Inari Amertron Berhad

Inari Amertron Berhad

(Registration No. 201001016131 (1000809-U))

ACTUALISING THROUGH TECHNOLOGY & INNOVATION

ANNUAL REPORT 2023

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

Need all levels to walk the talk at all times

Focus on the Success Formula

Customers - Our Team - Suppliers

To delight Stakeholders, Customers and Employees

Positive and Can-Do attitude

CONTENTS

This Annual Report can be downloaded or viewed in PDF file at www.inari-amertron.com

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairperson,
Non-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
Datuk Phang Ah Tong
Dato' Mohamad Azmi Bin Ali
Datuk Mohamed Arsad Bin Sehan
Dato' Sri Chee Hong Leong, JP

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

AUDIT COMMITTEE

Chairman,
Independent Non-Executive Director
Dato' Mohamad Azmi Bin Ali

Independent Non-Executive Directors
Datuk Phang Ah Tong
Datuk Mohamed Arsad Bin Sehan

NOMINATION COMMITTEE

Chairman,
Independent Non-Executive Director
Datuk Mohamed Arsad Bin Sehan

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

Independent Non-Executive Director
Datuk Phang Ah Tong

REMUNERATION COMMITTEE

Chairman,
Independent Non-Executive Director
Datuk Phang Ah Tong

Independent Non-Executive Directors
Dato' Mohamad Azmi Bin Ali
Datuk Mohamed Arsad Bin Sehan

SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE

Chairman,
Independent Non-Executive Director
Datuk Phang Ah Tong

Independent Non-Executive Director
Dato' Sri Chee Hong Leong, JP

Executive Vice Chairman
Dato' Dr. Tan Seng Chuan

EXECUTIVE COMMITTEE

Chairman,
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

Group Chief Financial Officer
Chong Poh Leng

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
Email : insassec@insas.com.my

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
Email : insassec@insas.com.my

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
Email : i-enquiry@inari-amertron.com.my

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
Email : i-enquiry@inari-amertron.com.my

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

Shearn Delamore & Co.
Teh & Lee

PRINCIPAL BANKERS

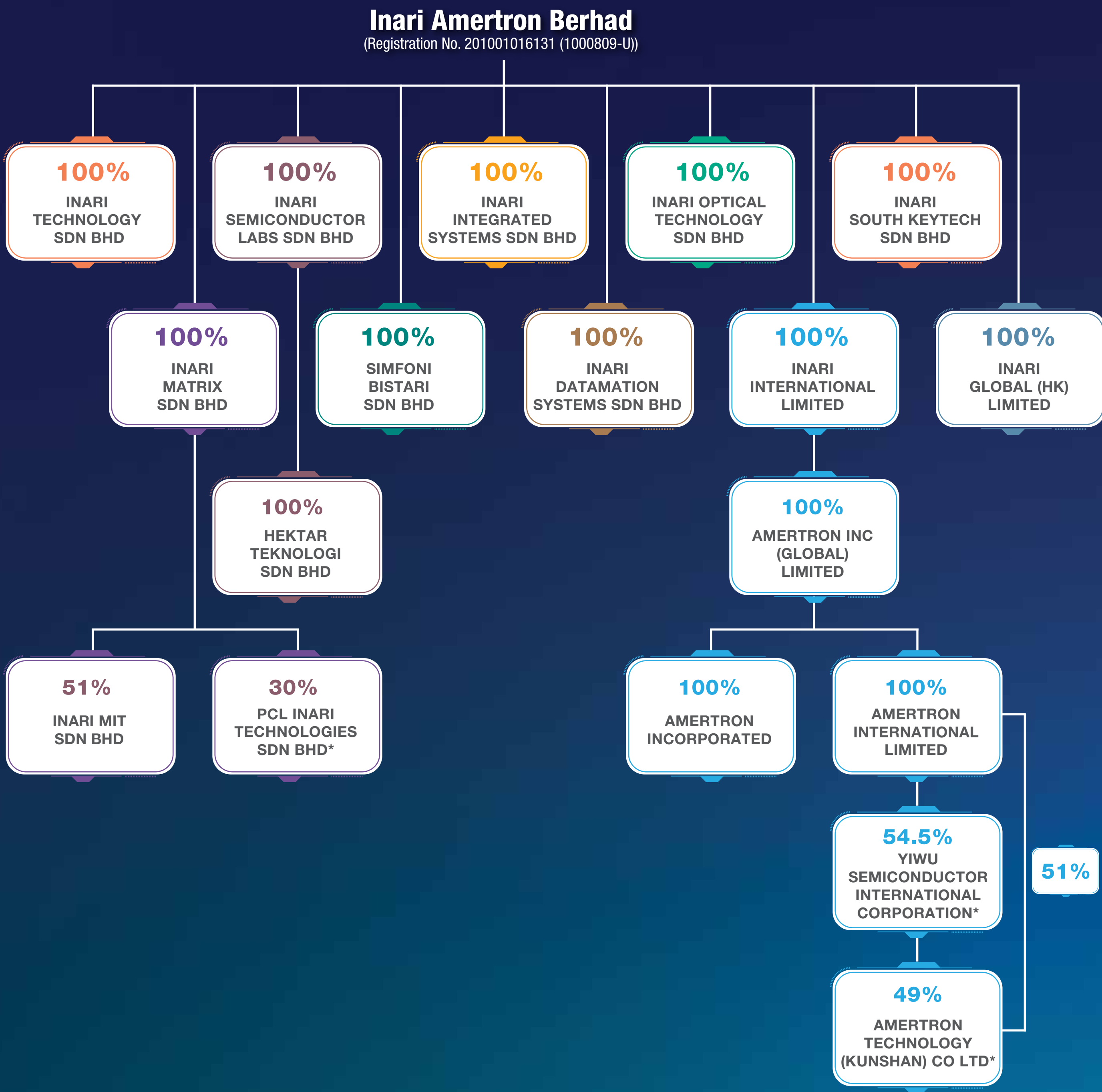
AmBank (M) Berhad
China Construction Bank Corporation
CTBC Bank (Philippines) Corporation
Malayan Philippines Incorporated
OCBC Al-Almin Bank Berhad
Standard Chartered Saadiq Berhad
Yuanta Commercial Bank Co. Ltd.

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE

As at 25 October 2023

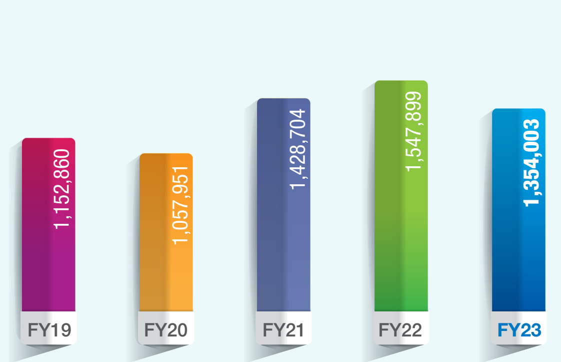


** Joint venture/Associate*

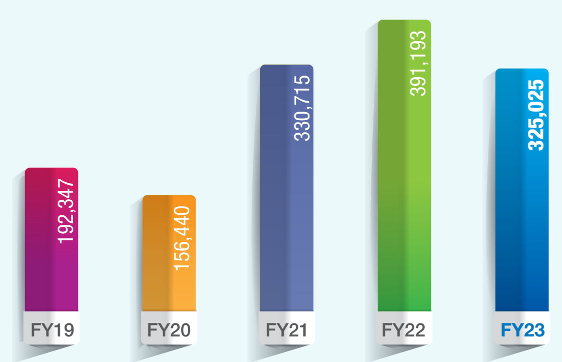
5 YEARS GROUP FINANCIAL HIGHLIGHTS

	2019	2020	2021	2022	2023
Revenue (RM'000)	1,152,860	1,057,951	1,428,704	1,547,899	**1,354,003**
Profit After Taxation (RM'000)	192,347	156,440	330,715	391,193	**325,025**
EBITDA (RM'000)	312,343	273,499	455,466	548,053	**464,275**
Earnings Per Share (Basic) (sen)	6.06	4.85	10.01	10.65	**8.68**
Dividends Per Share (sen)	5.2	4.4	11.0	10.0	**8.2**
Dividend Payout Ratio (%)	85.8%	91.1%	113.5%	94.7%	**94.2%**
Dividend Payout (RM'000)	164,973	142,510	375,364	370,495	**306,253**
Total Equity (RM'000)	1,121,959	1,208,932	1,377,437	2,511,035	**2,605,848**
Net Assets Per Share (sen)	35.2	37.1	41.0	67.6	**69.7**
Cash And Bank Balances (RM'000)	429,716	594,594	904,886	1,971,021	**1,830,994**
Debt/Equity Ratio (times)	0.013	0.005	0.001	-	**-**

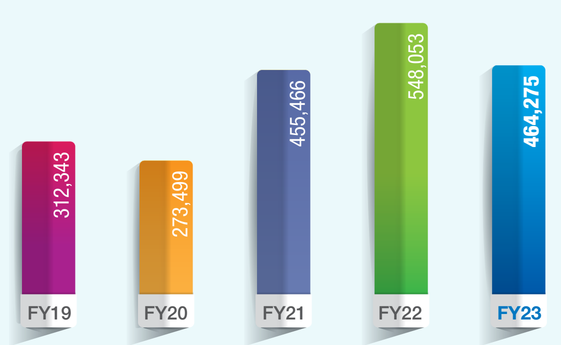
Revenue
(RM'000)



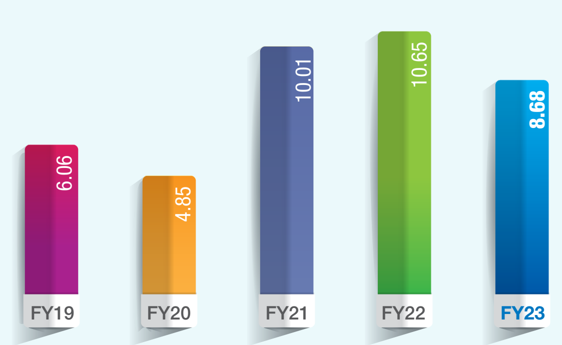
Profit After Taxation
(RM'000)



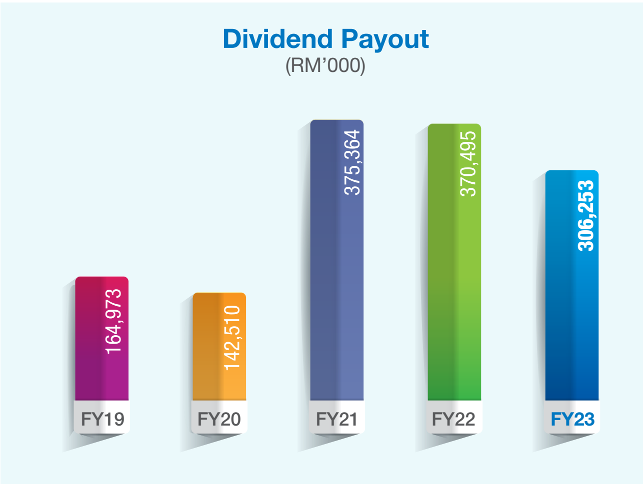
EBITDA
(RM'000)

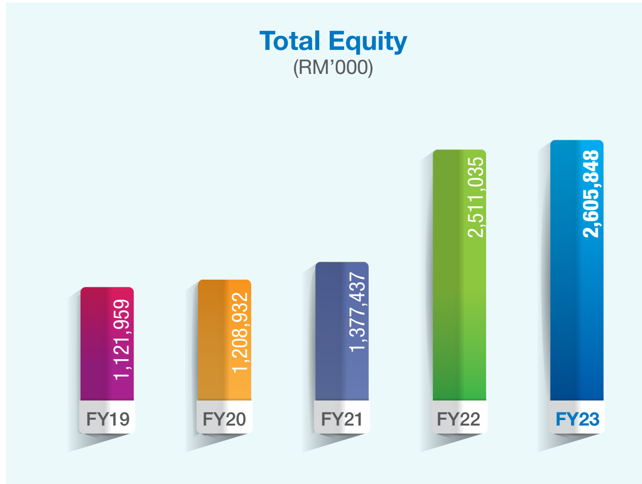


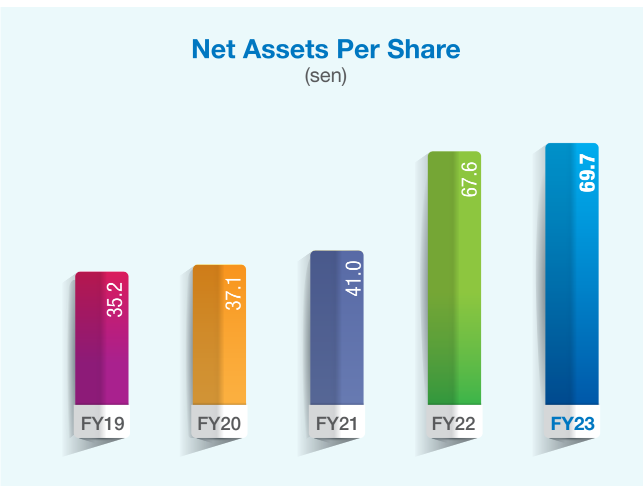
Earnings Per Share (Basic)
(sen)

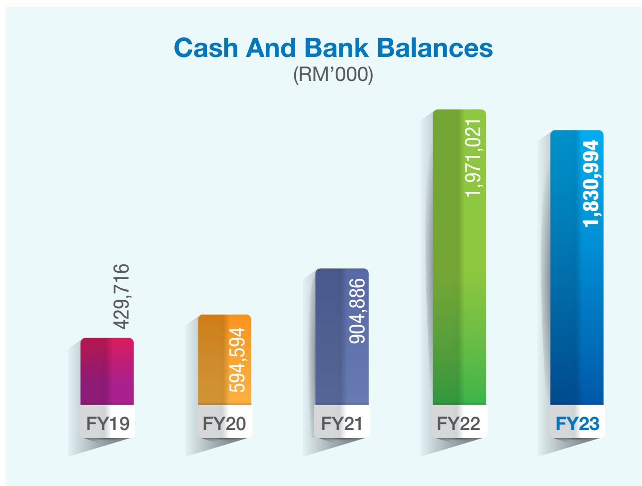


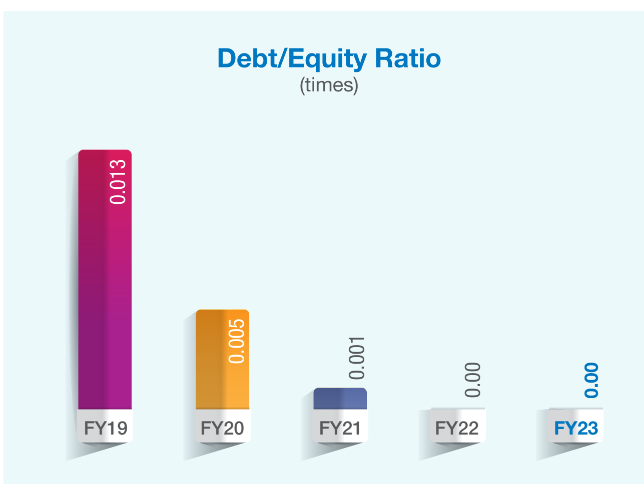
5 YEARS GROUP FINANCIAL HIGHLIGHTS
cont'd











AWARDS AND RECOGNITIONS

1. **2023**
   SUPPLIER APPRECIATION AWARD - AMS OSRAM
2. **2023**
   BINARY UNIVERSITY - AWARD OF LEADERSHIP EXCELLENCE IN SEMICONDUCTOR PACKAGING INDUSTRY
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   SUPPLIER APPRECIATION AWARD - AMS OSRAM
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   THE IEM AWARD - RECOGNITION FOR CONTRIBUTION IN THE ENGINEERING INDUSTRY (MATERIALS & PRODUCTION)
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   ALL-ASIA EXECUTIVE TEAM ASEAN MOST HONORED COMPANIES
9. **2019**
   ALL-ASIA EXECUTIVE TEAM SPECIAL ACHIEVEMENT AWARDS BEST CEO (MALAYSIA) - LAU KEAN CHEONG
10. **2019**
    ALL-ASIA EXECUTIVE TEAM SPECIAL ACHIEVEMENT AWARDS FOR CFO (MALAYSIA) - CHONG POH LENG
11. **2019**
    THE INSTITUTION OF ENGINEERING AND TECHNOLOGY (IET) - INDUSTRY EXCELLENCE PLATINUM AWARD
12. **2019**
    ASIAMONEY AWARDS 2019 – THE MOST OUTSTANDING COMPANY IN MALAYSIA, SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT SECTOR
13. **2018**
    FT 1000 HIGH-GROWTH COMPANIES ASIA-PACIFIC FROM FINANCIAL TIMES
14. **2018**
    APPRECIATION FOR THE STRONG PARTNERSHIP AND EXCELLENT SHIPMENT SUPPORT FROM BROADCOM
15. **2018**
    MALAYSIA INVESTOR RELATIONS AWARDS (MIRA) - BEST CEO FOR INVESTOR RELATIONS (MID CAP)
16. **2018**
    THE EDGE BILLION RINGGIT CLUB AWARDS - HIGHEST RETURN ON EQUITY OVER THREE YEARS
17. **2018**
    THE EDGE BILLION RINGGIT CLUB AWARDS - HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS
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22. **2016**
    MALAYSIA BEST EMPLOYER BRAND AWARDS

23. 2014, 2015 & 2016
FORBES ASIA 200 BEST UNDER A BILLION COMPANY

24. 2015
BEST SUPPLIER OF THE YEAR RECOGNITION AWARD FROM BROADCOM (AVAGO)

25. 2013
OUTSTANDING PERFORMANCE MICROSEMI PMG PHOENIX SUPPLIER

26. 2013
THE BRANDLAUREATE SMEs BESTBRANDS BLUE CHIP AWARD ELECTRONICS MANUFACTURING

27. 2010
BEST SUPPLIER AWARD BEST CONTRACT MANUFACTURER FROM AVAGO

KEY ACHIEVEMENTS AND MILESTONES

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

2006

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

2007

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

2008

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

2009

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

2010

- Inari Technology attained 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).

2011

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

2012

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

2013

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

2014

- Inari transferred listing to the Main Market of Bursa Malaysia.
- Completed construction of new plant (P5).
- Inari acquired 5.05 acres of leasehold industrial land in Batu Kawan Industrial Park.
- Inari 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.

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".

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.

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, Phillipines; 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.

2023

- Amertron Incorporated (Philippines) has received a plaque of recognition for being the Top 5 Exporter for Year 2022 by the Bureau of Customs of Port of Clark International Airport on 19 December 2022.
- In conjunction with Binary University's 39th Convocation Ceremony on 14 January 2023, Inari Amertron Berhad has been awarded the Certificate of Leadership Excellence under the Semiconductor Packaging Industry.
- Inari acquired 5.05 acres of leasehold industrial land at Batu Kawan with close proximity to the existing P34 factory building.
- Ams Osram has awarded the Supplier Appreciation Award for Partnership, Loyalty & Outstanding Services to Amertron Technology (Kunshan) Co. Ltd, our China operation entity on June 2023.

INARI AMERTRON BERHAD IN THE NEWS

Tech sector tops net cash companies

By Ahmad Naqib Idris /
The Edge Malaysia
05 Jul 2022, 05:05 pm
Updated - 05:08 pm

This article first appeared in
The Edge Malaysia Weekly
on June 27, 2022 - July 3, 2022

OVER the past Covid-19 stricken year, the majority of businesses had to rely on cash balances — or perhaps even raise debt — just to stay afloat.

The luckier — or perhaps better-run — companies managed to maintain, if not improve, their net cash positions.

Tellingly, among the top 500 Bursa Malaysia-listed companies by market capitalisation, fewer than 100 companies had a positive net cash balance, Bloomberg data shows.

Perched way above its peers is Petronas Chemicals Bhd (PetChem), whose net cash position expanded to RM12.5 billion as at end-March from RM10.12 billion a year ago, followed by Bursa Malaysia Bhd, with RM5.6 billion, and Lotte Chemical Titan Holdings Bhd, with RM4.21 billion.

It is worth noting that PetChem's cash pile increased although the group declared a special dividend of 10 sen per share in conjunction with the group's 10th anniversary, on top of two interim dividends of 23 sen per share each in financial year 2021 (FY2021). This translates into a dividend payout of 61% of profit after tax and non-controlling interest.

Notably, the biggest portion of companies, by sector, that still boast positive net cash positions are those in the technology sector. They accounted for 16% of companies that are in net cash as at the end of their latest reported quarter.

Even though the sector faced headwinds amid the global chip crunch, these companies benefited from a surge in demand, owing to the migration to 5G, electric vehicles and the increasing use of Internet of Things as industries pushed towards automation.

Take, for example, Inari Amertron Bhd. Its net cash level improved by RM1.08 billion, to reach RM1.96 billion as at end-March. The major portion of its funds came from a private placement exercise, which was completed on July 30, 2021, and raised RM1.03 billion with the issuance of 333 million shares.

The exercise was likely the biggest-ever among local semiconductor-related firms, more than four times Unisem (M) Bhd's placement in 2020, which raised RM283.94 million — the largest most recent placement prior to Inari's. Unisem is also sitting on a net cash position of RM350 million, although the amount has fallen from RM602 million a year ago, as it has pared down borrowings.

Inari's massive capital raising exercise came at a time when it was in continuous discussions with potential new customers. It planned to raise the cash for potential investments in factory fit-outs, and to acquire and install new manufacturing equipment and additional production space to secure new customers and/or long-term supply orders..

5.7.2022

INARI AMERTRON BERHAD IN THE NEWS

cont'd

Inari offering attractive dividend yield, says PublicInvest

By Surin Murugiah/theedgemarkets.com
06 Sep 2022, 09:02 am
Updated - 12:09 pm

KUALA LUMPUR (Sept 6): PublicInvest Research has maintained its "outperform" rating of Inari Amertron Bhd at RM2.66, with a target price (TP) of RM4.13, and said despite seeing flattish growth in radio frequency (RF) components, the group is expecting to see FY23 sales growth coming from: i) fibre transceiver modules; ii) high-power LED packages for the optical communications, automotive and industrial segments; and iii) system-on-modules (SOMs).

In a note on Tuesday (Sept 6), the research house said that following the recent selldown, the stock is now offering an attractive dividend yield of 3.8% (annual dividend payout: more than 80%), and is currently trading closer to -1 standard deviation long-term average at 23 times earnings multiple.

"We maintain 'outperform' call with an unchanged TP of RM4.13 based on 35 times FY23 EPS," it said.

6.9.2022

Inari poised to resume upside movement, says RHB Retail Research

By Surin Murugiah /theedgemarkets.com
09 Jan 2023, 08:04 am
Updated - 01:06 pm

KUALA LUMPUR (Jan 9): RHB Retail Research said Inari Amertron Bhd is poised to resume its upside movement, eyeing to break past the RM2.75 immediate resistance.

In a trading stocks note on Monday (Jan 9), the research house said that the stock underwent a consolidation phase after falling below the 21-day simple moving average line.

"The latest bullish price action shows that the momentum is picking up pace again.

"If a breakout happens, the momentum should propel the stock towards RM2.86, followed by the RM3.00 mark.

"On the flip side, if it falls below the RM2.60 support, the bears would be in control," it said.

9.1.2023

Highest Returns to Shareholders over three years

BIG CAP COMPANIES – RM10 BILLION TO RM40 BILLION MARKET CAPITALISATION

INARI AMERTRON BHD - RIDING THE SEMICONDUCTOR BOOM ON A STRONG GREENBACK

Esther Lee / The Edge Malaysia November 07, 2022

Inari Amertron Bhd is a familiar name to investors who have semiconductor-related sectors on their radar. Indeed, the company is also no stranger to the Billion Ringgit Club Awards.

This year, as one of the leading players in the outsourced semiconductor assembly and test industry, the company has taken home the award of "Highest Returns to Shareholders Over Three Years" under the big cap companies category — those with a market capitalisation of between RM10 billion and RM40 billion.

Riding the semiconductor boom that started in the second half of 2019, Inari Amertron achieved a stellar 29.7% shareholder return in the three-year period under review. The shareholder return takes into account the company's dividend payment for three financial years ended June 30, 2019 (FY2019), FY2020 and FY2021, plus its share price between March 29, 2019 and March 31, 2022.

Its adjusted share price had steadily climbed from RM1.41 on March 29, 2019, to RM3.06 on March 31, 2022 — a gain of 118%.

Notably, a large part of the share price rally was in 2020 and 2021, where its adjusted share price shot up to a record high of RM4.112 in November 2021.

The sharp share price gain was mainly driven by the hefty premium that investors were willing to pay on technology stocks globally, ranging from online shopping platforms and food delivery start-ups to computer chip makers and their supportive services providers, such as Inari, as the lockdowns caused by the Covid-19 pandemic worldwide drove demand for the services and products of these companies.

The pandemic spurred companies to switch to digital, as lockdowns took companies from physical offices to virtual ones. It changed the way people lived, worked and communicated.

That said, Inari Amertron's earnings growth was rather uneven for the three financial years under review. Its profit after tax (PAT) made a big leap in FY2021 after the company reported earnings contraction for two consecutive years.

From RM260.13 million in FY2018, the company's PAT dropped to RM192.3 million in FY2019 before falling further to RM156.4 million in FY2020. Nevertheless, it more than doubled to RM330.7 million in FY2021.

As a result of the drop in earnings, Inari Amertron also declared a lower dividend of 5.2 sen per share for FY2019 and 4.4 sen per share for FY2020, compared with 8.4 sen in FY2018. But, the board rewarded shareholders with a record-high dividend of 11 sen in FY2021 in line with the strong earnings growth.

The company's PAT growth continued, albeit at a slower pace, in FY2022. Its PAT increased by 18.3% to RM391.2 million from RM330.7 million in FY2021. Annual revenue grew 8.3% to RM1.55 billion in FY2022 from RM1.43 billion a year ago. The increase in earnings was mainly contributed by higher revenue growth in the radio frequency (RF) business segment.

The earnings growth, however, did not manage to sustain the upward trend on share price as the global tide has turned against the technology sector. The rally among semiconductor stocks has waned since the fourth quarter of 2021 as global investors were factoring in an interest rate hike as inflationary pressure started mounting.

The concerns of a recession to be brought by high interest rates also cast a pall on the outlook of the semiconductor industry.

The share price has fallen to RM2.40 from RM4.05 at the start of the year.

RHB Research expects growth to moderate going into FY2023 with minimum limited volume growth from the RF segment on potentially slowing smartphone sales.

The research house points out there could be lingering risk from the supply of wireless components to a major smartphone brand through Inari Amertron's largest customer (whose name cannot be disclosed for confidentiality purposes) — the current contract expires in mid-2023 — if a further deal cannot be reached or there is a reduction of contracted components.

"Should this key customer opt for an end-to-end solution (front- and back-end) made available by closest competitor Qualcomm or successfully develop its own in-house solutions, this may post a significant earnings risk to Inari," it adds.

RHB Research has downgraded Inari Amertron to "neutral" on macro headwinds, risk of contract non-renewal, slowdown in the semiconductor market and continued hawkish tone by the US Federal Reserve.

Nonetheless, one silver lining for the company is the strong greenback, which will help to cushion it against any potential slowdown in volume loadings, says the research house.

