress
Replacement of perimeter night lights to solar panel lighting type at CK, Philippines	Green Energy, Energy saving & GHG reductions	600 kWh per month	In-progress
Installation of roofing solar farm at CK, Philippines	Green Energy, Energy saving & GHG reductions	50,000 kWh per month	In-progress
Enhancement to machine switch off plan	Energy saving	141 kW per month	Completed
Installation of 56 x 18w LED lighting panel at CK2, Philippines L2 new shop floor	Energy saving	725 kWh per month	Completed
Divert AHU 19 to Test L2 Room 2 (HVAC) at P13	Energy saving	26.4 kW per month	Completed
Installation of 5 units of Booster fan motor at AHU Room 3 and 4 (HVAC) at P21	Energy saving	12.2 kW per month	Completed

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)

- Caring for our Planet

ENERGY USAGE (cont'd)

Energy-efficiency projects	Purpose	Target saving	Status
Direct pipe in PBA water to production raw tank at P3	Energy saving	2.9 kW per month	Completed
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
Electric Purchase contract at Kunshan, China	Energy efficiency	RMB1,666 per month	Completed
Change of 3 air compressors from fixed frequency to frequency conversion at Kunshan, China	Energy efficiency	RMB5,000 per month	In-progress
Upgrade chilled water pump motor to IE3 type motor X 2 set at P3	Energy efficiency	2.8 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.

Our total energy consumption in FY2022 is approximately 421,724 GJ of energy (petrol, diesel and electricity) mainly due to increase in volume of production/ factory output unit. However, we managed to obtain **lower energy intensity over 3 years** which signifies a higher efficiency level within our operations.

Petrol Consumption	Unit	FY2020	FY2021	FY2022
Malaysia	GJ	138	126	98
Philippines	GJ	123	99	82
China	GJ	106	139	141
Total	GJ	367	364	321

Diesel Consumption	Unit	FY2020	FY2021	FY2022
Malaysia	GJ	265	581	647
Philippines	GJ	3,976	7,085	5,307
China	GJ	– (a)	– (a)	– (a)
Total	GJ	4,241	7,666	5,954

Note:

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

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)

- Caring for our Planet

ENERGY USAGE (cont'd)

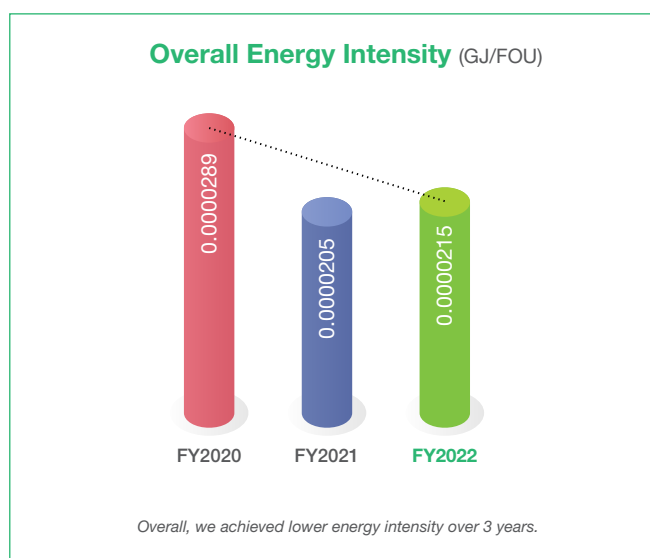
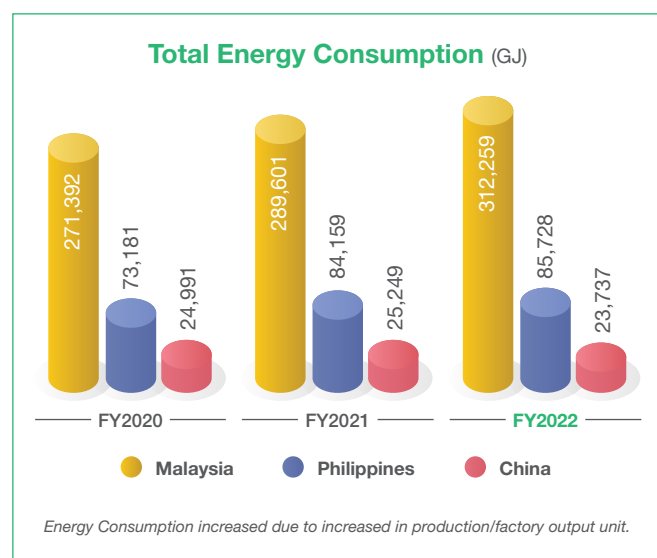
Electricity Consumption	Unit	FY2020	FY2021	FY2022
Malaysia	GJ	270,989	288,894	311,514
Philippines	GJ	69,082	76,975	80,339
China	GJ	24,885	25,110	23,596
Total	GJ	364,956	390,979	415,449

Energy Intensity	Unit	FY2020	FY2021	FY2022
Malaysia	GJ/FOU	0.000022	0.000015	0.000016
Philippines	GJ/FOU	0.000397	0.000295	0.000250
China	GJ/FOU	0.000155	0.000138	0.000124

Overall Energy Intensity	GJ/FOU
FY2020	0.0000289
FY2021	0.0000205
FY2022	0.0000215

Note:

(a) FOU stands for Factory Output Unit.



SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)

- Caring for our Planet

GHG EMISSIONS AND CLIMATE CHANGE

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, such as petrol and diesel consumed by company owned vehicles; and
- GHG emissions Scope 2 refers to indirect GHG emissions from consumption of electricity. The purchased electricity is primarily used to operate production machineries, facility equipment, office equipment and etc.

During the year under review, our GHG emissions generated a total of 79,328 tCO₂e. In comparison to FY2021, Inari recorded an increase in GHG emissions, which was mainly due to higher volume of production/factory output unit. However, **we managed to achieve a decrease in GHG emissions intensity over 3 years.**

GHG Emissions Scope 1	Unit	FY2020	FY2021	FY2022
Malaysia	tCO ₂ e	30	54	62
Philippines	tCO ₂ e	321	563	453
China	tCO ₂ e	7	9	10
Total	tCO₂e	358	626	525

Note:

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

GHG Emissions Scope 2	Unit	FY2020	FY2021	FY2022
Malaysia	tCO ₂ e	50,208	53,526	57,717
Philippines	tCO ₂ e	13,667	15,228	15,894
China	tCO ₂ e	5,475	5,525	5,192
Total	tCO₂e	69,350	74,279	78,803

Note:

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

Total GHG Emissions (Scope 1 and Scope 2)	Unit	FY2020	FY2021	FY2022
Malaysia	tCO ₂ e	50,238	53,580	57,779
Philippines	tCO ₂ e	13,988	15,791	16,347
China	tCO ₂ e	5,482	5,534	5,202
Total	tCO₂e	69,708	74,905	79,328

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)

- Caring for our Planet

GHG EMISSIONS AND CLIMATE CHANGE (cont'd)

Total GHG Emissions (Scope 1 and Scope 2) Intensity	Unit	FY2020	FY2021	FY2022
Malaysia	tCO ₂ e / FOU ('000)	0.00404	0.00282	0.00302
Philippines	tCO ₂ e / FOU ('000)	0.07580	0.05533	0.04849
China	tCO ₂ e / FOU ('000)	0.03392	0.03020	0.02728

Overall GHG Emissions (Scope 1 and Scope 2) Intensity	(tCO ₂ e / FOU ('000))
FY2020	0.00545
FY2021	0.00385
FY2022	0.00404

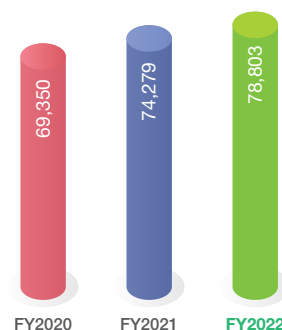
Note:

(a) FOU stands for Factory Output Unit.

GHG Emissions Scope 1 (tCO₂e)

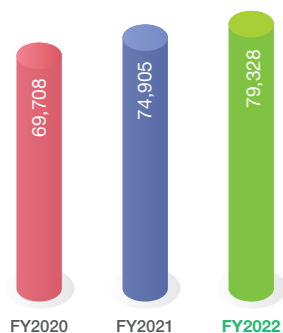


GHG Emissions Scope 2 (tCO₂e)



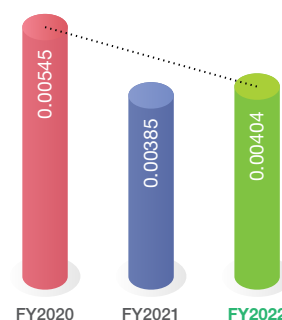
GHG Emissions Scope 2 increased due to increased in production/ factory output unit.

Total GHG Emissions (tCO₂e)



Total GHG Emissions increased due to increased in production/ factory output unit.

Overall GHG Emissions Intensity (tCO₂e/FOU(000))



Overall, we achieved a decrease in GHG Emissions intensity over 3 years.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)

- Caring for our Planet

GHG EMISSIONS AND CLIMATE CHANGE (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 (NOx) and Sulfur Oxides (SOx) emissions as none of our business activities involve biomass combustion.

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 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 FY2022 amounted to a total of 754,491 m³. Despite an increase in volume of production/ factory output unit, we managed to record a **lower water intensity by 5%**, compared with the previous year. This signifies the effectiveness of our water saving and consumption efficiency initiatives.

Water Consumption	Unit	FY2020	FY2021	FY2022
Malaysia	m ³	632,487	666,636	658,944
Philippines	m ³	68,124	83,248	63,590
China	m ³	31,887	28,130	31,957
Total	m³	732,498	778,014	754,491

Water Intensity	Unit	FY2020	FY2021	FY2022
Malaysia	m ³ / FOU	0.000051	0.000035	0.000034
Philippines	m ³ / FOU	0.000369	0.000292	0.000189
China	m ³ / FOU	0.000197	0.000153	0.000168

SUSTAINABILITY STATEMENT

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ENVIRONMENT (cont'd)

- Caring for our Planet

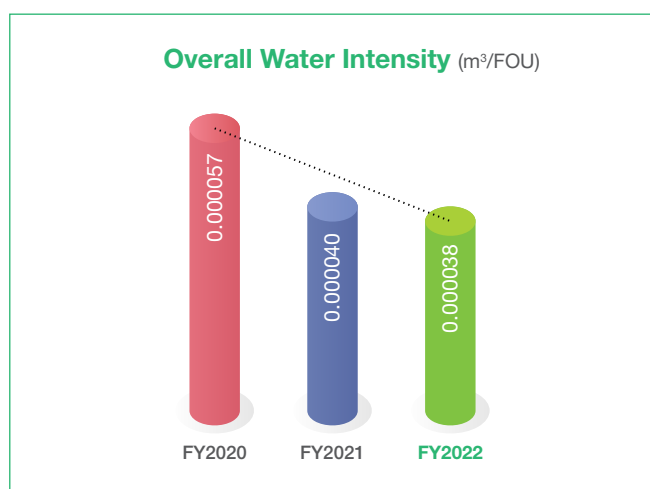
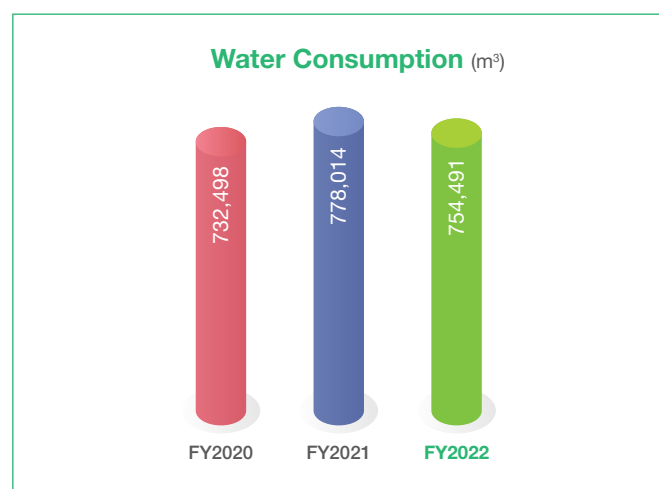
WATER MANAGEMENT (cont'd)

Water Consumption (cont'd)

Overall Water Intensity	Unit (m ³ / FOU)
FY2020	0.000057
FY2021	0.000040
FY2022	0.000038

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, Inari as a Group 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 in all sites in Malaysia, Philippines and China.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)

- Caring for our Planet

WATER MANAGEMENT (cont'd)

Wastewater Discharge Quality (cont'd)

Compliance Status: Full compliance ✓

Wastewater discharge quality	Unit	Malaysia				Philippines			China			
		FY2020	FY2021	FY2022	(a)	FY2020	FY2021 & FY2022	(b)	FY2020	FY2021	FY2022	(c)
Temperature	°C	NA	NA	NA	40.0°C ^(e)	25.0	Waste water discharged is treated by a licensed third party service provider ^(d)	22.0-32.0°C	NA	NA	NA	NA
pH	-	7.9	7.6	7.0	5.5 - 9.0	8.9		6.0 - 9.5	7.2	7.3	7.7	6.0 - 9.0
BOD5	mg/L	NA	NA	NA	NA	1.0		<50.0	86.5	18.9	57.0	<300.0
COD	mg/L	38.4	30.7	16.4	<200.0	NA		<100.0	231.0	37.0	111.0	<500.0
Suspended solids	mg/L	11.5	9.2	7.2	<100.0	2.5		<100.0	89.0	4.0	48.0	<400.0
Oil and grease	mg/L	NA	NA	NA	NA	1.0		<5.0	0.2	0.2	0.4	<20.0
Ammoniacal Nitrogen	mg/L	NA	NA	NA	NA	0.1		<0.5	44.7	8.6	40.0	<45.0

Note:

- (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 and FY2022, the wastewater discharged for our operation in Philippines is treated by a licensed third party service provider, Clark Water Corporation. No non-compliance case was observed.
 (e) The Department of Environment assesses that temperature is not critical parameter as Inari does not have any process that will discharge hot water.

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 licensed water service providers, namely Perbadanan Bekalan Air Pulau Pinang, Clark Water Corporation, Philippines and Kunshan Water Supply Group Co., Ltd., China. 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. We have taken initiatives to increase the awareness of 3Rs programme among our existing employees via periodic training and we incorporated the 3Rs training into the new hire orientation programme. 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.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)

- Caring for our Planet

WASTE MANAGEMENT (cont'd)

Inari's 3R Programme

3R Programme	Methodology
Recovery	<ul style="list-style-type: none"> Invest in Industrial Effluent Treatment System Increase efficiency in extracting pollutants Ensure cleaner waste discharged to the environment Provide recycle bins in strategic locations
Re-use	<ul style="list-style-type: none"> Collaborate with licensed hi-tech waste recycling contractor Increase waste re-use proportion Re-use of carton box Re-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



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 recovers, re-uses and recycles.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT (cont'd)

- Caring for our Planet

WASTE MANAGEMENT (cont'd)

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 FY2021, Inari recorded an increase in waste generation, which is mainly due to higher volume of production.

Waste Generation	Unit	Malaysia			Philippines			China		
		FY2020	FY2021	FY2022	FY2020	FY2021	FY2022	FY2020	FY2021	FY2022
Hazardous Waste ^(a)	MT	96.0	109.3	152.8	71.5	78.7	69.6	14.1	24.0	21.7
Non-Hazardous Waste ^(b)	MT	478.2	497.7	545.9	112.2 ^(c)	175.8 ^(c)	179.9 ^(c)	27.7 ^(c)	30.2 ^(c)	48.9 ^(c)
Total Waste Generated	MT	574.2	607.0	698.7	183.7	254.5	249.5	41.8	54.2	70.6

Note:

(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 and carton box consumption only.

SUSTAINABILITY STATEMENT

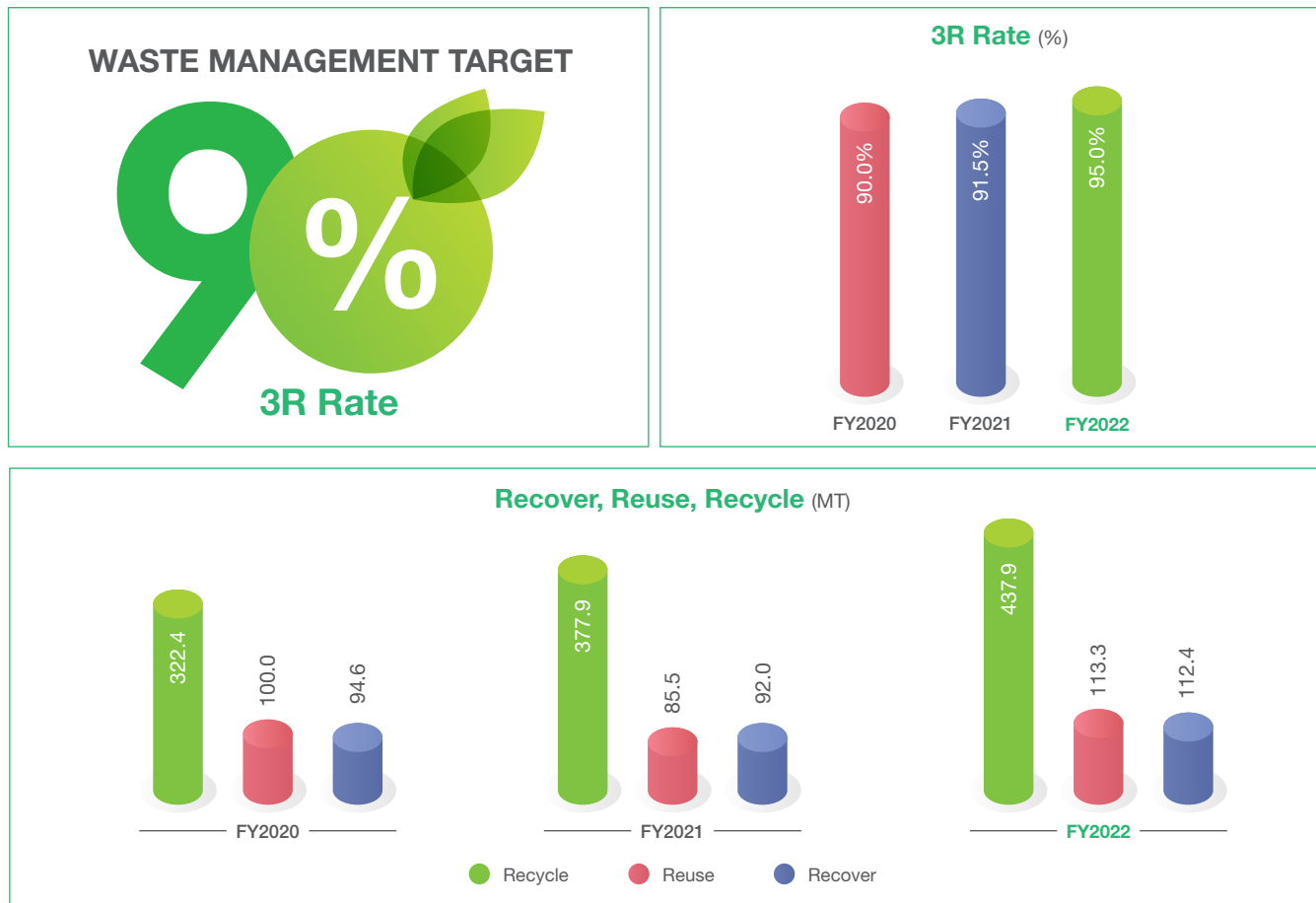
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ENVIRONMENT (cont'd)

- 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

cont'd

WORKPLACE

– Caring for our People

EMPLOYEE GENDER, DIVERSITY AND INCLUSION

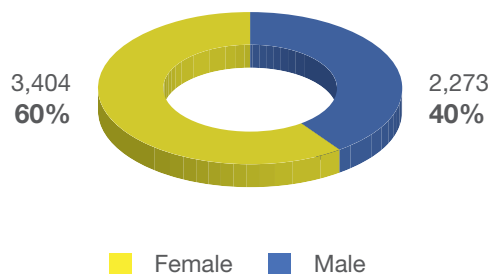
We recognise the strength in having a diverse workforce and inclusive environment. As a part of our strategic priorities and corporate DNA, we build a fair culture of inclusiveness where employees are treated and valued equally regardless of age, race, gender, disability, nationality, religion, or sexual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

It is our policy that recruitment decisions are conducted based on the equal opportunity, we are not allowed to practise any discrimination or discriminatory business in recruitment whereby all job applicants, job advertisements, job descriptions do not require, publish or state any information on race, color, age, gender, sexual orientation, gender identity, ethnicity, disability and/or special needs, religion, political affiliation, union membership, national origin, marital status. Additionally, we are committed to ensuring employees with disabilities and/or special needs are accommodated with special programs and accessibility mechanisms ensuring their safety and health remains to be the ultimate consideration during their employment terms.

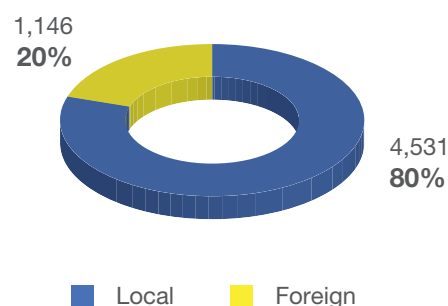
We remain committed to offering equal opportunities and providing a working environment that is free of discrimination or harassment. This is translated in our Code of Business Conduct and Ethics where we prohibit our directors and employees to engage in any form of sedition, discrimination and harassment, including those which are made based on age, race, gender, disability, nationality, religion or sexual orientation. Our Policy is supporting the community by employment of under-privileged groups, including those from deprived backgrounds, having poor social status and with no formal education or qualifications.

In addition, we are committed in ensuring that no employees shall be paid of remuneration, whether payable in cash or in kind, at rates less favourable than those at which remuneration is to the employees of the opposite sex for performing the same work or work of a similar nature. In adhering to equality in remuneration without any discrimination, we had never made any deductions of the rate of remuneration for any employees.