7.11.2022

CGS-CIMB sees growth and diversification opportunities in China for Inari

By Surin Murugiah /theedgemarkets.com
12 Jan 2023, 08:14 am Updated - 12:41 pm

KUALA LUMPUR (Jan 12): CGS-CIMB Securities has maintained its "add" rating on Inari Amertron Bhd at RM2.65 with an unchanged target price of RM3 and said it expects RF to remain the major growth driver for Inari, driven by new value-added processes in new generation smartphones beyond 2023.

In a note on Wednesday (Jan 11), the research house said Inari's 54.5%-owned subsidiary Yiwu Semiconductor International Corp's (YSIC) plant construction is on track for completion in 3Q2023, with the initial production line set up by 4Q2023.

CGS-CIMB said YSIC will be mainly involved in assembly and test services, including system-in-package assembly, for the China market.

"We estimate YSIC could contribute up to one billion yuan (RM650 million) in revenue once its Yiwu plant is fully operational.

"To recap, Inari will contribute 100% of its shares in Amertron Technology Kunshan valued at 491 million yuan (RM316.6 million) and new investment of 430 million yuan (RM277.2 million) for a 54.5% stake in YSIC," it said.

Commenting on recent reports, the research house said even if Apple successfully designs its in-house RF chips, it will still require a few years to secure alternative suppliers to handle the American smartphone makers' volume as these RF wafers are fabricated at a specialised wafer fabs.

"Overall, we believe Inari's RF division growth prospects are intact as our channel checks indicate the group is already working on new processes technology to support new-generation smartphone models," it said.

12.1.2023

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 : 66/Female
Nationality : Malaysian

- Chairperson/Non-Independent Non-Executive Director

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 Non-Independent Non-Executive Chairperson of Insas Berhad, a substantial shareholder of Inari and the Independent Non-Executive Chairperson of Divfex Berhad and M & A Equity Holdings Berhad (formerly known as SYF Resources Berhad).

DATO' DR. TAN SENG CHUAN

Age/Gender : 68/Male
Nationality : Malaysian

- Executive Vice Chairman
- Member of Sustainability and Risk Management Committee
- Chairman of Executive 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 38 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 : 56/Male
Nationality : Malaysian

- Executive Director cum Group Chief Executive Officer
- Member of Executive Committee

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 : 64/Male
Nationality : Malaysian

- Executive Director
- Member of Executive Committee

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.

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 : 68/Male
Nationality : Malaysian

- Executive Director
- Member of Executive Committee

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 40 years of 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 : 64/Male
Nationality : Malaysian

- Executive Director
- Member of Executive Committee

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 27 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 : *69/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. 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.

DATUK PHANG AH TONG

Age/Gender : *66/Male*
Nationality : *Malaysian*

- Independent Non-Executive Director
- Chairman of Sustainability and Risk Management Committee
- Chairman of Remuneration Committee
- Member of Audit Committee and Nomination 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 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 : 52/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.

DATO' MOHAMAD AZMI BIN ALI

Age/Gender : 66/Male
Nationality : Malaysian

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

Dato' Mohamad Azmi was appointed to the Board of Inari on 13 January 2023.

Dato' Mohamad Azmi is a member of CPA (Australia) and the Malaysian Institute of Accountants. He holds a Bachelor of Accounting degree from University Kebangsaan Malaysia. Dato' Mohamad Azmi's experience in the public sector spanned over 36 years, from 1981 until his retirement in 2017. Earlier in his career he was appointed as the Kelantan State's Treasurer from 1983 to 1991. He served in Economic Planning Unit, Prime Minister's Department in the Privatization Task Force and Foreign Investment Committee from 1992 to 2001. Following that, he was the Head of Accountant's General Office in Kuching from 2002 to 2008; and was the Head Accountant of the Ministry of Education from 2008 to 2011. Subsequently, he headed various divisions in the Accountant's General Office before being appointed as the Deputy Accountant General of Malaysia in 2015. On 1 December 2020, he was appointed by the Ministry of Finance ("MOF") as the Registrar of the Malaysian Institute of Accountants. He is also an Audit Committee member at Malaysia Productivity Corporation and Technology Depository Agency Berhad (a MOF Company).

Dato' Mohamad Azmi also sits on the Board of Insas Berhad and M & A Equity Holdings Berhad (formerly known as SYF Resources Berhad).

PROFILE OF THE BOARD OF DIRECTORS
cont'd

DATUK MOHAMED ARSAD BIN SEHAN
Age/Gender : 70/Male
Nationality : Malaysian

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

Datuk Mohamed Arsad was appointed to the Board of Inari on 21 February 2023.

He holds a Bachelor of Economics (Statistics) from the University of Malaya.

Datuk Mohamed Arsad has had an extensive career spanning 31 years, from 1978 to 2009, in the banking industry with Bank Bumiputra Malaysia Berhad and Bank Kerjasama Rakyat Malaysia Berhad ("Bank Rakyat"). Throughout his tenure at Bank Rakyat, he held various senior management positions, including that of General Manager of Commercial Banking, Assistant General Manager of Banking Operations, Sector Head of Financing, and Division Head of Planning and Development and Corporate Services. He spent 7 years as the Managing Director and Chief Executive Officer of a private limited company dealing in the manufacture and supply of standby power systems on secondment from Bank Rakyat.

After retiring from Bank Rakyat, he spent 8 years as the Managing Director and Executive Director of PureCircle Sdn Bhd, a wholly-owned subsidiary of PureCircle Limited.

Datuk Mohamed Arsad was an Independent Non-Executive Director of M & A Equity Holdings Berhad ("MAEHB") (formerly known as SYF Resources Berhad) since 2011 and subsequently was redesignated as the Independent Non-Executive Chairman on 1 July 2020. He stepped down from the Board of MAEHB on 30 June 2023. Datuk Mohamed Arsad was also the Independent Non-Executive Chairman of Bertam Alliance Berhad from 2014 to 2021.

Currently, Datuk Mohamed Arsad sits on the Board of Insas Berhad, KIP REIT Management Sdn Bhd (the Manager for the listed KIP Real Estate Investment Trust) and Yayasan CanOne KianJoo.

DATO' SRI CHEE HONG LEONG, JP
Age/Gender : 59/Male
Nationality : Malaysian

- Independent Non-Executive Director
- Member of Sustainability and Risk Management Committee

Dato' Sri Chee was appointed to the Board of Inari on 21 February 2023.

Dato' Sri Chee began his career in 1990, coordinating the development in corporate and annual strategic plans for Leisure Holidays Group of Companies.

From 1992 to 1998, Dato' Sri Chee ventured into various businesses in the property development sector where he held the position of Chief Executive Officer at Canary Homes Sdn Bhd and Canary Infoport Sdn Bhd. He subsequently joined Tanco Resort Berhad from 1998 to 2002 where he held various positions from General Manager rising to Executive Director and Chief Operating Officer.

In March 2003, he joined SYF Resources Bhd ("SYF"), a furniture, boards and property development company, initially as a member of the Board of Directors and was subsequently appointed as Executive Director in 2011 till to date. SYF has changed its name to M & A Equity Holdings Berhad after the reverse takeover ("RTO") exercise in June 2023. Currently, he also sits on the Board of Hextar Industries Berhad as Independent Non-Executive Director, Microlink Solutions Berhad and Ho Hup Construction Company Berhad as Executive Director.

Dato' Sri Chee has previously served as Independent Director on the Boards of various organisations in the palm oil, timber and building materials as well as the education and healthcare sectors.

THONG MEI CHUEN
Age/Gender : 41/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 Microlink Solutions Berhad's Singapore division. Currently, she also sits on the Board of M & A Equity Holdings Berhad (formerly known as SYF Resources Berhad).

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

Note:

None of the Directors have:

(i) any family relationship with any Director and/or major shareholder of the Company;
(ii) any conflict of interest with the Company;
(iii) any conviction for offences (excluding traffic offences, if any) within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2023, save and except for Datuk Phang Ah Tong who was public reprimanded and fined by Bursa Malaysia Securities Berhad on 14 February 2023 for breach of certain provisions of the Main Market Listing Requirements when he was a director of Jerasia Capital Berhad ("Jerasia") at the material time. Datuk Phang Ah Tong was retired from Jerasia on 26 April 2022.

PROFILE OF THE KEY SENIOR MANAGEMENT

CHONG POH LENG

Age/Gender : 53/Female
Nationality : Malaysian

- Group Chief Financial Officer
- Member of Executive Committee

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 27 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.

PROFILE OF THE KEY SENIOR MANAGEMENT
cont'd

SABRAN BIN SAMSURI

Age/Gender : 58/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 35 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.

PROFILE OF THE KEY SENIOR MANAGEMENT
cont'd

KHOR SWEE HAR

Age/Gender : 59/Female
Nationality : Malaysian

- Senior Vice President of New Technology and Development of Inari Technology Sdn Bhd

Ms. Khor Swee Har joined Inari as Senior Vice President on 2 April 2023. She now leads the advanced assembly and packaging development of Inari Technology Sdn Bhd.

Ms. Khor holds a Master of Engineering degree in Chemical Engineering from the University of Singapore in Singapore. She also has a Bachelor of Science in Chemistry from the University of Science in Malaysia.

She started her career at Harris Advanced Technology as a lead finish engineer for military hermetic and commercial plastic IC packages. She spent 25 years in the company and witnessed the company's transition from a reputable IDM to a leading OSAT (ChipPAC and STATSChipPAC). Ms. Khor pioneered and developed many new assembly processes and package technologies for the company. In the process, she directed the packaging development work with dozens of key customers. She assumed engineering roles of increasing importance over time and was the director of New Product Introduction at STATSChipPAC before she left to join Onsemi. At Onsemi, she led the company's R&D group in power packaging development for MOSFETs, IGBTs, Driver MOS and other power devices.

Ms. Khor Swee Har has over 34 years of experience and brings with her a broad spectrum of expertise in creating cutting-edge assembly processes and packaging technologies for the electronics manufacturing sector.

OOI BOON SHIN

Age/Gender : 46/Male
Nationality : Malaysian

- Senior General Manager of Inari Technology Sdn Bhd

Mr. Ooi Boon Shin joined Inari as General Manager of Finance on 13 May 2013 and has been appointed as Senior General Manager since 1 Oct 2017 to oversee the supporting functions of all the subsidiaries in Penang, Malaysia.

He graduated from La Trobe University, Australia with a Bachelor of Commerce in Accounting. He started his career with Ernst & Young as an auditor and has subsequently held management position in both private and public listed entities with total more than 20 years of working experience in the manufacturing industry. Prior to joining Inari, he held the position as Head of Finance for Texchem-Pack Group of Companies that was listed in Singapore Stock Exchange.

PROFILE OF THE KEY SENIOR MANAGEMENT
cont'd

PANG CHOON MENG

Age/Gender : 62/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 31 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.

FOO KHA CHOY

Age/Gender : 54/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 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 33 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.

Notes:

None of the Key Senior Management have:

(i) any family relationship with any Director and/or major shareholder of the Company;
(ii) any conflict of interest with the Company;
(iii) any directorship in public companies and listed corporations;
(iv) any conviction of 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 2023.

CHAIRPERSON'S LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am delighted 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 2023 ("FY2023").

PERFORMANCE REVIEW

The surging adoption of advanced technologies like the Internet of Things (IoT), Artificial Intelligence (AI), and 5G has generated a substantial demand for cutting-edge semiconductors. Inari's focus has consistently been on supporting technology proliferation through advanced engineering, encompassing 5G Radio Frequency (RF) packages, fibres-optics transceivers for cloud-connected data centers, and power modules for automotive and industrial electronics.

Despite economic challenges, the relentless efforts of the Inari Group's staff have yielded impressive results. For the FY2023, the Group achieved a revenue of RM1.35 billion and a net profit of RM325.0 million.

Throughout the financial year, we made significant capital investments, totalling RM113.0 million. These investments primarily went into machinery for assembly processes, enhancing our technological capabilities and overall capacity. As technology advances, our expertise in miniaturization technology, driven by customized processes and equipment designed by our joint venture subsidiary namely Inari MIT Sdn Bhd, has improved operational productivity while maintaining cost efficiency. Additionally, we established our first 1k clean room at our P34 plant in Batu Kawan to assemble memory products, leveraging cutting-edge technology for a new customer.

CHAIRPERSON'S LETTER TO THE SHAREHOLDERS
cont'd

We are making good progress on the construction of our manufacturing plant and physical facilities at our joint venture in China, Yiwu Semiconductor International Corporation ("YSIC"), with physical completion targeted by end of calendar 2023. With an experienced management team on board, we have successfully secured interests from a few customers keenly awaiting qualification of their products on our production lines in order to commence operations. YSIC represents a strategic presence for Inari to broaden its competitive edge offerings to a wide China market.

The Group's financial position remains robust, with strong cash flow generation. At the end of FY2023, our cash and cash equivalents totalled RM1.83 billion, and we maintained zero borrowings.

OUTLOOK AND PROSPECTS

The year 2023 presented uncertainties for the semiconductor industry, influenced by geopolitical tensions and inflationary pressures stemming from economic headwinds. However, as the global economy gains momentum, Gartner's latest semiconductor revenue forecast indicates a decline of 11% in 2023, followed by projected growth of 18.5% from 2023 to 2024, reaching USD631 billion.

According to Gartner, oversupply in the memory industry has resulted in price pressure, with an anticipated increase in purchases and flat production. This situation may lead to an undersupply scenario, expected to trigger a rebound of approximately 60%-70% in 2024.

Additionally, both the automotive and industrial markets are expected to grow by 13.8% in 2023[1].

The Group maintains cautious optimism for FY2024, as technological investments prioritize digitalization as a broader trend. Our focus remains on strategies to enhance production capacity, efficiency, and revenue growth, aligning with or surpassing industry forecasts in FY2024.

1 Source: Gartner's Press Release, "Gartner Forecasts Worldwide Semiconductor Revenue to Decline 11% in 2023," 26 April 2023.

CHAIRPERSON'S LETTER TO THE SHAREHOLDERS
cont'd

SUSTAINABILITY IN INARI

Sustainability has been ingrained in our core business strategy at Inari. Since 22 June 2020, Inari has met globally recognized standards and qualified for inclusion in the FTSE4Good Bursa Malaysia ("F4GBM") Index, a testament to our commitment to sustainability. We also align our Sustainability Statement with the Global Reporting Initiative Standards ("GRI Standard") and the United Nations Sustainable Development Goals ("UNSDGs"), as detailed in the Annual Report (pages 40 to 121) for this fiscal year.

Recognizing that our long-term success is closely tied to a strong sustainability plan that incorporates ESG values into our business practices, we have integrated ESG practices into our business strategies. The Industry 4.0 revolution is a top strategic priority, reflected in our Inari Manufacturing Execution System ("iMES"), which serves as the backbone for our digitalization and decentralization efforts.

To empower our employees in this digitalized world, we've equipped them with upskilling and reskilling programs from Skill Development Centres. We believe that the Company and its employees should move forward together, staying highly engaged and well-prepared for transformative technologies that will revolutionize the world. Thus, Industry 4.0 is central to our sustainability strategy, promoting innovation and market competitiveness.

CHAIRPERSON'S LETTER TO THE SHAREHOLDERS
cont'd

DIVIDENDS TO OUR SHAREHOLDERS

With a strong commitment to delivering good returns to our shareholders, the Group has consistently paid dividends. In FY2023, our shareholders received a dividend payout ratio of 94.2% over the profit after tax. This equates to a total dividend of 8.20 sen per ordinary share and a total cash dividend payout of RM306.3 million for FY2023.

In determining dividends, we consider various factors, including earnings, capital commitments, financial conditions, distributable reserves, and other relevant factors, all while prioritizing the health of the Company.

HEARTFELT APPRECIATION

Despite the challenges faced by the semiconductor industry, including Inari, we believe it has stimulated a more dynamic ecosystem for all our stakeholders, resulting in positive outcomes. We extend our gratitude to the Group's customers, business associates, advisers, suppliers, banks, governmental and regulatory authorities, and our shareholders for their unwavering support.

Finally, I would also like to express my utmost appreciation to the Group CEO and fellow Directors of the Board, management team and all employees for their unwavering commitment, effort, support, and contribution to the Group's success.

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 2023

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”), fibres-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 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.

MANUFACTURING CAPABILITIES

Inari Amertron Berhad

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

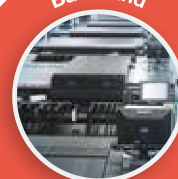
Assembly

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

Package Test

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

Back-End

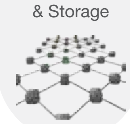


- Die Level Traceability & Genealogy
- In-line Automated Visual Inspection
- Burn-In, Pre-Cond & MSL Packing
- Vendor Managed Inventory & Drop Ship
- Customer Interactive Tracking Portal

RF device for Smart Mobiles

Sensors for Automotive & Industrial

Fibre and ASICs for Communications & Storage



KEY CAPACITIES (and growing)

Inari Amertron Berhad

Wafer Probe & Process	Surface Mount & Assembly	Automated Test Equipment (ATEs)
300+ Probers	**20+** SiP Lines	**1,500+** Test Systems
60+ Wafer Saws	**30+** Moulds	**70+** ATE Testers
5+ Back Grinders	**20+** Laser Markers	**1,000+** Handlers
150+ Flip Chip T&R	**30+** AOIs	**50+** AOIs

7+ Billion Chips Produced Yearly

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

Plants and Facilities Milestones

Since inception in 2006, Inari Group has grown to be one of the largest technology corporations in Malaysia. We are located in three countries (3) - Malaysia, Philippines and China - with eleven (11) plants having a total built-up area of approximately 2.15 million square feet and a total workforce of more than 6,000. A new manufacturing facility is currently being constructed in Yiwu, Zhejiang China having a built-up area of about 350,000 square feet; and a piece of industrial land in Batu Kawan was acquired in FY2023 for future expansion. Moving forward, we will continue to look at expanding our production capacity via further building or acquisition of plant space.

Below are our plants' and facilities' milestones:

ATK (2013)
100,000 square feet
China

CK1 (2013)
125,000 square feet
Philippines

YSIC (2023)
350,000 square feet
China

CK2 (2017)
83,000 square feet
Philippines

P1 (2006)
26,000 square feet
Malaysia

P3 (2008)
74,000 square feet
Malaysia

P5 (2014)
44,000 square feet
Malaysia

P13 (2014)
340,000 square feet
Malaysia

P21 (2016)
260,000 square feet
Malaysia

P34 (2019)
688,000 square feet
Malaysia

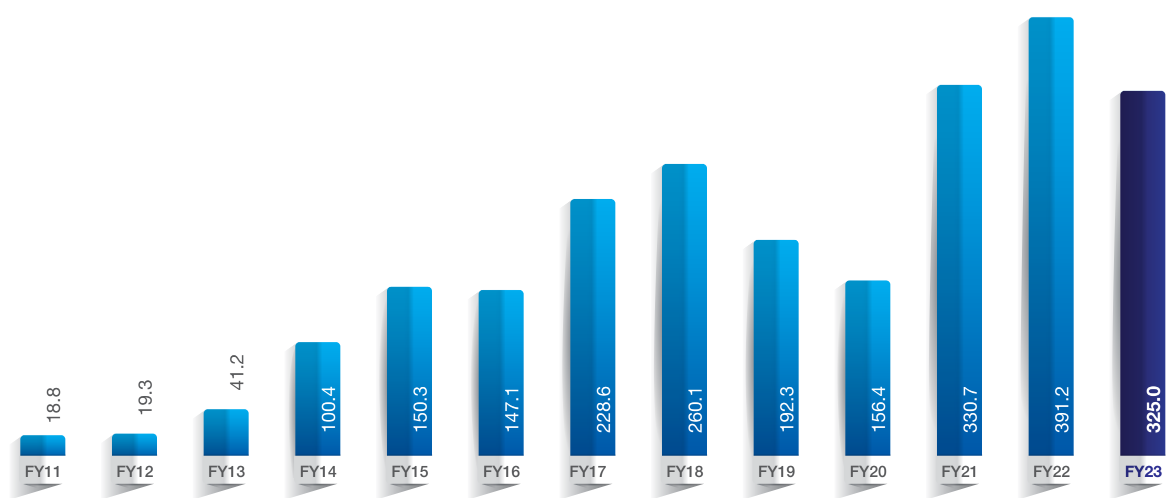
P55 (2021)
49,000 square feet
Malaysia

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

REVENUE
(RM'million)

Solid Revenue Record
Solid revenue record since FY2011 and registered revenue of RM1.35 billion in FY2023.

PROFIT AFTER TAX (PAT)
(RM'million)



Steady PAT Record
PAT achieved RM325.0 million in FY2023, despite challenging conditions faced by the semiconductor industry.

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

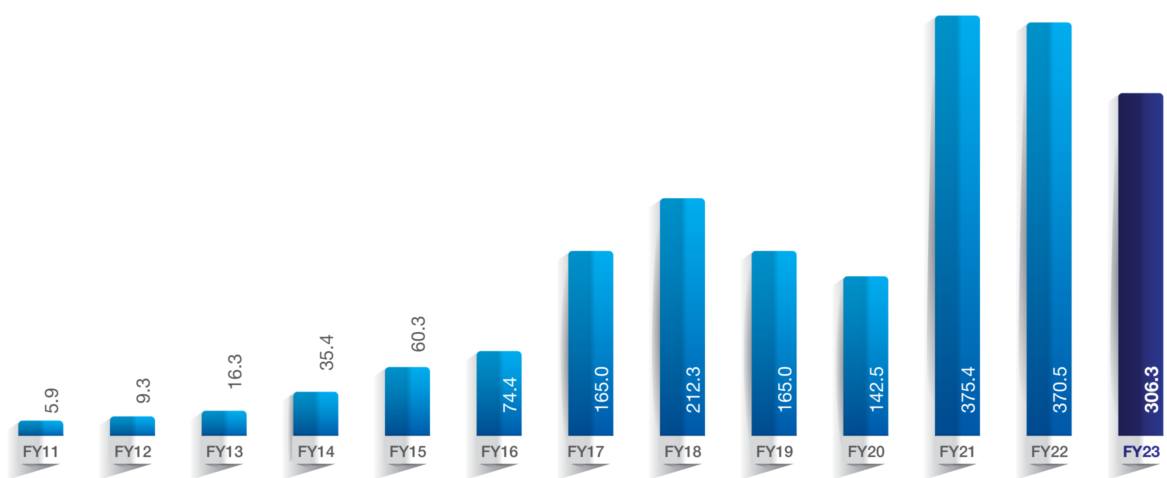
(RM'million)

Remarkable EBITDA Record

EBITDA recorded at RM464.3 million which is 34.3% over revenue ratio in FY2023.

CASH DIVIDEND PAYOUT

(RM'million)



Robust Dividend Payout

Robust payout in cash dividend since FY2011. Recorded dividend payout ratio of 94.2% which amounting to RM306.3 million in FY2023.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

(B) FINANCIAL REVIEW

Financial Performance

Inari Group's revenue achieved RM1.35 billion for the financial year ended 30 June 2023. Despite challenging conditions faced by the semiconductor industry during the year, there was only 12.5% decrease from the previous year's RM1.55 billion, which was the Group's highest revenue ever since inception. The Radio Frequency ("RF") business segment continues to be the main revenue contributor.

The Group made a net profit of RM325.0 million in the current financial year, lower by 16.9 % from RM391.2 million in the previous financial year. The Group's EBITDA has also decreased by 15.3% to RM464.3 million compared with RM548.1 million in the previous financial year. Overall, the decrease is measured against Inari's record-breaking performance in the last financial year. Hence, it is still a good performance benefiting from our focus on providing premium OSAT services to our customers with outstanding operational management.

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

- Higher interest income of RM52.9 million in FY2023 compared with RM23.9 million in FY2022;

- Lower foreign currency exchange gain of RM15.4 million in FY2023 compared with RM23.4 million in FY2022; and

- Lower taxation at RM30.7 million compared with RM54.9 million in FY2022, the decrease of RM24.2 million is mainly due to lower tax provision by RM2.4 million derived from a corresponding decrease in operating profit, and lower provision of deferred taxation by RM21.8 million in the current financial year.

Profit Attributable to Owners of The Company

Profit attributable to owners of the Company for FY2023 decreased 17.2% year-on-year to RM323.5 million compared with RM390.9 million in the previous financial year. The Group's Earnings Per Share ("EPS") is 8.68 sen for the current financial year ended 30 June 2023.

-12.5%

RM1,354.0 million

REVENUE

(FY2022: RM1,547.9 million)

-16.9%

PROFIT AFTER TAX

(FY2022: RM391.2 million)

RM325.0 million

-15.3%

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

(FY2022: RM548.1 million)

RM464.3 million

+3.9%

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

(FY2022: RM2,505.1 million)

RM2,602.6 million

Liquidity and Capital Resources

The Group's cash and cash equivalents lowered to RM1,831.0 million compared with RM1,971.0 million in FY2022. This amount includes unutilised net proceeds of RM684.8 million raised from the private placement exercise completed on 30 July 2021, after deducting the utilisation for capital expenditure, acquisitions and investments. The healthy cash flow generated from operations allowed Inari to deliver steady cash dividends while keeping up with capital expenditure. The Group's cash and cash equivalents as of 30 June 2023 was arrived at after taking in account the following:

a) Net cash generated from operating activities of RM419.0 million in FY2023 compared with RM504.7 million in FY2022;

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

b) Cash invested in capital expenditure of RM113.0 million in FY2023 compared with RM128.1 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. Furthermore, a total amount of RM164.7 million was paid in relation to the joint venture investment in China; and

c) Financing activities registered a net outflow of RM300.4 million in the current financial year mainly arising from total cash dividend payments of RM342.4 million, netted off against proceeds from the exercise of ESOS options of RM47.0 million and repayment of lease liabilities of RM0.8 million during the financial year under review.

Gearing

The Group has zero gearing at the end of FY2023 as all outstanding loan facilities have been fully repaid in the previous financial year.

Dividend

During FY2023, the Company declared four (4) single tier interim dividends totalling 8.20 sen per ordinary share. The total dividend declared represents dividend payout ratio at 94.2% over the profit after tax as compared with FY2022's payout ratio at 94.7% from the total dividend of 10.0 sen per ordinary share. The total dividend declared to shareholders in FY2023 amounted to RM306.3 million compared with RM370.5 million declared in FY2022.

(C) OPERATIONS REVIEW

Key Milestones and Operations Highlights

(1) Performance in FY2023

Performance remains resilient in a challenging environment

The lingering effects from post pandemic global inflation and increasingly fragile geopolitical situation, have lifted uncertainties to high levels causing an economic headwind in the global economy. The repercussion has reverberated across economies and markets, causing a short-term downturn in the global semiconductor industry in 2023 albeit is expected to rebound in the following year. A majority of the companies took a shift in their business strategies and have prioritized digitalization in their businesses. Digital transformation is becoming inevitable and has proven vital for companies to build speed, innovation and agility in order to sustain market competitiveness.

Inari continued its focus in driving innovation to support technology proliferation through advanced engineered packaging and testing, and is a part of the supply chains in emerging technologies such as high speed 5G connectivity, cloud technologies in data centres, Internet of Things, Artificial Intelligence, and Automotive and Industrial Electronics. In part, Inari took the approach of developing our own in-house designed equipment through our joint venture subsidiary namely Inari MIT Sdn Bhd ("IMIT"). Through IMIT, we are able to achieve operational productivity and efficiency with a team of designers that could consolidate multiple processes into a single machine at a reduced cost.