Distribution by Gender (%)



Distribution by Local and Foreign Employment (%)



Note: Total number of employees: 5,677

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)

– Caring for our People

EMPLOYEE GENDER, DIVERSITY AND INCLUSION (cont'd)

Employee Distribution	Percentage (%)		
	FY2020	FY2021	FY2022
By Gender			
Male	31.0	36.0	40.0
Female	69.0	64.0	60.0
By Nationality			
Local	70.0	78.0	80.0
Foreign	30.0	22.0	20.0
Contractors or Temporary Staff			
Malaysia	0.0	0.0	0.0
Philippines	15.4	23.9	18.7
China	42.0	51.0	54.0
Disabilities			
Malaysia	0.2	0.1	0.1
Philippines	0.0	0.0	0.0
China	0.5	0.5	0.4

Turnover Rate	Percentage (%)		
	FY2020	FY2021	FY2022
By Gender			
Male	17.5	12.8	6.1
Female	13.7	20.9	17.5
By Age Group			
< 30 years old	25.3	26.8	16.7
30-50 years old	5.5	6.4	6.5
> 50 years old	0.4	0.4	0.4
By Region			
Malaysia	18.0	31.8	25.4
Philippines	21.3	20.5	22.6
China	31.3	31.9	15.3

Overall Turnover Rate*	Percentage (%)
FY2020	20.2
FY2021	28.3
FY2022	18.1

* excluding interns and short-term contract workers

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)

– Caring for our People

EMPLOYEE GENDER, DIVERSITY AND INCLUSION (cont'd)

New Hire Rate	Percentage (%)		
	FY2020	FY2021	FY2022
By Gender			
Male	17.5	17.1	15.7
Female	13.6	17.9	14.1
By Age Group			
< 30 years old	23.0	30.7	24.9
30-50 years old	8.0	4.1	4.6
> 50 years old	0.1	0.2	0.2
By Region			
Malaysia	24.0	47.2	39.8
Philippines	3.8	14.6	11.9
China	23.1	24.0	17.9

Overall New Hire Rate*	Percentage (%)
FY2020	17.1
FY2021	35.0
FY2022	29.7

* excluding interns and short-term contract workers

Out of 5,677 employees, 60% of which comprises of women. We are committed to local employment and therefore have decreased our dependency on foreign workers to 20% from last year's 22%. The foreign workers at our operations comprise Indonesians, Burmese, Nepalese, and Vietnamese. For our operations in China and Philippines, 99.6% of our employees comprise of local hires.

With our commitments and continuous employee development and talent retention programme, we saw a decrease in turnover rate from 28.3% (2021) to 18.1% (2022). We have also managed to increase our hire rate for this reporting period to support higher production levels in our operations. We continue to see the under 30 years old age category as consistently our largest group for both turnover and new hires as they are in the early stages of their career journey and are always looking out for new opportunities.

EMPLOYEE DEVELOPMENT AND TALENT RETENTION

We believe that continuous learning is important for our employees' personal and professional growth. By providing various professional development, training sessions, and other programmes, we also 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

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)

– Caring for our People

EMPLOYEE DEVELOPMENT AND TALENT RETENTION (cont'd)

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 corporate governance, anti-bribery and corruption training, 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 training is conducted regularly based on the latest industry developments to ensure employees knowledge and skill set 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 skill, communication skill, leadership skill, 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 30,908 hours of training, with an average of 5 training hours per employee.

Average number of training hours per employee	FY2020*	FY2021*	FY2022
By Gender			
Female	2	4	7
Male	12	13	16
By Employee Category			
Manager and above	25	18	18
Executive	16	19	24
Non-executive	1	2	3

Average training hours per employee	No. of hours
FY2020*	3
FY2021*	4
FY2022	5

* FY2020 & FY2021 data updated due to change in calculation method for better data presentation.

Male employees have recorded higher training hour than female employees mainly due to majority of the engineer teams are male, thus, technical training hours recorded are higher.

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 Option 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.

SUSTAINABILITY STATEMENT

cont'd




WORKPLACE (cont'd)

– Caring for our People

EMPLOYEE DEVELOPMENT AND TALENT RETENTION (cont'd)

Compensation and Benefits (cont'd)

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

Insurance/Medical Coverage 	In-house Facilities 	Employees with Special Needs 
<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 	<ul style="list-style-type: none"> ■ Car parking space ■ Hostel for operators ■ Personal lockers ■ Prayer rooms ■ Transport services ■ 24-hour canteen 	<ul style="list-style-type: none"> ■ Dedicated mother's nursing room ■ Dedicated parking spaces for disabled employees ■ An office space at ground floor to cater for health issues and disabled employees ■ Sickbay for sick employees

HUMAN AND LABOUR RIGHTS

Inari are committed to respect and support the protection of internationally proclaimed human rights by adopting our key customer's Code of Conduct and Human Rights Policy that is based on internationally recognised human rights as set out in the United Nations' International Bill of Human Rights, the International Labour Organisation's Declaration on the Fundamental Principles and Rights at work as well as the UN Guiding Principles for Business and Human Rights (UNGPs).

In line with this, 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. Similarly, our Supplier Code of Conduct also requires our suppliers to support the protection of human rights and prohibits any forced labour and child labour.

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. Our Company policy on labour standards is translated into relevant languages such as Bahasa Malaysia, Bahasa Indonesia and Chinese to promote better understanding.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)

– Caring for our People

HUMAN AND LABOUR RIGHTS (cont'd)

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 television room, security, mini-mart, common surau, among others.



Dormitory building dedicated to employees (Penang)



Spacious dormitory rooms



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)



Dormitory unit dedicated for employees (China)



Spacious and modern design dormitory rooms (China)

In June 2022, the Penang State Labour Office has conducted an audit at the dormitory building and has certified our compliance on Section 24D(2) Akta Standard Minimum Perumahan, Penginapan dan Kemudahan Pekerja 1990.

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 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
- Occupational Safety and Health (“OSH”)
- Anti-Corruption and Bribery

The Board of the Group has the oversight responsibility to ensure respect for human rights. In addition, the day-to-day responsibilities and resources to ensure respect for human rights have been clearly allocated to Human Resource (“HR”) department. Annually, minimum two training sessions pertaining to social responsibilities including human rights are conducted in February and August respectively with the support from in-house Training department. For Direct Labour, training is conducted physically and for Indirect Direct Labour & above, it was conducted online. At the end of the training, employees will undertake an assessment to ensure that they are effectively trained on human rights policy.

Risk Assessment regarding any potential labour issues is included in the due diligence checklist to be carried out for potential new operations or projects. In addition, we proactively assess the impact of human rights risk to the Company on an on-going basis, as part of core business processes via our CSR committee on a quarterly basis.

To promote inclusion, we created an office space at ground floor to cater for those who had health issues and had difficulties climbing the staircase as one of the actions implemented for avoidance, prevention and mitigation of human rights issues.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)– *Caring for our People***HUMAN AND LABOUR RIGHTS** (cont'd)**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.

We are committed to have regular stakeholder engagement and consultant with regulators on human rights issue. On 10th March 2022, our Malaysia Plant's HR head of department attended National Forum Series on National Action Plan on Forced Labour. The forum was organised by HRD Corp National Forum Series which is a platform that brings together government representatives, industry players and subject matter experts to discuss a wide range of pressing issues around human resources and human capital development in Malaysia.

Consequently, our Code of Business Conduct and Ethics prohibits the use of forced labour, human trafficking and exploitative child labour and we expect suppliers and/or vendors to respect this principle as well. As stipulated in the Supplier Code of Conduct, Inari reserves the right to terminate its trading agreement if the supplier is unable to demonstrate his commitment to this policy. Additionally, it is our Policy that we will verify a copy of valid and appropriate age verification documentation to avoid hiring of underage labours. All Human Resource staffs were also being briefed on the minimum age for hiring, appropriate age documentation and verification systems. In addition, we also established an anonymous reporting flow for all employees to report the existence of underage workers, if any, at the facility.

We have established whistleblowing mechanism, feedback channel and grievances systems to allow employees to report genuine cases of child labour, forced labour, discrimination, bullying and harassment. 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.

Freedom of Association and Collective Bargaining

It is our Policy that we shall respect workers' lawful rights and freely allow workers to form or participate in organisations of their choosing, including but not limited to unions, worker committees, or other worker associations, and bargain collectively without interference, discrimination, retaliation, or harassment.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)

– Caring for our People

HUMAN AND LABOUR RIGHTS (cont'd)

Working Hours and Rest Period

We are committed to offering reasonable working hours and rest period to employees in compliance with local regulatory requirements. In addition, employees are also entitled to annual leave, sick leave, marriage leave, bereavement leave and maternity leave.



OCCUPATIONAL SAFETY AND HEALTH (“OSH”)

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.

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.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)

– Caring for our People

OCCUPATIONAL SAFETY AND HEALTH (“OSH”) (cont'd)**OSH Policy** (cont'd)

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.



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.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)









– Caring for our People

OCCUPATIONAL SAFETY AND HEALTH (“OSH”) (cont'd)

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:

	Hazard Prevention and Control Awareness		Basic Occupational First Aid
	Safety of Equipment Handling		Fire Safety Training and Drills
	Chemical Safety Training		Lift Truck/Forklift Safety Training
	Electrical Safety Awareness		Incident Management

Number of staffs trained on health and safety standards for the past 3 years as shown below:

Year	Malaysia	China	Philippines
FY2020	672	184	234
FY2021	910	427	70
FY2022	1451	480	868

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)

– Caring for our People

OCCUPATIONAL SAFETY AND HEALTH (“OSH”) (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 case of occupational fatality or work-related illnesses within the Group. OSH committee is responsible for Risk Assessment regarding health and safety for existing operations and plants as well as potential new operations or projects as part of due diligence process.

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	FY2020	FY2021	FY2022
Malaysia				
Number of injury incidents	no.	2	– (b)	1
Number of fatalities	no.	– (b)	– (b)	– (b)
Number of work-related illness	no.	– (b)	– (b)	– (b)
Number of worked days lost	days	9	– (b)	2
Incident rate	rate	0.63	– (b)	0.27
Frequency rate	rate	0.25	– (b)	0.10
Severity rate	rate	1.14	– (b)	0.20
Fatality rate	rate	– (b)	– (b)	– (b)
Lost Time Injury Frequency (LTIF) ^(a)	Percentage (%)	0.25	– (b)	0.10
Philippines				
Number of injury incidents	no.	4	13	4
Number of fatalities	no.	– (b)	– (b)	– (b)
Number of work-related illness	no.	– (b)	– (b)	– (b)
Number of worked days lost	days	11	53	4
Incident rate	rate	2.73	7.28	2.24
Frequency rate	rate	1.1	2.92	0.81
Severity rate	rate	3.03	11.9	0.81
Fatality rate	rate	– (b)	– (b)	– (b)
Lost Time Injury Frequency (LTIF) ^(a)	Percentage (%)	1.10	2.92	0.81

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)

– Caring for our People

OCCUPATIONAL SAFETY AND HEALTH (“OSH”) (cont'd)

Managing OSH Performance (cont'd)

Injury Type/Rate	Units	FY2020	FY2021	FY2022
China				
Number of injury incidents	no.	– (b)	– (b)	1
Number of fatalities	no.	– (b)	– (b)	– (b)
Number of work-related illness	no.	– (b)	– (b)	– (b)
Number of worked days lost	days	– (b)	– (b)	5
Incident rate	rate	– (b)	– (b)	2.1
Frequency rate	rate	– (b)	– (b)	0.80
Severity rate	rate	– (b)	– (b)	4.0
Fatality rate	rate	– (b)	– (b)	– (b)
Lost Time Injury Frequency (LTIF) ^(a)	Percentage (%)	– (b)	– (b)	0.80

Note:

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

Incident Rate	No. of accidents/ average no. of employees x 1000
Frequency Rate	No. of accidents / total man-hours worked x 1,000,000
Severity Rate	No. of worked days lost / total man-hours worked x 1,000,000
Fatality Rate	No. of fatalities/ average no. of employees x 1000
Lost Time Injury Frequency	No. lost time injuries/ total man-hours X 1,000,000

(b) No cases reported.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE (cont'd)

– Caring for our People

OCCUPATIONAL SAFETY AND HEALTH (“OSH”) (cont'd)**Managing OSH Performance** (cont'd)

Below is the summary of 6 minor injuries and corrective measures at our operations:

Type of Injury	Causes	Corrective Action	Preventative Action
Malaysia			
Minor laceration of finger (Malaysia)	<ul style="list-style-type: none"> Tester still moving to home position after pushing the stop button Unaware of moving part 	<ul style="list-style-type: none"> Re-brief on handling tester and more aware of machine movement 	<ul style="list-style-type: none"> Improve tester software to immediately stop after pushing stop button Install additional area sensor to stop movement when hand or fingers near to moving parts
Philippines			
Laceration of right-hand palm (Philippines)	<ul style="list-style-type: none"> Carrier magazine exposed sharp edge 	<ul style="list-style-type: none"> Carriers are sort and remove all that has expose sharp edges 	<ul style="list-style-type: none"> Replace all carriers that has expose sharp edges
Contusion in the upper lips (Philippines)	<ul style="list-style-type: none"> Plasma machine vacuum hose was detached from the vacuum 	<ul style="list-style-type: none"> Isolate the machine for engineering verification for the correct connection of hose to the vacuum 	<ul style="list-style-type: none"> Put direction label in the machine connection nozzle for visualisation of input and output direction of the vacuum
Abrasion in the forehead (Philippines)	<ul style="list-style-type: none"> Edge corner of handler tower light 	<ul style="list-style-type: none"> Relocate all the handler expose tower light 	<ul style="list-style-type: none"> Install rubber in all the corner of the tower light
Avulsed wound in the right thumb (Philippines)	<ul style="list-style-type: none"> Sharp edges of divider inside the desiccator cabinet 	<ul style="list-style-type: none"> Inspect all the desiccator cabinet and temporary remove the divider with sharp edges 	<ul style="list-style-type: none"> Install hose tube in all sharp corner of the desiccator divider
China			
Minor Lumbar Sprain	<ul style="list-style-type: none"> Cargo handling in the warehouse 	<ul style="list-style-type: none"> Pay attention to the handling posture 	<ul style="list-style-type: none"> Strengthen Safety awareness training

For 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.

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 risk identified.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE

– Caring for our People

OCCUPATIONAL SAFETY AND HEALTH (“OSH”) (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. We, at Inari also 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 prevent and 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

Philippines



StaySafe.ph

China



行程码
(Itinerary Code)



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 was 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 2.5 million pieces of 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.

SUSTAINABILITY STATEMENT

cont'd

WORKPLACE

– Caring for our People

OCCUPATIONAL SAFETY AND HEALTH (“OSH”) (cont'd)

Our COVID-19 Response (cont'd)

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 from 22 July 2021 to 2 September 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.



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 identify any major concerns that our employees may have and how to address them accordingly.

For this reporting period, our engagement survey's overall scores recorded at 94%. The components of this year's survey focus on four (4) key aspects of employees' satisfaction with respect towards human rights, safe workplace, EHS and work-life balance, with 80% response rate as below:

Survey Questions	Score (%)
Human Rights	
Do you agree that Inari complies with the Minimum Wage Order and other statutory provisions in relation to salary and benefits?	100%
Do you agree that Inari does not employ any persons who are below 18 years of age?	100%
Do you agree that Inari is practising non-discrimination policies against race, religion, gender, age, sexual orientation, disabilities & nationalities at all times?	100%
Safe Workplace	
Do you agree that Inari is providing face masks to all employees?	100%
Do you agree that Inari is emphasising on wearing face mask in the company premises?	100%
Do you agree that Inari is performing swab test?	100%
EHS	
During any emergency situation, are you aware of your respective Department's assembly point located at?	93%
In the situation of an emergency in your workplace, are you aware of the actions needed to be taken?	96%
Work-life Balance	
Do you generally feel that you are able to balance your work life?	80%
Are you satisfy with the flexible working hour's arrangement in Inari?	88%
Do you agree that Inari is promoting work-life balance culture?	82%
Overall results	94%

Apart from employee engagement survey, we provide various mechanisms such as Round Table Session, Town Hall Session to allow employee representatives to engage with Company's Senior Management.

SUSTAINABILITY STATEMENT

cont'd

LOCAL COMMUNITIES

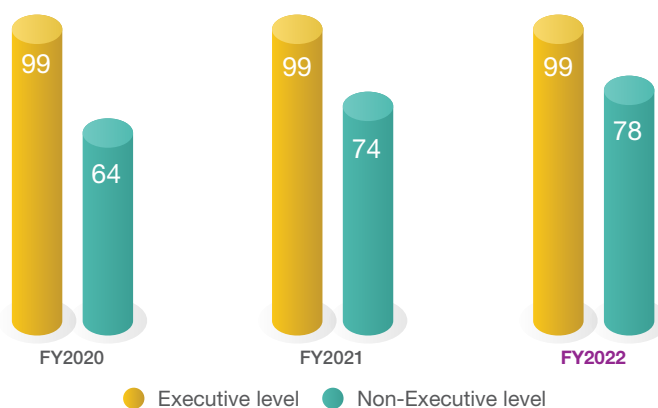
– Giving Back

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 Corporate Social Responsibility (“CSR”) initiatives including our internship programmes, we utilise our knowledge and experience to give back to communities.

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.

Proportion of Local Hires (%)

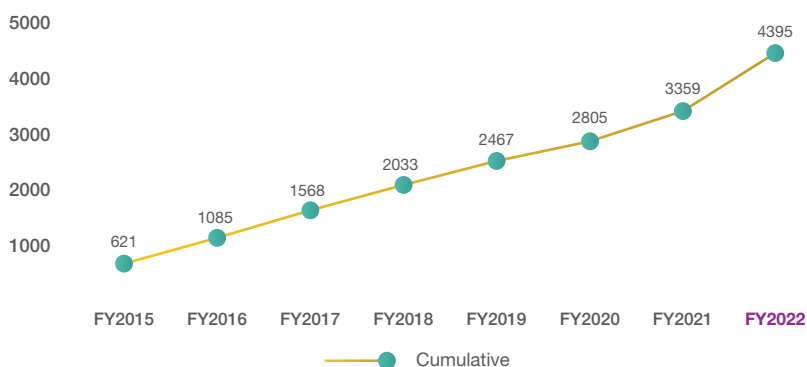


Internship Programme

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 4,395 interns.



Total Number of Intern To-date



SUSTAINABILITY STATEMENT

cont'd

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 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.

In FY2022, we have contributed approximately RM282,000 in cash and in-kind to more than 10 charities, non-profit organisation and education institutions across the region. We have contributed a total of RM2.79 million both cash and in-kind since FY2018. Below summaries some of our contributions this year for our CSR activities.



Community investment made to Non-Profit Organisation

In year 2022, we continue to support for climate governance through community investment to Climate Governance Malaysia.

Penang E-Learning PC Distribution and Handover

On 1st July 2021, Computers worth RM 64,950 were handover to SK Batu Maung, SMK Kampong Selamat and SMK Dato' Haji Ahmad Said to support E-Learning for students.



Handover Ceremony of Multi-Purpose Patrol Car Proton X70

On 14 October 2021, Handover of Proton X70 Patrol Car for Polis Diraja Malaysia ("PDRM") to facilitate their security patrolling in Batu Kawan Industrial Zone.

SUSTAINABILITY STATEMENT

cont'd

LOCAL COMMUNITIES (cont'd)

– Giving Back

Local Communities Development (cont'd)

Blood Donation Campaign

Inari encourages all its employees to participate in blood donation campaigns. In June 2022, our employees joined the blood donation campaign held at P21 organised by Penang Adventist Hospital.

**Kelab MITI Donation for Flood**

In December 2021, Inari supported the event which organised by MITI to help the victims of the flood which happened in Selangor. Inari donated in total amount of RM50,000 to show our commitment towards the society.

Malaysia E&E 50th Anniversary Celebration 2022

In May 2022, Inari attended Malaysia E&E Anniversary Celebration which organised by Malaysia Semiconductor Industry Association to show appreciation on contribution of Malaysia E&E industry to Malaysia's economy.



SUSTAINABILITY STATEMENT

cont'd

LOCAL COMMUNITIES (cont'd)

– Giving Back

Local Communities Development (cont'd)



Donation of Personal Protective Equipment to local schools

Since the outbreak of Covid-19, the Group and its employees have taken initiatives to donate necessary personal protective equipment (“PPE”) to support local schools who were in preparation of face-to-face class. The Group has contributed PPEs to San Manuel High School, Tarlac City (in March 2022) and Tinajero National High School, Philippines (in May 2022).

Inari Amertron Booster Shot for Employees

In February 2022, to safeguard our employees’ health, Inari collaborated with local authority to provide the booster shot for the employees in Philippines.



Inari Amertron supports Brigada Eskwela for school maintenance programme

In September 2021, we supported the Brigada Eskwela which is school maintenance programme in Philippines to engage all educational stakeholders by contributing used racks, filing cabinets, face mask and cleaning alcohol.

SUSTAINABILITY STATEMENT

cont'd

LOCAL COMMUNITIES (cont'd)*– Giving Back***Local Communities Development** (cont'd)**Amertron Technology Kunshan ("ATK") employees participated in the training of epidemic control**

On 13 May 2022, ATK employees participated in the voluntary training on pandemic controls and received certificate issued by Kunshan, China government.



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 Shareholdings	247-249
102-6	Markets served	Management Discussion and Analysis	22-35
102-7	Scale of the organisation	Corporate Structure and Audited Financial Statements	3/150-244
102-8	Information on employees and other workers	Sustainability Statement - Employee Gender, Diversity and Inclusion, Employee statistics	79-81
102-9	Supply chain	Sustainability Statement - Supply Chain Management	61-65
102-10	Significant changes to the organisation and its supply chain	Management Discussion and Analysis Sustainability Statement - Supply Chain Management	22-35 61-65
102-11	Precautionary principles or approach	Statement on Risk Management and Internal Control	138-144
102-12	External initiatives	Sustainability Statement – Our Sustainability Goals	46-48
102-13	Membership of associations	Sustainability Statement – Corporate Membership	44-46
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	40 116-133
102-18	Governance structure	Profile of Directors, Profile of Key Senior Management Corporate Governance Overview Statement Sustainability Statement – Sustainability Governance	12-17 116-133 41-42
102-40	List of stakeholder groups	Sustainability Statement - Stakeholder Engagement	49-50
102-41	Collective bargaining agreements	Inari does not have collective bargaining agreement. However, it is stated in our Human Resource Policy that all employees have the rights to form and join organisation of their choice. Sustainability Statement - Human and Labour Rights	86 84-88
102-42	Identifying and selecting stakeholders	Sustainability Statement - Stakeholder Engagement	49-50
102-43	Approach to stakeholder engagement	Sustainability Statement - Stakeholder Engagement	49-50

SUSTAINABILITY STATEMENT

cont'd

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

GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
102-44	Key topics and concerns raised	Sustainability Statement - Stakeholder Engagement, Materiality Assessment, Our Sustainability Strategy	44 49-52
102-45	Entities included in the consolidated financial statements	Audited Financial Statements	150-244
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 46-49 50-52
102-48	Restatements of information	In this Sustainability Statement FY2022, 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 2021, was published in October 2021. The online version of the Annual Report 2021 can be found online at https://www.inari-amertron.com/annual-reports.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	39
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Statement – Reporting Framework and Standards	39
102-55	GRI content index	GRI Content Index	102-113
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.	-

SUSTAINABILITY STATEMENT

cont'd

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

GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
GRI 201: Economic Performance (cont'd)			
201-1	Direct economic value generated and distributed	Audited Financial Statements	150-244
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 Statements	150-244
201-4	Financial assistance received from government	Audited Financial Statements	150-244
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.	83
202-2	Proportion of senior management hired from the local community	Sustainability Statement - Local Communities Employments Employee Statistics	97
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	57-61
103-2	The management approach and its components	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	57-61
103-3	Evaluation of the management approach	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	57-61
203-1	Infrastructure investments and services supported	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	57-61

SUSTAINABILITY STATEMENT

cont'd

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

GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
GRI 203: Indirect Economic Impacts (cont'd)			
203-2	Significant indirect economic impacts	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	57-61
204: Procurement Practices			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management	61-65
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management	61-65
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management	61-65
204-1	Proportion of spending on local supplies	Sustainability Statement - Supply Chain Management	61-65
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, Whistleblowing Policy and Procedures	53-55
		Statement on Risk Management and Internal Control - Internal Audit Function	138-144
		Corporate Governance Overview Statement	116-133
103-2	The management approach and its components	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures	53-55
		Statement on Risk Management and Internal Control - Internal Audit Function	138-144
		Corporate Governance Overview Statement	116-133
103-3	Evaluation of the management approach	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures	53-55
		Statement on Risk Management and Internal Control - Internal Audit Function	138-144
		Corporate Governance Overview Statement	116-133
205-1	Operations assessed for risks related to corruption	Sustainability Statement - Corporate Governance and Ethics	53-55
		Corporate Governance Overview Statement	116-133
205-1	Communication and training about anticorruption policies and procedures	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures	53-55
		Statement on Risk Management and Internal Control - Internal Audit Function	138-144

SUSTAINABILITY STATEMENT

cont'd

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

GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
GRI 205: Anti-corruption (cont'd)			
205-3	Confirmed incidents of corruption and actions taken	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures Statement on Risk Management and Internal Control - Internal Audit Function	53-55 138-144
302: Energy			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
103-2	The management approach and its components	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
302-1	Energy consumption within the organisation	Sustainability Statement - Energy Usage	68-70
302-2	Energy consumption outside the organisation	To be applied in the future	-
302-3	Energy intensity	Sustainability Statement - Energy Usage	68-70
302-4	Reduction of energy consumption	Sustainability Statement - Energy Usage	68-70
302-5	Reductions in energy requirements of products and services	To be applied in the future	-
303: Water and Effluents			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
103-2	The management approach and its components	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
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	73-75

SUSTAINABILITY STATEMENT

cont'd

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

GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
305: Emissions			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
103-2	The management approach and its components	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
305-1	Direct (Scope 1) GHG emissions	Sustainability Statement - GHG Emissions and Climate Change	71-73
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Statement - GHG Emissions and Climate Change	71-73
305-3	Other indirect (Scope 3) GHG emissions	Sustainability Statement - GHG Emissions and Climate Change	71-73
305-4	GHG emissions intensity	Sustainability Statement - GHG Emissions and Climate Change	71-73
305-5	Reduction of GHG emissions	Sustainability Statement - GHG Emissions and Climate Change	71-73
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	Sustainability Statement - GHG Emissions and Climate Change	71-73
306: Effluents and Waste			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
103-2	The management approach and its components	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
306-1	Water discharge by quality and destination	To be applied in the future	-
306-2	Waste by type and disposal method	Sustainability Statement – Waste Management	75-78
306-3	Significant spills	No significant spills as of FY2022	-
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	-

SUSTAINABILITY STATEMENT

cont'd

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

GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
307: Environmental Compliance			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
103-2	The management approach and its components	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change Sustainability Statement – Environment	48-49 66-68
307-1	Non-compliance with environmental laws and regulations	We have not identified any non-compliance with environmental laws and regulations as of FY2022	67
308: Supplier Environmental Assessment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management	61-65
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management	61-65
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management	61-65
308-1	New suppliers that were screened using environmental criteria	Sustainability Statement - Supply Chain Management	61-65
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainability Statement - Supply Chain Management	61-65
401: Employment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Employee Gender, Diversity and Inclusion, Employee Statistics	79-81
103-2	The management approach and its components	Sustainability Statement - Employee Gender, Diversity and Inclusion, Employee Statistics	79-81
103-3	Evaluation of the management approach	Sustainability Statement - Employee Gender, Diversity and Inclusion, Employee Statistics	79-81
401-1	New employee hires and employee turnover	Sustainability Statement - Employee Gender, Diversity and Inclusion, Employee Statistics	79-81
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Statement - Employee Gender, Diversity and Inclusion, Employee Statistics	79-81

SUSTAINABILITY STATEMENT

cont'd

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	88-95
103-2	The management approach and its components	Sustainability Statement - Occupational Safety and Health	88-95
103-3	Evaluation of the management approach	Sustainability Statement - Occupational Safety and Health	88-95
403-1	Occupational health and safety management system	Sustainability Statement - Occupational Safety and Health	88-95
403-2	Hazard identification, risk assessment and incident investigation	Sustainability Statement - Occupational Safety and Health	88-95
403-3	Occupational health services	Sustainability Statement - Occupational Safety and Health	88-95
403-4	Worker participation, consultation and communication on occupational health and safety	Sustainability Statement - Occupational Safety and Health	88-95
403-5	Worker training on occupational health and safety	Sustainability Statement - Occupational Safety and Health	88-95
403-6	Promotion of worker health	Sustainability Statement - Occupational Safety and Health	88-95
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Statement - Occupational Safety and Health	88-95

SUSTAINABILITY STATEMENT

cont'd

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

GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
403: Occupational Health and Safety (cont'd)			
403-8	Workers covered by an occupational health and safety management system	Sustainability Statement - Occupational Safety and Health	88-95
403-9	Work-related injuries	Sustainability Statement - Occupational Safety and Health	88-95
403-10	Work-related injuries	Sustainability Statement - Occupational Safety and Health	88-95
404: Training and Education			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Employee Development and Talent Retention	81-84
103-2	The management approach and its components	Sustainability Statement - Employee Development and Talent Retention	81-84
103-3	Evaluation of the management approach	Sustainability Statement - Employee Development and Talent Retention	81-84
404-1	Average hours of training per year per employee	Sustainability Statement - Employee Development and Talent Retention	81-84
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Statement - Employee Development and Talent Retention	81-84
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Statement - Employee Development and Talent Retention	81-84
405: Diversity and Equal Opportunity			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Employee Gender, Diversity and Inclusion	79-81
103-2	The management approach and its components	Sustainability Statement - Employee Gender, Diversity and Inclusion	79-81
103-3	Evaluation of the management approach	Sustainability Statement - Employee Gender, Diversity and Inclusion	79-81
405-1	Diversity of governance bodies and employees	Profile of Board of Directors, Profile of Key Senior Management, Sustainability Statement - Employee Gender, Diversity and Inclusion, Employees Statistics	12-17 79-81
405-2	Ratio of basic salary and remuneration of women to men	To be applied in the future	-

SUSTAINABILITY STATEMENT

cont'd

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

GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
406: Non-discrimination			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Human and Labour Rights	84-88
103-2	The management approach and its components	Sustainability Statement – Human and Labour Rights	84-88
103-3	Evaluation of the management approach	Sustainability Statement – Human and Labour Rights	84-88
406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination in FY2022, Sustainability Statement - Human and Labour Rights	84-88
408: Child Labour			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-65 84-88
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-65 84-88
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-65 84-88
408-1	Operations and suppliers at significant risk for incidents of child labour	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-65 84-88
409: Forced or Compulsory Labour			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-65 84-88
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-65 84-88
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-65 84-88
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-65 84-88
412: Human Rights Assessment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-65 84-88
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-65 84-88

SUSTAINABILITY STATEMENT

cont'd

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

GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
412: Human Rights Assessment (cont'd)			
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-65 84-88
412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability Statement - Supply Chain Management, Human and Labour Rights	61-65 84-88
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	61-65 84-88
413: Local Communities			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Local Communities	97-101
103-2	The management approach and its components	Sustainability Statement – Local Communities	97-101
103-3	Evaluation of the management approach	Sustainability Statement – Local Communities	97-101
414: Supplier Social Assessment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management	61-65
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management	61-65
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management	61-65
414-1	New suppliers that were screened using social criteria	Sustainability Statement - Supply Chain Management	61-65
414-2	Negative social impacts in the supply chain and actions taken	Sustainability Statement - Supply Chain Management	61-65
415: Public Policy			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures and Supply Chain Management	53-55 61-65
103-2	The management approach and its components	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures and Supply Chain Management	53-55 61-65

SUSTAINABILITY STATEMENT

cont'd

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

GRI CONTENT index			
GRI Indicator	Disclosure	Response	Page Number
415: Public Policy (cont'd)			
103-3	Evaluation of the management approach	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures and Supply Chain Management	53-55 61-65
415-1	Political contributions	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy	53-54 61-65
418: Customer Privacy			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Privacy and Data Protection	66
103-2	The management approach and its components	Sustainability Statement - Privacy and Data Protection	66
103-3	Evaluation of the management approach	Sustainability Statement - Privacy and Data Protection	66
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Statement - Privacy and Data Protection	66
419: Socioeconomic Compliance			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Corporate Governance and Ethics	53-55
103-2	The management approach and its components	Sustainability Statement - Corporate Governance and Ethics	53-55
103-3	Evaluation of the management approach	Sustainability Statement - Corporate Governance and Ethics	53-55
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 FY2022	53-55

EVENTS HIGHLIGHTS



Customer visit



Customer visit

Analyst visit
(various institutions and banks)Analyst visit
(various institutions and banks)

JPA Programme by MMU



Customer visit



Analyst visit

EVENTS HIGHLIGHTS

cont'd



Joint Venture Definitive Agreement Signing Ceremony



Management Team Building



Event with Customer



Mid Autumn Festival



Chinese New Year



Inter Department Basketball Tournament



SEMICON SEA 2022



Inter Department Basketball Tournament

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 2022.

The Board of Inari remains committed to implementing and maintaining high standards of corporate governance practices that are premised on the notions of transparency, accountability and integrity with a view to enhance stakeholders' value. As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form.

This Corporate Governance Overview Statement is made pursuant to paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). In producing this Corporate Governance Overview Statement, guidance was drawn from Practice Note 9 of MMLR and the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia.

This Corporate Governance Overview Statement is supplemented with a Corporate Governance (“CG”) Report which provides detailed articulation on the application of each Practice as prescribed in the Malaysian Code on Corporate Governance (“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.

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 as the depth or relevance of applying certain corporate governance promulgations may be better explained in the context of the respective statements.

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:

- have 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.

Significant governance achievements of the Company in FY2022 include:

- Engaged an independent professional expert to conduct annual Board Effectiveness Evaluation;
- Revised Board policies in line with MCCG 2021 best practices;
- Linking of executive compensation to ESG metrics;
- Revised sustainability policy to acknowledge our support to climate change risk and opportunity.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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. In relation to the aforementioned departed Practices prescribed by the MCCG, Inari has provided 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.

In accordance with Practice Note 9 of MMLR, Inari's corporate governance practices are made with reference to the three (3) Principles of MCCG as outlined below:

Principle A

Board Leadership and Effectiveness



Principle B

Effective Audit and Risk Management



Principle C

Integrity in Corporate Reporting and Meaningful Relationship with stakeholders



CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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 update of MCCG on 28 April 2021 which focuses on globally accepted practices covering:

1. Enhancement of board policies and practices;
2. Strengthening board oversight and integration of sustainability in company's strategy and operation; and
3. Adoption of best practices especially for companies with low levels of compliance.

We engaged with external consultant, KPMG Management & Risk Consulting Sdn Bhd ("KPMG"), to independently assess the adequacy of Inari's corporate governance policies and procedures. The outcome of the assessment had led to the establishment of Fit and Proper Policy for Directors which is published on the corporate website. In addition, various enhancements are being made progressively to our Board Charter, Terms of Reference of Board Committees, Policy on External Auditors, Remuneration Policy for Directors and Senior Management, Code of Business Conduct and Ethics, Whistleblowing Policy and Procedures, Anti-Corruption and Bribery Policy and accompanying declaration form.

The Terms of References of 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.

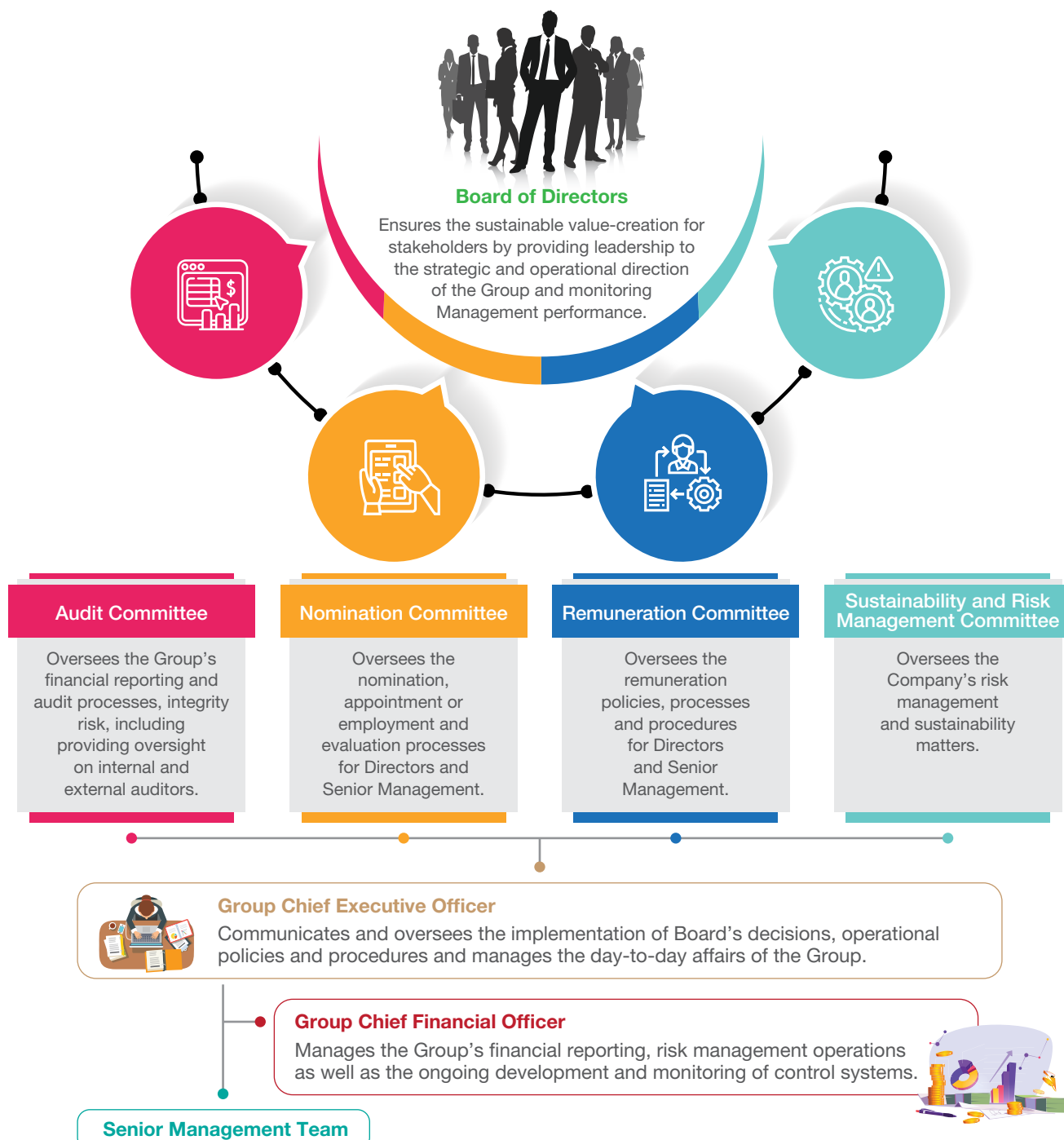
CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 segregation of duties between the Chairman and Group 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 Group 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 Group 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, one (1) NC meeting, one (1) RC meeting and five (5) SRMC meetings held during the financial year ended 30 June 2022. Throughout FY2022, 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 2022 are as below:

Director	Board	AC	NC	RC	SRMC
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	6/6	5/5	1/1	-	-
Dato' Dr. Tan Seng Chuan	6/6	-	-	-	5/5
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	-	1/1	-	-
Foo Kok Siew	6/6	5/5	-	1/1	5/5
Datuk Phang Ah Tong (Appointed to AC & NC on 23 February 2022)	6/6	1/1	-	1/1	5/5
Ahmad Ridzuan Bin Wan Idrus	6/6	-	-	-	-
Oh Seong Lye (Retired on 25 November 2021)	4/4	3/3	1/1	1/1	-

Chairman

Member

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.

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 of Business Conduct and Ethics which is an integral part of their terms and conditions of employment.

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)

All Directors and employees are required on annual basis to declare that they will abide and adhere to Inari's 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 a 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 a Conflict of Interest and Related Party Transactions Form at least annually or on need basis. During the financial year ended 30 June 2022, there was no misconduct cases being reported.

In addition, the Board has put in place the 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 Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) 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 Group 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 a 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.

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 organised by the human resource and training department. All stakeholders including Directors, employees and third parties associated with Inari Group 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.

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 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 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 and Procedures

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 external 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 FY2022, there were no whistleblowing cases reported via the established reporting channels.

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

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 three (3) 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 and at least one (1) woman director. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

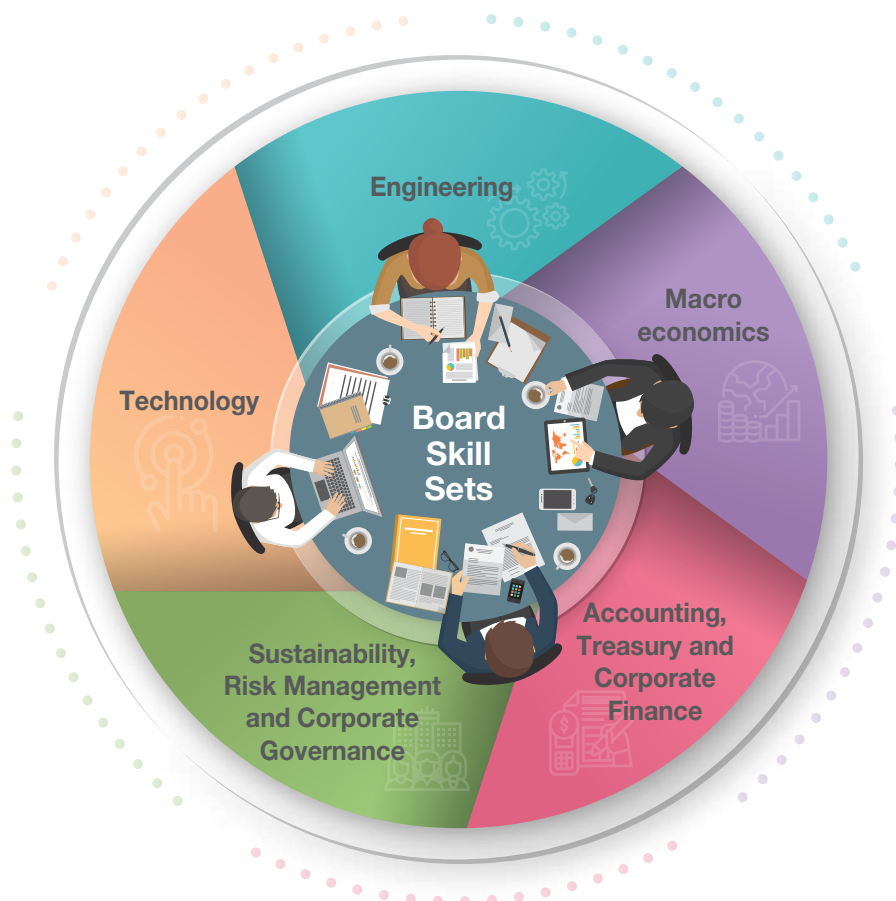
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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2. Board Composition (cont'd)

The presence of Independent Directors though not forming a majority is sufficient to provide 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:



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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

3. Nomination (cont'd)

During the financial year ended 30 June 2022, the NC 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.

In June 2022, the Board has established a Directors' Fit and Proper Policy to ensure that any individuals to be appointed as Directors and the existing Board members of Inari Group possess the quality and character as well as integrity, competency and commitment to be able to discharge their duties and responsibilities required of the position. The Directors' Fit and Proper Policy is available on the Company's website at www.inari-amertron.com.

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, at each Annual General Meeting ("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.

Dato' Dr Tan Seng Chuan, Dato' Wong Gian Kui and Mr. Ho Phon Guan shall retire by rotation at the 12th AGM of the Company and being eligible, have offered themselves for re-election as Directors of the Company. The Board, via the 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 12th 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 cognizant 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 three (3) Independent Directors satisfied with the independence criteria.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

3. Nomination (cont'd)

b. Annual Assessment and Tenure of Independent Directors (cont'd)

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.