During a year of opportunities and challenges, Inari Group recorded a revenue of RM1.35 billion.

(2) Operational Highlights

Inari is fully committed in engaging closely with customers from the beginning stage of Request For Quotation ("RFQ") process to qualifying the production line, eventual mass production followed by the maintenance stage which requires continuous improvement. Inari aligns with the formula of TQRDCBE – Technology, Quality, Responsiveness, Delivery, Cost, Business Acumen and Environment. Inari pursues new technologies and innovation which will result in year-on-year fine-tuning of the parameters in the system to facilitate the latest ICs going through miniaturization, and includes investments in equipment machinery that could provide us with the latest capabilities driven by the expertise, knowledge & capabilities of our employees. Our engineers co-design and co-develop advanced packaging processes with our customers to streamline production whilst maintaining high quality and high yield rates. With our implementation of Industry 4.0 (I4.0), machine connectivity is across all types of products and functions to allow for fast and accurate decision making for operations to be carried out systematically, efficiently and promptly.

The recent acquisition of a plot of 5.05-acre land in Batu Kawan close to our P34 plant shows our commitment to our customers that we are fully prepared to expand to support their needs. This alongside rising number of new products or platforms stemming from accelerated industry digitalization and their supply chains that Inari is fully equipped to be a part of.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

Resilient RF Performance

With more content dies and passives increasingly condensed within thinner and tinier sized chip packages in each yearly release of flagship smartphones, the RF business unit is still the main revenue contributor for Inari despite some supply chain disruption during the year. In a networked world, the convenience of having clear voices transmitting and receiving on both sides filtered from background noise is something we have taken granted for years. In fact, in increasingly crowded & noisy RF spectrum, this requires ever advanced assembly technology that support miniatured dice and nodes measured in microns and coupled with precision placement of the flip chip technology and the high yield sputtering process of Electro Magnetic Interference ("EMI") shield on the RF packages.

With more than a 1,000 RF testers located at our P13 and P55 plants in Penang, Malaysia, Inari has one of the largest RF test sites in the world. Inari's differentiation factor is described as we call ourselves - engineered OSAT - with a well-equipped and diligent workforce trained for short notice capacity ramp-up, we are committed to support demand spikes for RF products especially during new product launches (and inadvertent up or downstream delays) with urgent lead times. We incessantly continue to invest into all our operations advancement or plants expansion to add value and improve wafer processing, advanced-SiP assembly capability and manufacturing capacity to fulfil the ever-evolving demand in RF package technology.

Amertron Business Units - Relatively Stable

Amertron Philippines and China operations for FY2023 remain stable and continue to perform within expectation. Various measures were taken to control the rising cost and minimise operation disruption. During the year, the Philippines operation achieved an optimum level and economy of scale in producing optical products and new products lined up for our customers. Amertron continues to stay relevant at the fore front of the technology revolution and we will continue to implement "Kaizen" and other lean manufacturing tools to achieve total efficiency and productivity within the processes for all products in the operation. Amertron's business units will exercise full balance with care and discipline in managing costs while improving operational performance.

Joint Venture on Yiwu Semiconductor International Corporation ("YSIC")

YSIC was formed with the main objective of creating synergies between joint venture parties to carry out OSAT manufacturing and related business in China for the China market. The construction of the manufacturing plant and facilities has started in July 2022 on a 11.5-acre industrial land located at Yiwu, Zhejiang China and is expected to be completed by the end of calendar 2023. YSIC will specialize on Wafer Level Packaging, Chip Scale Package and Module as well as SiP Assembly and Test. We have an exceptional team of experienced members on board. Even before the factory's completion, they have successfully secured a few customers' interests who eagerly awaits qualification on our production line to commence operations. The cleanroom facility has been established with remarkable efficiency and pace, and has been successfully installed and commissioned. Recognizing the extensive addressable market in China, YSIC represents a strategic approach for Inari to broaden its competitive edge offerings to wider strategic key customers.

(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

The semiconductor industry is a fast and rapidly changing industry, and sensitive to supply and demand dynamics. Global chip shortages resulting from the covid outbreak and recovery is still ongoing with the unexpected demand spikes from the push of digitalization on IoT, 5G and automotive sectors coupled with fabrication facility disruption. The domino effect from the disruption in the wafer fabrication houses will impact Inari as an OSAT for chip packages in the sectors Inari is involved in.

Technology is moving faster than ever and with each breakthrough, it can rapidly impact the direction of next generation. At the same time, it also leads to technology obsolescence or disruption. Direct mitigation for such risks is near impossible. Notwithstanding, the Group does take proactive steps each year to upskill and upgrade our technical and production capabilities to cater for the various engineering processing of different applications and products, while diversifying our customer base and revenue streams concurrently. With these, we are able to continue to offer comprehensive competitive edge semiconductor packaging services.

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

Cyclical Nature of the Semiconductor Market

The semiconductor market has traditionally been characterized by cyclical patterns of boom and bust. Yet, even in the face of recent global chip shortages, geopolitical complexities, and rapid technological advancements, it has entered a sustained growth phase. However, this growth is still expected to be followed by cyclical market corrections, driven by industry-wide over investments in semiconductor manufacturing capacities aimed at addressing each cyclical shortage in the market.

Inari implements prudent investment decisions and diversifying its product portfolio as strategies to navigate through the cycles. With different products, applications and products emerging as technology evolves, we are positive that the consumers will continue to drive market demand. Detailed operational planning of the production and continuous learning of modern technologies applied with expertise and experience on the advanced packaging processes will remain part of Group's existing and future capabilities.

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 that contribute to a large portion of the Group's revenue. Although Inari is exposed to operate in a highly competitive industry subjected to rapid technological changes, we have maintained good long-term relationship with our customers.

We acknowledge the significant impact of this risk on the well-being of our business. To attain our customers' confidence in the services provided, the Group focusses on continual upgrading of manufacturing processes and improvements on technologies as well as exercising stringent quality management to maintain its market competitiveness while working alongside their teams. Our technical know-how and industry knowledge, particularly our ability to offer value added comprehensive semiconductor packaging services are the core differentiation factors that set us apart from our competitors. Furthermore, we will continue to expand our research and development efforts to enhance the development of packaging on new products to further strengthen our position in the OSAT industry.

Human Capital

We recognise that the success of the Company is dependent on its employees, being a strong collective workforce driving the revenues in an organisation alongside the leadership of the management in steering the Company to the right direction, moving further together cohesively as one vehicle.

We value our employees as an important asset of the Company, recognising their continuous hard work and commitment over the years as a significant factor in Inari's success as well as being part of Inari's journey to a leading OSAT player today. As such, we are aware that losing employees remain a risk to the success of our business. We continue to value the importance of our people and the need for strong and robust succession as well as staff retention strategies.

We will continue to invest in our 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 to attract, develop and retain our talent pool.

Please refer to our Sustainability Statement (Workplace - Caring for our people) from pages 88 to 106 for further details.

Foreign Currency Exchange Fluctuation

We are exposed to foreign currency exchange risks arising from any fluctuation in the appreciation or depreciation of our operating local currencies and the Group's reporting currency (RM) as most of the Group's revenue is derived in US Dollars.

To mitigate the risk of foreign currency exchange fluctuations, the Group carries out active 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 typically using the same revenue currency US Dollars.

(E) OUTLOOK AND PROSPECTS

2023 was a year of uncertainty for the semiconductor industry. Geopolitical tension together with the inflation caused by economic headwinds, caused drop in demand in certain consumer sectors in the semiconductor market. As the economy progressively picks up the pace, Gartner released its worldwide semiconductor latest forecast on 26 April 2023, reported that the global semiconductor revenue to decline 11% in 2023 but growth of 18.5% is projected from 2023 to 2024.

In the same report, Gartner also mentioned that the memory industry is currently facing oversupply and has put significant pressure on the average selling price which will lead to an increase in purchases but with flat production. If this persists, there will be an undersupply which will steer to a rebound in 2024 with an approximately 60%-70% increase. There is also growth expected in both the automotive and industrial markets by 13.8% in 2023.[1]

The Group remains cautiously optimistic on the prospects for FY2024 as technology investments and digitalization of businesses continue. 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 FY2024.

1 Source : Gartner's Press Release "Gartner Forecasts Worldwide Semiconductor Revenue to Decline 11% in 2023"- 26 April 2023

LOOKING FORWARD TO FY2024

As semiconductor trends continue to evolve, we anticipate a growing range of products integrating Artificial Intelligence ("AI"). This presents numerous opportunities for companies within the supply chain. Given the potential surge in demand for supporting manufacturing, success will hinge on core capabilities such as precision, miniaturization, density, and effective heat dissipation. These factors collectively position Inari at the forefront as a preferred supplier of choice.

Inari has dedicated a budget of RM100 million to boost our capacity and enhance our capabilities. Our primary goal is to stay in sync with the rapid pace of technological advancements. We achieve this through ongoing improvements to our manufacturing platform, ensuring that we can consistently offer valuable solutions to our customers. For instance, we have taken the initiative to design and develop our own in-house customised process and equipment. This strategy helps us achieve operational efficiency and productivity while maintaining a competitive cost structure. Further, we are embracing Industry 4.0 principles, with our internally developed Inari Manufacturing Execution System ("iMES") seamlessly integrating AI. This not only enhances our operational excellence but also strengthens our talent and technology capabilities.

With an optimistic perspective, our Group is committed to further expanding our production capacity with current and new customers. This expansion is driven by the robust demand for RF components and optoelectronics, setting the Group on a trajectory of sustained growth. Importantly, this growth ripples through our Inari's ecosystem, a phenomenon we refer to as the "Inari Waterfall Effect," elaborated on in our Sustainability statement on page 68.


SUSTAINABILITY
STATEMENT

CONTENTS

SUSTAINABILITY STATEMENT
cont'd

ABOUT THIS SUSTAINABILITY STATEMENT

Being a prominent player in the Outsourced Semiconductor Assembly & Test ("OSAT") sector and one of Malaysia's largest technology companies, we command an expansive built-up production area of about 2.15 million square feet spanning Malaysia, the Philippines, and China. This expansive reach endows our endeavours with far-reaching influence, resonating throughout economies, individual livelihoods, and ecological vitality. Hence, our duty is apparent; we are resolutely dedicated to nurturing a sustainable future. Through steadfast commitment, we seek to enhance the communal social, economic, and environmental framework, underscoring our profound responsibility to the well-being of all.

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") seventh 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 2022 to 30 June 2023 ("FY2023"). Where possible, information from previous years has been included to provide comparative data.

REPORTING FRAMEWORK AND STANDARDS

We have prepared this Statement in compliance with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and refers to Bursa Malaysia's Sustainability Reporting Guide 3rd 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").

In addition, we work to align with Task Force on Climate-Related Financial Disclosures "TCFD" Recommended Disclosures on the 4 main pillars on Governance, Strategy, Risk Management and Metrics & Targets.

ASSURANCE

This Statement has not been externally assured. Notwithstanding, the performance data published in this Statement have been assessed, validated and reviewed by the internal operations and Management team.

Regular audits/reviews are in place in relation to key risks, processes, and controls relevant to sustainability-related risks identified via the risk management process and the policies and procedures quoted in this Statement.

This Statement is reviewed and approved by the Board.

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 i-enquiry@inari-amertron.com.my.

SUSTAINABILITY STATEMENT
cont'd

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

2023

- Being voted as **Best Employer of the Year**
- Obtained **Green Energy Certificate** for our efforts in GHG Reduction by installing solar panels to move towards our goal in Net Zero by 2050.
- **Achieved** our short-term target on Scope 1 GHG Emission, water consumption and waste generation reduction.
- **Planted 1,765** trees at our operation sites to **support local ecosystems** and improve air quality.

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**.
- 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**

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 ("Group CEO") and Group Chief Financial Officer ("Group 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 *Independent Non-Executive Director*
Committee Members	Dato' Dr. Tan Seng Chuan *Executive Vice Chairman*
	Dato' Sri Chee Hong Leong, JP *Independent Non-Executive Director* *(Appointed to Board on 21 February 2023 and SRMC on 13 March 2023)*

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 for undertaking 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 FY2023, the Sustainability and Risk Management Committee namely, Datuk Phang, Dato' Dr. Tan and Dato' Sri Chee 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 related risk can be found on Climate Change Risk Management section of Inari's sustainability statement from page 52 to page 53. Meantime, the risk management process for other operations risk can be found in the Statement on Risk Management and Internal Control of Inari's FY2023 annual report.

SUSTAINABILITY STATEMENT
cont'd

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.

Governance Structure	Roles & Responsibilities
Board of Directors	• Oversight on corporate sustainability strategy and performance
Sustainability and Risk Management Committee ("SRMC")	• Responsible for monitoring the implementation of sustainability strategy and performance, and risk management in an integrated manner.
Group Chief Executive Officer	• Reviews sustainability matters with the SIWG with the support of Group CFO • Reports to the SRMC on sustainability matters
Group Chief Financial Officer	• Supports Group CEO in sustainability matters
Sustainability and Integrity Working Group("SIWG")	• Comprises management team and representatives from operations, procurement, business development, health, safety & environment, human resource, finance and accounts departments • Responsible for materiality assessment, identification and monitoring of initiatives/ actions, execution of initiatives/actions and reporting • Reports to Group CEO on sustainability matters

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 Environmental, Social and Governance ("ESG") metrics including climate change, ensuring management accountability for the achievement of the Company's goals. In FY2023, the Group has established a comprehensive set of Key Performance Indicators ("KPIs") directly aligned with a range of critical ESG considerations. These KPIs encompass key aspects like climate change, product quality and safety, human rights and labour practices, occupational health and safety, talent cultivation and retention, and strict adherence to regulatory obligations.

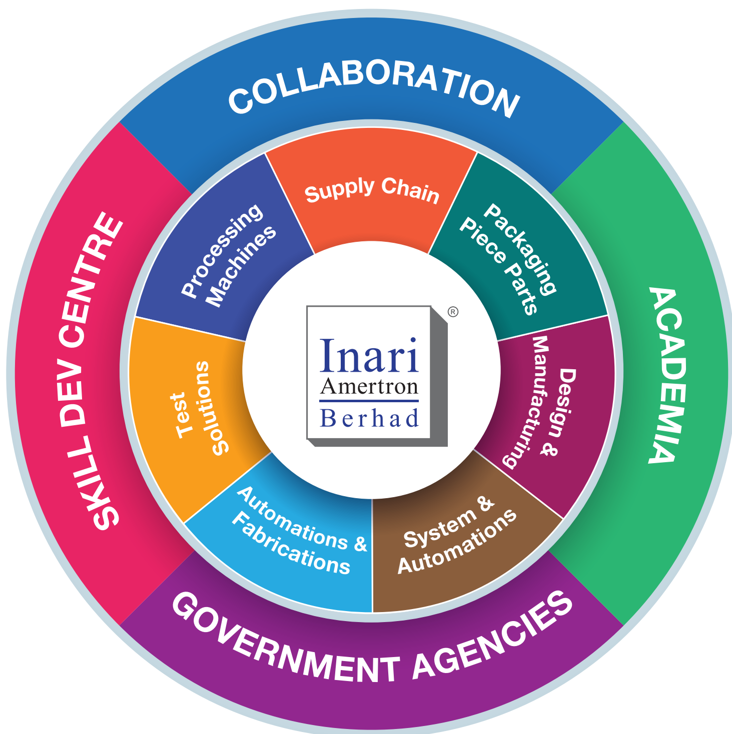
To reflect the Company's commitment in transitioning into a net zero carbon business by year 2050, the Group will introduce carbon emission reduction as new KPI in the near future.

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 believe collaboration is the foundation of success towards sustainable development. The Company can only achieve sustainable growth by optimizing 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. In 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.

ECONOMIC

Inari promises to deliver quality services and products to our customers, uphold good business conduct and ethics and deliver good returns to our shareholders.

Material Sustainability Matters:
- Corporate Governance and Ethics
- Customer Satisfaction
- Innovation
- Supply Chain Management
- Privacy and Data Protection

WORKPLACE

Inari has systems in place to improve workplace wellbeing, respect human right, retain talent and bring untoward incidents at workplace to zero continuously.

Material Sustainability Matters:
- Employee Gender, Diversity and Inclusion
- Employee Development and Talent Retention
- Human and Labour Rights
- Occupational Safety and Health
- Employee Welfare

ENVIRONMENT

Inari will continue to advocate green development across all our current and future business operations.

Material Sustainability Matters:
- Energy Usage
- Greenhouse Gas Emissions and Climate Change
- Water Management
- Waste Management
- Product Stewardship

LOCAL COMMUNITIES

Inari is committed to improve the wellbeing and living standard of its surrounding communities continuously.

Material Sustainability Matters:
- Local Communities

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")
- Malaysian Employers Federation ("MEF")
- Malaysian Investor Relations Association ("MIRA")
- Malaysia Semiconductor Industry Association ("MSIA")
- Penang Green Council ("PGC")
- Personnel Officers Association of the Philippines ("POAP"), Clark Human Resource Council ("CHRC") Philippines
- SEMI Global Industry Association ("SEMI")
- Semiconductor & Electronics Industries in the Philippines, Foundation Inc ("SEIPI")

CORPORATE MEMBERSHIP AND ASSOCIATION *(cont'd)*

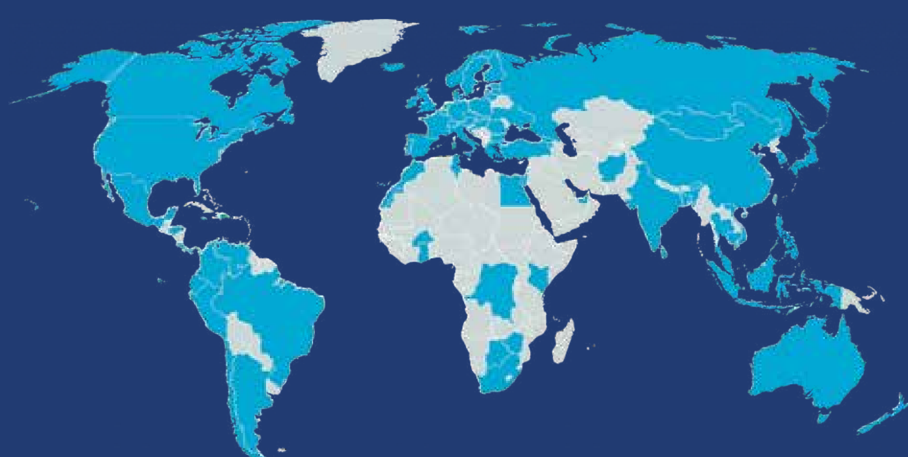
MSIA, SEMI and SEIPI are industry associations which gather companies involved directly or indirectly in the supply chain of the semiconductor industry. It serves as a platform to develop technology in the semiconductor industry and to advocate and build positive relationships with the government, agencies, 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. In FY2022, 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).

Since 2022, Inari became a listed Task Force on Climate-Related Financial Disclosures ("TCFD") supporter, which can be found online at https://www.fsb-tcfd.org/supporters/. We believe that the TCFD recommendations provide a useful framework to increase transparency on climate-related risks and opportunities. This indicates our commitment to align our disclosures to the TCFD recommendations. This commitment seamlessly aligns with the stringent sustainability disclosure mandates of Bursa Securities, showcasing our proactive approach in meeting and exceeding industry standards.

TCFD supports around the world



4,000 supporters in **101** jurisdictions

Source:
https://www.fsb-tcfd.org/support-tcfd

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

SUSTAINABILITY STATEMENT
cont'd

OUR SUSTAINABILITY METRICS AND TARGETS

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 FY2023.

Sustainability Strategy	Sustainability Goals	Performance in FY2023
Economic • Corporate Governance and Ethics • Customer Satisfaction • Innovation • Supply Chain Management • Privacy and Data Protection	■ Practice good corporate governance and ethics	■ Zero cases of non-compliance and ethical issue
	■ Deliver good returns to our shareholders	■ Achieved revenue of RM1,354 million ■ Achieved profit after tax of RM325 million ■ Dividend payout ratio: 94.2%
	■ Meet customers' requirements ■ Deliver quality services and products	■ Responded to all queries received from customers
	■ Zero breaches of privacy and data protection	■ Zero cases related to breaches of privacy and data protection
	■ Promote purchases from local suppliers	■ Our Group's spending for local suppliers has increased over the years
Environment • Energy Usage • Greenhouse Gas Emissions and Climate Change • Water Management • Waste Management • Product Stewardship	■ Advocate green development to align with the Climate Governance Malaysia target to reduce global warming and the Net ZERO carbon emission by year 2050	■ Minor increase in energy intensity from FY2022 (0.0000215 GJ/FOU) to FY2023 (0.0000273 GJ/FOU) due to increase in New Product Introduction ("NPI") activities from new and existing customers. However, we managed to obtain lower energy intensity over 5 years ■ Minor increase of in GHG emissions intensity from FY2022 (0.00404 tCO_2e/ FOU) to FY2023 (0.00501 tCO_2e/ FOU) due to increase in New Product Introduction ("NPI") activities from new and existing customers. However, we managed to see a decrease in GHG emissions intensity over 5 years ■ Increase of 15% in water intensity
	■ Zero non-compliance with local regulatory requirements for wastewater discharge	■ 100% compliance with local regulatory requirements for wastewater discharge

OUR SUSTAINABILITY METRICS AND TARGETS *(cont'd)*

Sustainability Strategy	Sustainability Goals	Performance in FY2023
Workplace • Employee Gender, Diversity and Inclusion • Employee Development and Talent Retention • Human and Labour Rights • Occupational Safety and Health • Employee Welfare	▪ Employee engagement survey satisfaction score above 90%	▪ Achieved an overall satisfaction score of 95% in employee engagement survey
	▪ Promote employee gender and diversity	▪ 65% of female employees in the global workforce
	▪ Continuous development for every employee	▪ Achieved 44,129 of total training hours with an average of 7 hours per employee
	▪ 100% completion rate for employee performance review	▪ 100% of employees received performance reviews
	▪ Respect and achieve 100% compliance to human and labour rights	▪ Zero cases reported for forced/ child labour, discrimination or grievances on human rights
	▪ Zero workplace injury case	▪ 5 minor cases of workplace injuries at operations in Malaysia (1) and Philippines (4)
Local Communities • Local Communities	▪ Contribute to the wellbeing and living standard of surrounding communities	▪ 724 interns hired this year with a total of 5,119 interns hired to date
		▪ Contributed a total of RM276,480 in CSR initiatives in FY2023
		▪ 28,765 volunteered hours, contributed by employees on community services

SUSTAINABILITY STATEMENT
cont'd

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	Status in FY2023
Climate Change	Percentage reduction target (%) - scope 1 (tCO2e)	-3%	-5%	Achieved
Climate Change	Percentage reduction target (%) - scope 2 (tCO2e)	-2%	-3%	In-Progress
Climate Change	Percentage reduction target (%) - GHG Intensity (tCO2e / FOU)	-2%	-5%	In-Progress
Climate Change	Percentage reduction target (%) - Energy consumption (GJ)	-3%	-5%	In-Progress
Climate Change	Percentage reduction target (%) - Energy Intensity (GJ/ FOU)	-2%	-3%	In-Progress
Water Security	Percentage reduction target (%) - Water consumption (m^3)	-3%	-5%	Achieved
Water Security	Percentage reduction target (%) - Water Intensity (m^3/ FOU)	-5%	-5%	In-Progress
Pollution & Resources	Percentage reduction target (%) - waste generation (mt)	-3%	-5%	Achieved
Pollution & Resources	Percentage target (%) - 3R	90%	90%	Achieved
Health & Safety	Percentage reduction target (%) - Number of injury incident	Zero injury	Zero injury	In-Progress

We will reach the goal by working on current and future energy-saving projects, making processes more energy-efficient, cutting down on greenhouse gas emissions, using less water, and improving how we operate to make less waste. We track progress each month and report to senior leaders to ensure we're on track. The actual performance is being measured against the targets set monthly and reported to the Senior Management to strive for achievement. The details of the actual performance are disclosed under the Environment section from Page 73 to Page 87 of this Sustainability Statement.

CLIMATE CHANGE RISK MANAGEMENT

Climate Change related risks are integrated into the Group's overall risk management, the process of identifying, assessing and managing climate related risks is tabulated as follows:

CLIMATE CHANGE RISK MANAGEMENT *(cont'd)*

In FY2023, the following climate related risks have been identified and the corresponding measures that had been taken/ on-going to mitigate its impacts to the operations.

Climate Related Risks	Measures Taken/ On-going
Supply Chain Risk	1. Alternative sources of Suppliers (Facilities/ equipment/materials to manage the supply chain issue). 2. Keep buffer stock according to Customers requirement for key raw material. 3. Early communication with Customers on foreseeable delays in delivery due to raw material shortages, Material Planner ("MP") liaises with Customers and Suppliers for recovery plan to minimise the impact. 4. Yearly supplier performance monitoring and review.
Climate Change Risk	1. Salvage reverse osmosis water for toilet flushing and plant water. 2. Available backup water retention in all plant (average retention up to 8 hours) to support basic requirements. 3. Completed cost saving projects for water at all plants and green/self-generated energy. 4. Elevate the ground level of all newly build or purchased building to prevent flood (i.e. ITSB is currently built above the minimum sea level requirement by Council). 5. Emergency Response Preparedness.

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	• Customer satisfaction surveys • Audit on operations • Meetings • Real-time production status updates	• 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	• As and when needed • On-going • Annually

SUSTAINABILITY STATEMENT
cont'd

LISTENING TO OUR STAKEHOLDERS *(cont'd)*
Stakeholder Engagement *(cont'd)*

Stakeholder Group	Type of Engagement	Sustainability Concerns	Frequency
Employees	• Volunteer programmes • Hotline • Feedback boxes • Annual appraisal • Townhall meetings • Employee surveys	• 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	• As and when needed • On-going • Annually
Senior Management	• Management review • Operational review • Various communications meetings and sessions	• Economic, environmental, social and governance matters • Achievement of key performance indicators • Human resource management • Ethics, integrity and regulatory compliance • Anti-corruption and bribery	• On-going • Monthly • Quarterly • Annually
Shareholders	• Analysis briefing • Financial results reporting • Annual General Meeting • Annual reports • Corporate website • Regular plant visits for further understanding of our operations	• 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	• As and when needed • On-going • Quarterly • Annually
Suppliers/ Business Partners	• Supplier selection via pre-qualification and registration • Regular supplier performance evaluation • Due Diligence	• 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.	• As and when needed • On-going • Annually
Regulators	• Participation in programmes organised by regulatory bodies • Engaging in dialogues with regulators • Participation in industry and government interest groups • Regular plant visits	• Compliance with relevant laws and regulations • Good corporate governance practices	• As and when needed • On-going

LISTENING TO OUR STAKEHOLDERS *(cont'd)*

Stakeholder Engagement *(cont'd)*

Stakeholder Group	Type of Engagement	Sustainability Concerns	Frequency
Local Communities	• Volunteering programmes • Engagement and participation in community and corporate social responsibility ("CSR") events	• Financial and non-financial contributions to local communities • Good corporate citizenship	• 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.