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP has served the Board as Independent Non-Executive Director for a cumulative term of more than nine (9) years. The Board, having assessed and concluded that Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah continues to demonstrate a strong element of independence and objectivity in Board proceedings and discharge her duties with integrity and impartiality, will seek shareholders' approval to retain her as Independent Non-Executive Director at the forthcoming 12th AGM. The profile of Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah is disclosed in the Profile of the Board of Directors while the justification for her retention is disclosed in the explanatory notes to the notice of 12th AGM.

Mr Foo Kok Siew, who has also served as Independent Non-Executive Director of Inari for more than nine (9) years, has expressed his intention to retire from Inari Board at the conclusion of the forthcoming AGM and will not seek shareholders' approval for his retention as Independent Non-Executive Director. Hence, he will hold office until the conclusion of the 12th AGM on 23 November 2022.

The Board is cognizant of the requirements under Paragraph 15.02 of the MMLR i.e. at least two (2) directors or 1/3 of the Board whichever is higher are independent directors and at least one (1) woman director on the Board, and will take necessary steps to comply with the said requirements within the prescribed timeframe.

c. Annual Board Effectiveness Evaluation ("BEE")

In line with Practice 6.1 of MCCG, the Board, via the NC, had engaged an independent expert namely KPMG, to facilitate the Board effectiveness evaluation during FY2022.

The Board evaluation process was conducted via an interview as well as a set of questionnaires containing both quantitative and open-ended questions, based on self and peer-rating by the Chairman of the Board and respective Chairmen of the Board Committees. The outcome of the evaluation process was compiled, documented and reported to the Board accordingly with a view to identifying areas for improvement and reinforcement.

Based on the outcome of the evaluation undertaken with the assistance of the independent expert, the Board is satisfied with the performance of individual Directors, the Board as a whole and the respective Board Committees for the financial year under review. The Chairmen's peer review indicated that all the Directors were efficient in their respective roles and function and discharge of their duties and responsibilities satisfactory in accordance with the Board Charter and the respective Board Committee's Terms of Reference. In addition, the Board Chairperson and Board Committee Chairmen possess sound leadership qualities in facilitating robust discussions and deliberations. In terms of potential enhancements, several key areas such as board independence, boardroom diversity, succession planning, nomination functionalities and capacity building and information flow have been identified.

d. Professional Development of Directors

Directors are encouraged and afforded the opportunity to upskill and keep themselves abreast with the market and regulatory changes. During the financial year, the Directors attended continuous professional development programme covering various topics ranging from financial, changes in statutory and regulatory requirements, governance, sustainability and industry knowledge.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

3. Nomination (cont'd)

d. Professional Development of Directors (cont'd)

During the financial year under review, the Directors of Inari attended the following programmes:

- ❖ 50th Years Excellence & Beyond Evolution of Penang's Industries
- ❖ AMLA Segmented Training
- ❖ AML-Heightened Regulatory Expectations on the Roles of the Board of Directors
- ❖ AOB Conversation with Audit Committee
- ❖ Board Assessment - A key cog in an effective governance structure
- ❖ Boosting Malaysian SME's Competitiveness on the Global Stage (SEMI SEA and MSIA)
- ❖ Cyber Security Awareness
- ❖ EEPN AI Webinar Series
- ❖ Environmental, Social and Governance Essentials
- ❖ EPF – BNY Mellon: Designing Products & Services Your Clients Will Love
- ❖ EPF – BNY Mellon: LIBOR Transition & Readiness Overview
- ❖ EPF Premier Programme: Product Knowledge
- ❖ Everyday Artificial Intelligence (A.I.)
- ❖ Fraud Risk Management Workshop
- ❖ Future-Ready Your Board. A Global Perspective
- ❖ International Social Wellbeing Conference 2021 by EPF
- ❖ Leading Digital Business Transformation
- ❖ MSI Penang Discoveries with CM on E&E Challenges & Opportunities
- ❖ SEMICON SEA 2022 - Penang's Sustained Excellence: Diverse Capabilities of the Homegrown Companies – Panel Speaker
- ❖ Perception of foreign investors in Malaysia- Speaker
- ❖ Persidangan Pengurusan KWSP 2021
- ❖ Practical Analysis of Data Acquisition in the Deployment of IR4.0
- ❖ Real Estate Academy: Fundamentals of Real Estate & Development
- ❖ Role of Private Investment on Spearheading & Development Growth Post Covid with PM Office
- ❖ SEMICON SE 2021 Conference - Powering Innovation - 5G and Beyond
- ❖ Speaker representing local Technopreneurship
- ❖ STEM: The future is Now - Forum Panelist
- ❖ The Convergence of ESG & Shariah: FTSE4Good Bursa Malaysia Shariah
- ❖ Thought Leadership Webinar 2021 Series 4: Digital Transformation – A New Game Plan Towards a Sustainable Organisation
- ❖ Thought Leadership Webinar 2021 Series 5: Creating the Best Return on Experience (ROX) in the Journey to be a Customer Centric Organisation
- ❖ Thought Leadership Webinar 2021 Series 6: Building Future-Fit & Resilient Leaders
- ❖ Thought Leadership Webinar 2022 Series 1: Trust is the New Currency
- ❖ Thought Leadership Webinar 2022 Series 2: Power Up Your Culture
- ❖ WD's Recognition as WEF's Global Lighthouse Network: A Journey Towards Intelligent Factory

4. Remuneration

The RC composition is in line with Guidance 7.2 of MCCG comprising exclusively of two (2) Independent Non-Executive Directors. An attractive and competitive remuneration package is a key component in attracting, retaining and motivating talented individuals who can successfully run the business. Towards this end, the Board has instituted a dedicated RC to oversee the remuneration matters of Directors and Senior Management and has adopted a formal Remuneration Policy and Procedures that forms the framework for remunerating Directors and Senior Management personnel.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

4. Remuneration (cont'd)

During the financial year, the RC carried out their duties and activities as annunciated in its Terms of Reference which is made available on the Company's website in line with Practice 7.2 of MCCG. The RC reviewed and recommended to the Board the remuneration packages of the Non-Executive Directors as well as remuneration and benefits of the Executive Directors for FY2022.

The remuneration for Executive Directors and Senior Management is premised on the need to reward, attract and retain individual and corporate performance whilst still recognising the need to drive the long-term sustainability of the business and also taking into consideration the state of the economy in general, the performance of the industry and the Group in particular. The determination of Executive Directors' remuneration package is a matter reserved for the Board as a whole, with the Executive Directors in question abstaining from discussing their own remuneration. RC will recommend to the Board an appropriate remuneration and performance framework, endorse its application in setting performance targets for the remuneration of the Executive Directors while taking into consideration their probity with law as well as adherence to corporate governance practices including anti-corruption policies & procedures and sustainability-related matters, and assess their performance against such targets.

As for Non-Executive Directors, their remuneration packages are structured such that their objectivity in fulfilling their fiduciary duties is not impaired. Accordingly, the remuneration levels for Non-Executive Directors reflect their credentials, responsibilities and position on the Board and Board Committees as well as their time commitment to the Company's affairs. The aggregate annual remuneration of Non-Executive Directors comprises director fees and meeting allowances as recommended by the RC and endorsed by the Board, and is subject to shareholders' approval at general meeting.

Details of the remuneration of Directors comprising remuneration received/receivable from the Company and its subsidiaries for the financial year ended 30 June 2022 are as follows:

Name	Directorate	Company (RM'000)							Group (RM'000)						
		Fee	Allowance [#]	Salary	Bonus	Benefits-in-kind	Other emoluments*	Total	Fee	Allowance [#]	Salary	Bonus	Benefits-in-kind	Other emoluments*	Total
Executive Directors															
Dato' Dr Tan Seng Chuan	Executive Director	-	-	-	-	-	-	-	-	-	360	1,340	-	324	2,024
Lau Kean Cheong	Executive Director	-	-	-	-	-	-	-	-	-	903	4,171	-	1,616	6,690
Dato' Wong Gian Kui	Executive Director	-	-	180	686	-	104	970	-	-	180	686	-	104	970
Ho Phon Guan	Executive Director	-	-	-	-	-	-	-	-	-	276	1,071	-	162	1,509
Mai Mang Lee	Executive Director	-	-	-	-	-	-	-	-	-	276	652	-	111	1,039

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

4. Remuneration (cont'd)

Name	Directorate	Company (RM'000)							Group (RM'000)						
		Fee	Allowance [#]	Salary	Bonus	Benefits-in-kind	Other emoluments*	Total	Fee	Allowance [#]	Salary	Bonus	Benefits-in-kind	Other emoluments*	Total
Non-Executive Directors															
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah binti Sultan Haji Ahmad Shah, DK(II), SIMP	Independent Director	167	6	-	-	-	-	173	167	6	-	-	-	-	173
Dato' Sri Thong Kok Khee	Non-Executive Non-Independent Director	105	3	-	-	-	-	108	105	3	-	-	-	-	108
Foo Kok Siew	Independent Director	165	9	-	-	-	-	174	165	9	-	-	-	-	174
Datuk Phang Ah Tong	Independent Director	147	8	-	-	-	-	155	147	8	-	-	-	-	155
Ahmad Ridzuan Bin Wan Idrus	Non-Executive Non-Independent Director	96	3	-	-	-	-	99	96	3	-	-	-	-	99
Thong Mei Chuen (Alternate Director to Dato' Sri Thong Kok Khee)	Non-Executive Non-Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oh Seong Lye (Retired on 25 November 2021)	Independent Director	63	5	-	-	-	-	68	63	5	-	-	-	-	68

Meeting allowance

* Include Defined Contribution Plan and other allowances

	Fees (RM'000)		Salary, Bonus, EPF and other Emoluments* (RM'000)		Meeting Allowance (RM'000)		Total Remuneration (RM'000)	
	Company	Group	Company	Group	Company	Group	Company	Group
Executive Directors	-	-	970	12,232	-	-	970	12,232
Non-Executive Directors	743	743	-	-	34	34	777	777
Total	743	743	970	12,232	34	34	1,747	13,009

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

4. Remuneration (cont'd)

Remuneration Band	Executive Directors	Non-Executive Directors
RM50,001 to RM100,000	-	2
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	-	3
RM950,001 to RM1,000,000	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	-
RM6,650,001 to RM6,700,000	1	-
	5	6

The share options under the Company's Employees' Share Option Scheme granted to Directors of the Company and the equity-settled share-based payment transactions are disclosed in the Additional Compliance Information on pages 134 to 135 of this Annual Report and Note 27 and 37 to the financial statements.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee and External Auditors

In relation to the Step Up Practice 9.4 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, audit and risk management 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 2022, 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. In compliance with the requirement of the Malaysia Institute of Accountants, the external auditors rotate their audit partner assigned to the Group every five (5) years.

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 145 to 149 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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. 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 audit engagement.

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 ("IPPF") of The Institute of Internal Auditors.

Additionally, in line with the recommendation of Step Up Practice 10.3 of the MCCG, the Board has constituted SRMC, comprising a majority of Independent Non-Executive Directors, whose function is to oversee 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.

A detailed narrative of the Group's risk management and internal control framework, including the internal audit function is presented in the Statement on Risk Management and Internal Control on pages 138 to 144 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

(cont'd)

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 11th AGM was provided to shareholders more than 28 days prior to the date of the AGM which is in line with Practice 13.1 of MCGG to provide shareholders with adequate time to prepare and make the necessary arrangements to participate in the AGM.

In view of the Covid-19 health concerns, the Company had leveraged on technology by conducting the 11th 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 12th AGM via the use of RPV to enable greater shareholder participation and voting in absentia.

Pursuant to Paragraph 8.29A of the MMLR, all the resolutions set out in the notice of 11th AGM were voted by poll and an independent scrutineer was appointed to validate the votes cast at the AGM. The outcome of the meeting was announced to Bursa Malaysia on the same meeting day.

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 the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee and 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

CORPORATE GOVERNANCE FOCUS AREAS AND FUTURE PRIORITIES (cont'd)

Boardroom Diversity (cont'd)

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.

Shareholders Engagement

After the Company's most recent 11th AGM held on 25 November 2021, the Company published its Key Matters Discussed on the Company's website no later than 30 business days after the conclusion of the AGM. The Key Matters Discussed is a summary of the key issues in relation to the Company's operations, performance, direction and future prospects that were raised by shareholders and other stakeholders such as the Minority Shareholders Watch Group prior to and during the AGM.

The Board is cognizant of the importance of circulating the minutes of AGM to shareholders on a timely basis and will undertake additional review measures to ensure the application of Practice 13.6 for the upcoming 12th AGM on 23 November 2022.

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 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. Audit and Non-Audit Fees

During the financial year ended 30 June 2022, the amount of audit and non-audit fees (exclusive of expenses and applicable taxes) 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Audit fees	77	65	391	357
Non-audit fees	299	19	406	111

The non-audit services rendered included statutory tax compliance services, limited review and other services related to corporate exercise, and review of the Statement on Risk Management and Internal Control.

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

- i. During the financial year, there were 54,544,499 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.
- ii. The movements of share options granted, exercised and lapsed during the financial year are as follows:

	Number of Share Options	
	Grand Total Unit'000	Directors Unit'000
At 1 July 2021	60,532	23,382
Granted	54,544	14,026
Exercised	(28,237)	(6,591)
Lapsed	(4,153)	-
At 30 June 2022	82,686	30,817

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

Directors and Senior Management	FY2022	Since the Commencement of ESOS up to 30.06.2022
Aggregate maximum allocation	50%	50%
Actual granted and accepted	26%	40%

ADDITIONAL COMPLIANCE INFORMATION

cont'd

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

- iv. 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)			Balance as at 30.06.2022	Equity-settled Share-based Payment Transactions* (RM)
	Balance as at 01.07.2021	Granted	Exercised		
Dato' Dr. Tan Seng Chuan	432,000	1,728,000	(432,000)	1,728,000	411,686
Lau Kean Cheong	15,783,111	4,608,000	-	20,391,111	1,097,829
Dato' Wong Gian Kui	864,003	1,728,000	-	2,592,003	411,686
Ho Phon Guan	432,000	1,728,000	(1,296,000)	864,000	411,686
Mai Mang Lee	2,660,000	1,728,000	(2,228,000)	2,160,000	411,686
Total	20,171,114	11,520,000	(3,956,000)	27,735,114	2,744,573

Non-Executive Directors

	Number of Share Options (units)			Balance as at 30.06.2022	Equity-settled Share-based Payment Transactions* (RM)
	Balance as at 01.07.2021	Granted	Exercised		
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	1,699,200	345,600	(259,200)	1,785,600	82,337
Dato' Sri Thong Kok Khee	432,000	1,728,000	(1,296,000)	864,000	411,686
Foo Kok Siew	936,000	288,000	(792,000)	432,000	68,614
Oh Seong Lye (Retired on 25 November 2021)	144,000	144,000	(288,000)	-	31,249
Total	3,211,200	2,505,600	(2,635,200)	3,081,600	593,886
Grand Total	23,382,314	14,025,600	(6,591,200)	30,816,714	3,338,459

* 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 37 to the financial statements. The total amount arising from equity-settled share-based payment transactions is disclosed in Note 27 to the financial statements.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

3. Status of Utilisation of Proceeds Raised From Corporate Proposal

On 30 July 2021, the private placement undertaken by the Company was completed with the listing of and quotation for 333,000,000 Inari Shares on the Main Market of Bursa Malaysia Securities Berhad and the gross proceeds raised from the private placement was RM1,032.3 million.

After defraying all expenses related to the exercise of RM12.0 million and Bursa Malaysia listing fee of RM0.2 million, the net proceeds available for utilisation was RM1,020.1 million.

As at 30 June 2022, the status of utilisation of proceeds raised from the private placement is set out 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 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 RM1,020.1 million has been 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 Company and its subsidiaries involving Directors' and major shareholders' interest during the financial year ended 30 June 2022.

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

At the Annual General Meeting held on 25 November 2021, the Company had obtained a general mandate from the shareholders ("Shareholders' Mandate") for the Group to enter into recurrent related party transactions of a revenue or trading nature.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

5. Recurrent Related Party Transactions of a Revenue or Trading Nature *(cont'd)*

The details of recurrent related party transactions of the Group conducted during the financial year ended 30 June 2022 pursuant to the Shareholders' Mandate are disclosed as follows:

Transacting Parties	Companies within the Group	Nature of Transaction	Interested Related Parties	Shareholders' Mandate RM'000	Actual Value of Transaction RM'000
MIT Semiconductor Pte Ltd and its subsidiaries ("MSPL Group")	Inari MIT Sdn Bhd	(i) Purchase of semiconductor process tools, parts and material including packing and delivery related cost from MSPL Group;	MSPL is a major shareholder of Inari MIT Sdn Bhd. Tang Liang and Lim Kok Yeow who are directors of Inari MIT Sdn Bhd, are also directors of MSPL.	95,000	27,209
		(ii) Provision of the following services by MSPL Group to Inari MIT Sdn Bhd: <ul style="list-style-type: none"> - Engineering and technical services; and - Support services such as manpower and information technology services. 		5,000	-

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 2022.

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 10.2 of the Malaysian Code on Corporate Governance 2021 (“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 of the Group. The primary responsibilities of the SRMC are to assist the Board in 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.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

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.

RISK GOVERNANCE STRUCTURE

Board of Directors

- Provide oversight to ensure the maintenance of a sound system of risk management and internal control.
- Approve risk management policy, framework and governance structure.
- Review Audit Committee reports on risk management and internal control.

Audit Committee/Sustainability and Risk Management Committee

Audit Committee

- Assist the Board in providing oversight on internal control and risk management matters pertaining to the financial, operational and integrity risks.

Sustainability and Risk Management Committee

- Oversee risk management and sustainability matters including climate change in an integrated manner.

Internal Auditors

- Assess the adequacy and effectiveness of the Group’s risk management and internal control systems.

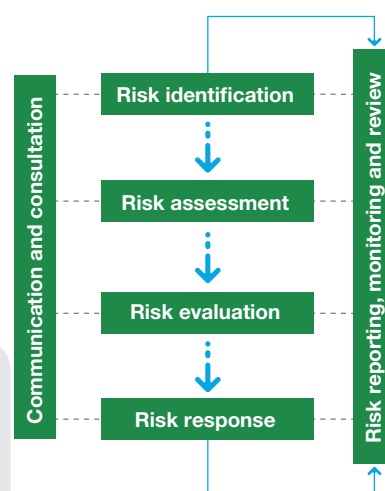
Key Management staff and heads of departments

- Manage identified risks within the defined parameters.
- Conduct periodic Management meetings to discuss key operational issues, business performance matters and appropriate mitigating controls.

Risk owners across various departments

- Identify potential and emerging principal risks faced by the respective operating units within the Group.
- Manage the identified risks on a day-to-day basis, as guided by the established risk strategies, frameworks and policies.

RISK MANAGEMENT PROCESS



RISK MANAGEMENT POLICIES & GUIDELINES

Risk Management Policies and Guidelines

- Outline the risk management framework.
- Offer practical guidance to all employees on risk management issues.

Group’s risk appetite and parameters

- Qualitative and quantitative parameters for risk impact and likelihood.
- Allow the Group and individual business units to gauge the acceptability of risk exposure.

Diagram 1: Enterprise Risk Management Framework

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

RISK MANAGEMENT FRAMEWORK *(cont'd)*

During the financial year under review, Enterprise Risk Management (“ERM”) assessment was 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 risk, climate change risk and other risks and controls 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 considered 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.

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, Group CEO and Group 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 Group 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 Group 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL FRAMEWORK (cont'd)

3 Performance monitoring and reporting

The Management team led by the Group CEO, Group 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 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.

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.

The Company has put in place a Group Corruption Risk Management Framework which comprises risk management policy, strategy and procedure that are aimed to address and mitigate corruption risks of the Group. This risk-based approach to corruption prevention helps Inari Group to focus on key processes or activities that have high exposure to potential corruption risks. This corruption risk management approach incorporates international risk management methodology, ISO 31000:2009 – Risk management : Principles and guidelines, and UN’s Global Compact : “A Guide for Anti-Corruption Risk Assessment”.

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 educational and awareness briefings pertaining to the Company’s anti-corruption and bribery policy, code of business conduct and ethics and other policies have been conducted to inculcate ethical culture and integrity across the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL FRAMEWORK (cont'd)

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 were 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.

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 wearing of face masks, body temperature checks, sanitisation and social distancing, we segregated our employees into different working teams to prevent contact across different shifts and departments. When there were occasional surges in reported Covid-19 cases during the financial year, we practised strict safety measures by closing our plants to visitors and only allow exceptions under strict health screening protocols. For meetings with both internal and external parties, we conducted with them virtually via videoconferencing and teleconferencing facilities, whenever possible.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION *(cont'd)*

For the financial year ended 30 June 2022, the internal audit function assessed the adequacy and operating effectiveness of internal controls deployed by Management for the Group's key processes, namely:

- Climate change reporting
- Engineering assets control and management
- Enterprise risk management assessment and updates including sustainability, integrity and climate change risks
- Information technology infrastructure and cyber security control and management
- Inventory management, scrap and waste control
- Material planning, logistic and inventory management
- Plant facilities, infrastructure and equipment management and maintenance
- Procurement, variable and non-variable cost control management
- Production planning and quality control process and management
- Recurring related party transaction review
- Scrap and waste management

The internal audit engagement by KPMG is led by an Executive Director, namely Mohd Khaidzir Shahari who is a Chartered Accountant and professional member of the Malaysian Institute Accountants ("MIA"). He is in the Internal Audit, Risk and Compliance Services ("IARCS") practice of KPMG and has accumulated over 20 years of extensive experience in internal audit and risk consulting in Malaysia. 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") lead the engagement fieldwork and are 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.

During the financial year ended 30 June 2022, the total fee paid/payable to KPMG is RM356,000 (2021: RM356,000), which is exclusive of out-of-pocket expenses. This represents the total cost incurred for the internal audit work conducted during the financial year.

REVIEW BY THE EXTERNAL AUDITORS

The external auditors, Grant Thornton Malaysia PLT, have reviewed this Statement 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 2022.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

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, providing 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 Group CEO and Group 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 2022.

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 2022.

AUDIT COMMITTEE MEMBERS

The composition of the Audit Committee comprises only of Independent Non-Executive Directors as follows:

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

Datuk Phang Ah Tong
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 MMLR of Bursa Malaysia Securities Berhad as well as the financial literacy outlined in the Malaysian Code on Corporate Governance 2021 ("MCCG").

MEETINGS AND ATTENDANCE

The Audit Committee held five (5) meetings during the financial year ended 30 June 2022 and the attendance of the Audit Committee members is as follows:

Audit Committee Member		Attendance
1	Foo Kok Siew	5 / 5
2	Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	5 / 5
3	Datuk Phang Ah Tong (<i>Appointed on 23 February 2022</i>)	1 / 1
4	Oh Seong Lye (<i>Retired on 25 November 2021</i>)	3 / 3

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 to present their respective reports. 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 WORKS 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 together with 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 Main Market Listing Requirements 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 annual internal audit strategy and plan an Enterprise Risk Management ("ERM") Update for the financial year ended 30 June 2022 covering the assessment and identification of principal risk areas including sustainability risk and climate change risk and key risk management and internal control processes, to ensure that there are adequate scope and comprehensive coverage over the activities within the Group and ensure that the risk areas are audited annually.
- Reviewed the internal audit reports and risk assessment report presented by the internal auditors during the financial year ended 30 June 2022 which encompassed 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.

AUDIT COMMITTEE REPORT

cont'd

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

2. Internal Audit (cont'd)

- 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 whistleblowing cases, if any, and Management's responses and resolutions thereon. During the financial year ended 30 June 2022, there were no unethical or corrupt practices reported to the designated officers via the reporting channel for whistleblowing established by the Company.
- Reviewed the methods and procedures by which the prices and other terms of recurrent related party transaction ("RRPT") were determined to ensure that they were undertaken on an arm's length basis and on normal commercial terms that were consistent with the Group's usual business practices and policies, and were not more favourable to the related parties than those generally available to the public.
- Reviewed and approved the re-appointment and the fees of the outsourced internal auditors.

3. External Audit

- Discussed and reviewed with the external auditors the Audit Planning Memorandum for the financial year ended 30 June 2022 which covered audit objective and scope, audit approach, areas of significant risks and planned audit procedures, key audit matters, latest pronouncements of MFRS, updates on MCGG 2021, Information Technology system vulnerability, audit timeline and reporting schedule and audit fee.
- Discussed and reviewed with the external auditors the audit status and significant changes to audit plans, comparison of results, uncorrected misstatements, compliance with laws and regulations and fraud related matters, recommendation for improvement in the internal control, audit independence and audit opinion.
- 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 were granted unrestricted access to the Group's records.
- Discussed and reviewed 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 2022 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 WORKS OF AUDIT COMMITTEE (cont'd)

4. Recurrent Related Party Transactions

- Reviewed the RRPT of a revenue or trading nature entered into by the Group on a quarterly basis.
- Reviewed the Circular to Shareholders dated 25 October 2021 pertaining to the RRPT of the Group and the methods and procedures by which prices and other terms of RRPT were determined to ensure that they were undertaken on an arm's length basis and on normal commercial terms that were consistent with the Group's usual business practices and policies, and were not more favourable to the related parties than those generally available to the public. The Audit Committee ascertained that the RRPT were not on prices and terms that were more favorable to the related parties than those extended to the public and were not detrimental to our minority shareholders.

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, 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 requirements pursuant to the MCCG with regards to having an effective and independent Audit Committee.
- Verified and ensure the allocation of Employees' Share Option Scheme ("ESOS") complied with the criteria as stipulated in the By-Laws of ESOS of the Company.

SUMMARY OF THE WORKS 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 so as to provide independent assurance on the adequacy and effectiveness of risk management, internal controls and governance processes of the Group.

The activities undertaken by the internal auditors during the financial year ended 30 June 2022 included the following:

- Presented internal audit strategy and plan for the Audit Committee's review and endorsement;
- Presented ERM assessment including sustainability risk and climate change risk and climate change reporting reports 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 WORKS 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 2022 covered the following areas:

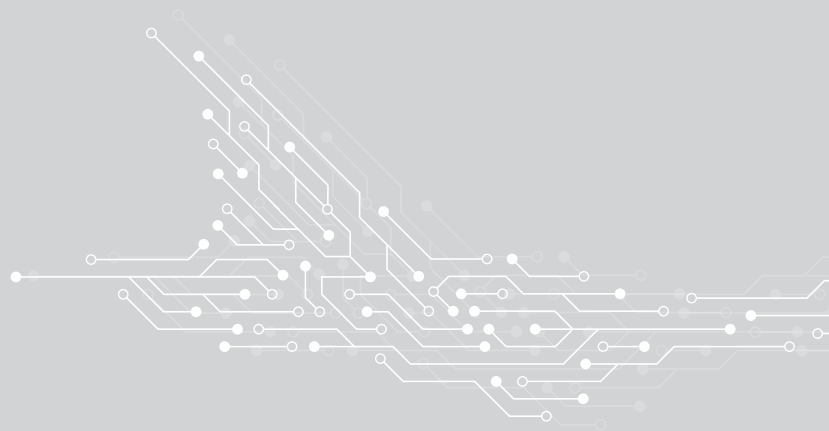
- Climate change reporting
- Engineering assets control and management
- Enterprise risk management assessment and updates including sustainability, integrity and climate change risks
- Information technology infrastructure and cyber security control and management
- Inventory management, scrap and waste control
- Material planning, logistic and inventory management
- Plant facilities, infrastructure and equipment management and maintenance
- Procurement, variable and non-variable cost control management
- Production planning and quality control process and management
- Recurring related party transaction review
- Scrap and waste management

The total fee paid/payable for the outsourcing of the internal audit function for the financial year ended 30 June 2022 was RM356,000 (2021: RM356,000).

Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control on pages 138 to 144 of the Annual Report.



FINANCIAL STATEMENTS



151	Directors' Report
160	Statement by Directors
160	Statutory Declaration
161	Independent Auditors' Report
166	Statements of Financial Position
168	Statements of Profit or Loss and Other Comprehensive Income
169	Statements of Changes in Equity
172	Statements of Cash Flows
176	Notes to the Financial Statements

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 2022.

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	391,193	404,042
Profit for the financial year attributable to:-		
- Owners of the Company	390,917	
- Non-controlling interests	276	
Profit for the financial year	391,193	

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 2021:-</u>	
Fourth interim single tier dividend of 2.50 sen per share, paid on 8 October 2021	92,083
<u>In respect of the financial year ended 30 June 2022:-</u>	
First interim single tier dividend of 2.80 sen per share, paid on 7 January 2022	103,546
Second interim single tier dividend of 2.80 sen per share, paid on 8 April 2022	103,744
Third interim single tier dividend of 2.20 sen per share, paid on 8 July 2022	81,561
	380,934

The Company had on 19 August 2022 declared a fourth interim single tier dividend of 2.20 sen per ordinary share in respect of the financial year ended 30 June 2022 amounting to RM81,643,903 payable on 6 October 2022. This dividend does not reflect 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 2023.

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

Datuk Phang Ah Tong

Ahmad Ridzuan Bin Wan Idrus

Thong Mei Chuen

(Alternate Director to Dato' Sri Thong Kok Khee)

Oh Seong Lye

(Retired on 25 November 2021)

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

Chua Yee Heong

Lim Kok Yeow

(Appointed on 3 February 2022)

Kwong Kim Mone

(Resigned on 3 February 2022)

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 1.7.2021	Bought/ Exercise of share options	Sold	At 30.6.2022
Direct interest in the Company				
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	538,125	259,200	(275,000)	522,325
Dato' Dr. Tan Seng Chuan	1,650,453	522,000	(400,000)	1,772,453
Lau Kean Cheong	25,371,325	660,000	-	26,031,325
Dato' Wong Gian Kui	196,000	50,000	(196,000)	50,000
Ho Phon Guan	33,839,628	1,461,000	(800,000)	34,500,628
Mai Mang Lee	13,460,816	3,161,500	(3,706,000)	12,916,316
Dato' Sri Thong Kok Khee	3,874,000	1,296,000	-	5,170,000
Foo Kok Siew	80,000	792,000	(640,000)	232,000
Thong Mei Chuen	680,451	28,000	-	708,451
Deemed interest in the Company				
Lau Kean Cheong ⁽ⁱ⁾	13,382,997	100,000	-	13,482,997
Mai Mang Lee ⁽ⁱⁱ⁾	1,875,000	125,000	-	2,000,000
Dato' Sri Thong Kok Khee ⁽ⁱⁱⁱ⁾	547,019,776	11,144,500	(19,810,000)	538,354,276

(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, Immobillaire Holdings Pte. Ltd. and children.

DIRECTORS' REPORT

cont'd

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

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:- (cont'd)

Directors of the Company (cont'd)

	Number of share options			
	At 1.7.2021	Granted	Exercised	At 30.6.2022
Share options of the Company				
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	1,699,200	345,600	(259,200)	1,785,600
Dato' Dr. Tan Seng Chuan	432,000	1,728,000	(432,000)	1,728,000
Lau Kean Cheong	15,783,111	4,608,000	-	20,391,111
Dato' Wong Gian Kui	864,003	1,728,000	-	2,592,003
Ho Phon Guan	432,000	1,728,000	(1,296,000)	864,000
Mai Mang Lee	2,660,000	1,728,000	(2,228,000)	2,160,000
Dato' Sri Thong Kok Khoo	432,000	1,728,000	(1,296,000)	864,000
Foo Kok Siew	936,000	288,000	(792,000)	432,000

	Number of ordinary shares			
	At 1.7.2021	Bought	Sold	At 30.6.2022
Interest in subsidiaries				
Direct interest in Ceedtec Sdn. Bhd.				
Ho Phon Guan	159,700	-	-	159,700
Direct interest in Amertron Incorporated				
Dato' Dr. Tan Seng Chuan	2	-	-	2
Lau Kean Cheong	2	-	-	2
Mai Mang Lee	1	-	-	1

Directors of the subsidiaries of the Company

	Number of ordinary shares			
	At 1.7.2021	Bought/ Exercise of share options	Sold	At 30.6.2022
Direct interest in the Company				
Tan Hai Poo	56,250	21,000	-	77,250
Dato' Yoon Chon Leong	200,000	-	-	200,000
Chong Poh Leng	-	135,000	-	135,000

DIRECTORS' REPORT

cont'd

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

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:- (cont'd)

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

	Number of share options		
	At 1.7.2021	Granted	At 30.6.2022
Share options of the Company			
Chong Poh Leng	270,000	648,000	(135,000) 783,000

	Number of ordinary shares		
	At 1.7.2021	Bought	At 30.6.2022
Interest in subsidiaries			
Direct interest in Ceedtec Sdn. Bhd.			
Choong Lee Shyue	195,200	-	- 195,200
Heng Fook Main @ Heng Foo Cheong	412,500	-	- 412,500
Tan Hai Poo	319,400	-	- 319,400
Dato' Yoon Chon Leong	834,000	-	- 834,000

Direct interest in Amertron Incorporated

Dr. Estrella F. Alabastro	1	-	- 1
Lee Salvatore R. Echiverri	1	-	- 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 the financial year, the fees and other benefits received and receivable by the Directors of the Company are as follows:

	Incurred by the Group RM'000	Incurred by the Company RM'000
Directors' fees	743	743
Directors' remuneration and benefits	12,232	970
Non-Executive Directors' allowance	34	34
Insurance paid effected for the Directors	14	14

The fair value of the share-based payments based on Black-Scholes model granted to the Directors of the Company incurred by the Group and by the Company amounting to RM3,338,000 and RM1,006,000 respectively.

DIRECTORS' REPORT

cont'd

DIRECTORS' FEES AND BENEFITS *(cont'd)*

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 Option Scheme ("ESOS").

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown above) 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 interest, other than those related party transactions as disclosed in Note 32 to the Financial Statements.

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 a 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 increased from RM885,181,963 to RM1,977,180,395 by way of the issuance of 361,237,100 new ordinary shares pursuant to:-

- (i) Private placement of 333,000,000 at an issue price of RM3.10 per ordinary share which resulted in a net increase (after offset share issuance expenses incurred in relation to the private placement) in the share capital by RM1,020,323,230; and
- (ii) 28,237,100 new ordinary shares pursuant to the exercise of share options under the ESOS. Details of the exercise prices for the related ESOS exercised are disclosed in ESOS section below.

The new ordinary shares issued during the financial year rank *pari passu* in all respects 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 Board of Directors had extended the existing ESOS which would have 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 Board of Directors had further extended the existing ESOS which would have 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. On 23 September 2022, the Board of Directors had decided not to further extend the existing ESOS and proposed to undertake a new ESOS scheme after the expiry of the existing ESOS on 3 October 2022. Details of the proposed ESOS are disclosed in Note 38 to the Financial Statements.

DIRECTORS' REPORT

cont'd

ESOS (cont'd)

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

Offer date	Exercise price RM	Number of share options				At 30.6.2022 Unit
		At 1.7.2021 Unit	Granted Unit	Exercised Unit	Lapsed* Unit	
08.01.2014/28.01.2014	0.357	14,303	-	(10,000)	(290)	4,013
17.10.2014	0.533	39,103	-	(38,300)	(40)	763
01.10.2015	0.797	112,550	-	(31,100)	(150)	81,300
02.02.2016	1.000	136,100	-	(136,000)	-	100
23.02.2016	0.977	174,100	-	(107,000)	-	67,100
23.06.2016	0.863	159,100	-	(106,000)	-	53,100
16.12.2016	0.983	164,550	-	(96,400)	(50)	68,100
19.04.2017	1.187	517,400	-	(305,800)	(875)	210,725
17.08.2017	1.438	1,750,625	-	(711,300)	(225)	1,039,100
13.11.2017	1.721	7,135,975	-	(1,973,600)	(5,775)	5,156,600
11.04.2018	1.880	15,431,039	-	(5,940,200)	(9,963)	9,480,876
05.11.2018	1.890	11,895,700	-	(5,130,600)	(22,500)	6,742,600
24.03.2020	0.980	2,519,100	-	(1,788,200)	(56,000)	674,900
19.10.2020	2.460	8,017,600	-	(3,613,200)	(172,000)	4,232,400
20.05.2021	3.030	12,464,400	-	(4,302,100)	(534,700)	7,627,600
03.08.2021	3.420	-	29,958,899	(3,939,800)	(1,797,200)	24,221,899
12.11.2021	3.920	-	24,585,600	(7,500)	(1,553,000)	23,025,100
		60,531,645	54,544,499	(28,237,100)	(4,152,768)	82,686,276

* Lapsed due to resignation.

The salient features of the ESOS are disclosed in Note 37 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.

DIRECTORS' REPORT

cont'd

OTHER STATUTORY INFORMATION *(cont'd)*

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

- (a) 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
- (b) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

- (a) any charge on the assets of the Group and of the Company that has 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 38 to the Financial Statements.

DIRECTORS' REPORT

cont'd

AUDITORS

The total amount of fees paid to or receivable by the auditors, Grant Thornton Malaysia PLT, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 30 June 2022 amounted to RM578,000 and RM363,000 respectively.

The Group and the Company have agreed to indemnify the auditors, Grant Thornton Malaysia PLT as permitted under Section 289 of the Companies Act 2016 in Malaysia. However, no payment has been made arising from this indemnity for the financial year.

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 2022

LAU KEAN CHEONG
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 166 to 244 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 2022 and of their financial performance and cash flows for the financial year then ended.

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

DATO' DR. TAN SENG CHUAN

LAU KEAN CHEONG

23 September 2022

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 166 to 244 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 2022)

CHONG POH LENG
(MIA NO: CA 15821)

Before me:

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 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 166 to 244.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("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 transactions 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 22 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 ECL 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 appropriateness of ECL assessment; 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 33 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 inventories written down.

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 2022

LIM SOO SIM
(NO: 03335/11/2023 J)
CHARTERED ACCOUNTANT

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	499,524	473,401	57	20
Investment in subsidiaries	5	-	-	609,582	597,446
Investment in an associate	6	5,410	5,481	-	-
Intangible assets	7	2,340	2,207	-	-
Deferred tax assets	8	1,704	15,387	-	-
Total non-current assets		508,978	496,476	609,639	597,466
Current assets					
Inventories	9	147,037	157,527	-	-
Trade receivables	10	250,778	237,223	-	-
Other receivables, deposits and prepayments	11	15,820	14,243	56	47
Amount due from subsidiaries	12	-	-	190,000	161,636
Tax recoverable		903	9,853	80	-
Deposits, cash and bank balances	13 & 14	1,971,021	904,886	1,358,796	331,422
Total current assets		2,385,559	1,323,732	1,548,932	493,105
TOTAL ASSETS		2,894,537	1,820,208	2,158,571	1,090,571
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	15	1,977,180	885,182	1,977,180	885,182
Other reserves	16	54,407	25,836	21,037	17,483
Retained earnings		473,464	461,946	75,622	52,514
		2,505,051	1,372,964	2,073,839	955,179
Non-controlling interests	5	5,984	4,473	-	-
Total equity		2,511,035	1,377,437	2,073,839	955,179

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

cont'd

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES (cont'd)					
LIABILITIES					
Non-current liabilities					
Retirement benefits obligations	17	2,751	3,641	-	-
Deferred tax liabilities	8	11,528	11,640	-	-
Lease liabilities	18	14,408	897	-	-
Total non-current liabilities		28,687	16,178	-	-
Current liabilities					
Trade payables	19	80,316	127,700	-	-
Other payables, accruals and other liabilities	20	182,254	160,897	3,171	1,596
Borrowing	21	-	1,114	-	-
Tax payable		10,032	1,885	-	-
Dividend payable		81,561	133,796	81,561	133,796
Lease liabilities	18	652	1,201	-	-
Total current liabilities		354,815	426,593	84,732	135,392
Total liabilities		383,502	442,771	84,732	135,392
TOTAL EQUITY AND LIABILITIES		2,894,537	1,820,208	2,158,571	1,090,571

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	22	1,547,899	1,428,704	388,180	319,680
Cost of sales		(1,077,872)	(1,004,798)	-	-
Gross profit		470,027	423,906	388,180	319,680
Other income		33,423	12,977	3,685	1
Finance income		23,913	7,108	21,355	3,615
Administrative expenses		(80,149)	(91,012)	(7,757)	(18,637)
Operating profit		447,214	352,979	405,463	304,659
Finance costs	23	(1,034)	(523)	-	-
Share of loss of equity-accounted associate	6	(71)	(207)	-	-
Profit before tax	24	446,109	352,249	405,463	304,659
Tax expense	25	(54,916)	(21,534)	(1,421)	(420)
Profit for the financial year		391,193	330,715	404,042	304,239
Other comprehensive income, net of tax:-					
Item that will not be subsequently reclassified to profit and loss					
Remeasurement of retirement benefits		1,535	(1,602)	-	-
Item that will be subsequently reclassified to profit and loss					
Foreign currency translation of foreign operations		25,017	(10,162)	-	-
Total other comprehensive income/(loss) for the financial year, net of tax		26,552	(11,764)	-	-
Total comprehensive income for the financial year		417,745	318,951	404,042	304,239
Profit for the financial year attributable to:-					
Owners of the Company		390,917	330,473	404,042	304,239
Non-controlling interests		276	242	-	-
		391,193	330,715	404,042	304,239
Total comprehensive income for the financial year attributable to:-					
Owners of the Company		417,469	318,709	404,042	304,239
Non-controlling interests		276	242	-	-
		417,745	318,951	404,042	304,239
Earnings per share attributable to owners of the Company (sen):-					
	26				
- Basic		10.65	10.01		
- Diluted		10.59	9.91		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2022

Attributable to owners of the Company									
		Non-distributable				Distributable			
Group	Note	Share capital	Capital reserve	Foreign currency translation reserve	ESOS reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022									
Balance at 1 July 2021		885,182	5,387	2,966	17,483	461,946	1,372,964	4,473	1,377,437
Total comprehensive income for the financial year		-	-	25,017	-	392,452	417,469	276	417,745
Transactions with owners:-									
Ordinary shares issued pursuant to:									
- exercise of ESOS	15,16	71,675	-	-	(8,373)	-	63,302	-	63,302
- private placement	15	1,032,300	-	-	-	-	1,032,300	-	1,032,300
Share issuance expenses pursuant to private placement	15	(11,977)	-	-	-	-	(11,977)	-	(11,977)
Share-based compensation pursuant to ESOS granted		-	-	-	11,927	-	11,927	-	11,927
Issuance of share capital in a subsidiary		-	-	-	-	-	-	1,235	1,235
Dividends	28	-	-	-	-	(380,934)	(380,934)	-	(380,934)
		1,091,998	-	-	3,554	(380,934)	714,618	1,235	715,853
Balance at 30 June 2022		1,977,180	5,387	27,983	21,037	473,464	2,505,051	5,984	2,511,035

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2022

cont'd

Attributable to owners of the Company								
		Non-distributable				Distributable		
Group	Note	Share capital RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	ESOS reserve RM'000	Retained earnings RM'000	Total 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	1,204,701	4,231
Total comprehensive income for the financial year		-	-	(10,162)	-	328,871	318,709	242
Transactions with owners:-								
Ordinary shares issued pursuant to exercise of ESOS	15,16	180,342	-	-	(29,464)	-	150,878	-
Share-based compensation pursuant to ESOS granted		-	-	-	17,940	-	17,940	-
Dividends	28	-	-	-	-	(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	1,372,964	4,473
								1,377,437

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2022

cont'd

Company	Note	Share capital RM'000	Non-distributable ESOS reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
2022					
Balance at 1 July 2021		885,182	17,483	52,514	955,179
Total comprehensive income for the financial year		-	-	404,042	404,042
<i>Transactions with owners:-</i>					
Ordinary shares issued pursuant to:					
- exercise of ESOS	15,16	71,675	(8,373)	-	63,302
- private placement	15	1,032,300	-	-	1,032,300
Share issuance expenses pursuant to private placement	15	(11,977)	-	-	(11,977)
Share-based compensation pursuant to ESOS granted		-	11,927	-	11,927
Dividends	28	-	-	(380,934)	(380,934)
		1,091,998	3,554	(380,934)	714,618
Balance at 30 June 2022		1,977,180	21,037	75,622	2,073,839
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					
	15,16	180,342	(29,464)	-	150,878
Share-based compensation pursuant to ESOS granted		-	17,940	-	17,940
Dividends	28	-	-	(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