Identification	Categorisation & Prioritisation	Validation	Process Review
• Identify key stakeholders • Determine sustainability concerns for each stakeholder • Assess its influence towards the Group	• Categorise and prioritise key sustainability matters • Plan the possible actions and report on the key sustainability matters	• Finalise the identification of the report content • Validate the identified material matters through the underlining the principles of materiality, completeness and stakeholder inclusiveness	• Evaluate the materiality assessment process against the desired outcomes • Re-assess the process to achieve the desired outcomes when necessary
Step 1	Step 2	Step 3	Step 4

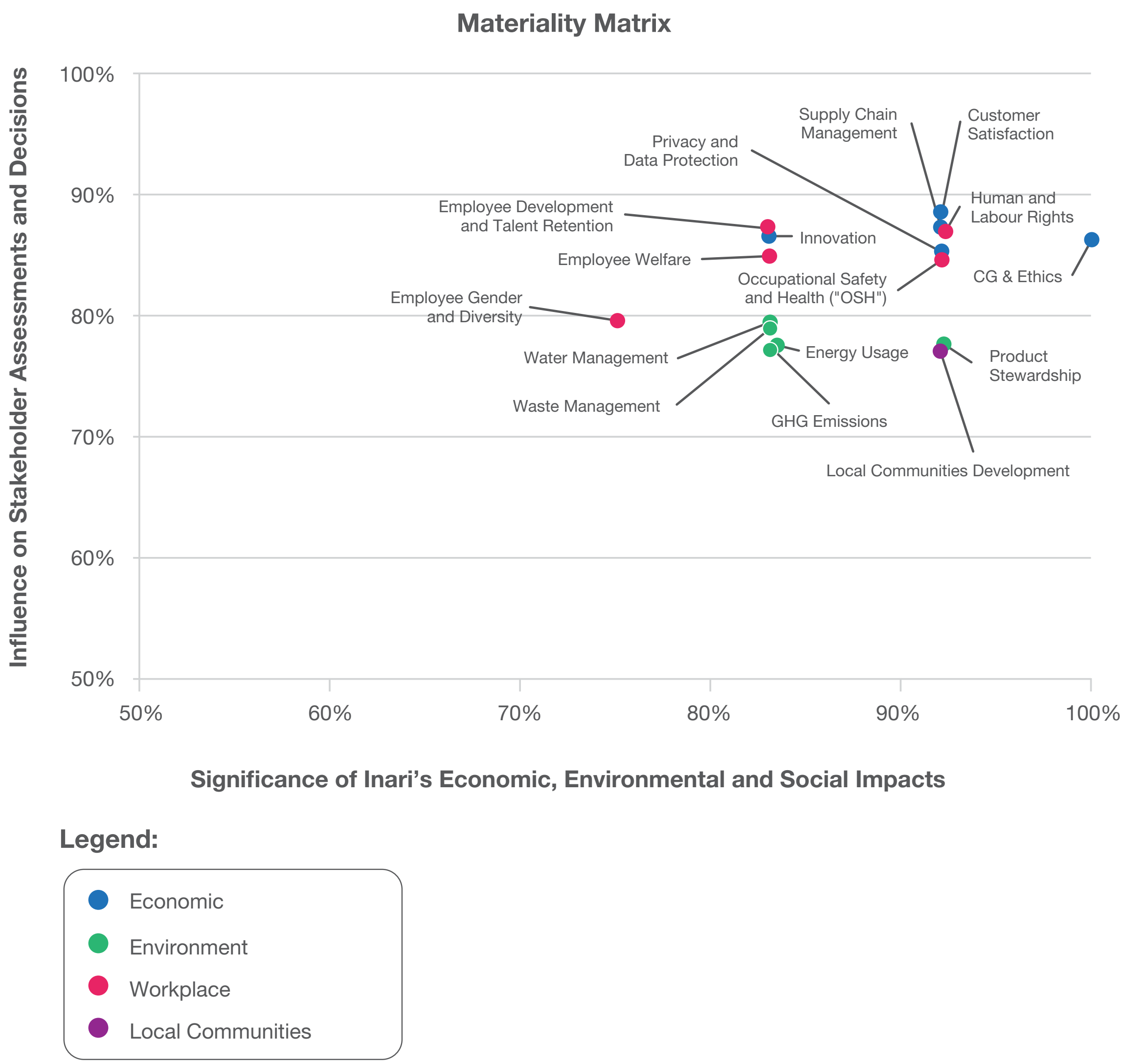
The materiality assessment process generates the materiality matrix, a visual representation of the Group's priorities. Each material sustainability matter reflects the concerns and interests of our stakeholder groups as well as its significance to the Group's business operations.

We undertook a comprehensive materiality assessment to evaluate the significance of key identified sustainability matters to our Group and to our stakeholders. Our approach encompassed gathering insights from both internal and external stakeholders. This involved engaging with our customers, community, government agencies, investors, suppliers and employees.

SUSTAINABILITY STATEMENT
cont'd

MATERIALITY ASSESSMENT *(cont'd)*

The inputs gathered were tabulated and plotted on a materiality matrix to illustrate the importance of each material sustainability matter based on the importance to our Group and importance to our stakeholders.



MATERIALITY ASSESSMENT *(cont'd)*

Material Sustainability Matter	Description
Economic	
Corporate Governance ("CG") 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.

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 the Group's mission/ vision and beliefs clearly 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 of 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 FY2023, 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.

Number of employees who have received training on anti-corruption by employee category	FY2021	FY2022	FY2023
Malaysia			
Manager and above	65	73	56
Executive	282	366	382
Non-executive	675	949	1,036
Philippines			
Manager and above	8	5	11
Executive	9	12	19
Non-executive	803	761	1,271
China			
Manager and above	17	15	15
Executive	24	23	23
Non-executive	91	93	93

ECONOMIC *(cont'd)*
- Better Results from Better Practices

CORPORATE GOVERNANCE AND ETHICS *(cont'd)*

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

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.

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 making 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 considered 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.

Percentage of operations assessed for corruption-related risks	Percentage (%)
FY2021	100
FY2022	100
FY2023	100

For FY2023, there were no reported incidents of corruption or breaches against our Anti-Corruption and Bribery Policy.

Total number of confirmed incidents of corruption	2021	2022	2023
Malaysia	0	0	0
Philippines	0	0	0
China	0	0	0

ECONOMIC *(cont'd)*
- Better Results from Better Practices

CORPORATE GOVERNANCE AND ETHICS *(cont'd)*

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 include but are 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, written via email or via the whistleblowing disclosure form as set out in the Whistleblowing Policy and Procedures. Alternately, employees may make a report via a whistleblowing hotline that is managed by an independent third party.

The Group treats all reports in a confidential manner and at the same time, the whistleblower shall be accorded protection of confidentiality of identity to the extent reasonably practicable, and protection against any adverse and detrimental actions and retaliations of all forms. In FY2023, no non-compliance and breaches of ethical issues were 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 MCCG. We ensure that the standards of corporate governance are being observed throughout the Group with the ultimate objective of enhancing long-term shareholders' value and returns to our stakeholders. Details of our corporate governance framework and practices are presented in the Corporate Governance Overview Statement on pages 126 to 144 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 are audited by external auditors and approved by the Board of Directors with recommendation from Audit Committee.

ECONOMIC *(cont'd)*

- Better Results from Better Practices

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 from 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

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 have received over the years. They are testament to our hard work and effort in delivering quality, technological solutions and operational excellence.
Below lists the awards presented to our business in recognising Inari's efforts and achievements.

- Osram's Supplier Achievement Awards 2023
- Binary University of Management & Entrepreneurship Certificate of Leadership Excellence
- Bureau of Customs Port of Clark International Airport Plaque of Recognition - Top 5 Exporter for Year 2022
- Employees' Provident Fund, Georgetown, Penang - Recognition of Best Employer 2022
- The Edge Billion Ringgit Club Awards - Highest Returns to Shareholders over Three Years in 2022
- Osram's Supplier Achievement Awards 2022
- Recognition from the Institution of Engineers Malaysia for contribution in the Engineering Industry (Materials and Production) 2022
- All Executive Team 2019 - ASEAN Most Honoured Companies and Special Achievement Award for CEO and CFO organised by Investor Relations Professionals Association Singapore ("IRPAS")
- Industry Excellence Platinum Award 2019 organised by The Institution of Engineering and Technology ("IET") Malaysia Network

ECONOMIC *(cont'd)*
- Better Results from Better Practices

CUSTOMER SATISFACTION *(cont'd)*

Branding and Reputation *(cont'd)*

- Asiamoney Awards 2019 for The Most Outstanding Company in Malaysia - Semiconductor & Semiconductor Equipment Sector
- Financial Times FT1000 High-Growth Companies Asia Pacific 2018
- Broadcom's Strong Partnership & Excellent Shipment Support for 2018
- MIRA Best CEO for Investor Relations (Mid Cap) 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
- 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
- Best Brands Blue Chip Award 2013 (Electronics Manufacturing) by the Brand Laureate SMEs

INNOVATION

> "Think ahead and always stay relevant to the needs of our customers"

Given the rapid pace of technological change in today's connected and digitalised world, aligning research and development goals to market opportunities is key to growing our business. We place importance on continuous improvement across our organisation and 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 meet both market and customers' demand.

ECONOMIC *(cont'd)*
- Better Results from Better Practices

INNOVATION *(cont'd)*

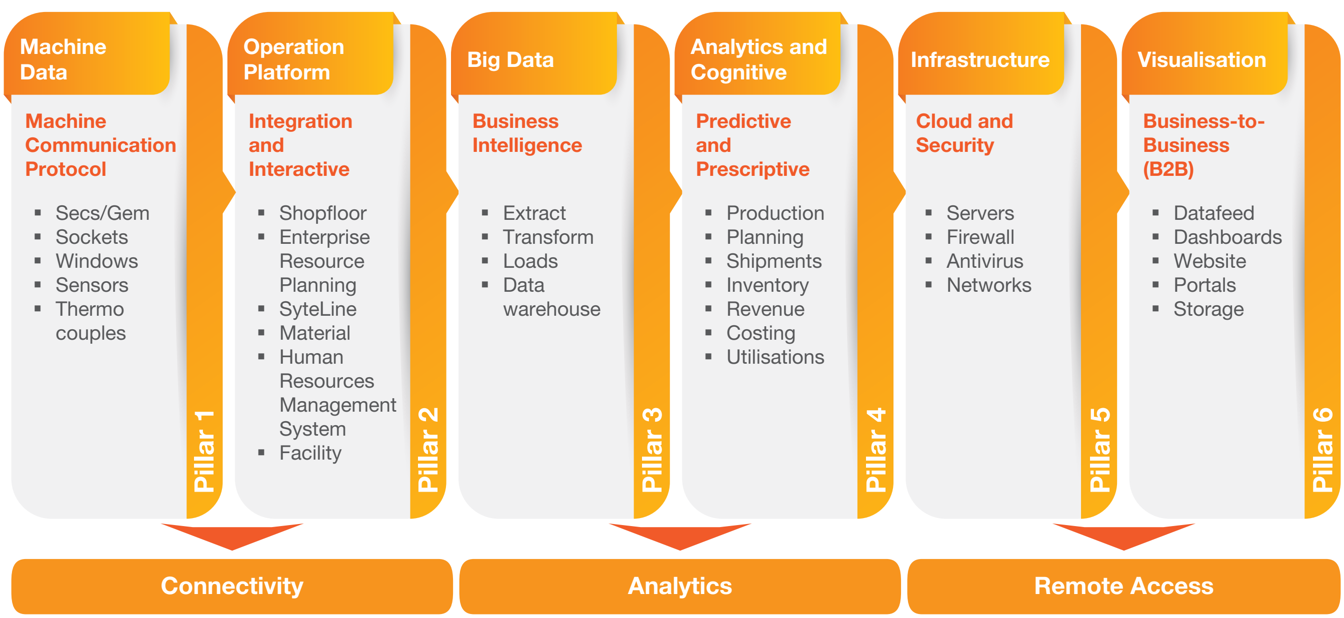
Process Innovation and Industry 4.0

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



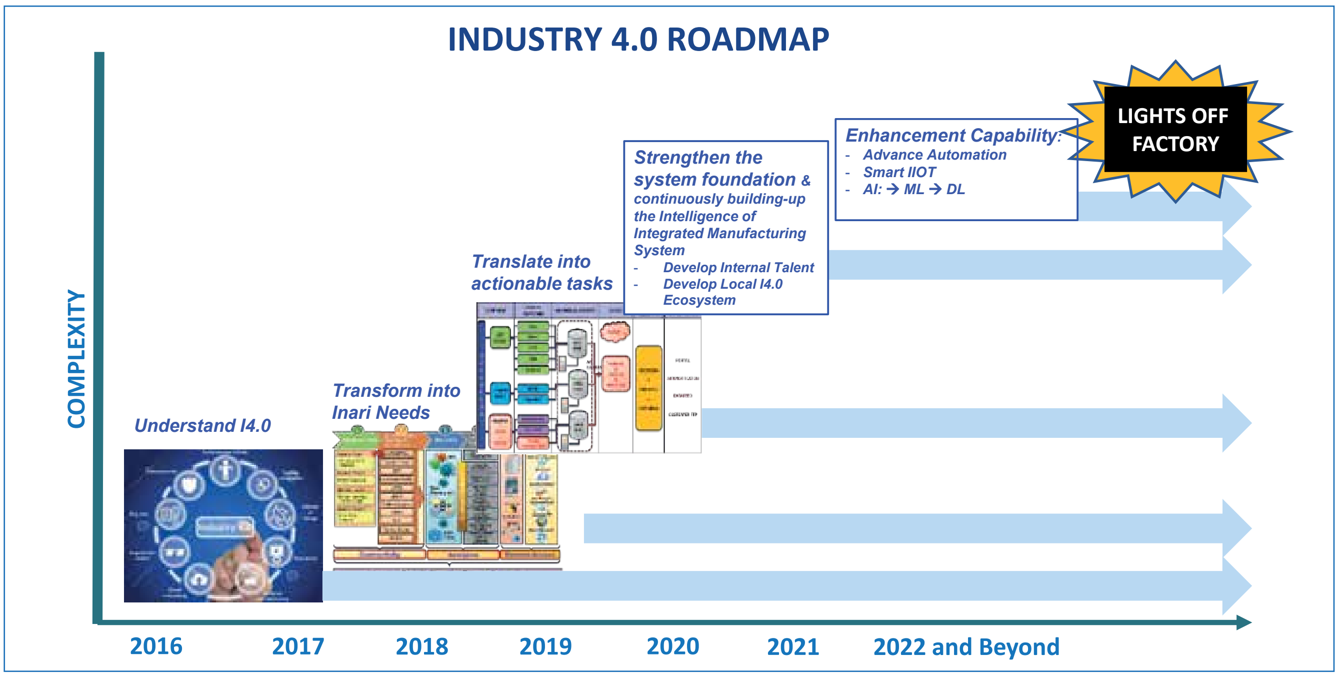
SUSTAINABILITY STATEMENT
cont'd

ECONOMIC *(cont'd)*
- Better Results from Better Practices

INNOVATION *(cont'd)*

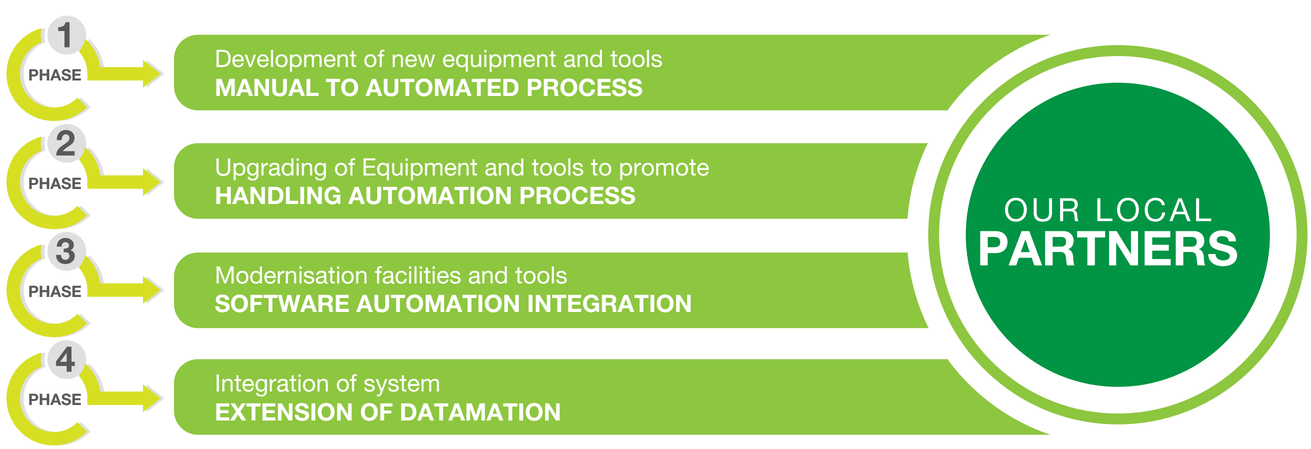
Operational Excellence through Innovation

Our Industry 4.0 Roadmap towards lights off 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 a summary of our automation strategy with our local partners.

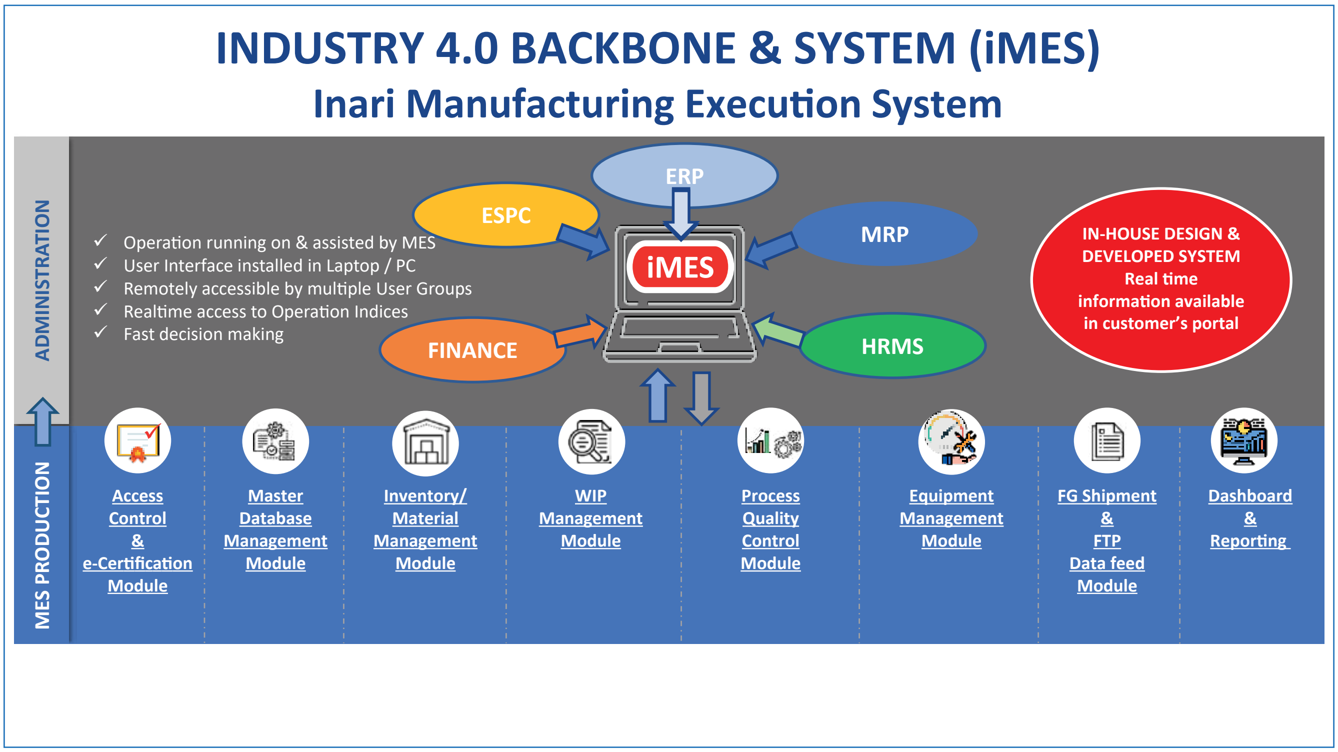


ECONOMIC *(cont'd)*
- Better Results from Better Practices

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 fulfilment. The diagram below summarises Inari's in-house developed iMES process for implementation of Industry 4.0.



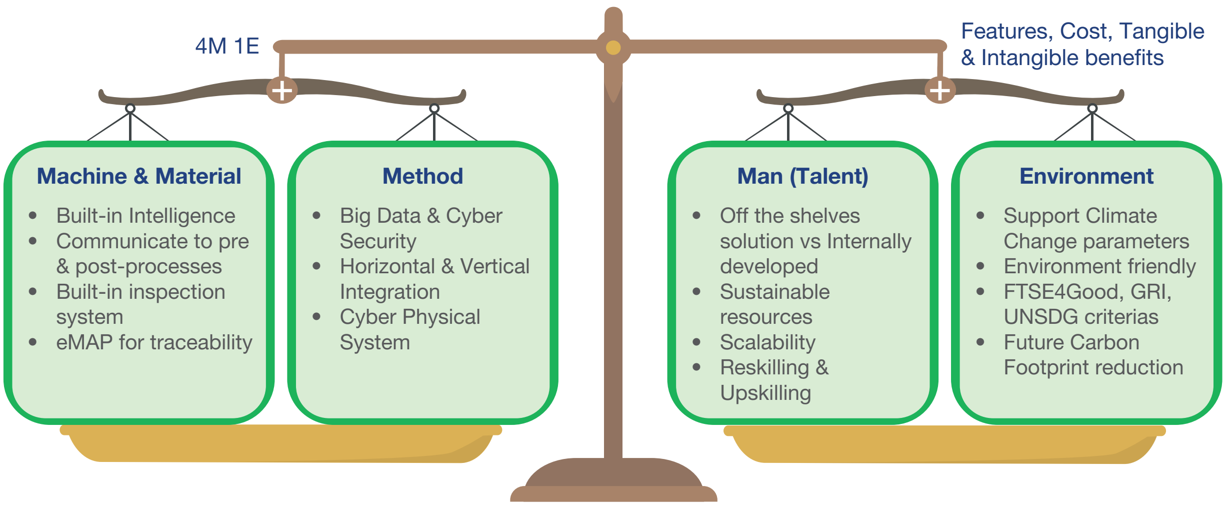
ECONOMIC *(cont'd)*
- Better Results from Better Practices

INNOVATION *(cont'd)*

Operational Excellence through Innovation *(cont'd)*

We aim to strike a harmonious balance between integrating new technologies, fostering internal talent growth, and upholding environmental sustainability to ensure holistic organizational advancement, resilience, and responsible progress.

The "Balancing-Act" for Technology Adoption



We've crafted a range of Internal Industry 4.0 Initiatives, to drive transformative progress within our operations as below:

Automation system to extract machine and system data for quicker information access, preventative maintenance, pre-defined decision-making and process optimization

- **e-PM (e-Preventive Maintenance) system** stores information on equipment maintenance operations. This significantly improves work processes, forward analysis, operations and maintenance costs
- **Smart Equipment System** connects with all our testers and handlers for real-time machine status updates, site-by-site yield performance monitoring and analysis, analytics on hardware performance according to site
- **Advanced Recipe Management System** guarantees the correct programs, recipes, hardware and configurations are loaded and executed

Machine-to-machine communication that allows testers to communicate directly with handlers gears toward adding value to production by improving efficiency and accuracy and reducing operational costs

- **Universal Tester User Interface (UI)** acts as standard smart user interface with testers to fully automate set-ups with a one-time lot bar code scanning, real-time yield, site yield and bin yield monitoring, and direct communication to handlers for real-time data processing

Smart manufacturing technology that aims to improve production processes by moving away from traditional methods toward automated and digitized systems

- **eChecklist system** uses paperless approach to automate and standardize all checklist submission, validation and approval management
- **TCR system** impacts on production process efficiency with hardware inventories management that enables hardware tracking, transactional event logging and hardware set up validation

ECONOMIC *(cont'd)*
- Better Results from Better Practices

INNOVATION *(cont'd)*

Operational Excellence through Innovation *(cont'd)*

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 FY2023.

Date	Initiatives/Events
July 2022	• Invited to present Diploma Certification to graduates during Convocation of Politeknik Seberang Perai.
	• Participated in the preparation of working paper to address "Talent Issues and Challenges in E&E Sectors organised by Economic Action Council of Malaysia ("EAC").
	• Elected as Steering Committee members and participated as one of panel judges during the "SME Pitching session for "Enhancement of Strategic Industry and High Growth Enterprise (PRESTIGE)" for Electrical and Electronic Initiatives ("EEI") organised by SME Corp.
	• Invited to deliver Prize Giving Ceremony to students on Robomania Competition 2022, organised by Penang Tech Dome. Inari sponsored on the Robomania Competition Prizes.
August 2022	• Participated as a Forum panellist during Electronic Packaging Conference ("EPCON") entitle "Is Digital Infrastructure a Barrier to Digitalization".
September 2022	• Participated in the dialogue session with Minister of Science Technology and Innovation ("MOSTI") on E&E Technology Development.
	• Took part as a Speaker at the Student Enrichment Program organised by MARA Kedah, to encourage STEM readiness post SPM.
November 2022	• Presented to Telekom Malaysia Foundation students on "I4.0 Awareness" organised by MMU.
January 2023	• INTI University Awards Ceremony - Inari as Industry Partnership with INTI University sponsored and presented the Best Student Award to INTI best student.
	• Collaboration within Inari, PSDC and TalentCorp to develop Semiconductor Training Syllabus (known as SHIFT programs) to train Diploma and Degree Internships from various Universities and Colleges. Inari had sent a total of 234 intern students to PSDC and TalentCorp have funded RM 490k for this SHIFT program.
June 2023	• Penang STEM Pipeline Program for Form 4 & 5 High School. Inari sponsored Chong Hwa High School in Science, Technology, Engineering and Mathematics ("STEM") Engineering Pipeline Development to inject more comprehensive STEM syllabus to high school students.
	• Penang INTI College A Level Students and Lecturers visited Inari and window tour at Production area.
	• Engineering Sharing to 500 High School students on "Why Engineering is Important" to inspire our future generation in STEM pathway.