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
OPERATING ACTIVITIES					
Profit before tax		446,109	352,249	405,463	304,659
Adjustments for:-					
Allowance for slow moving inventories	9	3,525	334	-	-
Depreciation of property, plant and equipment	4	100,910	102,694	28	34
Equity-settled share-based payment transactions		11,927	17,940	1,076	2,149
Gain on disposal of property, plant and equipment		(28)	(41)	-	-
Impairment loss on investment in a subsidiary	5	-	-	-	9,200
Interest income		(23,913)	(7,108)	(21,355)	(3,615)
Interest expenses	23	1,034	523	-	-
Provision for retirement benefits obligations	17	610	1,027	-	-
Provision for warranty	20	1,464	4,127	-	-
Property, plant and equipment written off	4	1	5	-	-
Share of loss of equity-accounted associate	6	71	207	-	-
Unrealised (gain)/loss on foreign exchange		(3,455)	(6,136)	(3,683)	2,422
Operating profit before working capital changes		538,255	465,821	381,529	314,849
Changes in working capital:-					
Inventories		11,185	(13,964)	-	-
Receivables		(4,823)	(35,933)	(9)	(27)
Payables		(38,130)	88,588	1,575	(3,670)
Cash generated from operations		506,487	504,512	383,095	311,152
Income tax paid		(24,973)	(24,582)	(1,501)	(280)
Income tax refunded		311	7	-	-
Interest received		23,913	7,108	21,355	3,615
Interest paid		(1,034)	(523)	-	-
Retirement benefits paid		(29)	-	-	-
Net cash from operating activities		504,675	486,522	402,949	314,487

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2022
cont'd

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	B	(110,578)	(99,149)	(65)	(5)
Subscription of shares in an existing subsidiary by non-controlling interests	5 (c)	1,235	-	-	-
Subscription of shares in an existing subsidiary	5 (f)	-	-	(1,285)	-
Changes in amount due from subsidiaries		-	-	(28,264)	(112,387)
Changes in amount due from an associate		-	459	-	2
Proceeds from disposal of property, plant and equipment		896	756	-	-
Uplift of fixed deposits pledged to licensed banks		-	157	-	-
Withdrawal/(Placement) of fixed deposits with licensed banks		22,931	(986)	20,603	(336)
Net cash used in investing activities		(85,516)	(98,763)	(9,011)	(112,726)
FINANCING ACTIVITIES					
Dividends paid to owners of the Company		(433,169)	(217,962)	(433,169)	(217,962)
Net proceeds from issuance of share pursuant to:					
- ESOS		63,302	150,878	63,302	150,878
- private placement		1,020,323	-	1,020,323	-
Repayment of borrowing		(1,087)	(4,755)	-	-
Repayment of lease liabilities		(1,622)	(1,380)	-	-
Net cash from/(used in) financing activities		647,747	(73,219)	650,456	(67,084)
CASH AND CASH EQUIVALENTS					
Net changes		1,066,906	314,540	1,044,394	134,677
Effects of changes in foreign exchange rates		19,229	(2,886)	533	(257)
Brought forward		831,217	519,563	261,594	127,174
Carried forward	A	1,917,352	831,217	1,306,521	261,594

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2022
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	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	14	319,772	289,692	21,349	790
Deposits with licensed banks	13	1,651,249	615,194	1,337,447	330,632
		1,971,021	904,886	1,358,796	331,422
Less:					
Fixed deposits more than 3 months to maturity	13	(53,669)	(73,669)	(52,275)	(69,828)
		1,917,352	831,217	1,306,521	261,594

Included in cash and cash equivalents of the Group and of the Company are amounts of RM1,548,200,000 and RM1,269,979,000 (2021: RM556,485,000 and RM249,705,000) placed in Islamic money market instruments, deposit and current accounts.

(B) Acquisition of property, plant and equipment

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash purchase	4	141,969	99,149	65	5
Set-off against government grant received	4	(17,500)	-	-	-
Total acquisition of property, plant and equipment		124,469	99,149	65	5
Less: Acquisition via lease arrangements		(13,891)	-	-	-
		110,578	99,149	65	5

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2022
cont'd

NOTES TO THE STATEMENTS OF CASH FLOWS (cont'd)**(C) Reconciliation of movement of liabilities to cash flows arising from financing activities**

Group	At 1 July 2021 RM'000	Addition RM'000	Repayment RM'000	Effects of movement in exchange rate RM'000	At 30 June 2022 RM'000
Borrowing	1,114	-	(1,087)	(27)	-
Lease liabilities	2,098	13,891	(1,622)	693	15,060
	3,212	13,891	(2,709)	666	15,060

	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
Borrowing	6,153	-	(4,755)	(284)	1,114
Lease liabilities	3,572	-	(1,380)	(94)	2,098
	9,725	-	(6,135)	(378)	3,212

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

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 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), 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 2022

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 amendments/improvements to MFRSs which are mandatory for the financial periods of the Group and of the Company starting from 1 July 2021.

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

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 in respective financial year:-

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 17**	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
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 of the Group and of the Company.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

2. BASIS OF PREPARATION *(cont'd)*

2.6 Significant accounting estimates and judgements *(cont'd)*

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 are disclosed in Note 7 to the Financial Statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

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 *(cont'd)*

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 receivables

The Group uses a provision matrix to calculate ECLs for trade 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 historical observed default rates. The Group 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 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 trade receivables is disclosed in Note 33 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.

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 business losses and unrecognised temporary differences.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

2. BASIS OF PREPARATION (cont'd)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

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 options granted. This estimate also requires to determine 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 37 to the Financial Statements.

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 17 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

2. BASIS OF PREPARATION *(cont'd)*

2.6 Significant accounting estimates and judgements *(cont'd)*

2.6.1 Estimation uncertainty *(cont'd)*

Lease - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

2.6.2 Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the significant effects on 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Consolidation (cont'd)

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 in preparing the consolidated financial statements.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.1 Consolidation *(cont'd)*

3.1.3 Business combination and goodwill *(cont'd)*

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

Where goodwill 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Consolidation (cont'd)

3.1.6 Associates (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Property, plant and equipment (cont'd)

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 25 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 10 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Leases (cont'd)

3.3.1 Group as a lessee (cont'd)

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 25 years |
| • Right-of-use production equipment | 11 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 2022

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 2022

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 paid, amount due from subsidiaries, deposits with licensed banks and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

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 2022

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 estimates 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, borrowing and dividend payable.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

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.

3.5.4 Derivative financial instruments

The Group uses derivative financial instruments, mostly currency forward contracts, to manage its risks associated with fluctuation in foreign currency. Gains or losses on the settlement of currency forward contracts are recognised as part of foreign currency gains under other income/expenses in the statement of comprehensive income.

The Group's derivative instruments provide economic hedges under the Group's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value, if any, are taken directly to profit or loss for the year.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Revenue recognition (cont'd)

3.9.1 Revenue from contracts with customers (cont'd)

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.

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

Refund liabilities

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 balance

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).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Revenue recognition (cont'd)

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.

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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Employee benefits (cont'd)

3.11.3 Defined retirement benefit plans (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Employee benefits (cont'd)

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 option scheme ("ESOS")

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity at the date on which the options are granted. The expense recognised for equity-settled transactions at each reporting date reflects the extent to which 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 expense recognised during the reporting period.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Tax expense (cont'd)

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.

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).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Foreign currency translations (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Equity instruments (cont'd)

3.16.1 Equity, reserves and distribution to owners (cont'd)

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.

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.

3.19 Government grants

Government grants are recognised initially at their fair values when there is reasonable assurance that the conditions attaching to them will be complied with and the grants will be received.

Grants related to income are recognised on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate. Grants related to asset are presented by deducting the grants to the carrying amount of the asset.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

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 2020	3,728	50,048	187,879	32,450	619,473	81,855	1,162	3,281	979,876
Additions	-	-	4,836	563	78,699	6,651	46	8,354	99,149
Disposals	-	-	-	-	(2,369)	(254)	-	-	(2,623)
Written 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	193,821	33,013	694,875	87,934	1,200	8,391	1,072,819
Additions	13,891	-	4,560	1,039	105,990	14,739	49	1,701	141,969
Government grant received*	-	-	-	-	(17,500)	-	-	-	(17,500)
Disposals	-	-	-	-	(4,234)	(406)	(24)	-	(4,664)
Written off	-	-	-	-	(299)	(640)	-	-	(939)
Derecognition*	(485)	-	-	-	-	-	-	-	(485)
Reclassification	-	-	7,269	-	1,951	258	-	(9,478)	-
Foreign currency translation	815	59	2,973	-	2,136	834	16	22	6,855
Balance at 30 June 2022	17,788	50,077	208,623	34,052	782,919	102,719	1,241	636	1,198,055

* A subsidiary of the Company has received government grants for the reimbursement of capital expenditure on machineries, tools and equipment, product prototyping, testing and commercialisation expenses. The amount received had been set-off against the capital expenditure.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd)	Right-of-use land and buildings RM'000	Leasehold land and 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 2020	886	9,318	23,924	27,176	378,782	57,793	857	-	498,736
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)
Written off	-	-	-	-	(231)	(209)	-	-	(440)
Foreign currency translation	(19)	(6)	(376)	-	(686)	(308)	(6)	-	(1,401)
Balance at 30 June 2021	2,184	10,493	29,002	31,400	456,671	66,980	955	-	597,685
Charge for the financial year	1,641	1,450	5,482	1,402	80,238	10,596	101	-	100,910
Disposals	-	-	-	-	(2,431)	(362)	(24)	-	(2,817)
Written off	-	-	-	-	(299)	(639)	-	-	(938)
Derecognition*	(485)	-	-	-	-	-	-	-	(485)
Foreign currency translation	184	18	966	-	1,509	668	15	-	3,360
Balance at 30 June 2022	3,524	11,961	35,450	32,802	535,688	77,243	1,047	-	697,715

Derecognition due to lease expiry

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd)	Right-of-use land and buildings RM'000	Leasehold land and 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 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
Disposals	-	-	-	-	(975)	(4)	-	-	(979)
Foreign currency translation	-	-	-	-	61	1	-	-	62
Balance at 30 June 2022	-	-	-	-	807	9	-	-	816
Carrying amount									
At 30 June 2022	14,264	38,116	173,173	1,250	246,424	25,467	194	636	499,524
At 30 June 2021	1,383	39,525	164,819	1,613	236,483	20,942	245	8,391	473,401

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

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 2020	71	323	191	585
Additions	-	5	-	5
Balance at 30 June 2021	71	328	191	590
Additions	37	28	-	65
Balance at 30 June 2022	108	356	191	655
Accumulated depreciation				
Balance at 1 July 2020	68	277	191	536
Charge for the financial year	3	31	-	34
Balance at 30 June 2021	71	308	191	570
Charge for the financial year	7	21	-	28
Balance at 30 June 2022	78	329	191	598
Carrying amount				
At 30 June 2022	30	27	-	57
At 30 June 2021	-	20	-	20

(a) Included in the Group's carrying amounts of property, plant and equipment amounting to RM1,870,000 (2021: RM49,151,000) of leasehold land and buildings are pledged to licensed banks for credit facilities granted to a subsidiary of the Company.

(b) Information about right-of-use assets:-

(i) Included in the carrying amounts of property, plant and equipment are right-of-use assets acquired under lease arrangement as follows:-

	Group	
	2022 RM'000	2021 RM'000
Right-of-use land and buildings	14,264	1,383
Leasehold land and land use right:-		
- Leasehold land with unexpired lease period of less than 60 years	37,415	38,761
- Prepaid land lease payments with unexpired lease period of less than 60 years	701	764
- Production equipment	508	561
	52,888	41,469

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) Information about right-of-use assets:- (cont'd)

(ii) Additions to the right-of-use assets are as follows:-

	Group	
	2022	2021
	RM'000	RM'000
Right-of-use land and buildings	13,891	-

(iii) Depreciation of right-of-use assets are as follows:-

	Group	
	2022	2021
	RM'000	RM'000
Right-of-use land and buildings	1,641	1,317
Leasehold land and land use right	1,450	1,181
Production equipment	41	39

- (c) Impairment loss was recognised in prior years for the production equipment, office equipment, electrical installation and furniture and fittings due to technological obsolescence.

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	RM'000	RM'000
At cost		
Unquoted ordinary shares	137,449	137,449
Unquoted redeemable convertible preference shares	411,830	410,545
Allocated ESOS charge in respect of share options granted to the employees of subsidiaries	78,953	68,102
Less: Accumulated impairment loss		
At beginning of financial year	(18,650)	(9,450)
Recognised during the financial year	-	(9,200)
At end of financial year	(18,650)	(18,650)
	609,582	597,446

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

5. INVESTMENT IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:-

Name of subsidiaries	Place of incorporation and principal place of business	Effective equity interest		Principal activities
		2022	2021	
		%	%	
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 ("IGHK") *	British Virgin Islands	100	100	Dormant.
Ceedtec Sdn. Bhd. ("CSB") ^	Malaysia	51	51	Dormant.
<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	51	Design, assembly and supply of semiconductor manufacturing process tools, customised semiconductor process tools and parts.
<u>Held through CSB</u>				
Ceedtec Technology Sdn. Bhd. ("CTSB") ^	Malaysia	-	51	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

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
		2022	2021	
		%	%	
<u>Held through ILL</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.
Amertron International Limited (“AIL”) *	Hong Kong	100	-	Investment holding.

Audited by other member firms of Grant Thornton International Limited.

* Audited by Grant Thornton Malaysia PLT for the purpose of forming group opinion.

^ In members' voluntary winding-up.

- (a) 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 RM420, representing 51:49 equity interest held respectively by IMSB and MSPL.
- (b) 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.
- (c) On 30 November 2021, IMSB had subscribed 305,949 of the new ordinary shares of IMJV amounted to RM1,284,986 with equity interest held remain unchanged at 51%.
- (d) On 21 January 2022, AIG had incorporated a new wholly-owned subsidiary, AIL with the subscription of 100,000 new ordinary shares at an issue price of Hong Kong Dollar 1.00 each, representing 100% equity interest in AIL.
- (e) CTSB has been placed under member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016 in prior years and had been dissolved on 19 May 2022. No gain no loss from the winding up of CTSB.
- (f) On 22 June 2022, the Company had subscribed for 1,285,035 redeemable convertible preference shares at an issue price of RM1.00 each in IMSB by capitalising the outstanding amount due from IMSB.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

5. INVESTMENT IN SUBSIDIARIES (cont'd)

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

(g) 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	
	2022	2021
Percentage of ownership interest and voting interest (%)	49	49
Carrying amount of non-controlling interests (RM'000)	4,248	4,189
Profit/(Loss) allocated to non-controlling interests (RM'000)	87	(42)

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	
	2022	2021
	RM'000	RM'000
Summary of financial position		
Current assets	8,695	8,614
Current liabilities	(26)	(66)
Net assets	8,669	8,548
Summary of financial performance		
Total comprehensive income/(loss) for the financial year	178	(86)
Summary of cash flows		
Net cash from/(used in) operating activities/Net increase/(decrease) in cash and cash equivalents	189	(6)

6. INVESTMENT IN AN ASSOCIATE

	Group	
	2022	2021
	RM'000	RM'000
Unquoted shares, at cost	6,255	6,255
Share of post-acquisition reserve		
At beginning of financial year	(774)	(567)
Additions	(71)	(207)
At end of financial year	(845)	(774)
	5,410	5,481

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

6. INVESTMENT IN AN ASSOCIATE (cont'd)

Details of the associate are as follows:-

Name of associate	Place of incorporation and principal place of business	Effective equity interest		Principal activity
		2022	2021	
		%	%	
<u>Held through IMSB</u>				
PCL Inari Technologies Sdn. Bhd. ("PCLI") *	Malaysia	30	30	Manufacturing of wireless communication devices and electronic components.

* Audited by Grant Thornton Malaysia PLT.

The summary of financial information of the associate is as follows:-

	Group	
	2022	2021
	RM'000	RM'000
Summary of financial position		
Non-current assets	6,472	6,135
Current assets	14,543	16,431
Non-current liabilities	(802)	(342)
Current liabilities	(2,179)	(3,954)
Net assets	18,034	18,270
Proportion of the Group's ownership in associate	30%	30%
Carrying amount of the Group's interest in associate	5,410	5,481
Summary of financial performance		
Revenue	23,317	31,006
Total comprehensive loss for the financial year	(236)	(689)
Group's share of loss for the financial year	(71)	(207)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

7. INTANGIBLE ASSETS

	Group	
	2022	2021
	RM'000	RM'000
Goodwill		
Cost	1,728	1,728
Foreign currency translation	612	479
Carrying amount	<u>2,340</u>	<u>2,207</u>

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% (2021: 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% (2021: 5%) in perpetuity. The growth rate of 5% (2021: 5%) is in line with information obtained from external sources.

(ii) Pre-tax discount rate

The pre-tax discount rate applied is 9.5% (2021: 9.6%), based on the weighted average cost of capital of the Group adjusted to reflect the specific risks relating to the relevant business segments.

With regards to the assessments of value-in-use of these CGU, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not reasonable.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

8. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2022	2021
	RM'000	RM'000
Deferred tax assets		
Balance at beginning	15,387	6,061
Recognised in profit or loss	(13,709)	9,260
Recognised in other comprehensive income	-	83
Foreign currency translation	26	(17)
Balance at end	1,704	15,387
Deferred tax liabilities		
Balance at beginning	(11,640)	(11,291)
Recognised in profit or loss	358	(430)
Recognised in other comprehensive income	(81)	-
Foreign currency translation	(165)	81
Balance at end	(11,528)	(11,640)

Deferred tax assets and liabilities are attributable to the followings:

	Group	
	2022	2021
	RM'000	RM'000
Deferred tax assets		
Inventories	1,783	1,037
Property, plant and equipment	224	523
Provisions	12,870	10,425
Retirement benefits obligations	-	174
Unutilised capital allowances	5,424	3,529
Others	805	(5)
Deferred tax assets	21,106	15,683
Set-off of deferred tax liabilities	(19,402)	(296)
Net deferred tax assets	1,704	15,387

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

8. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Deferred tax assets and liabilities are attributable to the followings: (cont'd)

	Group	
	2022	2021
	RM'000	RM'000
Deferred tax liabilities		
Property, plant and equipment	(31,063)	(13,689)
Retirement benefits obligations	138	-
Unutilised capital allowances	-	1,032
Others	(5)	721
Deferred tax liabilities	(30,930)	(11,936)
Set-off of deferred tax assets	19,402	296
Net deferred tax liabilities	(11,528)	(11,640)
Net		
Inventories	1,783	1,037
Property, plant and equipment	(30,839)	(13,166)
Provisions	12,870	10,425
Retirement benefits obligations	138	174
Unutilised capital allowances	5,424	4,561
Others	800	716
Net deferred tax (liabilities)/assets	(9,824)	3,747

9. INVENTORIES

	Group	
	2022	2021
	RM'000	RM'000
At carrying amount		
Raw materials	107,302	119,233
Work-in-progress	29,756	32,148
Finished goods	7,191	3,468
Consumables	2,788	2,678
	147,037	157,527
Recognised in profit or loss:-		
Inventories recognised as cost of sales	1,067,031	1,002,519
Allowance for slow moving inventories	3,525	334

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

10. TRADE RECEIVABLES

Trade receivables are generally extended to 30 to 90 days (2021: 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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Other receivables	1,483	1,394	7	-
Advance to suppliers	3,265	1,711	-	-
Deposits	2,673	2,611	14	14
Goods and services tax claimable	3	869	-	-
Prepayments	8,396	7,658	35	33
	15,820	14,243	56	47

Included in deposits of the Group and the Company are rental and utility deposits amounting to RM8,000 (2021: RM8,000) paid to a subsidiary of a substantial corporate shareholder of the Company.

12. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2022	2021
	RM'000	RM'000
Non-interest bearing	-	1,183
Dividend receivable	190,000	160,453
	190,000	161,636

In prior year, the non-interest-bearing amount was 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

13. DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term deposits with licensed financial institutions	1,597,580	541,525	1,285,172	260,804
Fixed deposits more than 3 months to maturity	53,669	73,669	52,275	69,828
	1,651,249	615,194	1,337,447	330,632

Short-term deposits with licensed financial institutions represent funds placed in Repo and Money Market with effective interest rates ranging from 1.55% to 3.75% (2021: 0.09% to 2.96%) 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 0.22% to 1.00% (2021: 0.18% to 0.45%) per annum.

14. CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash in hand	35	67	2	6
Cash at banks	319,737	289,625	21,347	784
	319,772	289,692	21,349	790

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2022 Units	2021 Units	2022 RM'000	2021 RM'000
<u>Issued and fully paid with no par value:-</u>				
Balance at beginning	3,346,436,099	3,249,764,599	885,182	704,840
Issued pursuant to:-				
- Exercise of ESOS	28,237,100	96,671,500	71,675	180,342
- Private placement	333,000,000	-	1,032,300	-
Less: Share issuance expenses	-	-	(11,977)	-
Balance at end	3,707,673,199	3,346,436,099	1,977,180	885,182

The new ordinary shares issued during the financial year rank pari passu in all respect with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

15. SHARE CAPITAL (cont'd)

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 RM885,181,963 to RM1,977,180,395 by way of the issuance of 361,237,100 new ordinary shares pursuant to:-
- (i) Private placement of 333,000,000 at an issue price of RM3.10 per ordinary share which resulted in a net increase (after offset share issuance expenses incurred in relation to the private placement) in the share capital by RM1,020,323,230; and
 - (ii) 28,237,100 new ordinary shares pursuant to the exercise of share options under ESOS. Details of the exercise prices for the related ESOS exercised are disclosed in Note 37 to the Financial Statements.
- (b) In the previous financial year, the issued and paid-up ordinary share capital was increased from RM704,839,607 to RM885,181,963 by way of issuance of 96,671,500 new ordinary shares pursuant to the exercise of share options under ESOS. Details of the exercise prices for the related ESOS exercised are disclosed in Note 37 to the Financial Statements.

16. OTHER RESERVES

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Non-distributable					
Capital reserve	(a)	5,387	5,387	-	-
Foreign currency translation reserve	(b)	27,983	2,966	-	-
ESOS reserve	(c)	21,037	17,483	21,037	17,483
		54,407	25,836	21,037	17,483

(a) Capital reserve

Capital reserve relates to fair value adjustment to the shares issued for the acquisition of subsidiaries.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

16. OTHER RESERVES (cont'd)

(c) ESOS reserve

	Group and Company	
	2022	2021
	RM'000	RM'000
Share-based compensation pursuant to ESOS granted	29,410	46,947
Transferred to share capital upon exercise of ESOS	(8,373)	(29,464)
	21,037	17,483

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 37 to the Financial Statements.

17. 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 of 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 following table shows a reconciliation from the opening balance to the closing balance for the net defined benefit liability and its components.

	Group					
	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at beginning	7,621	4,840	(3,980)	(3,949)	3,641	891
Included in profit of loss						
Current service cost	610	1,027	-	-	610	1,027
Interest cost/(income)	289	274	(151)	(224)	138	50
	899	1,301	(151)	(224)	748	1,077

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

17. RETIREMENT BENEFITS OBLIGATIONS (cont'd)

The following table shows a reconciliation from the opening balance to the closing balance for the net defined benefit liability and its components. (cont'd)

	Group					
	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Included in other comprehensive income						
Remeasurement (gain)/loss						
- Actuarial (gain)/loss arising from:						
Financial assumptions	(1,555)	1,913	-	-	(1,555)	1,913
Experience adjustment	(271)	(389)	-	-	(271)	(389)
-Return on plan assets	-	-	210	161	210	161
	(1,826)	1,524	210	161	(1,616)	1,685
Benefits paid	(201)	-	172	-	(29)	-
Foreign currency translation	(217)	(44)	224	32	7	(12)
Balance at end	6,276	7,621	(3,525)	(3,980)	2,751	3,641

The fair value of plan assets available for retirement benefits are as follows:-

	Group	
	2022	2021
	RM'000	RM'000
Investments	3,524	3,980
Cash and cash equivalents	1	*
Fair value of plan assets	3,525	3,980

* Less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

17. RETIREMENT BENEFITS OBLIGATIONS (cont'd)

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 2022 was rolled over using the same basis based on latest available actuarial valuation report as of 31 December 2021.

In determining the amounts of the retirement benefits obligations, the following significant actuarial assumptions were used:-

	Group	
	2022	2021
Discount rate (%)	5.08	3.95
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	7.70	7.50
25-29	5.90	6.00
30-34	3.30	4.50
35-39	1.20	3.00
40-44	0.70	2.00
≥ 45	0.40	0.00

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on retirement benefits obligations as of 30 June 2022, assuming all other assumptions were held constant.

- (i) If the discount rate is 1.00% higher (lower), the retirement benefits obligations would decrease by RM137,760 (increase by RM140,299) (2021: decrease by RM387,247 and increase by RM53,836); and
- (ii) If the salary growth rate is 1.00% higher (lower), the retirement benefits obligations would increase by RM140,501 (decrease by RM140,885) (2021: increase by RM53,698 and decrease by RM390,346).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

18. LEASE LIABILITIES

	Group	
	2022	2021
	RM'000	RM'000
Balance at beginning	2,098	3,572
Additions during the financial year	13,891	-
Interest expense	742	157
Repayment of principal	(1,622)	(1,380)
Repayment of interest	(742)	(157)
Foreign currency translation	693	(94)
Balance at end	15,060	2,098
Analysed by:-		
Current liabilities	652	1,201
Non-current liabilities	14,408	897
	15,060	2,098

The interest rates of the lease liabilities ranging from 4.63% to 10.50 % (2021: 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.

The total cash outflows for leases as a lessee are as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Lease liabilities:-				
- Principal	1,622	1,380	-	-
- Interest paid	742	157	-	-
Short-term leases				
- Equipment	749	176	2	4
- Office premises	375	67	48	48
- Factory	649	1,137	-	-
Lease of low-value assets				
- Equipment	69	44	-	-
	4,206	2,961	50	52

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

19. TRADE PAYABLES

The normal credit terms granted by trade payables range from 30 to 90 days (2021: 30 to 90 days).

In prior year, included in trade payables of the Group was an amount owing to a related party of RM10,220,000 which was subject to the normal credit terms.

20. OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables and accruals	(a)	108,500	95,068	3,171	1,596
Refund liabilities	(b)	48,943	48,363	-	-
Amount due to customers	(c)	13,992	8,111	-	-
Provision of warranty	(d)				
- Balance at beginning		9,355	5,228	-	-
- Additions		1,464	4,127	-	-
- Balance at end		10,819	9,355	-	-
		182,254	160,897	3,171	1,596

- (a) Included in other payables and accruals of the Group are rental deposit of RM215,000 (2021: RM215,000) received from an associate of the Company and amount of RM39,000 (2021: Nil) owing to related parties.
- (b) Refund liabilities included provision for 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.
- (c) 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.
- (d) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

21. BORROWING

Borrowing represents term loan facility utilised by a subsidiary of the Company. The term loan had been fully repaid during the financial year.

The effective interest rate of the borrowing was 2.72% per annum in prior year.

The maturity analysis of borrowing is disclosed in Note 33 to the Financial Statements.

The borrowing of the Group was secured by way of:-

- (i) Legal charge over certain leasehold land and buildings of the subsidiary; and
- (ii) Corporate guarantee by the Company.

22. REVENUE**(a) Disaggregated revenue information**

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Types of goods or services				
Outsourced semiconductor assembly and test services	1,522,001	1,401,625	-	-
Electronic manufacturing services	25,898	27,079	-	-
Gross dividend income from subsidiaries	-	-	386,500	318,000
Management fee from a subsidiary	-	-	1,680	1,680
	1,547,899	1,428,704	388,180	319,680
Geographical markets				
Malaysia	77,405	107,071	388,180	319,680
Singapore	1,331,063	1,225,496	-	-
United States	14,365	6,160	-	-
China	124,458	89,049	-	-
Others	608	928	-	-
	1,547,899	1,428,704	388,180	319,680
Timing of revenue recognition				
At a point in time	1,547,899	1,428,704	388,180	319,680

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

22. 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 20 to the Financial Statements. There were no any other obligations for returns and other similar or related obligations.

There were no remaining performance obligations unsatisfied as at the reporting date.

(c) Contract balances

		Group	
	Note	2022	2021
		RM'000	RM'000
Trade receivables	10	250,778	237,223
Refund liabilities	20	(48,943)	(48,363)
Amount due to customers	20	(13,992)	(8,111)

The trade receivables balances 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.

23. FINANCE COSTS

	Group	
	2022	2021
	RM'000	RM'000
Lease liabilities interest	742	157
Term loan interest	3	92
Retirement benefits obligations	289	274
	1,034	523

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

24. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Auditors' remunerations:-				
Grant Thornton Malaysia PLT				
- statutory audit	292	259	77	65
- limited review of interim financial information	200	-	200	-
- other services	86	6	86	6
Grant Thornton member firms				
- statutory audit	99	98	-	-
Directors' fees	743	739	743	739
Non-Executive Directors' allowance	34	33	34	33
Realised (gain)/loss on foreign exchange	(19,984)	12,980	119	1
Expenses relating to:-				
- short-term leases	1,773	1,380	50	52
- leases of low-value assets	69	44	-	-
Other rental income	(1,851)	(2,008)	-	-

25. TAX EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income tax expense recognised in profit or loss				
Current tax expense:-				
- Malaysia	32,917	26,885	1,472	250
- Overseas	7,147	3,367	-	-
Deferred tax	11,297	(8,926)	-	-
Under/(Over) provision in prior years:-				
- Current tax	1,501	112	(51)	170
- Deferred tax	2,054	96	-	-
	3,555	208	(51)	170
	54,916	21,534	1,421	420

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

25. TAX EXPENSE (cont'd)

	Group	
	2022	2021
	RM'000	RM'000
Income tax expense/(income) recognised in other comprehensive income		
Deferred tax related to retirement benefits obligations	81	(83)

The reconciliation of tax expense of the Group and of the Company are as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax	446,109	352,249	405,463	304,659
Income tax at Malaysian statutory tax rate of 24% (2021: 24%)	107,066	84,539	97,311	73,118
Tax effects in respect of:-				
Different tax rate in other countries	(5,581)	(5,250)	-	-
Income not subject to tax	(4,218)	(3,652)	(97,461)	(77,097)
Expenses not deductible for tax purposes	5,516	7,255	1,622	4,229
Double deduction of expenses for tax purposes	(30)	(23)	-	-
Pioneer income not subject to tax	(51,480)	(62,506)	-	-
Deferred tax assets not recognised	88	963	-	-
Under/(Over) provision in prior years	3,555	208	(51)	170
Total tax expense	54,916	21,534	1,421	420

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

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.

A subsidiary of the Company had been granted pioneer status under the Promotion of Investments Act, 1986 in prior years and the pioneer status is expiring on 31 August 2022.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

25. TAX EXPENSE (cont'd)

The deferred tax assets not recognised as at the reporting date are as follows:-

	Group	
	2022	2021
	RM'000	RM'000
Unabsorbed business losses	24,832	24,480
Unutilised capital allowances	14,079	14,066
	38,911	38,546

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 unutilised capital allowances of the Group are available for offsetting against future taxable profits of respective subsidiaries, 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.

The expiry terms of the unabsorbed business losses of the Group have been extended from 7 years to 10 years, therefore the unabsorbed business losses will now be available for carry forward for a period of 10 (2021: 7) consecutive years. Upon expiry of the 10 (2021: 7) years, the unabsorbed business losses will be disregarded.

The expiry terms of the unabsorbed business losses are as follows:-

	Group	
	2022	2021
	RM'000	RM'000
Year of assessment 2025	-	23,028
Year of assessment 2026	-	645
Year of assessment 2027	-	416
Year of assessment 2028	23,028	391
Year of assessment 2029	645	-
Year of assessment 2030	416	-
Year of assessment 2031	391	-
Year of assessment 2032	352	-
	24,832	24,480

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

26. 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	
	2022	2021
Profit attributable to owners of the Company (RM'000)	390,917	330,473
Weighted average number of shares		
Issued shares at 1 July (unit'000)	3,346,436	3,249,765
Effects of ordinary shares issued during the financial year (unit'000)	325,084	52,526
Weighted average number of ordinary shares at 30 June (unit'000)	3,671,520	3,302,291
Basic earnings per share (sen)	10.65	10.01

(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	
	2022	2021
Profit attributable to owners of the Company (RM'000)	390,917	330,473
Weighted average number of ordinary shares as above (unit'000)	3,671,520	3,302,291
Effects of ESOS outstanding (unit'000)	18,252	33,134
Weighted average number of ordinary shares assumed to be in issue at 30 June (unit'000)	3,689,772	3,335,425
Diluted earnings per share (sen)	10.59	9.91

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

27. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances, overtime, bonus and staff related expenses	220,156	205,636	2,578	1,910
Defined contribution plan	12,479	10,250	202	216
Provision for retirement benefits obligations	610	1,027	-	-
Social security contributions	2,868	2,855	9	9
	236,113	219,768	2,789	2,135

The fair value of the share-based payments based on Black-Scholes model granted to the employees of the Group and of the Company amounted to RM11,927,000 (2021: RM17,940,000) and RM1,076,000 (2021: RM2,149,000) respectively.

Included in the employee benefits expenses is the Directors' remunerations as below:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Directors' remunerations of the Company:-				
- Salaries and other emoluments	10,687	9,399	866	741
- Defined contribution plan	1,545	1,409	104	89
	12,232	10,808	970	830
Directors' remunerations of the subsidiaries:-				
- Salaries and other emoluments	70	64	-	-
	70	64	-	-
	12,302	10,872	970	830

The fair value of the share-based payments based on Black-Scholes model granted to the Directors of the Company incurred by the Group and by the Company amounting to RM3,338,000 (2021: RM6,587,000) and RM1,006,000 (2021: RM1,992,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

28. DIVIDENDS

	Group and Company	
	2022	2021
	RM'000	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
- Fourth interim single tier dividend of 2.50 sen per share, paid on 8 October 2021	92,083	-
<u>In respect of the financial year ended 30 June 2022:-</u>		
- First interim single tier dividend of 2.80 sen per share, paid on 7 January 2022	103,546	-
- Second interim single tier dividend of 2.80 sen per share, paid on 8 April 2022	103,744	-
- Third interim single tier dividend of 2.20 sen per share, paid on 8 July 2022	81,561	-
	380,934	319,264

The Company had on 19 August 2022 declared a fourth interim single tier dividend of 2.20 sen per ordinary share in respect of the financial year ended 30 June 2022 amounting to RM81,643,903 payable on 6 October 2022. This dividend does not reflect 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 2023.

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

29. 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

29. SEGMENTAL REPORTING (cont'd)

Business segments (cont'd)

Group (cont'd)

	Segment I		Segment II		Elimination		Note	Total	
	2022	2021	2022	2021	2022	2021		2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue									
External sales	1,547,899	1,428,704	-	-	-	-		1,547,899	1,428,704
Inter-segment sales	-	-	398,737	327,675	(398,737)	(327,675)	A	-	-
Total revenue	1,547,899	1,428,704	398,737	327,675	(398,737)	(327,675)		1,547,899	1,428,704
Results									
Segment results	427,038	354,393	385,103	301,495	(388,840)	(310,017)		423,301	345,871
Finance income	2,419	3,126	21,494	3,982	-	-		23,913	7,108
Finance costs	(1,034)	(523)	-	-	-	-		(1,034)	(523)
Share of loss of equity-accounted associate	-	-	(71)	(207)	-	-		(71)	(207)
Profit before tax	428,423	356,996	406,526	305,270	(388,840)	(310,017)		446,109	352,249
Tax expense	(53,587)	(20,655)	(1,329)	(879)	-	-		(54,916)	(21,534)
Profit for the financial year	374,836	336,341	405,197	304,391	(388,840)	(310,017)		391,193	330,715
Assets									
Segment assets	833,377	816,076	1,241,219	909,474	(1,159,097)	(840,949)		915,499	884,601
Investment in an associate	-	-	5,410	5,481	-	-		5,410	5,481
Deferred tax assets	1,704	15,387	-	-	-	-		1,704	15,387
Tax recoverable	595	9,509	308	344	-	-		903	9,853
Deposits, cash and bank balances	600,411	554,845	1,370,610	350,041	-	-		1,971,021	904,886
Total assets	1,436,087	1,395,817	2,617,547	1,265,340	(1,159,097)	(840,949)		2,894,537	1,820,208

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

29. SEGMENTAL REPORTING (cont'd)

Business segments (cont'd)

Group (cont'd)

	Segment I		Segment II		Elimination		Note	Total	
	2022	2021	2022	2021	2022	2021		2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Liabilities									
Segment liabilities	463,985	522,935	159,094	142,230	(263,888)	(240,674)		359,191	424,491
Retirement benefits obligations	2,751	3,641	-	-	-	-		2,751	3,641
Deferred tax liabilities	4,878	7,743	3,280	3,373	3,370	524		11,528	11,640
Tax payable	10,032	1,849	-	36	-	-		10,032	1,885
Borrowing	-	1,114	-	-	-	-		-	1,114
Total liabilities	481,646	537,282	162,374	145,639	(260,518)	(240,150)		383,502	442,771
Other information									
Additions to non-current assets	140,186	88,187	3,848	11,782	(2,065)	(820)	B	141,969	99,149
Depreciation	96,928	98,981	3,836	3,522	146	191		100,910	102,694
Other non-cash expenses/(income)	16,116	12,270	(2,142)	4,986	70	-	C	14,044	17,256

Notes to segment information:-

- A Inter-segment revenues are eliminated on consolidation.
- B Additions to non-current assets consist of property, plant and equipment.
- C Other non-cash expenses/(income) consist of the following items:-

	2022	2021
	RM'000	RM'000
Allowance for slow moving inventories	3,525	334
Equity-settled share-based payment transactions	11,927	17,940
Gain on disposal of property, plant and equipment	(28)	(41)
Property, plant and equipment written off	1	5
Provision for retirement benefits obligations	610	1,027
Provision for warranty	1,464	4,127
Unrealised gain on foreign exchange	(3,455)	(6,136)
	14,044	17,256

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

29. 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:-

	2022	2021
	RM'000	RM'000
Malaysia	441,675	430,621
China	11,881	8,982
Philippines	53,718	41,486
	507,274	481,089

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.

	2022	2021
	RM'000	RM'000
Property, plant and equipment	499,524	473,401
Investment in an associate	5,410	5,481
Intangible assets	2,340	2,207
	507,274	481,089

Revenue information based on the geographical location of the customers are disclosed in Note 22 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	
		2022	2021
		RM'000	RM'000
Customer A	Segment I	1,374,478	1,274,793

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

30. CAPITAL COMMITMENTS

	Group	
	2022	2021
	RM'000	RM'000
Authorised and contracted for:-		
- Plant, machinery and equipment	14,322	18,192
- Construction of building	2,177	3,189
	16,499	21,381

31. FINANCIAL GUARANTEES (UNSECURED)

	Company	
	2022	2021
	RM'000	RM'000
Corporate guarantee extended to licensed banks and financial institutions for facilities granted to subsidiaries		
- Limit	13,000	14,114
- Amount utilised	195	5,350

The fair value of the corporate guarantee is not recognised in the financial statements as the fair value on initial recognition was not material.

32. 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

30 June 2022

cont'd

32. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with subsidiaries:-</u>				
Dividend income	-	-	386,500	318,000
Management fee	-	-	1,680	1,680
<u>Transactions with related parties:-</u>				
Network services paid/payable to:-				
- Insas Technology Berhad	1	3	1	3
- iVend Data Sdn. Bhd.	-	8	-	8
Rental paid/payable to Premium Realty Sdn. Bhd.	48	48	48	48
Secretarial fee paid/payable to Megapolitan Management Services Sdn. Bhd.	43	50	17	17
Professional fees paid/payable to:-				
- Megapolitan Management Services Sdn. Bhd.	170	130	170	130
- M&A Securities Sdn. Bhd.	6,137	-	6,137	-
Rental received from PCL Inari Technologies Sdn. Bhd.	861	861	-	-
Purchase from MIT Semiconductor Pte. Ltd.	27,209	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:-

- (i) Insas Technology Berhad is a major corporate shareholder of the Company and a subsidiary of Insas Berhad ("Insas"). Insas is also a major corporate shareholder of the Company by virtue of its interest in Insas Technology Berhad.
- (ii) Megapolitan Management Services Sdn. Bhd., M&A Securities Sdn. Bhd. and Premium Realty Sdn. Bhd. are the subsidiaries of Insas.
- (iii) iVend Data Sdn. Bhd. is a subsidiary of Diversified Gateway Solutions Berhad, which is an associate of Insas.
- (iv) MIT Semiconductor Pte. Ltd. is a corporate shareholder of IMJV.

(c) Related party balances

Outstanding balances arising from related party transactions are disclosed in Notes 11, 12, 19 and 20 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

32. RELATED PARTY DISCLOSURES (cont'd)

(d) Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Salaries and other short-term employee benefits	12,232	10,808	970	830

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.

33. 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

30 June 2022

cont'd

33. 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 RM'000	Expected credit loss RM'000
Group			
2022			
Not past due	-	248,444	-
Past due 1 to 30 days	-	951	-
Past due 31 to 60 days	-	1,383	-
		250,778	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

33. 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 RM'000	Expected credit loss RM'000
2021			
Not past due	-	230,384	-
Past due 1 to 30 days	-	6,769	-
Past due 31 to 60 days	-	70	-
		<u>237,223</u>	<u>-</u>

The Group has significant concentration of credit risks on 2 (2021: 2) customers which comprise approximately 98% (2021: 99%) 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 balance

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 its carrying amount in the statements of financial position.

As at the reporting date, there was no indication that the amount due from subsidiaries is not recoverable.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

33. 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 31 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

33. 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 end of reporting year 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						
2022						
Trade payables	80,316	80,316	80,316	-	-	-
Other payables and accruals	108,500	108,500	108,500	-	-	-
Dividend payable	81,561	81,561	81,561	-	-	-
Lease liabilities	15,060	45,967	1,799	1,112	4,719	38,337
	285,437	316,344	272,176	1,112	4,719	38,337
2021						
Borrowing	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

Company

At the reporting date, the maturity profile of all the financial liabilities based on the contractual undiscounted repayment obligations is less than a year.

The Company has contractual cash flows relating to financial guarantees as detailed in Note 31 to the Financial Statements. The exposure for financial guarantee is for illustration only, no financial guarantee was called upon by the holders as at the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

33. 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

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 borrowing 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 borrowing are exposed to a risk of change in cash flows due to changes in interest rates.

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	53,669	73,669	52,275	69,828
Financial liabilities	15,060	2,098	-	-
Floating rate instruments				
Financial assets	1,597,580	541,525	1,285,172	260,804
Financial liabilities	-	1,114	-	-

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

An increase of 0.25% in interest rate at the end of the reporting year would increase the Group's and the Company's net profit/equity for the financial year by RM3,994,000 (2021: RM1,351,000) and RM3,213,000 (2021: RM652,000) respectively, and a corresponding decrease would have an equal but opposite effect. This analysis assumes that other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

33. 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

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 United States Dollar ("USD"). The Group and the Company maintain foreign denominated bank account (predominantly USD denominated account) to facilitate the deposits of the Group'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.

The Group's and the Company's exposure to the USD, based on the carrying amounts of financial assets and financial liabilities as at the end of the reporting date are as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiaries	-	-	-	1,183
Trade receivables	163,663	126,041	-	-
Deposits, cash and bank balances	290,213	321,414	68,110	81,512
Borrowing	-	(1,114)	-	-
Trade payables	(38,141)	(54,480)	-	-
Other payables, accruals and other liabilities	(9,670)	(9,485)	-	-
Net exposure	406,065	382,376	68,110	82,695

Sensitivity analysis for foreign currency risk

A 1% strengthening of the RM against the USD at the end of the reporting year would decrease the Group's and the Company's net profit/equity for the financial year by RM4,061,000 (2021: RM3,824,000) and RM681,000 (2021: RM827,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

34. 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	
	2022	2021
	RM'000	RM'000
Foreign currency hedging contracts		
Notional value of contracts*	58,096	35,104

* Equivalent to USD13,187,000 (2021: USD8,450,000).