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC (cont'd)
- Better Results from Better Practices

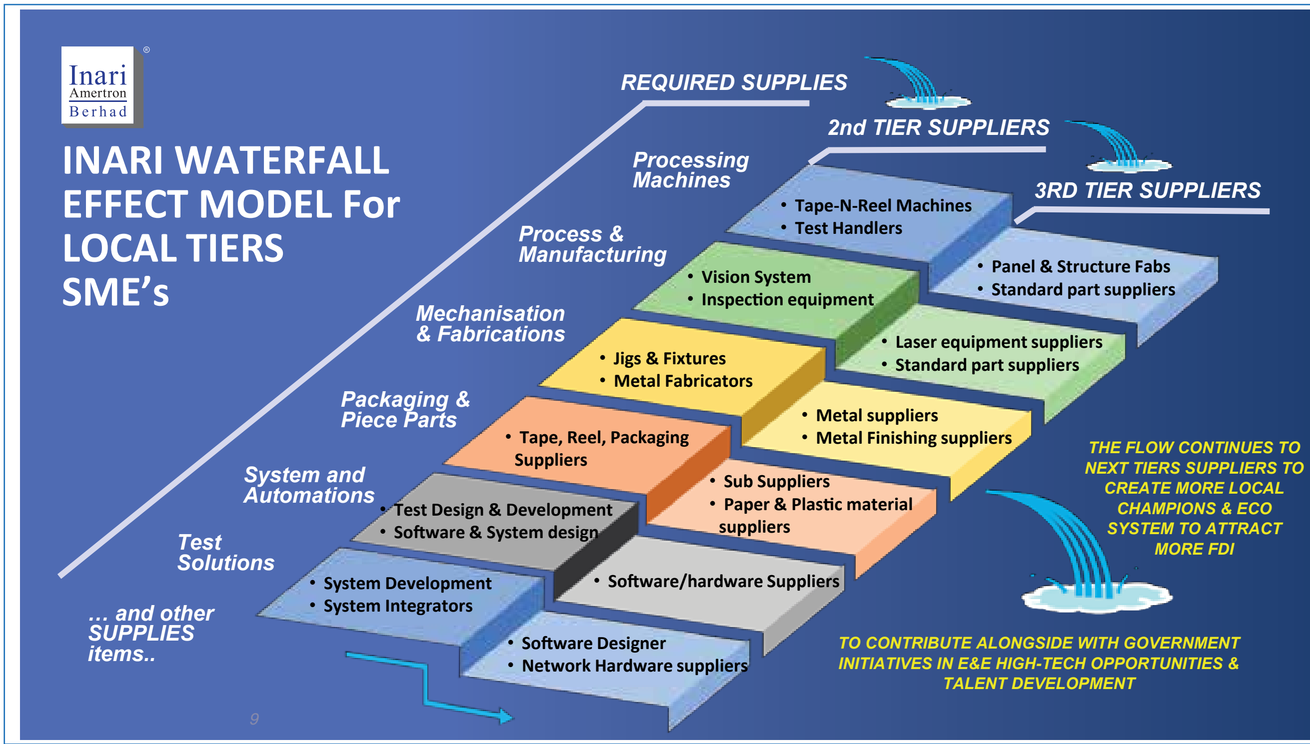
SUPPLY CHAIN MANAGEMENT

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 providing ethical products and services to our customers and at the same time supporting our suppliers and their employees.

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

Supplier Code of Conduct

We aim to establish a mutually beneficial relationships with our suppliers. 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.

ECONOMIC *(cont'd)*
- Better Results from Better Practices

SUPPLY CHAIN MANAGEMENT *(cont'd)*

Supplier Code of Conduct *(cont'd)*

Environment	Social	Governance
■ 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).	■ 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.	■ 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.

ECONOMIC *(cont'd)*
- Better Results from Better Practices

SUPPLY CHAIN MANAGEMENT *(cont'd)*

Conflict-Free Minerals Policy *(cont'd)*

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.

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 work 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.

Supplier Monitoring and Audit

On annual basis, supplier's risk assessment and audit were conducted for top suppliers, in FY2023 we have audited top 6 suppliers for Malaysia, Top 5 suppliers for Philippines and Top 4 suppliers for China 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)

Based on the supplier audit, no high-risk suppliers have been noted, thus, no further measures were taken.

Training on Social Supply Chain Policy

Each year, we organize a minimum of 2 training sessions for buyers and material planners, revitalizing their expertise. In FY2023, we focused on strategic cost reduction within Supply Chain and Purchasing, seamlessly incorporating our Social Supply Chain Policy into buyer training. This ensures our team remains adept in both skill enhancement and ethical practices.

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 initiated 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 benefit 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.

ECONOMIC *(cont'd)*
- Better Results from Better Practices

SUPPLY CHAIN MANAGEMENT *(cont'd)*

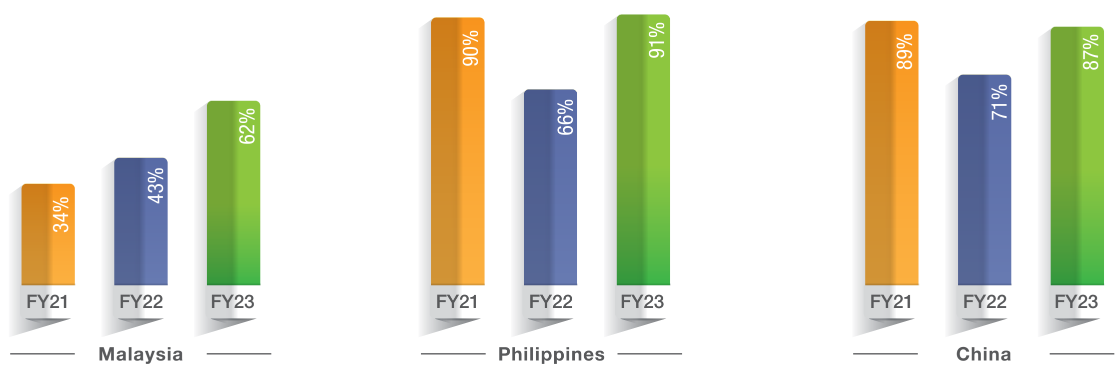
Supporting Local Ecosystem and Local Procurement *(cont'd)*

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 terms of business operations, working with local equipment improves production and development turnaround time with services and support from local suppliers and academia. Ultimately, we will be contributing a direct positive economic impact on the communities where we operate.

Inari works to retain the cost-effectiveness of our supplier base by continuously engaging with local suppliers for our indirect material. In comparison with the previous year, the proportion of our spending allocated to local suppliers has increased, as shown below:

		FY2021		FY2022		FY2023	
Proportion of spending	Unit	Local Suppliers	Foreign Suppliers	Local Suppliers	Foreign Suppliers	Local Suppliers	Foreign Suppliers
Malaysia	Percentage (%)	34	66	43	57	62	38
Philippines	Percentage (%)	90	10	66	34	91	9
China	Percentage (%)	89	11	71	29	87	13

Local Spending by Country (%)



Increased local spending for Malaysia, Philippines and China for FY2023.

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 of the Personal Data Protection Act which apply to dealing with and processing personal data in commercial transactions. All information and personal data are secured using 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
- ✓ Disable USB for our employees to fortify our defence against potential data breaches and malware threats, prevent unauthorised data transfers and safeguard sensitive information
- ✓ Enhance Wi-Fi configuration to allow only authorised Inari assets to connect to reduce the risk of unauthorised access and potential intrusions
- ✓ Provide secure and controlled access for Inari customers, issue individual vouchers for Wi-Fi connectivity, to ensure only authorised users can access to the network and minimise potential security vulnerabilities
- ✓ Implement advanced virus detection mechanisms to analyze cybersecurity trends to proactively address emerging risks and strengthen our defence mechanisms
- ✓ Filtered Secured File Transfer Protocol ("SFTP") connections through authorised IP addresses to protect sensitive data during file transfer, where only connections from authorised IP addresses are allowed for SFTP, adding an extra layer of security against unauthorised access attempts
- ✓ Network isolation for legacy machines at production floor to minimise potential vulnerabilities and safeguard critical infrastructure
- ✓ All office desktops join a domain to ensure uniform Group Policy setting across the organisation, to enhance security, consistency and centralize management and reduce risk of misconfigurations
- ✓ Default High User Account Control ("UAC") setting to protect operating systems from unauthorised changes and empower users to make informed decisions when accessing potentially sensitive system functions

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

ZERO
Cases for Breaches of Data

ZERO
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 environmentally 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.

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 customers' specific requirements.
- We educate, train and motivate employees to be environmentally friendly in a responsible manner.
- We encourage and influence environmental protection among the suppliers and subcontractors.

Certifications

Our efforts in managing our environmental and climate change management have led our operations to receive several certifications in relation to Environment, Health and Safety ("EHS") compliance from local and international governing bodies which recognise our efforts in preserving the environment. All our operating sites in Malaysia, Philippines and China are fully certified with ISO14001:2015.


SGS

ISO14001 – Malaysia MY08/00011


SGS

ISO14001 – Malaysia MY08/01599


TÜV NORD
CERTIFICATE

ISO14001- Philippines


CERTIFICATE

ISO14001 - China

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT *(cont'd)*
- Caring for our Planet

Certifications *(cont'd)*

In addition to ISO14001:2015, our capabilities have undergone assessments and received certification through the following accreditation:

Certification	Operating Sites	Validity Period
ISO14001:2015 Environmental Management System	Malaysia	25 January 2026
	Philippines	14 September 2024
	China	13 June 2021 – 5 April 2024
ISO45001:2018 Occupational Health and Safety Management System	China	13 June 2021 – 12 June 2024
IATF 16949:2016 Automotive Quality Management System	China	3 October 2020 – 2 October 2023
	Philippines	15 September 2021 – 14 September 2024
Sony Green Partner	Malaysia	30 November 2024
RoHS Compliant	Malaysia	-
REACH Compliance	Malaysia	-
Green Energy Certificate	Malaysia	-
Aqua Save Certificate	Malaysia	September 2023
Penang Green Office	Malaysia	September 2023
Radiation Safety Permit	China	12 October 2021 – 11 October 2026

ENVIRONMENT *(cont'd)*
- Caring for our Planet

Biodiversity

Inari is supportive of 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 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 complying with all applicable environment laws and regulations. In FY2023, we complied with all relevant environmental regulations and no sanctions resulting from non-compliance for our operations in Malaysia, Philippines and China.

CLIMATE CHANGE MANAGEMENT

The World Economic Forum's Global Risks Report 2023 highlights the most severe long term global risks, including the failure to mitigate climate change, failure of climate change adaption as well as natural disasters and extreme weather events. 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.

Since FY2022, 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); and
- Our Sustainability Policy has 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 of GHG emission.

ENVIRONMENT *(cont'd)*
- Caring for our Planet

CLIMATE CHANGE MANAGEMENT *(cont'd)*

In FY2023, we have been actively planting trees at our operation sites to support local ecosystems, improve air quality, and engage employees in impactful environmental efforts. As of 30 June 2023, we have planted approximately 1,765 trees that is more than 6ft height as below:

Plant	No. of Trees
P1,3,5	152
P13	545
P21	1,005
P34	63

ENERGY USAGE

We acknowledge the worldwide apprehension regarding climate change arising from heightened energy consumption and GHG emissions. Our dedication lies in the execution and reinforcement of energy-efficient initiatives. In FY2023, our investments persistently target eco-friendly technologies and enhancements to plant operations. These efforts culminate in the production of goods through energy-efficient procedures, underscoring our commitment to curbing GHG emissions, mitigating climate change repercussions, and minimizing our ecological imprint.

Our initiatives on energy-efficiency projects as at FY2023 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	Completed
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
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

ENVIRONMENT *(cont'd)*
- Caring for our Planet

ENERGY USAGE *(cont'd)*

Energy-efficiency projects	Purpose	Target saving	Status
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
Upgrade chilled water pump motor to IE3 type motor X 2 set at P3	Energy efficiency	2.8 kW per month	Completed
Installation of AHU with inverter at CK2, Philippines	Energy saving	10,098 kWh per month	In-progress
Pilot line for solar panel installation at CK2, Philippines	Green energy	1,930 kWh per month	In-progress
Installation online room temperature monitoring and room temperature setting at CK1, Philippines	Energy saving	8,700 kWh per month	In-progress
Conversion of fluorescent tube to LED at Kunshan, China	Energy efficiency	200 kWh per month	In-progress

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 FY2023 is approximately 439,375 GJ of energy (petrol, diesel and electricity) mainly due to higher NPI activities from new and existing customers. However, we managed to obtain ***lower energy intensity over 5 years*** which signifies a higher efficiency level within our operations.

Petrol Consumption	Unit	FY2021	FY2022	FY2023
Malaysia	GJ	126	98	120
Philippines	GJ	99	82	110
China	GJ	139	141	205
Total	**GJ**	**364**	**321**	**435**

Diesel Consumption	Unit	FY2021	FY2022	FY2023
Malaysia	GJ	581	647	768
Philippines	GJ	7,085	5,307	3,563
China	GJ	- (a)	- (a)	- (a)
Total	**GJ**	**7,666**	**5,954**	**4,331**

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)*

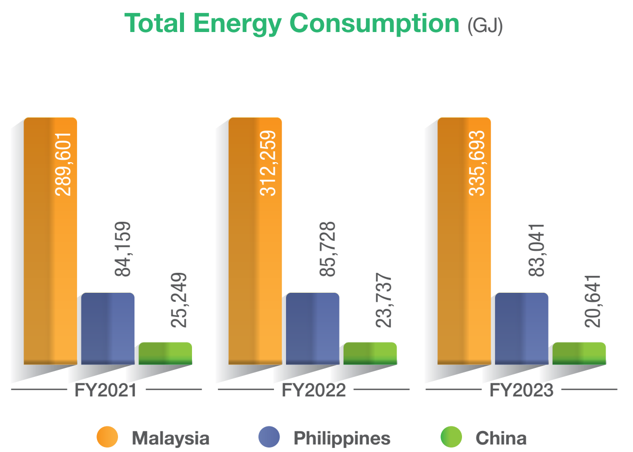
Electricity Consumption	Unit	FY2021	FY2022	FY2023
Malaysia	GJ	288,894	311,514	334,805
Philippines	GJ	76,975	80,339	79,368
China	GJ	25,110	23,596	20,436
Total	**GJ**	**390,979**	**415,449**	**434,609**

Energy Intensity	Unit	FY2021	FY2022	FY2023
Malaysia	GJ/FOU	0.000015	0.000016	0.000021
Philippines	GJ/FOU	0.000295	0.000250	0.000289
China	GJ/FOU	0.000138	0.000124	0.000137

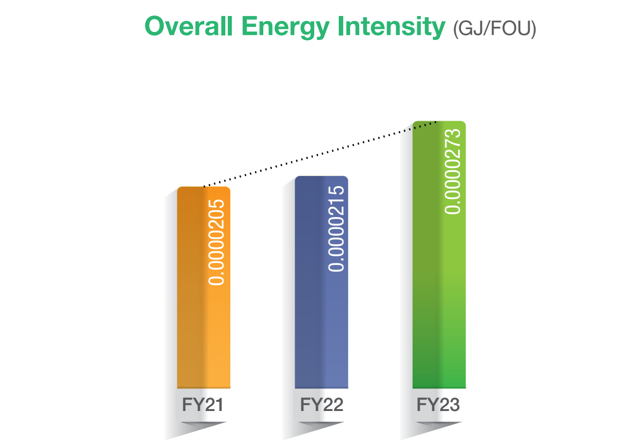
Overall Energy Intensity	GJ/FOU
FY2021	0.0000205
FY2022	0.0000215
FY2023	0.0000273

Note:

(a) FOU stands for Factory Output Unit.



Energy consumption increased due to higher NPI activities from new and existing customers.



Despite the energy intensity increased compared to the previous year, overall we achieved a lower energy intensity over 5 years. In FY2019, the energy intensity was 0.0000342.

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 machinery, facility equipment, office equipment and etc.

During the year under review, our GHG emissions generated a total of 80,600 tCO2e. In comparison to FY2022, Inari recorded an increase in GHG emissions, which was mainly due to higher NPI activities from new and existing customers. However, we managed to see a decrease in GHG emissions intensity over 5 years. In FY2020, the GHG emissions intensity was 0.00545.

GHG Emissions Scope 1	Unit	FY2021	FY2022	FY2023
Malaysia	tCO2e	54	62	58
Philippines	tCO2e	563	453	244*
China	tCO2e	9	10	12
Total	**tCO2e**	**626**	**525**	**314**

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).
** Decrease consumption in diesel due to improved road accessibility that leads to more efficient bus routes for the employees.*

GHG Emissions Scope 2	Unit	FY2021	FY2022	FY2023
Malaysia	tCO2e	53,526	57,717	60,087
Philippines	tCO2e	15,228	15,894	15,702
China	tCO2e	5,525	5,192	4,497
Total	**tCO2e**	**74,279**	**78,803**	**80,286**

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	FY2021	FY2022	FY2023
Malaysia	tCO2e	53,580	57,779	60,145
Philippines	tCO2e	15,791	16,347	15,946
China	tCO2e	5,534	5,202	4,509
Total	**tCO2e**	**74,905**	**79,328**	**80,600**

ENVIRONMENT *(cont'd)*
- Caring for our Planet

GHG EMISSIONS AND CLIMATE CHANGE *(cont'd)*

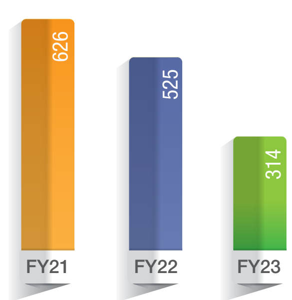
Total GHG Emissions (Scope 1 and Scope 2) Intensity	Unit	FY2021	FY2022	FY2023
Malaysia	tCO_2e / FOU ('000)	0.00282	0.00302	0.00384
Philippines	tCO_2e / FOU ('000)	0.05533	0.04849	0.05557
China	tCO_2e / FOU ('000)	0.03020	0.02728	0.02983

Overall GHG Emissions (Scope 1 and Scope 2) Intensity	(tCO_2e / FOU ('000))
FY2021	0.00385
FY2022	0.00404
FY2023	0.00501

Note:

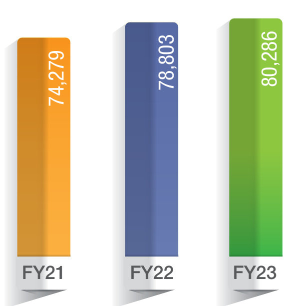
(a) FOU stands for Factory Output Unit.

GHG Emissions Scope 1 (tCO_2e)



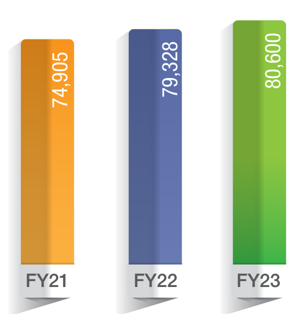
GHG Emissions Scope 1 reduced significantly due to lower diesel consumption in Philippines, having more efficient bus routes from improved road accessibility.

GHG Emissions Scope 2 (tCO_2e)



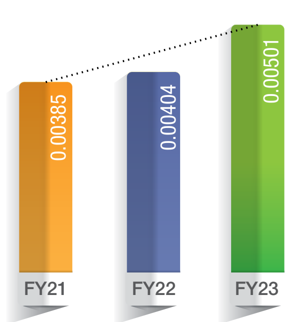
GHG Emissions Scope 2 increased due to higher NPI activities from new and existing customers.

Total GHG Emissions (tCO_2e)



Total GHG Emissions increased due to higher NPI activities from new and existing customers.

Overall GHG Emissions Intensity (tCO_2e/FOU(000))



Despite the GHG emissions intensity increased compared to the previous year, overall we achieved a lower energy intensity over 4 years. In FY2019, the energy intensity was 0.00651.

ENVIRONMENT *(cont'd)*
- Caring for our Planet

GHG EMISSIONS AND CLIMATE CHANGE *(cont'd)*

Presently, we are in the midst of exploring the process of collecting data on GHG emissions Scope 3 (indirect emission) which relates to business travel and employee commuting. However, efforts are in place through promoting the utilisation of Group-wide and personal video conferencing facilities to minimise non-essential air and ground travel.

Additionally, Inari does not produce any Nitrogen Oxides ("NOx") and Sulphur Oxides ("Sox") emissions as none of our business activities involve biomass combustion.

GHG Reduction Plan

Since the installation of solar panels in March 2022 and utilization of green energy at our Malaysia operations, we have observed tangible outcomes. These efforts have yielded noticeable reductions in greenhouse gas emissions by 1,945 tC02e as at 30 June 2023.

Reduction of 1,945 tC02e GHG emission

Our Malaysia operations have been presented with a Green Energy Certificate for our efforts in GHG Reduction to move towards our goal in Net Zero as well as Penang Green Office Certification:

SOLARVEST
GREEN ENERGY
CERTIFICATE
this certificate is proudly presented to
Inari Technology Sdn. Bhd. (P13)
810 kWp
Self Consumption Solar PV System
1.1 GWh
Annual Electricity Production
643 Tons
Approximate Equivalent CO2 Reduction
DAVIS CHONG

Penang Green Office
Inari Technology Sdn. Bhd.
PENANG GREEN OFFICE CERTIFICATION

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT *(cont'd)*
- Caring for our Planet

WATER MANAGEMENT

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

Water Saving and Efficiency

We have taken necessary actions to ensure the efficient use of our water. One of our efforts 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 for the low domestic water pressure which may have resulted from the ageing of underground water piping. Our facility team will continue to monitor and look for cost-effective methods to improve our water usage. With that, our Malaysia operations had been presented by the local water authorities with a certificate of Accreditation for our initiative and continuous efforts in water conservation:

Water Withdrawal

At Inari, we hold a deep understanding of the significance of resource management. Consequently, recognizing the pivotal role of water withdrawal data becomes evident, as it serves a dual purpose: effective resource management and the crucial task of mitigating environmental impact.

Large-scale water withdrawals can have serious environmental consequences, such as reducing water availability for ecosystems, aquatic life, and local communities. The following water withdrawal information helps us understand how using water affects nature. It guides us in making better choices for the environment and being careful with resources. We're dedicated to managing resources responsibly.

Water Withdrawal	Unit	FY2021	FY2022	FY2023
Municipal potable water				
Malaysia	m^3	666,636	658,944	633,501
Philippines	m^3	83,248	63,590	56,372
China	m^3	28,130	31,957	23,814
Total	**m^3**	**778,014**	**754,491**	**713,687**

ENVIRONMENT *(cont'd)*
- Caring for our Planet

WATER MANAGEMENT *(cont'd)*

Water Consumption

Our water consumption in FY2023 amounted to a total of 713,687 m³. Despite an increase in NPI activities, we managed to record ***a lower water consumption by 5%***, compared with the previous year. This signifies the effectiveness of our water saving and consumption efficiency initiatives.

Water Consumption	Unit	FY2021	FY2022	FY2023
Malaysia	m³	666,636	658,944	633,501
Philippines	m³	83,248	63,590	56,372
China	m³	28,130	31,957	23,814
Total	**m³**	**778,014**	**754,491**	**713,687**

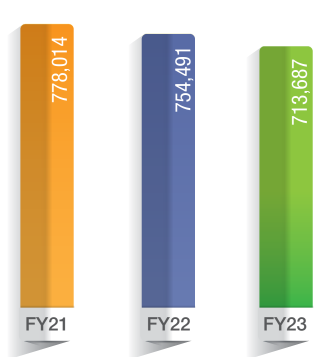
Water Intensity	Unit	FY2021	FY2022	FY2023
Malaysia	m³/ FOU	0.000035	0.000034	0.000040
Philippines	m³/ FOU	0.000292	0.000189	0.000196
China	m³/ FOU	0.000153	0.000168	0.000158

Overall Water Intensity	Unit (m³/ FOU)
FY2021	0.000040
FY2022	0.000038
FY2023	0.000044

Note:

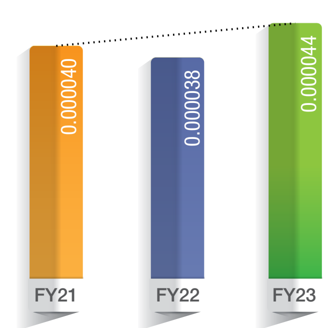
(a) FOU stands for Factory Output Unit.

Water Consumption (m³)



Lower water consumption in FY2023 by 5% compared to FY2022.

Overall Water Intensity (m³/FOU)



Despite the overall water intensity increased compared to the previous year, overall we achieved a lower water intensity over 5 years. In FY2019, the water intensity was 0.000065.

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT *(cont'd)*
- Caring for our Planet

WATER MANAGEMENT *(cont'd)*

Wastewater Discharge Quality

Effluent discharge contains chemicals, metals, organic and inorganic compounds which may be detrimental to the environment. Hence, Inari as a Group strives to maintain the water quality discharged to ensure compliance with the applicable local regulatory requirements. The effluent discharged will be treated prior to discharge 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.

Compliance Status: Full compliance ✓

Wastewater discharge quality	Unit	Malaysia				Philippines		China			
		FY2021	FY2022	FY2023	(a)	FY2021, FY2022 & FY2023	(b)	FY2021	FY2022	FY2023	(c)
Temperature	°C	NA	NA	NA	40.0°C[e]	Waste water discharged is treated by a licensed third party service provider[d]	22.0-32.0°C	NA	NA	NA	NA
pH	-	7.6	7.0	7.6	5.5 - 9.0		6.0 - 9.5	7.3	7.7	7.5	6.0 - 9.0
BOD^5	mg/L	NA	NA	7.0	NA		<50.0	18.9	57.0	45.7	<300.0
COD	mg/L	30.7	16.4	28.0	<200.0		<100.0	37.0	111.0	126.0	<500.0
Suspended solids	mg/L	9.2	7.2	3.0	<100.0		<100.0	4.0	48.0	14.0	<400.0
Oil and grease	mg/L	NA	NA	NA	NA		<5.0	0.2	0.4	6.3	<20.0
Ammoniacal Nitrogen	mg/L	NA	NA	NA	NA		<0.5	8.6	40.0	19.4	<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) *From FY2021 to FY2023, 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 Security and 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. However, we remain vigilant to monitor the impact of water security on our operations as an integral part of our risk management strategy. Recognizing water's crucial role in our processes and communities, we track its availability, quality, and potential disruptions. By doing so, we ensure business continuity, uphold environmental responsibility, and contribute to the resilience of local water resources.

ENVIRONMENT *(cont'd)*
- Caring for our Planet

WASTE MANAGEMENT

Effectively managing waste is our prime concern. We follow the **3R Program** – "Recovery, Re-use, Recycle" to handle waste from our operations. We train employees, including new hires, on this approach. Our waste is sorted, recovered, and recycled, with skilled local contractors converting it into reusable materials. We carefully choose these contractors through a stringent selection and auditing process, focusing on electronics and scheduled waste recycling. In addition, we engaged reputable and licensed local waste recovery contractors with expertise in recycling electronics and scheduled waste, to recycle the waste into usable and re-usable forms. The waste recovery contractors are selected through a rigorous selection and audit process.

Inari's 3R Programme

3R Programme	Methodology
Recovery	■ 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	■ 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	■ Collaborate with licensed hi-tech waste recycling contractor
Disposal	■ 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 FY2022, Inari recorded a reduction in waste generation, primarily driven by significant reductions in waste output across operations in both Philippines and China.