35. 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.

36. 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.

37. 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:-

- (a) 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.
- (b) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

37. ESOS (cont'd)

The salient features of the ESOS are as follows:- (cont'd)

- (c) 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.
- (d) 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.
- (e) 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 Board of Directors had extended the existing ESOS which would have 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 Board of Directors had further extended the existing ESOS which would have 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. On 23 September 2022, the Board of Directors had decided not to further extend the existing ESOS and proposed to undertake a new ESOS scheme after the expiry of the existing ESOS on 3 October 2022. Details of the proposed ESOS are disclosed in Note 38 to the Financial Statements.

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	ESOS IX
Underlying share price (RM)	1.67	2.12	2.63	3.29	3.36	2.63	3.24	2.07	2.46
Adjusted exercise price (RM)	0.357	0.533	0.797	1.000	0.977	0.863	0.983	1.187	1.438
Expected volatility (%)	30.69	28.56	11.89	41.16	40.31	34.66	21.73	19.52	27.69
Risk-free interest rate (% per annum)	3.94	4.22	2.92	2.70	2.70	2.70	3.31	3.30	3.21
Dividend yield (%)	3.47	3.21	3.62	2.92	2.86	2.86	2.65	5.02	3.98
Expected life of options (years)	8.74	7.96	7.01	6.67	6.61	6.28	5.80	5.46	5.13
	ESOS X	ESOS XI	ESOS XII	ESOS XIII	ESOS XIV	ESOS XV	ESOS XVI	ESOS XVII	ESOS XVIII
Underlying share price (RM)	2.90	3.43	1.95	1.90	1.04	2.47	3.03	3.50	3.91
Adjusted exercise price (RM)	1.721	2.047	1.880	1.890	0.980	2.460	3.030	3.420	3.920
Expected volatility (%)	24.53	24.53	20.91	19.67	19.48	17.88	14.22	10.47	17.26
Risk-free interest rate (% per annum)	3.07	2.98	3.27	3.34	3.66	3.80	3.80	3.80	3.80
Dividend yield (%)	3.14	2.65	3.34	4.42	3.12	1.99	2.18	2.72	2.77
Expected life of options (years)	4.89	4.75	4.48	3.92	2.53	1.96	1.38	1.17	0.89

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 2022

cont'd

37. ESOS (cont'd)

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

	Offer date	Number of share options				At 30.6.2022
		At 1.7.2021	Granted	Exercised	Lapsed*	
		Unit	Unit	Unit	Unit	Unit
ESOS I	08.01.2014/ 28.01.2014	14,303	-	(10,000)	(290)	4,013
ESOS II	17.10.2014	39,103	-	(38,300)	(40)	763
ESOS III	01.10.2015	112,550	-	(31,100)	(150)	81,300
ESOS IV	02.02.2016	136,100	-	(136,000)	-	100
ESOS V	23.02.2016	174,100	-	(107,000)	-	67,100
ESOS VI	23.06.2016	159,100	-	(106,000)	-	53,100
ESOS VII	16.12.2016	164,550	-	(96,400)	(50)	68,100
ESOS VIII	19.04.2017	517,400	-	(305,800)	(875)	210,725
ESOS IX	17.08.2017	1,750,625	-	(711,300)	(225)	1,039,100
ESOS X	13.11.2017	7,135,975	-	(1,973,600)	(5,775)	5,156,600
ESOS XII	11.04.2018	15,431,039	-	(5,940,200)	(9,963)	9,480,876
ESOS XIII	05.11.2018	11,895,700	-	(5,130,600)	(22,500)	6,742,600
ESOS XIV	24.03.2020	2,519,100	-	(1,788,200)	(56,000)	674,900
ESOS XV	19.10.2020	8,017,600	-	(3,613,200)	(172,000)	4,232,400
ESOS XVI	20.05.2021	12,464,400	-	(4,302,100)	(534,700)	7,627,600
ESOS XVII	03.08.2021	-	29,958,899	(3,939,800)	(1,797,200)	24,221,899
ESOS XVIII	12.11.2021	-	24,585,600	(7,500)	(1,553,000)	23,025,100
		60,531,645	54,544,499	(28,237,100)	(4,152,768)	82,686,276

	Offer date	Number of share options				At 30.6.2021
		At 1.7.2020	Granted	Exercised	Lapsed*	
		Unit	Unit	Unit	Unit	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

* Lapsed due to resignation.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

cont'd

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

(i) Coronavirus impact to the Group

The World Health Organisation declared the 2019 Novel Coronavirus infection ("Covid-19"), a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO.

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 subsidiaries' operations have not been negatively impacted by Covid-19 as well and are able to operate in normal capacity.

Given the Covid-19 transitioning from pandemic to endemic situation currently, the Group and the Company will still continue to monitor for any impact arising from the Covid-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

(ii) 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 Malaysia on 30 July 2021.

(iii) Joint venture contract

On 18 October 2021, the Company had entered into a non-binding Memorandum of Understanding ("MOU") with China Fortune-Tech Capital Co., Ltd ("CFTC") with the intention to set up a joint-venture company in China in order to bring the strengths and expertise of all parties together to carry out Outsourced Semiconductor Assembly and Test ("OSAT") manufacturing and related businesses in China for the China market, and enable the Group to expand and add onto the Group's existing operations in the China market.

Subsequently, the Company and CFTC had mutually agreed for extensions of 4 months on the MOU which is expired on 17 April 2022 due to CFTC is constrained by the movement controls taking place in China to carry out legal steps ahead of the signing of the Definitive Agreements and the parties consider it prudent to extend the period of the MOU in the light of this unforeseen delay.

In relation to the MOU abovementioned, Amertron International Limited ("AIL"), a newly set up indirect wholly-owned subsidiary of the Company, had on 28 June 2022 entered into a Joint Venture Contract ("JV Contract") with CFTC (Yiwu) Equity Investment Fund Partnership ("CFTC (Yiwu)") which is a limited liability partnership that registered and private equity fund administered by CFTC and CFTC Equity Investment Management (Beijing) Co. Ltd ("CFTC Equity") for the purpose of carrying out OSAT manufacturing and related business in China for the China market and to expand and add onto the existing operations of the Group in China market under a joint-venture company, Yiwu Semiconductor International Corporation ("JV Company").

An Equity Subscription Agreement had been entered on 28 June 2022 between AIL, CFTC (Yiwu) and CFTC Equity to increase the registered capital in the JV Company from Ren Min Bi ("RMB") 770,001,000 to RMB1,691,001,000 (approximately RM1,114,201,000). AIL will subscribe for such registered capital by way of cash injection amounting to RMB430,001,000 (approximately RM283,328,000) and 100% of the Company's equity interest in ATK to the JV Company to become a majority shareholder representing 54.4648% of the enlarged equity capital in the JV Company.

As at the reporting date, none of the injection has been made and the transaction is yet to be completed.

(iv) Proposed ESOS

On 23 September 2022, the Company announced to undertake a proposed ESOS of up to 10% of the total number of issued share capital (excluding any treasury shares) of the Company. The proposed ESOS is subject to approvals from Bursa Malaysia Securities Berhad and shareholders of the Company at the forthcoming extraordinary general meeting.

LIST OF PROPERTIES

As at 30 June 2022

	Address	Descriptions/ Existing use	Land area (sq. meter)	Tenure	Approximate age of building (years)	Carrying amount as at 30 June 2022 (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	25 years lease expiring on 31 October 2046	Between 5 to 25 years	31,130	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	20 years	4,514	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	24 years	1,870	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	4,045	60 years lease expiring on 14 May 2051	-	1,362	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	8,332	60 years lease expiring on 16 January 2054	23 years	8,577	21.07.2008
		(ii) 2-storey factory building cum office block, canteen and warehouse			9 years	5,471	
6	761, Persiaran Cassia Selatan 3, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang, Malaysia.	3 blocks of 6-storey factory building cum office building	20,438	60 years lease expiring on 11 May 2076	3 years	85,015	24.07.2014

ANALYSIS OF SHAREHOLDINGS

As at 23 September 2022

ORDINARY SHARES

Number of shares issued	:	3,713,106,099
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	723	1.94	32,564	0.01
100 – 1,000	10,832	29.03	7,332,677	0.20
1,001 – 10,000	19,406	52.01	80,107,830	2.16
10,001 – 100,000	5,092	13.65	152,068,826	4.09
100,001 – 185,655,304	1,254	3.36	2,917,532,102	78.57
185,655,305 and above	2	0.01	556,032,100	14.97
	37,309	100.00	3,713,106,099	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)	324,838,300	8.75
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	231,193,800	6.22
3.	INSAS TECHNOLOGY BERHAD	171,219,375	4.61
4.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BERHAD (01-00871-000)	100,000,000	2.69
5.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	89,672,100	2.42
6.	LEMBAGA TABUNG HAJI	65,505,000	1.76
7.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	57,000,000	1.54
8.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGE BANK (FI 17)	55,977,600	1.51
9.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	50,478,000	1.36
10.	UOBM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BERHAD	50,000,000	1.35
11.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	49,858,500	1.34

ANALYSIS OF SHAREHOLDINGS

As at 23 September 2022

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.	PERMODALAN NASIONAL BERHAD	49,500,000	1.33
13.	UOBM NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BERHAD</i>	45,000,000	1.21
14.	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC DIVIDEND FUND</i>	41,813,400	1.13
15.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BERHAD (INSBHD-RCCGLO2)</i>	40,000,000	1.08
16.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK BERHAD (EDP 2)</i>	38,427,200	1.03
17.	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND</i>	37,768,400	1.02
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR INSAS PLAZA SDN BHD (6000068)</i>	37,500,000	1.01
19.	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND</i>	36,850,278	0.99
20.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)</i>	34,316,300	0.92
21.	HO PHON GUAN	29,000,628	0.78
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (NOMURA)</i>	28,800,000	0.78
23.	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC SELECT TREASURES FUND</i>	27,839,000	0.75
24.	AMSEC NOMINEE (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR INSAS PLAZA SDN BHD</i>	27,501,000	0.74
25.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG VALUE FUND</i>	26,842,000	0.72
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>URUSHARTA JAMAAH SDN. BHD. (2)</i>	26,722,200	0.72
27.	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PBTB FOR TAKAFULINK DANA EKUITI</i>	26,238,850	0.71
28.	CITIGROUP NOMINEES (ASING) SDN BHD <i>CB SPORE GW FOR GOVERNMENT OF SINGAPORE (GIC C)</i>	21,949,583	0.59
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)</i>	21,816,600	0.59
30.	HONG LEONG ASSURANCE BERHAD <i>AS BENEFICIAL OWNER (LIFE PAR)</i>	21,238,400	0.57
		1,864,866,514	50.22

ANALYSIS OF SHAREHOLDINGS

As at 23 September 2022
cont'd

SUBSTANTIAL SHAREHOLDERS AS AT 23 SEPTEMBER 2022

(Based on the Register of Substantial Shareholders)

NAME	DIRECT INTEREST		INDIRECT INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
Dato' Sri Thong Kok Khee ⁽¹⁾	5,170,000	0.14	538,554,276	14.50
Insas Berhad ⁽²⁾	-	-	537,008,575	14.46
Insas Technology Berhad ⁽³⁾	414,769,375	11.17	17,216,500	0.46
Kumpulan Wang Persaraan (Diperbadankan) ⁽⁴⁾	324,958,300	8.75	25,793,675	0.69
Employees Provident Fund Board	332,994,010	8.97	-	-

(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, Immobiliare 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 2022

DIRECTORS' INTEREST IN SHARES

(Based on the Register of Directors' Shareholding)

		Ordinary Shares			
		Direct Interest		Indirect Interest	
		Number	%	Number	%
Inari Amertron Berhad					
1.	Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	322,325	0.01	-	-
2.	Dato' Dr. Tan Seng Chuan	1,812,453	0.05	-	-
3.	Lau Kean Cheong	22,231,325	0.60	13,482,997 ⁽¹⁾	0.36
4.	Dato' Wong Gian Kui	150,000	*	-	-
5.	Ho Phon Guan	34,500,628	0.93	-	-
6.	Mai Mang Lee	12,916,316	0.35	2,000,000 ⁽²⁾	0.05
7.	Dato' Sri Thong Kok Khee	5,170,000	0.14	538,554,276 ⁽³⁾	14.50
8.	Foo Kok Siew	182,000	*	-	-
9.	Datuk Phang Ah Tong	-	-	-	-
10.	Ahmad Ridzuan Bin Wan Idrus	-	-	-	-
11.	Thong Mei Chuen (Alternate Director to Dato' Sri Thong Kok Khee)	708,451	0.02	-	-
Amertron Incorporated					
1.	Dato' Dr. Tan Seng Chuan	2	*	-	-
2.	Lau Kean Cheong	2	*	-	-
3.	Mai Mang Lee	1	*	-	-
Ceedtec Sdn Bhd (In members' voluntary winding up)					
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.

		Number of Share Options under the Employees' Share Option Scheme
Inari Amertron Berhad		
1.	Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	1,785,600
2.	Dato' Dr. Tan Seng Chuan	1,728,000
3.	Lau Kean Cheong	20,391,111
4.	Dato' Wong Gian Kui	2,392,003
5.	Ho Phon Guan	864,000
6.	Mai Mang Lee	2,160,000
7.	Dato' Sri Thong Kok Khee	864,000
8.	Foo Kok Siew	432,000
9.	Datuk Phang Ah Tong	-
10.	Ahmad Ridzuan Bin Wan Idrus	-
11.	Thong Mei Chuen (Alternate Director to Dato' Sri Thong Kok Khee)	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting of Inari Amertron Berhad will be conducted on a fully virtual basis through live streaming and online remote voting via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC : D1A282781) on **Wednesday, 23 November 2022 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 2022 together with the Reports of the Directors and Auditors thereon. | Please see
Explanatory Note 1 |
| 2. To approve the payment of Directors' fees of RM742,650 for the financial year ended 30 June 2022. | Resolution 1 |
| 3. To approve the payment of Directors' benefits of up to RM60,000 for the period from 24 November 2022 until the next Annual General Meeting of the Company. | Resolution 2 |
| 4. To re-elect the following Directors retiring pursuant to Clause 95 of the Company's Constitution:- | |
| 4.1 Dato' Dr Tan Seng Chuan | Resolution 3 |
| 4.2 Dato' Wong Gian Kui | Resolution 4 |
| 4.3 Mr. Ho Phon Guan | Resolution 5 |
| 5. To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 6 |

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 7 |
|---|---------------------|

"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 new shares in the Company ("New Shares") 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 ("Mandate") 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.

AND THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 63 of the Company's Constitution, approval be hereby given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company and the Board is exempted from the obligation to offer such New Shares first to the existing shareholders of the Company in respect of the allotment and issuance of New Shares pursuant to the Mandate."

NOTICE OF ANNUAL GENERAL MEETING

cont'd

7. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

Resolution 8

"**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 2022, 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 Renewal of 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 authorised 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 Renewal of Shareholders' Mandate."

8. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

Resolution 9

"**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:-

NOTICE OF ANNUAL GENERAL MEETING

cont'd

- (i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed 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;
- (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 DIRECTOR

Resolution 10

“**THAT** Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP, who has served as Independent Non-Executive Director for a cumulative term of more than nine (9) years, be and is hereby retained and continue to act as Independent Non-Executive Director of the Company.”

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 2022

NOTICE OF ANNUAL GENERAL MEETING

cont'd

A. Notes

1. The 12th 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 TIH Online website at <https://tiah.online>. Please follow the procedures set out in the Administrative Guide for the AGM which is available on the Company's website at <https://www.inari-amertron.com/2022-12th-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 21 November 2022 at 11.00 a.m.:
 - (a) 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (b) Electronic form
Lodge via TIH Online website at <https://tiah.online> by following the procedures provided in the Administrative Guide.
6. A member who has appointed a proxy or authorised representative or attorney to participate in the 12th AGM via RPV must request his/her proxy or authorised representative or attorney to register himself/herself for RPV at TIH Online website at <https://tiah.online> in accordance with the procedures set out in the Administrative Guide.
7. Only members whose names appear in the **Record of Depositors as at 14 November 2022** will be entitled to participate or appoint proxy(ies) to participate in his stead in the 12th AGM.

B. Explanatory Notes to Ordinary and Special Businesses

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 2022 amounting to RM742,650 (2021: RM739,200).

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 24 November 2022 to the next Annual General Meeting in 2023. The meeting allowance is estimated based on the number of scheduled and unscheduled meetings and the number of Non-Executive Directors involved in these meetings.

4. Ordinary Resolution 7 – Authority to Issue and Allot Shares pursuant to Section 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 7, if passed, will renew the general mandate given to 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 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 2021. As at the date of this notice, the Company has not issued any new shares under this general mandate which will lapse at the conclusion of the 12th Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

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 to avoid any delay and costs involved in convening a general meeting of the Company to approve such issuance of shares.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 63 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This proposed Ordinary Resolution 7, if passed, will waive the shareholders' pre-emptive rights to be offered the new shares that may be issued by the Company pursuant to the said resolution.

This authority to issue and allot shares, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

5. **Ordinary Resolution 8 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 8, 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 2022 which is available on the Company's website at <https://www.inari-amertron.com/2022-12th-agm.asp>

6. **Ordinary Resolution 9 – Proposed Renewal of Authority for the Company to Purchase its Own Shares**

The proposed Ordinary Resolution 9, 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 Proposed Renewal of Share Buy-Back Authority is set out in Part B of the Circular/Statement to Shareholders dated 25 October 2022 which is available on the Company's website at <https://www.inari-amertron.com/2022-12th-agm.asp>

7. **Ordinary Resolution 10 – Retention of Independent Non-Executive Director**

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP has served as Independent Non-Executive Director of Inari for a cumulative term of more than nine (9) years. The Board had, via the Nomination Committee (with the Independent Director concerned abstained from deliberation and assessment), assessed the independence of Y.A.M. Tengku Aishah, and recommended her to continue to act as Independent Non-Executive Director based on the following justifications:-

- (a) she has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, provide check and balance and bring an element of objectivity to the Board;
- (b) the long-serving Independent Director, who is a distinguished and well-known figure, understands the Company's business operations extensively, enabling her to participate actively and contribute in deliberation and decision-making of the Board and Board Committees;
- (c) she continues to exercise due care and diligence as Independent Director of the Company and carry out her duties in the interest of the Company and shareholders.

The proposed Ordinary Resolution 10 will be voted through a single-tier voting process and if passed, will enable Y.A.M. Tengku Aishah to continue to act as Independent Non-Executive Director of Inari up to 31 May 2023 before the amended definition of Independent Director under Paragraph 1.01 of the Main Market Listing Requirements which limit the tenure of independent director to not more than twelve (12) years comes into effect on 1 June 2023.

Mr Foo Kok Siew, who has also served as Independent Non-Executive Director of Inari for more than nine (9) years, has expressed his intention to retire from Inari Board at the conclusion of the forthcoming Annual General Meeting and will not seek shareholders' approval for his retention as Independent Non-Executive Director. Hence, he will hold office until the conclusion of the 12th Annual General Meeting on 23 November 2022.

The Board is cognizant of the requirements under Paragraph 15.02 of the Main Market Listing Requirements i.e. at least two (2) directors or 1/3 of the Board (whichever is higher) are independent directors and at least one (1) woman director on the Board, and will take necessary steps to comply with the said requirements within the prescribed timeframe.

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

In accordance with Clause 95 of the Company's Constitution, Dato' Dr Tan Seng Chuan, Dato' Wong Gian Kui and Mr Ho Phon Guan are due for retirement by rotation at the 12th Annual General Meeting and being eligible, have offered themselves for re-election.

Based on the results of the board effectiveness evaluation undertaken by an independent expert, the Nomination Committee viewed that the Directors standing for re-election meet the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements and will continue to discharge their duties and responsibilities effectively. With the recommendation of the Nomination Committee, the Board supports the re-election of the retiring Directors.

The profile of these Directors are set out 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 250 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 7 is a renewal of the general mandate which was approved by shareholders at the last Annual General Meeting held on 25 November 2021. As at the date of this notice, no new shares were issued under this general mandate which will lapse at the conclusion of the 12th Annual General Meeting.



INARI AMERTRON BERHAD
(Registration No. 201001016131 (1000809-U))

PROXY FORM 12th 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 12th Annual General Meeting of the Company to be held on a fully virtual basis through live streaming and online remote voting via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC:D1A282781) on **Wednesday, 23 November 2022 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 RM742,650		
2.	To approve the payment of Directors' benefits of up to RM60,000		
3.	To re-elect Dato' Dr Tan Seng Chuan as Director		
4.	To re-elect Dato' Wong Gian Kui as Director		
5.	To re-elect Mr. Ho Phon Guan as Director		
6.	To re-appoint Grant Thornton Malaysia PLT as Auditors		
7.	To approve the authority to issue and allot shares		
8.	To approve the renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
9.	To approve the renewal of authority for the Company to purchase its own shares		
10.	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		

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 _____ 2022

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

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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 21 November 2022 at 11.00 a.m.:
 - (a) 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (b) Electronic form
Lodge via TIH Online website at <https://tiah.online> by following the procedures provided in the Administrative Guide.
6. A member who has appointed a proxy or authorised representative or attorney to participate in the 12th AGM via RPV must request his/her proxy or authorised representative or attorney to register himself/herself for RPV at TIH Online website at <https://tiah.online> in accordance with the procedures set out in the Administrative Guide.
7. Only members whose names appear in the **Record of Depositors as at 14 November 2022** will be entitled to participate or appoint proxy(ies) to participate in his stead in the 12th AGM.

The image is a vibrant green digital illustration. At the center is a large, semi-transparent sphere. Inside the sphere, a complex network of white lines and dots, resembling a circuit board or a data network, is visible. A bright, glowing white light source is positioned at the center of the sphere, creating a strong lens flare effect that radiates across the image. Several glowing white lines, some straight and some curved, extend from the sphere towards the corners of the frame. In the background, there are faint, stylized circuit board patterns and glowing points of light. The overall aesthetic is high-tech and futuristic.

www.inari-amertron.com