Waste Generation	Unit	Malaysia			Philippines			China		
		FY2021	FY2022	FY2023	FY2020	FY2021	FY2023	FY2021	FY2022	FY2023
Hazardous Waste[a]	MT	109.3	152.8	118.7	78.7	69.6	67.6	24.0	21.7	10.6
Non-Hazardous Waste[b]	MT	497.7	545.9	605.8	175.8[c]	179.9[c]	121.8[c]	30.2[c]	48.9[c]	40.8[c]
Total Waste Generated	**MT**	**607.0**	**698.7**	**724.5**	**254.5**	**249.5**	**189.4**	**54.2**	**70.6**	**51.4**

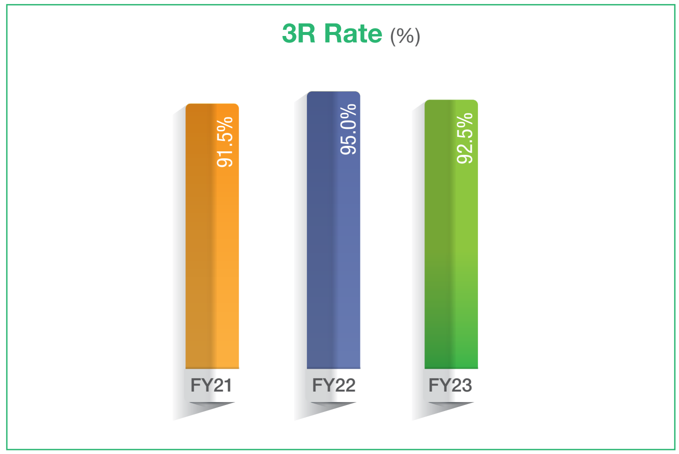
Note:

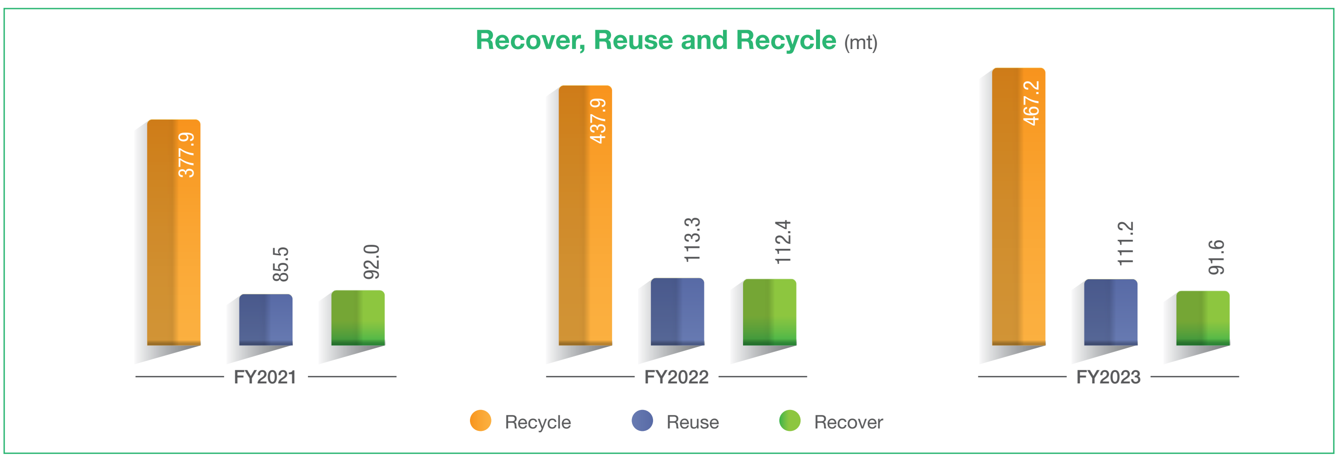
(a) Hazardous waste covers chemicals, organic and inorganic compounds.
(b) Non-hazardous waste covers paper, plastic, metal and general waste.
(c) Operations in Philippines and China cover paper and carton box consumption only.

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 stringent product stewardship initiatives ensure our manufacturing meets top-tier quality and safety standards throughout their life cycle. Our goal is to equip customers and stakeholders with valuable skills and high product quality.

Our production and product development adhere to European Union standards on hazardous substances.

To comprehensively address environmental, safety, and health risks associated with our products and services, we conduct thorough evaluations. We collaborate closely with customers and suppliers, supporting research and development to monitor impacts and ensure product safety and sustainability. These assessments culminate in structured Safety Data Sheets, outlining product hazards, risks, and alignment with local regulations.

WORKPLACE

– Caring for our People

EMPLOYER OF CHOICE

On 7 December 2022, we are honoured to have received the prestigious award of 'Best Employer 2022', presented to us by the Employees' Provident Fund, Malaysia. This recognition serves as a testament to our unwavering commitment to fostering an exceptional work environment for our valued employees.

As we move forward, we pledge to build upon this achievement and further enhance our commitment to the well-being and development of our workforce.

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.

We are actively committed to advancing workforce diversity and fostering equal opportunities while combating discrimination. To underscore this commitment, we have implemented an Anti-Discrimination Policy. 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, colour, 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. 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.

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.

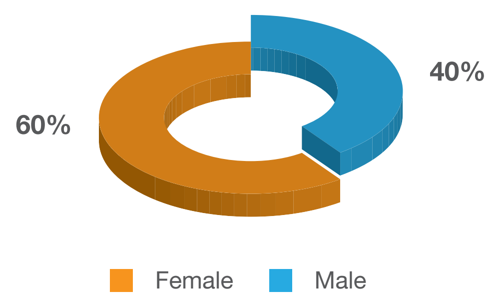
WORKPLACE *(cont'd)*

– Caring for our People

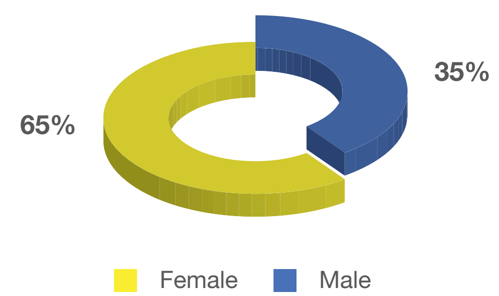
EMPLOYEE GENDER, DIVERSITY AND INCLUSION *(cont'd)*

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.

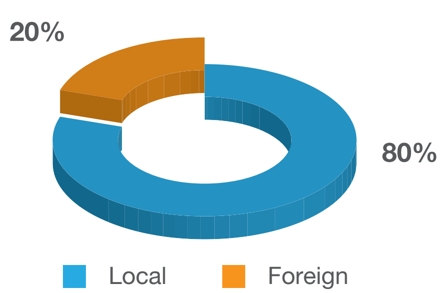
Distribution by Gender (%)
FY2022



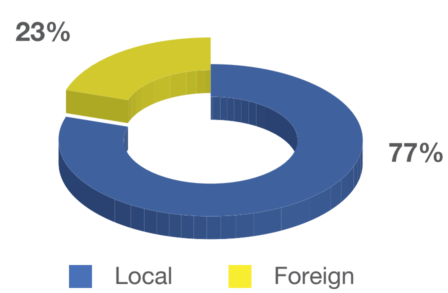
Distribution by Gender (%)
FY2023



Distribution by Local and Foreign Employment (%)
FY2022



Distribution by Local and Foreign Employment (%)
FY2023



SUSTAINABILITY STATEMENT
cont'd

WORKPLACE *(cont'd)*
– Caring for our People

EMPLOYEE GENDER, DIVERSITY AND INCLUSION *(cont'd)*

Employee Distribution	Percentage (%)		
	FY2021	FY2022	FY2023
By Gender			
Male	36.0	40.0	35.0
Female	64.0	60.0	65.0
By Nationality			
Local	78.0	80.0	77.0
Foreign	22.0	20.0	23.0
Contractors or Temporary Staff			
Malaysia	0.0	0.0	0.0
Philippines	23.9	18.7	26.6
China	51.0	54.0	31.0
Disabilities			
Malaysia	0.1	0.1	0.1
Philippines	0.0	0.0	0.2
China	0.5	0.4	0.4

Employee Turnover	Headcount		
	FY2021	FY2022	FY2023
By Employee Category*			
Manager and above	20	13	24
Executive	83	106	99
Non-Executive	1,185	1,241	933

Note:

* *Excluding interns and short-term contract workers.*

WORKPLACE *(cont'd)*

– Caring for our People

EMPLOYEE GENDER, DIVERSITY AND INCLUSION *(cont'd)*

Among our workforce of dedicated employees, 65% comprises women, underscoring our commitment to gender diversity. Our reliance on foreign workers has been prudently maintained at a minimum level of 23% this year, reflecting our commitment to local employment. The foreign workers at our operations comprise Indonesians, Burmese, Nepalese, and Vietnamese. For our operations in China and Philippines, 99.5% of our employees comprise of local hires.

Our Inari employees turnover has reduced by 22% in FY2023 if compared to FY2022. Despite that, we continue to actively recruit new talent for our organization. Our commitment to fostering growth means that we are always on the lookout for talented individuals who can contribute to Inari's success. This strategic approach ensures that we have the right people in place to seize opportunities and navigate challenges effectively, positioning us for continued growth and innovation.

EMPLOYEE DEVELOPMENT AND TALENT RETENTION

We value continuous learning for our employees' personal and professional advancement. Through diverse professional development, training, and programs, we elevate Group-wide performance and quality standards. 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, Electrostatic Discharge Rules and Environment, Health & Safety Practices

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, safety and health, 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.

WORKPLACE *(cont'd)*

– Caring for our People

EMPLOYEE DEVELOPMENT AND TALENT RETENTION *(cont'd)*

In FY2023, across all our operations, we have conducted a total of 44,129 hours of training, with an average of 7 training hours per employee.

Total number of training hours	FY2021	FY2022	FY2023
By Gender			
Female	8,419	12,520	15,989
Male	13,288	18,389	28,140
By Employee Category			
Manager and above	1,911	2,003	3,032
Executive	8,240	11,336	16,502
Non-executive	11,556	17,570	24,595

Average number of training hours per employee	FY2021	FY2022	FY2023
By Gender			
Female	4	7	4
Male	13	16	13
By Employee Category			
Manager and above	18	18	28
Executive	19	24	30
Non-executive	2	3	4

Average training hours per employee	No. of hours
FY2021	4
FY2022	5
FY2023	7

Male employees have recorded higher training hours 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. Often, we go beyond the minimum wage laws and take pride in valuing our employees by offering wages that exceed the mandated threshold for minimum wage. 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
■ 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	■ Car parking space ■ Hostel for operators ■ Personal lockers ■ Prayer rooms ■ Transport services ■ 24-hour canteen	■ 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.

Our actions implemented to avoid, prevent, and mitigate human rights issues include, but are not limited to, the following:

✓ Dedicated resources to oversee human rights matters

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 assigned to Human Resource ("HR") department. Our Human Resources and Administrative department oversee all issues regarding human rights, forced and child labour and ensures 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.

WORKPLACE *(cont'd)*
– Caring for our People

HUMAN AND LABOUR RIGHTS *(cont'd)*

✓ Established policy

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

Likewise, mirroring our commitment to ethical practices, we have incorporated human rights elements in our Supplier Code of Conduct which serves as a mandate requiring our suppliers to support the protection of human rights and prohibit any forced labour and child labour to ensure responsible supply chain management.

✓ Training and communication

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 in human rights policy. Additionally, we also disseminate information related to human rights through television at canteens or via posters.

Our managers are trained to handle reports and instances of bullying and harassment.

Our training and communication extend beyond our employees, we also conduct periodic supplier responsibility training to our suppliers, ensuring they are equally well-versed and aligned with our values and expectations.

SUSTAINABILITY STATEMENT
cont'd

WORKPLACE *(cont'd)*
– Caring for our People

HUMAN AND LABOUR RIGHTS *(cont'd)*

✓ **Ongoing assessment**

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.

✓ **Grievance management**

In our ongoing pursuit of open communication and continuous improvement, we facilitate various avenues for employees to express their opinions and ideas. We have established whistleblowing mechanism, feedback channel and grievances systems to allow employees to report genuine cases of human and labour rights related issues, child labour, forced labour, discrimination, bullying and harassment. To ensure a confidential and impartial channel, an independent third party oversees a dedicated toll-free hotline where employees can confidently raise any concerns or reports. Other avenues also include regular roundtable and town hall sessions held throughout the year.

In cases where employees are confirmed affected by such issues, we are committed to compensating them for any losses and damages in accordance with the legal requirements.

✓ **Dormitories management**

We ensure our workers, both local and foreign, are provided with adequate and safe accommodation with more space per individual as stipulated in the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446). The building facilities provided include a multi-purpose hall, canteen/ cafeteria, management office, reading and television room, security, mini-mart, common surau, among others. In June 2022, the Penang State Labour Office 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 until 15 September 2025.


Dormitory building dedicated to employees (Penang)

Spacious dormitory rooms

Laundry facilities within the dormitory

WORKPLACE *(cont'd)*
– Caring for our People

HUMAN AND LABOUR RIGHTS *(cont'd)*

✓ **Dormitories management** *(cont'd)*

Common area within the dormitory building with various amenities

Computer room

Training room

Spacious and modern design dormitory rooms (China)

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 practice free employment market and ensure all hirings are on voluntary basis.

We are committed to having regular stakeholder engagement and consultation with regulators on human rights issues. On 10 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 several mechanisms for employees to report grievances and facilitate open communication between management and employees, regarding their grievances which include child and forced labour issues. 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 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 a 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.

WORKPLACE *(cont'd)*
– Caring for our People

HUMAN AND LABOUR RIGHTS *(cont'd)*

✓ Working Hours and Rest Period

Our dedication to upholding employee well-being is reflected in our commitment to providing reasonable work hours and ample rest periods, ensuring full adherence to local regulatory mandates. Our employees are entitled to annual leave, sick leave, marriage leave, bereavement leave and maternity leave. Our working hours strictly adhere to the local rules and regulations, ensuring full compliance with labour laws. Furthermore, we are dedicated to upholding the rights of our employees, ensuring that all our employees are entitled to all public holidays gazetted by the local government.

OCCUPATIONAL SAFETY AND HEALTH ("OSH")

In safeguarding the well-being of our employees, we are committed to stringent health and safety practices and a 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.

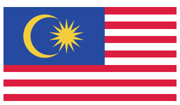
WORKPLACE *(cont'd)*

– 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.



100%
COMPLIANCE
Malaysia Occupational Safety and Health Act 1994

100%
COMPLIANCE
Philippines Occupational Safety and Health Standards

100%
China 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.

01 Occurrence of accident/incident/near miss/unsafe condition

02 Inform supervisor

03 Inform Environment, Health and Safety "EHS" department/First aid

04 Generate report of incident and communicate to management

05 Review report and corrective action plan implementation

In the event of an incident or unsafe work condition occurring, 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 opportunities for continual improvement when necessary.

WORKPLACE *(cont'd)*

– Caring for our People

OCCUPATIONAL SAFETY AND HEALTH ("OSH") *(cont'd)*

OSH Awareness Training

Safety is paramount at Inari. We prioritize comprehensive employee training in safety protocols and regularly conduct drills to bolster awareness and skills. Our OSH training aligns with regulations, ensuring employees possess the necessary competencies to work securely. 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 safety and health.

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
FY2021	910	427	70
FY2022	1,451	480	868
FY2023	1,906	356	671

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 the 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	FY2021	FY2022	FY2023
Malaysia				
Number of injury incidents	no.	- [b]	1	1
Number of fatalities	no.	- [b]	- [b]	- [b]
Number of work-related illness	no.	- [b]	- [b]	- [b]
Number of worked days lost	days	- [b]	2	21
Incident rate	rate	- [b]	0.27	0.23
Frequency rate	rate	- [b]	0.10	0.09
Severity rate	rate	- [b]	0.20	1.86
Fatality rate	rate	- [b]	- [b]	- [b]
Lost Time Injury Frequency (LTIF) [a]	Percentage (%)	- [b]	0.10	0.09
Philippines				
Number of injury incidents	no.	13	4	4
Number of fatalities	no.	- [b]	- [b]	- [b]
Number of work-related illness	no.	- [b]	- [b]	- [b]
Number of worked days lost	days	53	4	4
Incident rate	rate	7.28	2.24	1.70
Frequency rate	rate	2.92	0.81	0.62
Severity rate	rate	11.9	0.81	0.82
Fatality rate	rate	- [b]	- [b]	- [b]
Lost Time Injury Frequency (LTIF) [a]	Percentage (%)	2.92	0.81	0.62

WORKPLACE *(cont'd)*

– Caring for our People

OCCUPATIONAL SAFETY AND HEALTH ("OSH") *(cont'd)*

Managing OSH Performance *(cont'd)*

Injury Type/Rate	Units	FY2021	FY2022	FY2023
China				
Number of injury incidents	no.	- [(b)]	1	- [(b)]
Number of fatalities	no.	- [(b)]	- [(b)]	- [(b)]
Number of work-related illness	no.	- [(b)]	- [(b)]	- [(b)]
Number of worked days lost	days	- [(b)]	5	- [(b)]
Incident rate	rate	- [(b)]	2.1	- [(b)]
Frequency rate	rate	- [(b)]	0.80	- [(b)]
Severity rate	rate	- [(b)]	4.0	- [(b)]
Fatality rate	rate	- [(b)]	- [(b)]	- [(b)]
Lost Time Injury Frequency (LTIF) [(a)]	Percentage (%)	- [(b)]	0.80	- [(b)]

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.

WORKPLACE *(cont'd)*
– Caring for our People

OCCUPATIONAL SAFETY AND HEALTH ("OSH") *(cont'd)*

Managing OSH Performance *(cont'd)*

Below is the summary of 5 minor injuries and corrective measures at our operations:

Type of Injury	Causes	Corrective Action	Preventative Action
Malaysia			
Laceration of finger (Malaysia)	• Poor coordination where the operator triggered the activation sensor while troubleshooting, leading the upper plate clamping down and pinching the technician's finger who was repairing the equipment	• Re-brief on handling tester and more aware of machine movement	• Add additional label at machine indicating 1 person only during operation or maintenance • Put tagging during maintenance
Philippines			
Laceration of right-hand palm (Philippines)	• Use of wrong tools and carrying object without using Personal Protective Equipment	• Issue right tools and provide proper Personal Protective Equipment	• Department who transfers work must ensure transfer work form signed by Safety Officer and FED to proceed
Punctured (Philippines)	• Sharp end of syringe accidentally falls on the floor	• Clean the area	• Improve dedicated container used to store the used needles
Contusion on the left forearm and left pelvis (Philippines)	• Slippery at the metal drainage cover	• Seal the pathway and reroute the walkway	• Install rubber mat on the metal drainage cover
Plastic burr to the eyes (Philippines)	• Excess plastic burr accidentally hit on the eyelid	• Disallow operators to remove any excess plastic burr in the jig	• Only authorised technician is allowed to clean the excess plastic burr, with proper Personal Protective Equipment

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.

WORKPLACE *(cont'd)*
– Caring for our People

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

To further enrich our commitment to fostering a thriving work-life balance, at Inari, we place a paramount emphasis on maintaining the well-being of our employees. To this end, we have curated an array of diverse programs and engaging activities for employees to participate. The aim is not only to alleviate stress but also to cultivate an environment where positive relationships among co-workers' flourish, nurturing a sense of unity and support. In pursuit of this mission, 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.






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 95%. The components of this year's survey focus on four (4) key aspects of employees' satisfaction with respect towards human rights and labour practices, learning and development, Compensation, and safe workplace, with 80% response rate as below:

Survey Questions	Score (%)
Human Rights	
1. My opinions are being heard by my manager.	93%
2. My working team members are supportive.	97%
3. My manager gave me clear directions and expectations for me to perform my task.	93%
4. My manager understands my problems and constrains at work.	90%
5. My manager has a development plan for me.	92%
6. My department practices openness, individual respect among the team members.	93%
7. The employee engagement and recreation activities are exciting.	95%
8. I am interested and supportive of employee programmes and activities.	96%
9. I have a positive working and teamwork relationship in my department.	95%
10. My manager encourages and cultivates the teamwork among the department.	96%
11. I have a 'Work Life Balance' working in the Company	93%
12. The Company practices two-way communication.	98%
13. The existing communication channel in the Company such as e-mail, telephone and memo are effective and helpful to me.	93%
Learning and Development	
1. The Company provides me a development plan and opportunity.	93%
2. I can foresee my skills, knowledge and competency development progression in the next few years to come in order to enhance my career with the organization.	94%
3. I need training and development to enhance my skills, knowledge and competency for my current job.	97%
Remuneration	
1. The salary and benefit provided by the Company is attractive and reasonable to me.	93%
2. My current salary and benefits package has been better progressively.	94%
Safe Workplace	
1. The organization values and promotes a healthy and safe work environment.	97%
2. I feel safe with my working station/office.	100%
3. I feel secure and protected at work.	100%
Overall results	**95%**

Apart from employee engagement survey, we provide various mechanisms such as Festive Celebration Session and Employee Appreciation Dinner to allow employee representatives to engage with Company's Senior Management.

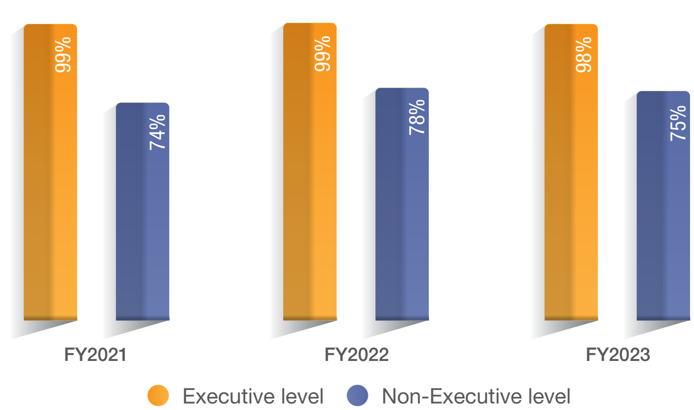
LOCAL COMMUNITIES
– Giving Back

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 Responsibilities ("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 a 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 work to employ locally, especially at our production facilities. We have increasingly hired locally over the years as we recognise its importance.

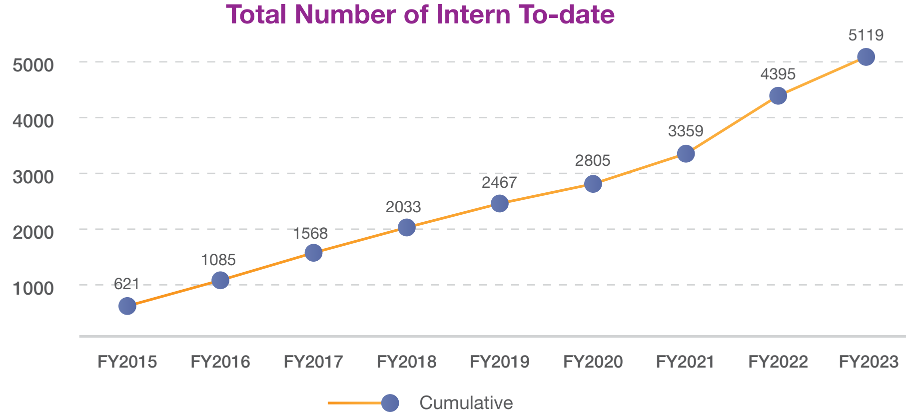
Proportion of Local Hires (%)



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 5,119 interns.

Total Number of Intern To-date



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 work to create a positive impact to our local communities especially those that are underserved. Through our working committee, we organise CSR programmes to be centred 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.

Total Volunteered Hours	No. of hours
FY2021	3,600
FY2022	14,990
FY2023	28,765

Total Amount Invested in the Community	Internal Amount (RM)	External Amount (RM)	Total Amount (RM)
FY2021	258,384	429,126	687,510
FY2022	44,699	237,340	282,039
FY2023	119,727	276,480	396,207

We have contributed a total of RM3.19 million both cash and in-kind since FY2018.

In FY2023, we have contributed a total of RM276,480 cash and in-kind to more than 10 charities, non-profit organisation and education institutions across the region. Below summaries some of our contributions this year for our CSR activities.

Sponsorship for Robomania 2022

On 24 September 2022, Inari is one of the sponsors for Robomania 2022 event which is organised by Tech Dome Penang.

Gotong Royong to clean the neighbourhood

On 20 May 2023, a total of 50 employees from Inari participated in gotong royong activity to clean the neighbourhood at Bandar Cassia, Batu Kawan and Gertak Sanggul, Teluk Kumbar Penang.

LOCAL COMMUNITIES *(cont'd)*

– Giving Back

Local Communities Development *(cont'd)*

Trash Free Hill 2022

On 7 October 2022, a total of 50 employees from Inari participated in the Trash Free Hill 2022 event. The main objective of this event is to help protect and preserve Penang Hill and its water catchment areas, and to increase public awareness of keeping Penang Hill clean and rubbish free.

Donation of essential items to Children's Home

On 13 April 2023, Inari has donated essential items and have a Buka Puasa session with children of Pusat Jagaan Permata Kasih Mengkuang.

Environmental Awareness Program with Children in conjunction with the World Environment Day 2023

On 6 and 7 June 2023, both Inari and Jabatan Alam Sekitar Penang have participated the "Environmental Awareness Program with Children" organised by Sekolah Kebangsaan Permatang Pasir in conjunction with the Environment Day 2023. This 2-days program has involved the participation of 75 pre-school students.

Donation of essential items to Children's Home

On 29 June 2023, Amertron Philippines has donated essential items to Duyan ni Maria Children's Home.

SUSTAINABILITY STATEMENT
cont'd

LOCAL COMMUNITIES *(cont'd)*
– Giving Back

Local Communities Development *(cont'd)*

Medical Mission at Community Outreach Program

On 21 May 2023, Amertron medical doctors, ERT and HR team attended to the medical needs of the elderly and children of the Barangay Sto Nino Magalang providing medicines and vitamins.

Donation of printers to local school

On 5 June 2023, we have donated 3 printers to Tinajero National High School, a local school in Philippines.

Visit with a cause at St. Nicholas' Home

On 20 December 2022, 20 Inari-ians gathered at St. Nicholas' Home (Blind and visually impaired community) to come together to help clean their reading room/library. We offered them with the essential items and has made a donation of RM2k. We were briefed by St. Nicholas representative on the history and mission of the organization.

Youth for Environment Project

With our continuous mission to support our partner schools, Amertron Inc has donated shirts for the Youth for Environment Project and Career Guidance Orientation for Grade 10 students of Tinajero National High School Annex on 20 February 2023.

GRI CONTENT index			
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102-6	Markets served	Management Discussion and Analysis	26-39
102-7	Scale of the organisation	Corporate Structure and Audited Financial Statements	3/162-256
102-8	Information on employees and other workers	Sustainability Statement - Employer of Choice, Employee Gender, Diversity and Inclusion Employee Statistics	88-91
102-9	Supply chain	Sustainability Statement - Supply Chain Management	68-71
102-10	Significant changes to the organisation and its supply chain	Management Discussion and Analysis Sustainability Statement - Supply Chain Management	26-39 68-71
102-11	Precautionary principles or approach	Statement of Risk Management and Internal Control	150-155
102-12	External initiatives	Sustainability Statement – Our Sustainability Metrics and Targets Sustainability Statement – Local Community	50-51 107-110
102-13	Membership of associations	Sustainability Statement – Corporate Membership	48-49
102-14	Statement from senior decision-maker	Chairperson's Letter to the Shareholders	22-25
102-16	Values, principles, standards and norms of behaviour	Sustainability Statement – Our Sustainability Journey Thus Far Sustainability Statement – Our Sustainability Governance Corporate Governance Overview Statement	44 45-46 126-144
102-18	Governance structure	Profile of Directors, Profile of Key Senior Management Corporate Governance Overview Statement Sustainability Statement – Our Sustainability Governance	12-21 126-144 45-46
102-40	List of stakeholder groups	Sustainability Statement - Stakeholder Engagement	53-55
102-41	Collective bargaining agreements	Inari does not have collective bargaining agreements. 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 Labor Rights	95 94-99
102-42	Identifying and selecting stakeholders	Sustainability Statement - Stakeholder Engagement	53-55
102-43	Approach to stakeholder engagement	Sustainability Statement - Stakeholder Engagement	53-55
102-44	Key topics and concerns raised	Sustainability Statement - Stakeholder Engagement, Materiality Assessment, Our Sustainability Strategy	48 53-57
102-45	Entities included in the consolidated financial statements	Audited Financial Statements	162-256

SUSTAINABILITY STATEMENT
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GRI CONTENT index			
GRI Indicator	**Disclosure**	**Response**	**Page Number**
102-46	Defining report content and topic boundaries	Sustainability Statement – Reporting Period and Boundary	42
102-47	List of material topics	Sustainability Statement – Materiality Assessment, Our Sustainability Strategy, Our Sustainability Metrics and Targets	48 50-51 55-57
102-48	Restatements of information	In this Sustainability Statement FY2023, no reported key performance has been restated	-
102-49	Changes in reporting	Sustainability Statement – Reporting Period and Boundary	42
102-50	Reporting period	Sustainability Statement – Reporting Period and Boundary	42
102-51	Date of most recent report	The Company's Annual Report 2022, was published in October 2022. The online version of the Annual Report 2022 can be found online at https://www.inari-amertron.com/annual-reports.asp	-
102-52	Reporting cycle	Sustainability Statement – Reporting Period and Boundary	42
102-53	Contact point for questions regarding the report	Sustainability Statement – Point of Contact	43
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Statement – Reporting Framework and Standards	43
102-55	GRI content index	GRI Content Index	111-121
102-56	External assurance	To be applied in the future	-
GRI 201: Economic Performance			
103-1	Explanation of the material topic and its boundary	Not applicable as it does not reach our materiality consideration.	-
103-2	The management approach and its components	Not applicable as it does not reach our materiality consideration.	-
103-3	Evaluation of the management approach	Not applicable as it does not reach our materiality consideration.	-
201-1	Direct economic value generated and distributed	Audited Financial Statements	162-256
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	162-256
201-4	Financial assistance received from government	Audited Financial Statements	162-256

GRI CONTENT index			
GRI Indicator	**Disclosure**	**Response**	**Page Number**
GRI 202: Market Presence			
103-1	Explanation of the material topic and its boundary	Not applicable as it does not reach our materiality consideration.	-
103-2	The management approach and its components	Not applicable as it does not reach our materiality consideration.	-
103-3	Evaluation of the management approach	Not applicable as it does not reach our materiality consideration.	-
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Inari complies with all applicable minimum wage standards regardless of gender. The entry level for both female and male employees is equivalent to the national minimum wage.	93
202-2	Proportion of senior management hired from the local community	Sustainability Statement - Workplace Sustainability Statement - Local Communities	90 107
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	62-67
103-2	The management approach and its components	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	62-67
103-3	Evaluation of the management approach	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	62-67
203-1	Infrastructure investments and services supported	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	62-67
203-2	Significant indirect economic impacts	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Operational Excellence through Innovation	62-67
204: Procurement Practices			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management	68-71
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management	68-71
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management	68-71
204-1	Proportion of spending on local supplies	Sustainability Statement - Supply Chain Management	68-71

SUSTAINABILITY STATEMENT
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GRI CONTENT index			
GRI Indicator	**Disclosure**	**Response**	**Page Number**
GRI 205: Anti-corruption			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures Statement on Risk Management and Internal Control - Internal Audit Function Corporate Governance Overview Statement	58-60 150-155 126-144
103-2	The management approach and its components	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 Corporate Governance Overview Statement	58-60 150-155 126-144
103-3	Evaluation of the management approach	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 Corporate Governance Overview Statement	58-60 150-155 126-144
205-1	Operations assessed for risks related to corruption	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 Corporate Governance Overview Statement	58-60 150-155 126-144
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 Statement on Risk Management and Internal Control - Internal Audit Function	58-60 150-155
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	58-60 150-155
302: Energy			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
103-2	The management approach and its components	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
302-1	Energy consumption within the organisation	Sustainability Statement - Energy Usage	76-78

GRI CONTENT index			
GRI Indicator	**Disclosure**	**Response**	**Page Number**
302-2	Energy consumption outside the organisation	To be applied in the future	-
302-3	Energy intensity	Sustainability Statement - Energy Usage	76-78
302-4	Reduction of energy consumption	Sustainability Statement - Energy Usage	76-78
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 and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
103-2	The management approach and its components	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
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	Sustainability Statement - Water Management	82-84
303-4	Water discharge	To be applied in the future	-
303-5	Water consumption	Sustainability Statement - Water Management	82-84
305: Emissions			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
103-2	The management approach and its components	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
305-1	Direct (Scope 1) GHG emissions	Sustainability Statement - GHG Emissions and Climate Change	79-81
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Statement - GHG Emissions and Climate Change	79-81
305-3	Other indirect (Scope 3) GHG emissions	Sustainability Statement - GHG Emissions and Climate Change	79-81

SUSTAINABILITY STATEMENT
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GRI CONTENT index			
GRI Indicator	**Disclosure**	**Response**	**Page Number**
305-4	GHG emissions intensity	Sustainability Statement - GHG Emissions and Climate Change	79-81
305-5	Reduction of GHG emissions	Sustainability Statement - GHG Emissions and Climate Change	79-81
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	Sustainability Statement - GHG Emissions and Climate Change	79-81
306: Effluents and Waste			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
103-2	The management approach and its components	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
306-1	Water discharge by quality and destination	Water Discharge by Quality Sustainability Statement – Water Management Water Discharge by Destination To be applied in the future	82-84 -
306-2	Waste by type and disposal method	Sustainability Statement – Waste Management	85-87
306-3	Significant spills	No significant spills as of FY2023	-
306-4	Transport of hazardous waste	To be applied in the future	-
306-5	Water bodies affected by water discharges and/or runoff	To be applied in the future	-
307: Environmental Compliance			
103-1	Explanation of the material topic and its boundary	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
103-2	The management approach and its components	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
103-3	Evaluation of the management approach	Our Commitment Towards Climate Change and Climate Change Risk Management Sustainability Statement – Environment and Climate Change Management	52-53 73-76
307-1	Non-compliance with environmental laws and regulations	We have not identified any non-compliance with environmental laws and regulations as of FY2023	75

GRI CONTENT index			
GRI Indicator	**Disclosure**	**Response**	**Page Number**
308: Supplier Environmental Assessment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management	68-71
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management	68-71
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management	68-71
308-1	New suppliers that were screened using environmental criteria	Sustainability Statement - Supply Chain Management	68-71
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainability Statement - Supply Chain Management	68-71
401: Employment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Employer of Choice, Employee Gender, Diversity and Inclusion, Employee Statistics, Employee Development and Talent Retention, Human and Labour Rights	88-99
103-2	The management approach and its components	Sustainability Statement - Employer of Choice, Employee Gender, Diversity and Inclusion, Employee Statistics, Employee Development and Talent Retention, Human and Labour Rights	88-99
103-3	Evaluation of the management approach	Sustainability Statement - Employer of Choice, Employee Gender, Diversity and Inclusion, Employee Statistics, Employee Development and Talent Retention, Human and Labour Rights	88-99
401-1	New employee hires and employee turnover	Sustainability Statement - Employer of Choice, Employee Gender, Diversity and Inclusion, Employee Statistics, Employee Development and Talent Retention, Human and Labour Rights	88-99
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Statement - Employer of Choice, Employee Gender, Diversity and Inclusion, Employee Statistics, Employee Development and Talent Retention, Human and Labour Rights	88-99
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.	-

SUSTAINABILITY STATEMENT
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GRI CONTENT index			
GRI Indicator	**Disclosure**	**Response**	**Page Number**
403: Occupational Health and Safety			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Occupational Safety and Health	99-104
103-2	The management approach and its components	Sustainability Statement - Occupational Safety and Health	99-104
103-3	Evaluation of the management approach	Sustainability Statement - Occupational Safety and Health	99-104
403-1	Occupational health and safety management system	Sustainability Statement - Occupational Safety and Health	99-104
403-2	Hazard identification, risk assessment and incident investigation	Sustainability Statement - Occupational Safety and Health	99-104
403-3	Occupational health services	Sustainability Statement - Occupational Safety and Health	99-104
403-4	Worker participation, consultation and communication on occupational health and safety	Sustainability Statement - Occupational Safety and Health	99-104
403-5	Worker training on occupational health and safety	Sustainability Statement - Occupational Safety and Health	99-104
403-6	Promotion of worker health	Sustainability Statement - Occupational Safety and Health	99-104
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Statement - Occupational Safety and Health	99-104
403-8	Workers covered by an occupational health and safety management system	Sustainability Statement - Occupational Safety and Health	99-104
403-9	Work-related injuries	Sustainability Statement - Occupational Safety and Health	99-104
403-10	Work-related injuries	Sustainability Statement - Occupational Safety and Health	99-104
404: Training and Education			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Employee Development and Talent Retention	91-94
103-2	The management approach and its components	Sustainability Statement - Employee Development and Talent Retention	91-94
103-3	Evaluation of the management approach	Sustainability Statement - Employee Development and Talent Retention	91-94

GRI CONTENT index			
GRI Indicator	**Disclosure**	**Response**	**Page Number**
404-1	Average hours of training per year per employee	Sustainability Statement - Employee Development and Talent Retention	91-94
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Statement - Employee Development and Talent Retention	91-94
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Statement - Employee Development and Talent Retention	91-94
405: Diversity and Equal Opportunity			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Employer of Choice, Employee Gender, Diversity and Inclusion	88-91
103-2	The management approach and its components	Sustainability Statement - Employer of Choice, Employee Gender, Diversity and Inclusion	88-91
103-3	Evaluation of the management approach	Sustainability Statement - Employer of Choice, Employee Gender, Diversity and Inclusion	88-91
405-1	Diversity of governance bodies and employees	Profile of Board of Directors, Profile of Key Senior Management, Sustainability Statement - Employer of Choice, Employee Gender, Diversity and Inclusion, Employees Statistics	12-21 88-91
405-2	Ratio of basic salary and remuneration of women to men	To be applied in the future	-
406: Non-discrimination			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Human and Labour Rights	94-99
103-2	The management approach and its components	Sustainability Statement – Human and Labour Rights	94-99
103-3	Evaluation of the management approach	Sustainability Statement – Human and Labour Rights	94-99
406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination in FY2023 Sustainability Statement - Human and Labour Rights	94-99
408: Child Labour			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management, Human and Labour Rights	68-71 94-99
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management, Human and Labour Rights	68-71 94-99
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management, Human and Labour Rights	68-71 94-99
408-1	Operations and suppliers at significant risk for incidents of child labour	Sustainability Statement - Supply Chain Management, Human and Labour Rights	68-71 94-99

SUSTAINABILITY STATEMENT
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GRI CONTENT index			
GRI Indicator	**Disclosure**	**Response**	**Page Number**
409: Forced or Compulsory Labour			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management, Human and Labour Rights	68-71 94-99
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management, Human and Labour Rights	68-71 94-99
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management, Human and Labour Rights	68-71 94-99
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability Statement - Supply Chain Management, Human and Labour Rights	68-71 94-99
412: Human Rights Assessment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management, Human and Labour Rights	68-71 94-99
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management, Human and Labour Rights	68-71 94-99
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management, Human and Labour Rights	68-71 94-99
412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability Statement - Supply Chain Management, Human and Labour Rights	68-71 94-99
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	68-71 94-99
413: Local Communities			
103-1	Explanation of the material topic and its boundary	Sustainability Statement – Local Communities	107-110
103-2	The management approach and its components	Sustainability Statement – Local Communities	107-110
103-3	Evaluation of the management approach	Sustainability Statement – Local Communities	107-110
414: Supplier Social Assessment			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Supply Chain Management	68-71
103-2	The management approach and its components	Sustainability Statement - Supply Chain Management	68-71

GRI CONTENT index			
GRI Indicator	**Disclosure**	**Response**	**Page Number**
103-3	Evaluation of the management approach	Sustainability Statement - Supply Chain Management	68-71
414-1	New suppliers that were screened using social criteria	Sustainability Statement - Supply Chain Management	68-71
414-2	Negative social impacts in the supply chain and actions taken	Sustainability Statement - Supply Chain Management	68-71
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	58-60 68-71
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	58-60 68-71
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	58-60 68-71
415-1	Political contributions	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy	58-59
418: Customer Privacy			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Privacy and Data Protection	72
103-2	The management approach and its components	Sustainability Statement - Privacy and Data Protection	72
103-3	Evaluation of the management approach	Sustainability Statement - Privacy and Data Protection	72
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Statement - Privacy and Data Protection	72
419: Socioeconomic Compliance			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Corporate Governance and Ethics	58-60
103-2	The management approach and its components	Sustainability Statement - Corporate Governance and Ethics	58-60
103-3	Evaluation of the management approach	Sustainability Statement - Corporate Governance and Ethics	58-60
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 FY2023	58-60

EVENTS HIGHLIGHTS

Session with Prime Minister Yang Amat Berhormat Dato' Seri Anwar Bin Ibrahim

Malaysia's Prime Minister YAB Dato' Seri Anwar Bin Ibrahim

Inari's Executive Director cum Group CEO, Mr. Lau Kean Cheong, and Deputy Vice President, Mr. Noorazidi Bin Che Azib

Referencing to the Malaysia Semiconductor Industry Association E&E Survey 2022, the Electrical and Electronic ("E&E") industry is a key contributor to the Malaysian economy, accounting for 7% of the overall GDP and 13% of the global market share in 2022 for chip testing and packaging which Inari is involved. The E&E industry now employs about 590,000 Malaysians and is growing 4x faster than the overall economy with a 5.7% CAGR from 2017-2021. Riding on such growth, the industry is facing a notable skills shortage (particularly in engineering) as we move into initiatives such as digitalization and Industry 4.0.[1]

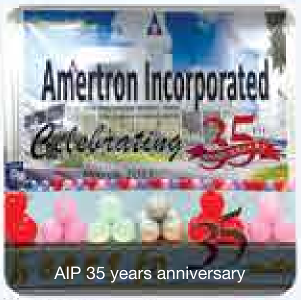
It was Inari's privilege to participate in an industry dialogue session with the Prime Minister YAB Dato' Seri Anwar Bin Ibrahim to provide inputs prior to Belanjawan 2023. With the E&E industry that requires highly skilled workforce, Inari has shared our effort and activities in reducing the skill gap between the industry needs and current talent pool. Our efforts include upskilling and reskilling of employees through advanced courses conducted by subject matter experts and structured internship programs.

[1] Source: *Malaysia Semiconductor Industry Association* "MSIA 2022 E&E Survey"- 21 February 2023

EVENTS HIGHLIGHTS
cont'd

Achievements, Awards and Recognition


AIP 35 years anniversary



AIP 35 years anniversary

Presentation of Supplier Appreciation Award by AMS Osram to ATK


Industry Excellence Award - Binary University

Conferences


SEMICON SEA 2023 with Dato' Mohamad Azmi Bin Ali, Dato' Sri Chee Hong Leong, JP and Mr. Lau Kean Cheong


CGS-CIMB Conference on Advanced E&E Manufacturing


GIOAS Climate Change Conference

SEMICON SEA 2023

EVENTS HIGHLIGHTS
cont'd

Corporate Visits


Apex Club and JCI Corporate Visit


Group CFO visit ATK

Visit - Khazanah Nasional Berhad

MITI and MIDA visit together with
Yang Berhormat Mulia Senator Tengku Zafrul

Educational Visits


Official Launch of STEM future


IKM Beseri Perlis Visit


Lawatan Sambil Belajar -
Kolej Vokasional Alor Setar


Industry Visit by INTI International College Penang

Doing Business In (DBi) Program -
International Students Visit

EVENTS HIGHLIGHTS
cont'd

Social Events


1st Place


International Women's Day Photo Contest for Inarians 2023
2nd Place


3rd Place


Inari Appreciation Dinner


EPF Talk for employees


Fun Bicycle Ride and Gotong Royong - Inari and DOE


AnaFiesta Generasi Sihat - 5KM Fun Walk at Balik Pulaulyst visit


Badminton Tournament


Inari Bowling Tournament


Recognition of long service staff in ATK

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 2023.

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 Securities"). 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 Securities.

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 Securities.

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 FY2023 include:

➢ The Chairman of the Board stepped down from the position of Chairman of the Nomination Committee and member of the Audit Committee during the year, which is in line with MCCG Practice 1.4 which recommends that the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

➢ None of our Independent Director's tenure of service exceed nine (9) years in line with MCCG Practice 5.3.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

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

Inari has provided comprehensive and forthcoming disclosure in the CG Report on the extent of its applications of the Practices encapsulated in the MCCG. For any departures from Practices prescribed by the MCCG, Inari has provided 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 six (6) Board Committees, namely Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC"), Sustainability and Risk Management Committee ("SRMC"), Executive Committee and ESOS Committee. 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 Reference.

In line with the MCCG 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 had been made to our Board Charter, Terms of Reference of Board Committees, Policy on External Auditor, Remuneration Policy for Directors and Senior Management, Code of Business Conduct and Ethics, Whistleblowing Policy, Anti-Corruption and Bribery Policy and accompanying declaration form. The enhanced Corporate Governance Policies and Procedures had been reviewed and approved by the Board on 23 September 2022.

In addition, on 22 September 2023, the Board reviewed and approved enhancement to the Board Charter, Terms of Reference of AC and Code of Business Conduct and Ethics to incorporate the amendments to MMLR in relation to conflict of interest.

The Board Charter and Terms of Reference 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.

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)*

Board of Directors

Ensures the sustainable value-creation for stakeholders by providing leadership to the strategic and operational direction of the Group and monitoring Management performance.

Audit Committee

Oversees the Group's financial reporting and audit processes, integrity risk, including providing oversight on internal and external auditors.

Nomination Committee

Oversees the nomination, appointment or employment and evaluation processes for Directors and Senior Management.

Remuneration Committee

Oversees the remuneration policies, processes and procedures for Directors and Senior Management.

Sustainability and Risk Management Committee

Oversees the Group's risk management and sustainability matters.

Group Chief Executive Officer

Communicates and oversees the implementation of Board's decisions, operational policies and procedures and manages the day-to-day affairs of the Group.

Group Chief Financial Officer

Manages the Group's financial reporting, risk management operations as well as the ongoing development and monitoring of internal control systems.

Senior Management Team

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 Board recognises the importance of separation of authority between the Chairman and CEO to promote accountability and facilitate division of responsibilities. This approach not only safeguards the interest of our stakeholders but also facilitates effective governance within the organisation. Since listing on Bursa Securities, the roles of the Chairman and Group Chief Executive Officer ("Group CEO") have been 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 ("Group 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 Secretaries

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 five (5) Board meetings, five (5) AC meetings, one (1) NC meeting, two (2) RC meetings and four (4) SRMC meetings held during the financial year ended 30 June 2023. Throughout FY2023, 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 2023 are as below:

Directors	Board	AC	NC	RC	SRMC
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP (Ceased as member of AC and NC on 13 March 2023)	5/5	4/4	1/1	-	-
Dato' Dr. Tan Seng Chuan	5/5	-	-	-	4/4
Lau Kean Cheong	5/5	-	-	-	-
Dato' Wong Gian Kui	5/5	-	-	-	-
Ho Phon Guan	5/5	-	-	-	-
Mai Mang Lee	5/5	-	-	-	-
Dato' Sri Thong Kok Khee	5/5	-	1/1	-	-
Datuk Phang Ah Tong	5/5	5/5	1/1	2/2	4/4
Ahmad Ridzuan Bin Wan Idrus	5/5	-	-	-	-

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

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

b. Meeting Convened and Company Secretaries *(cont'd)*

Directors	Board	AC	NC	RC	SRMC
Dato' Mohamad Azmi Bin Ali (Appointed to Board and AC on 13 January 2023 and RC on 13 March 2023)	2/2	2/2	-	1/1	-
Datuk Mohamed Arsad Bin Sehan (Appointed to Board on 21 February 2023 and AC, NC and RC on 13 March 2023)	2/2	1/1	-	1/1	-
Dato' Sri Chee Hong Leong, JP (Appointed to Board on 21 February 2023 and SRMC on 13 March 2023)	2/2	-	-	-	1/1
Foo Kok Siew (Retired on 23 November 2022)	3/3	3/3	-	1/1	2/2

Chairman   Member

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 each 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

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

c. Uphold Integrity in Financial Reporting *(cont'd)*

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

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. The aforementioned document serves 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. This Code has 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.

In accordance with the Group's Code of Business Conduct and Ethics, Directors and employees shall make a voluntary declaration (in addition to the annual declaration for Directors and Key Senior Management and on boarding declaration for other employees), when there is any related party transaction and/or conflict of interest situations that arose, persist or may arise within the Group including transaction and measures taken to resolve, eliminate or mitigate such conflicts. During the financial year ended 30 June 2023, there was no misconduct cases being reported.

The Code of Business Conduct and Ethics is available on the Company's website at www.inari-amertron.com.

e. Anti-Corruption and Bribery Policy

The Board has put in place an Anti-Corruption and Bribery Policy that outlines the Group's commitment to conduct business ethically as well as complying with all applicable laws, including compliance with the 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.

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

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

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

The Anti-Corruption and Bribery Policy covers salient areas pertaining to corruption and bribery such as gifts, entertainment, donations and sponsorships. The Policy necessitates strict adherence by all parties across the supply chain. The Company strictly prohibits 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 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 organized 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.

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 these risks.

The Anti-Corruption and Bribery Policy is available on the Company's website at www.inari-amertron.com.

f. 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 allow 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 AC. For FY2023, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

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

g. Sustainability

The Board together with Management take responsibility for the governance of sustainability in the Group and continuously align environmental, social and governance ("ESG") initiatives with the strategic direction of the Group in order to create long term and sustainable value for its shareholders and other stakeholders. The SRMC, assisted by the Group CEO and Group CFO, is entrusted with the responsibility of overseeing risk management and sustainability matters with the Group. Our sustainability strategies are currently led and driven by the Group CEO with the support of the Sustainability and Integrity Working Group in executing and implementing sustainability initiatives and monitoring their progress and achievement of targets.

A comprehensive account of the Group's sustainability initiatives and practices are set out in the Sustainability Statement on pages 40 to 121 of this Annual Report.

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.

During the year, the boardroom was revamped with the retirement of an Independent Director, re-designation of an Independent Director and appointment of three (3) new Independent Directors.

Mr Foo Kok Siew, who had served as Independent Director for a cumulative term of more than nine (9) years, retired from Inari Board at the conclusion of the 12th Annual General Meeting ("AGM") held on 23 November 2022 while Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP was re-designated from Chairperson/Independent Non-Executive Director to Chairperson/Non-Independent Non-Executive Director on the same day, thus reducing the number of Independent Director to one (1) namely Datuk Phang Ah Tong.

In order to meet the requirements under Paragraphs 15.02 and 15.09(1)(c)(i) of MMLR, Dato' Mohamad Azmi Bin Ali, a member of the Malaysian Institute of Accountants, has been appointed as Independent Director and Chairman of AC on 13 January 2023. Subsequently, the Board welcomed two (2) additional Independent Directors namely Datuk Mohamed Arsad Bin Sehan and Dato' Sri Chee Hong Leong, JP on 21 February 2023.

On 13 March 2023, the Chairman of the Board, Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP, stepped down from the position of Chairman of the NC and member of the AC in line with MCCG Practice 1.4. Following this transition, Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP no longer serves as a member of the AC, NC and RC.

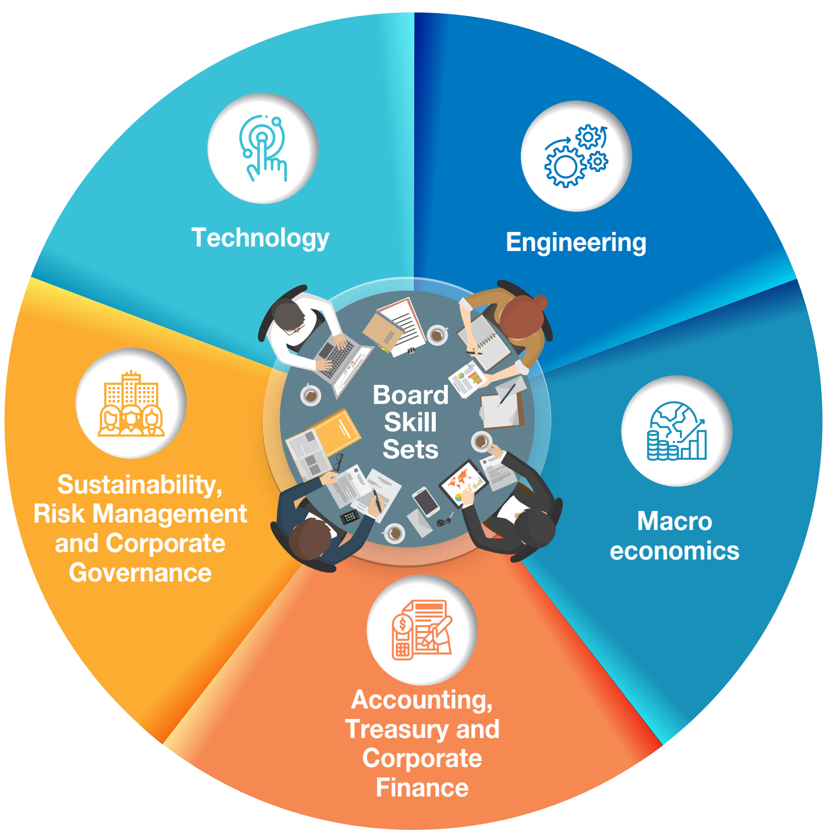
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

2. Board Composition *(cont'd)*

After the revamp, the Board, led by the Non-Independent Non-Executive Chairperson, comprises of five (5) Executive Directors, four (4) Independent Non-Executive Directors and three (3) Non-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 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 present Board composition represents an appropriate balance of Executive, Non-Executive and Independent Directors to achieve sustainable long term value for shareholders and effective governance of the Group's businesses, and yet allow for effective decision-making and check and balance. The profile of each Director is presented on pages 12 to 17 of this Annual Report.

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:



CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

3. Nomination

The NC comprises exclusively of three (3) Non-Executive Directors, with a majority of them being Independent Directors which is in line with Paragraph 15.08A(1) of MMLR. The composition of NC is set out in the Corporate Information on page 2 of this Annual Report. The primary function of the NC is to assist the Board in identifying and recommending candidates for directorships of the Company along with the membership of the Board's various committees. The NC also undertakes in assessing on annual basis, the effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual Director and also the independence of the Independent Directors.

During the year, 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.

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. The Policy serves as a guide for the Board and NC in their review and assessment of candidates that are to be appointed to the Board as well as Directors who are seeking for re-election.

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.

During the year, NC recommended the appointment of Dato' Mohamad Azmi Bin Ali, Datuk Mohamed Arsad Bin Sehan and Dato' Sri Chee Hong Leong, JP as Independent Directors of the Company and the appointment was subsequently approved by the entire Board as a whole. In accordance with Clause 102 of the Company's Constitution, these new Directors shall hold office until the 13th AGM and are eligible for re-election as Directors of the Company. Dato' Mohamad Azmi Bin Ali and Datuk Mohamed Arsad Bin Sehan have offered themselves for re-election while Dato' Sri Chee Hong Leong, JP has expressed his intention not to seek for re-election and will retain office until the close of the 13th AGM.

Mr. Lau Kean Cheong, Mr. Mai Mang Lee and En. Ahmad Ridzuan Bin Wan Idrus are due to retire by rotation pursuant to Clause 95 of the Company's Constitution and are standing for re-election at the 13th AGM. They, being eligible, have also offered themselves for re-election as Directors of the Company at the forthcoming AGM.

The Board and NC having assessed the performance and contribution of the retiring Directors, collectively agreed that they meet the criteria regarding character, experience, integrity, competence and time commitment to effectively discharge their duties and responsibilities as Directors as prescribed under Paragraph 2.20A of MMLR and Directors' Fit and Proper Policy. The Board is satisfied with their performance during the financial year and concluded that their continued service would benefit the Company and its stakeholders. Hence, the Board has recommended their re-election for shareholders' approval at the 13th AGM. The ordinary resolutions to approve their re-election will be voted individually. The details of the Directors seeking for re-election are disclosed in the Profile of the Board of Directors.

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

3. Nomination *(cont'd)*

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 and objective judgement. 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.

It is stated in the Board Charter that the tenure of Independent Directors should not exceed a cumulative term of nine (9) years. Upon completion of the 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 should provide justifications and seek shareholders' approval. To-date, the Board comprises of four (4) Independent Directors and none of their tenure of service has exceeded the term limit of nine (9) years.

The NC assessed the independence of each Independent Director in office for the financial year and concluded that they meet all the criteria of an Independent Director set out in Paragraph 1.01 of the MMLR. The Board is generally satisfied that each Independent Director has remained independent in character and judgement and continue to bring unbiased as well as impartial opinions and objective judgement to Board deliberations.

c. Annual Board Effectiveness Evaluation

In line with Practice 6.1 of MCCG, the Board, via the NC, performed an internal Board effectiveness evaluation ("BEE") of its own performance, comprising the Board as a whole, the Board Committees, each individual Director as well as the independence of Independent Directors for FY2023. Once every three (3) years, the Company will engage independent expert to conduct the BEE to gain insights on the Board's performance against peer boards and best practices. An external consultant was last engaged to facilitate the conduct of BEE in FY2022.

For FY2023, the Board evaluation process was conducted internally via 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 Board Committee evaluation comprises the AC, NC, RC and SRMC to review and assess their performance and determine whether the aforesaid Board Committees carry out their duties effectively in accordance with their respective Terms of Reference. The outcome of the BEE was compiled, documented and reported to the Board and NC accordingly with a view to identifying areas for improvement and reinforcement.

Based on the outcome of the evaluation undertaken, the Board is generally satisfied with the performance and effectiveness of each Director, the Board as a whole and the respective Board Committees for the financial year under review. The Director's peer review indicated that all the Directors are efficient in their respective roles and function and discharge 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 boardroom diversity and succession planning have been identified.

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

3. Nomination *(cont'd)*

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.

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

- AAET distinguished lecture on E&E industry in Malaysia - Trends and Challenges
- Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers
- AMLA Segmented Training 2022
- Awareness of OSHMS (ISO45001) & EMS (ISO14001) to Management
- Bank Negara Malaysia's Economic and Monetary Review (EMR) 2022 Briefing
- Can America Stop China's Rise? Will ASEAN Be Damaged?
- Cyber Security Awareness Training 2022
- Employer's Tax Obligations
- EPF Board & Leadership Talk #2 2023: Innovating in the Age of AI
- Fixed Income Campus - Virtual Training
- Generative AI: What is Generative AI and How Will it Impact the Future?
- Global Perspectives on Healthcare 2030
- Governance Audit Conference 2022
- Khazanah Megatrends Forum (KMF2022)
- Leadership for Enterprise Sustainability Asia (LESA 2023)
- Malaysia Insolvency Conference 2023
- Malaysia National E&E Forum 2022 by MSIA
- MIA International Accountants Conference 2023
- MITI and it's Agencies Retreat Training Programme 2023
- The Future of Data & Analytics: Decision Reengineering
- The Global Semiconductor Summit by Mavek and SAP
- Virtual workshop on Accelerating Digitalization adoption to improve productivity and competitiveness of manufacturing industry in Malaysia
- Webinar on Corporate Guide 4th Edition

4. Remuneration

The RC composition is in line with Guidance 7.2 of MCCG comprising exclusively of three (3) Independent 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.

During the year, the RC carried out their duties and activities as enunciated 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 FY2023.

The remuneration for Executive Directors and Senior Management is premised on the need to reward, attract and retain individual and corporate performance whilst still recognizing 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. In light of increasing concerns about climate change and its potential impacts on businesses, the remuneration structure also incorporates climate change risk management as a critical factor.

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

4. Remuneration *(cont'd)*

The determination of the Executive Directors' remuneration package is a matter reserved for the Board as a whole, with the Executive Directors involved abstained from discussing their own remuneration to promote high standard of corporate governance. In this process, the RC will play a significant role by recommending to the Board an appropriate remuneration and performance framework. This framework will be designed to align the remuneration of Executive Directors and Senior Management with the Company's efforts to address climate change risk and ensure the long-term sustainability of the business.

To achieve this, RC will endorse the application of climate-related performance targets in setting remuneration for the Executive Directors and Senior Management. These targets will be carefully crafted to take into consideration not only their overall performance and adherence to corporate governance practices, including anti-corruption policies and procedures but also their contributions towards sustainability-related matters, especially those related to mitigating and adapting to climate change challenges.

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 the general meeting.

Details of the remuneration of Directors comprising remuneration received/receivable from the Company and the Group for the financial year ended 30 June 2023 are as follows:

	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	-	-	-	-	-	-	-	-	-	360	1,063	-	298	1,721
Lau Kean Cheong	-	-	-	-	-	-	-	-	-	903	3,460	-	956	5,319
Dato' Wong Gian Kui	-	-	180	543	-	87	810	-	-	180	543	-	87	810
Ho Phon Guan	-	-	-	-	-	-	-	-	-	276	849	-	135	1,260
Mai Mang Lee	-	-	-	-	-	-	-	-	-	276	531	-	97	904

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

4. Remuneration *(cont'd)*

	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 Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	155	6	-	-	-	-	161	155	6	-	-	-	-	161
Dato' Sri Thong Kok Khee	104	4	-	-	-	-	108	104	4	-	-	-	-	108
Datuk Phang Ah Tong	173	9	-	-	-	-	182	173	9	-	-	-	-	182
Ahmad Ridzuan Bin Wan Idrus	96	4	-	-	-	-	100	96	4	-	-	-	-	100
Dato' Mohamad Azmi Bin Ali	72	2	-	-	-	-	74	72	2	-	-	-	-	74
Datuk Mohamed Arsad Bin Sehan	59	2	-	-	-	-	61	59	2	-	-	-	-	61
Dato' Sri Chee Hong Leong, JP	46	2	-	-	-	-	48	46	2	-	-	-	-	48
Thong Mei Chuen *(Alternate Director to Dato' Sri Thong Kok Khee)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foo Kok Siew *(Retired on 23 November 2022)*	69	5	-	-	-	-	74	69	5	-	-	-	-	74

	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	-	-	810	10,014	-	-	810	10,014
Non-Executive Directors	774	774	-	-	34	34	808	808
Total	**774**	**774**	**810**	**10,014**	**34**	**34**	**1,618**	**10,822**

\# *Meeting allowance*
* *Include Defined Contribution Plan and other allowances*

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

4. Remuneration *(cont'd)*

Remuneration Band	Executive Directors	Non-Executive Directors
RM1 to RM50,000	-	1
RM50,001 to RM100,000	-	4
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	-	2
RM800,001 to RM850,000	1	-
RM900,001 to RM950,000	1	-
RM1,250,001 to RM1,300,000	1	-
RM1,700,001 to RM1,750,000	1	-
RM5,300,001 to RM5,350,000	1	-
	5	**8**

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 145 to 149 of this Annual Report and Notes 26 and 36 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 2023, the external auditors have provided written assurance to the Company 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 Malaysian Institute of Accountants, the external auditors rotate their audit partner assigned to the Group every seven (7) 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 156 to 161 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 system.

The Group's internal audit function is outsourced to an independent professional firm, namely Crowe Governance Sdn Bhd ("Crowe Governance"). All the personnel deployed by Crowe Governance 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 system. 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 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 of Risk Management and Internal Control on pages 150 to 155 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 i-enquiry@inari-amertron.com.my.

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.

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 AGM. As is customarily practised, all Directors, including the Chairmen of the respective Board Committees, are present during AGM whereby they avail themselves to provide meaningful responses, clarity and context to shareholders' inquiries. A summary of questions and answers presented at AGMs is made available to the shareholders at the Company's website.

The notice of 12th 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 MCCG 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 12th 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 leverage on technology by conducting the 13th AGM virtually to encourage greater shareholder participation and voting in absentia as recommended under Practice 13.3 of MCCG.

Pursuant to Paragraph 8.29A of the MMLR, all the resolutions set out in the notice of 12th 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:

Boardroom Diversity

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

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

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

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.

This CG Overview Statement is made in accordance with the resolution of the Board of Directors dated 22 September 2023.

ADDITIONAL COMPLIANCE INFORMATION

1. Audit and Non-Audit Fees

During the financial year ended 30 June 2023, 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 and its member firm for services rendered to the Company and its subsidiaries were as follows:

	Company		Group	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Audit fees	75	77	431	391
Non-audit fees	23	299	139	406

The non-audit services rendered included statutory tax compliance services and review of the Statement on Risk Management and Internal Control. In FY2022, one of the non-audit services rendered was limited review of interim financial information and review of proforma consolidated statements of financial position for corporate exercise amounting to RM260,000.

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

• Inari Amertron Berhad's ESOS ("ESOS 2013")

i. The ESOS 2013 implemented on 4 October 2013 for a period of 9 years had ended on 3 October 2022 and all unexercised share options granted under ESOS 2013 had automatically expired.

ii. During the financial year, no share options were granted. The movements of share options exercised, lapsed and expired during the financial year are as follows:

	Number of Share Options	
	Grand Total Unit'000	Directors Unit'000
At 1 July 2022	82,686	30,817
Granted	-	-
Exercised	(25,134)	(16,330)
Lapsed*	(2,833)	-
Expired	(54,719)	(14,487)
At 30 June 2023	-	-

* *Lapsed due to resignation.*

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

Directors and Senior Management	FY2023	Since the Commencement of ESOS 2013 up to expiry date of 3 October 2022
Aggregate maximum allocation	50%	50%
Actual granted and accepted	-	40%

ADDITIONAL COMPLIANCE INFORMATION
cont'd

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

- **Inari Amertron Berhad's ESOS ("ESOS 2013")** *(cont'd)*

iv. The movements of share options applicable to Directors of the Company during the financial year are as follows:

Executive Directors

	Number of Share Options (units)				
	Balance as at 01.07.2022	Granted	Exercised	Expired	Balance as at 30.06.2023
Dato' Dr. Tan Seng Chuan	1,728,000	-	-	(1,728,000)	-
Lau Kean Cheong	20,391,111	-	(14,631,100)	(5,760,011)	-
Dato' Wong Gian Kui	2,592,003	-	(432,000)	(2,160,003)	-
Ho Phon Guan	864,000	-	-	(864,000)	-
Mai Mang Lee	2,160,000	-	-	(2,160,000)	-
Total	**27,735,114**	**-**	**(15,063,100)**	**(12,672,014)**	**-**

Non-Executive Directors

	Number of Share Options (units)				
	Balance as at 01.07.2022	Granted	Exercised	Expired	Balance as at 30.06.2023
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	1,785,600	-	(1,267,200)	(518,400)	-
Dato' Sri Thong Kok Khee	864,000	-	-	(864,000)	-
Foo Kok Siew *(Retired on 23 November 2022)*	432,000	-	-	(432,000)	-
Total	**3,081,600**	**-**	**(1,267,200)**	**(1,814,400)**	**-**
Grand Total	**30,816,714**	**-**	**(16,330,300)**	**(14,486,414)**	**-**

- **Inari Employees' Share Option Scheme 2022 ("ESOS 2022")**

i. The ESOS 2022 was approved by the shareholders at the Extraordinary General Meeting held on 23 November 2022. This ESOS is in force for a period of five years commencing from 23 November 2022 to 22 November 2027.

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

• Inari Employees' Share Option Scheme 2022 ("ESOS 2022") *(cont'd)*

ii. During the financial year, there were 74,548,000 share options granted to eligible Directors and employees. 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 2022	-	-
Granted	74,548	17,280
Exercised	(127)	-
Lapsed	(2,220)	-
At 30 June 2023	72,201	17,280

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

Directors and Senior Management	FY2023	Since the Commencement of ESOS 2022 up to 30.06.2023
Aggregate maximum allocation	60%	60%
Actual granted and accepted	23%	23%

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)				Equity-settled Share-based Payment Transactions* (RM)
	Balance as at 01.07.2022	Granted	Exercised	Balance as at 30.06.2023	
Dato' Dr. Tan Seng Chuan	-	2,592,000	-	2,592,000	441,504
Lau Kean Cheong	-	6,912,000	-	6,912,000	1,177,344
Dato' Wong Gian Kui	-	2,592,000	-	2,592,000	441,504
Ho Phon Guan	-	2,592,000	-	2,592,000	441,504
Mai Mang Lee	-	2,592,000	-	2,592,000	441,504
Total	**-**	**17,280,000**	**-**	**17,280,000**	**2,943,360**

* *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 2022 and Black Scholes model are outlined under Note 36 to the Financial Statements. The total amount arising from equity-settled share-based payment transactions is disclosed in Note 26 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 2023, the status of utilisation of proceeds raised from the private placement is set out as follows:

	Details	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation 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	(335,314)*	4,639	684,825	Within 30 months
2	Expenses in relation to the Private Placement	16,800	(12,161)	(4,639)^	-	Within 6 months
		1,032,300	**(347,475)**	**-**	**684,825**	

Note:-
** Consist of:-*
i. Capital expenditure: RM198.6 million
ii. Acquisitions and investments: RM136.7 million

^ The actual amount incurred for expenses in relation to the private placement was RM12.2 million with deviation of RM4.6 million being adjusted to the proceeds earmarked for capital expenditure, acquisitions and investments purposes.

The balance of unutilised proceeds amounting to RM684.8 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 2023.

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

At the Annual General Meeting held on 23 November 2022, 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.

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 2023 pursuant to the Shareholders' Mandate are disclosed as follows:

Transacting Parties	Companies within the Group	Type 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	25,732
		(ii) Provision of the following services by MSPL Group to Inari MIT Sdn Bhd: - Engineering and technical services; and - Support services such as manpower and information technology services.		5,000	360

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 risk management and internal control 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 2023.

The Statement is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 Securities.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility in maintaining a sound system of risk management and internal control system 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 risk management and internal control system, 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 system 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. The AC's Terms of Reference has been revised to incorporate the amendments on MMLR expanding the scope of the AC's review of conflict of interest situations to include those that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts.

- **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 ("Group CFO") and Group Chief Financial Officer ("Group 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 risk management and internal control system 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 risk management and internal control matters pertaining to the financial, operational and integrity risks.

Sustainability and Risk Management Committee
- Oversee risk management and sustainability matters in an integrated manner.

Internal Auditors

- Assess the adequacy and effectiveness of the Group's risk management and internal control system.

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

Communication and consultation

Risk identification

Risk assessment

Risk evaluation

Risk response

Risk reporting, monitoring and review

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, ERM assessment was undertaken across all major subsidiaries, led by the Group CEO, Group CFO and the heads of respective business units based on the present and potential principal risks, integrity risks, sustainability risks, climate change risks, supply chain risks 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, Crowe Governance Sdn Bhd ("Crowe Governance") to independently assess the adequacy, effectiveness and integrity of the Group's risk management and internal control system. 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 AC, SRMC, Nomination Committee, Remuneration Committee and ESOS 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.

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 team formulates and implements action plans to address the identified areas of concern.

4 Documented policies and procedures

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

5 Quality control and assurance

The Group is highly committed to providing products and services that always meet and exceed the business objectives and customer requirements where possible. The Group undertakes rigorous effort in monitoring and measuring the continuous effectiveness of quality management systems and focused on acting opportunities for continual improvement. Applicable statutory and regulatory requirements are determined including health and safety 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 Directors, Management and employees of the Company and its subsidiaries. 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 Gift and Donation 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 are effectively implemented.

10 Coverage and safeguarding of major assets

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

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional firm, Crowe Governance, to independently assess the adequacy, effectiveness and integrity of the Group's risk management and internal control system. 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 fulfilling their 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. In carrying out its activities, the internal audit function has unrestricted access to the relevant records, personnel and physical properties of the Group.

For the financial year ended 30 June 2023, the internal audit function assessed the adequacy and operating effectiveness of internal controls deployed by Management for the Group's key processes, namely:

- Engineering and technical operational process and control;
- Production management, variable cost and overhead, WIP and slow moving stocks and scrap management;
- Quality management, process and control for incoming, in-process and outgoing quality control;
- Procurement and inventory management; and
- Recurrent Related Party Transactions ("RRPT") review.

The internal audit engagement by Crowe Governance is led by an Executive Director, namely Amos Law. He is a Certified Internal Auditor ("CIA"), an IIA Accredited Internal Quality Assessor/Validator, a Chartered Member of the Malaysian Institute of Internal Auditors ("CMIIA") and a holder of the Certification in Risk Management Assurance ("CRMA"). He has accumulated 26 years of extensive experience in internal audit, risk management and corporate governance advisory services. 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. All the personnel deployed by Crowe Governance 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 2023, the total cost incurred for the internal audit function is RM298,000 (2022: RM356,000), which is exclusive of out-of-pocket expenses.

REVIEW BY THE EXTERNAL AUDITORS

The external auditors, Grant Thornton Malaysia PLT, have reviewed this Statement on Risk Management and Internal Control as required under Paragraph 15.23 of the MMLR, for inclusion in this Annual Report of the Company for the financial year ended 30 June 2023.

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 Malaysian Institute of Accountants.

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

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

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL 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 system is adequate and effective, proving reasonable assurance to safeguard the interests of stakeholders and the Group's assets. There were no material weaknesses or deficiencies in the system of risk management and internal control that have directly resulted in any material loss to the Group.

The Group CEO and Group CFO have, to the best of their knowledge and based on a review undertaken on the state of risk management and internal control, 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 22 September 2023.

AUDIT COMMITTEE REPORT

The Board of Directors (the "Board") of Inari Amertron Berhad ("Inari" or the "Company") is pleased to present the Audit Committee Report for the financial year ended 30 June 2023 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

AUDIT COMMITTEE MEMBERS

The composition of the Audit Committee comprises only Independent Non-Executive Directors. The composition, including the name, designation and directorship of the members are as follows:

Dato' Mohamad Azmi Bin Ali
Chairman, Independent Non-Executive Director

Datuk Phang Ah Tong
Independent Non-Executive Director

Datuk Mohamed Arsad Bin Sehan
Independent Non-Executive Director

COMPOSITION COMPLIANCE

The current 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. This is aligned with the Step-Up Practice 9.4 of the Malaysian Code on Corporate Governance 2021 ("MCCG"), which emphasises that the Audit Committee should comprise solely of Independent Directors. Furthermore, the current composition of the Audit Committee adheres to Practice 1.4 of MCCG, as the Chairman of the Board no longer serves as a member of the Audit Committee.

In addition, the Audit Committee is chaired by Dato' Mohamad Azmi Bin Ali, who is distinct from the Chairman of the Board, effectively aligns with the provisions outlined in Practice 9.1 of MCCG. Dato' Mohamad Azmi Bin Ali's membership in the Malaysian Institute of Accountants ("MIA") ensures compliance with the requirements of Paragraph 15.09(1)(c)(i) of the MMLR, which mandates that at least one member of the Audit Committee must be a MIA member.

Overall, the current composition of the Audit Committee not only meets the requirements of MMLR but also aligns with MCCG, demonstrating our commitment to robust corporate governance practices.

MEETINGS AND ATTENDANCE

The Audit Committee held five (5) meetings during the financial year ended 30 June 2023 and the details of attendance of each Audit Committee member is as follows:

	Audit Committee Member	Attendance
1	Dato' Mohamad Azmi Bin Ali *(appointed on 13 January 2023)*	2/2
2	Datuk Phang Ah Tong	5/5
3	Datuk Mohamed Arsad Bin Sehan *(appointed on 13 March 2023)*	1/1
4	Foo Kok Siew *(retired on 23 November 2022)*	3/3
5	Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP *(ceased as member on 13 March 2023)*	4/4

MEETINGS AND ATTENDANCE *(cont'd)*

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

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

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 during the financial year.

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.

The Terms of Reference were revised recently to incorporate the amendments on MMLR expanding the scope of the Audit Committee's review of conflict of interest situations to include those that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts.

AUTHORITY

The Audit Committee in the performance of its duties, is authorised by the Board, in accordance with a procedure determined by the Board and at the expense of the Group:

a) Have authority to investigate any matter within its Terms of Reference;
b) Have the resources which are required to perform its duties;
c) Have full and unlimited access to any information and documents pertaining to the Group;
d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
e) Be able to obtain external, legal or other independent professional advice and secure the attendance of external parties with relevant experience and expertise if it considers necessary; and
f) Be able to convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

AUDIT COMMITTEE REPORT
cont'd

SUMMARY OF ACTIVITIES AND WORK OF AUDIT COMMITTEE

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

1. Financial Reporting

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

  The review is to ensure that the Group's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards as well as applicable disclosure enumerations of the MMLR and any other legal and regulatory requirements.

- Reviewed the audited financial statements of the Group prior to recommending the said statements for consideration and approval by the Board, to ensure that they presented a true and fair view of the Group's financial position and performance for the year and complied with regulatory requirements.

- Discussed and reviewed the integrity of information, regulatory and accounting standards compliance in the audited financial statements and quarterly financial reports, considered and focused particularly on the following areas:

  - Changes in or implementation of major accounting policy or accounting standards;
  - Significant matters or unusual events or transactions highlighted by the Management or the external auditors including financial reporting issues and how these matters were addressed; and
  - Management judgements and estimations made on the recognition, measurement and presentation of the financial statements.

2. Internal Audit

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

- Reviewed the internal audit reports presented by the internal auditors which encompass the results of the internal audit assessments, recommendations and proposed enhancements suggested by the internal auditors, the respective Management personnel's responses and corrective actions taken by Management in addressing and resolving issues and ensuring that all issues were adequately addressed in a timely manner.

- Reviewed the implementation status of recommendations for outstanding audit findings to ensure all key risks and controls issues were addressed.

- Reviewed adequacy and effectiveness of the Group's internal controls system and provide reasonable assurance on the Group's system of internal control with the objective to minimise potential occurrence of fraud and material misstatement or error.

- Reviewed whistleblowing cases, if any, and Management's responses and resolutions thereon. During the financial year ended 30 June 2023, 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 appointment and the fees of the outsourced internal auditors.

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

3. External Audit

- Discussed and reviewed with the external auditors the Audit Planning Memorandum which covered, amongst others, the following:

  - Audit objective and scope
  - Audit strategy and approach
  - Identified risks which require special audit consideration and planned audit procedures
  - Key audit matters such as revenue recognition, recoverability of trade receivables and inventory valuation and existence
  - Latest pronouncements of MFRS which are effective for the Group on and after FY2023
  - Annual transparency report issued by the external auditors
  - Impact of Environmental, Social and Governance (ESG) on financial reporting
  - Information Technology system vulnerability
  - Audit timeline and reporting schedule

- Discussed and reviewed with the external auditors the audit status and significant changes to audit plans, comparison of results, compliance with laws and regulations and fraud related matters, recommendation for improvement in the internal control, statement of communication, audit independence and audit opinion.

- Discussed and reviewed the audit fees payable to the external auditors.

- Reviewed and approved the provision of non-audit services by the external auditors. The non-audit services rendered included tax compliance services and review of the Statement on Risk Management and Internal Control.

- Held private discussion with the external auditors without the presence of the Management and Company Secretaries 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.

- 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 Auditor. The evaluation criteria include, amongst others, the quality of service, communication, adequacy of resources as well as the exercise of independence and objectivity. 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.

  The Audit Committee was satisfied with the outcome of the performance assessment and independence of the external auditors and therefore, had recommended to the Board to re-appoint Grant Thornton Malaysia PLT as the external auditors of the Company. The re-appointment of Grant Thornton Malaysia PLT was approved by shareholders at the last Annual General Meeting.

AUDIT COMMITTEE REPORT
cont'd

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

4. Recurrent Related Party Transactions

- Reviewed the RRPT of a revenue or trading nature entered into by the Group on a quarterly basis.

- Reviewed the Circular to Shareholders 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 prices and terms of RRPT were not 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 the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report to the Board for approval.

SUMMARY OF THE WORK OF INTERNAL AUDITORS

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

The Group's internal audit function has been outsourced to a reputable professional service provider firm which assists the Audit Committee and the Board in evaluating the Group's risk management and internal control system 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 for the financial year ended 30 June 2023 included the following:

- Presented internal audit plan and ERM plan for the Audit Committee's review and endorsement;
- Presented ERM assessment reports include integrity risks, sustainability risk, climate change risk, supply chain risk and other risks 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.

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

The internal auditors performed its audit assignments based on the annual audit plan approved by the Audit Committee. The internal audit reports presented by the internal auditors for the financial year ended 30 June 2023 covered the following areas:

- Engineering and technical operational process and control;
- Production management, variable cost and overhead, WIP and slow moving stocks and scrap management;
- Quality management, process and control for incoming, in-process and outgoing quality control;
- Procurement and inventory management; and
- Recurrent Related Party Transactions review.

The total fee paid/payable for the outsourcing of the internal audit function for the financial year ended 30 June 2023 was RM298,000 (2022: RM356,000).

Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control on pages 150 to 155 of the Annual Report.

FINANCIAL STATEMENTS

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 2023.

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	325,025	314,228
Profit for the financial year attributable to:-		
- Owners of the Company	323,535	
- Non-controlling interests	1,490	
Profit for the financial year	325,025	

DIVIDENDS

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

	RM'000
In respect of the financial year ended 30 June 2022:-	
Fourth interim single tier dividend of 2.20 sen per share, paid on 6 October 2022	81,644
In respect of the financial year ended 30 June 2023:-	
First interim single tier dividend of 2.60 sen per share, paid on 6 January 2023	97,053
Second interim single tier dividend of 2.20 sen per share, paid on 6 April 2023	82,125
Third interim single tier dividend of 1.40 sen per share, paid on 7 July 2023	52,261
	313,083

DIRECTORS' REPORT
cont'd

DIVIDENDS *(cont'd)*

The Company had on 29 August 2023 declared a fourth interim single tier dividend of 2.00 sen per ordinary share in respect of the financial year ended 30 June 2023 amounting to RM74,813,648 payable on 6 October 2023. This dividend is not reflected in the financial statements for the current financial year and will be accounted for as an appropriation of retained earnings for the financial year ending 30 June 2024.

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

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*	
Datuk Phang Ah Tong	
Ahmad Ridzuan Bin Wan Idrus	
Dato' Mohamad Azmi Bin Ali	(Appointed on 13 January 2023)
Datuk Mohamed Arsad Bin Sehan	(Appointed on 21 February 2023)
Dato' Sri Chee Hong Leong, JP	(Appointed on 21 February 2023)
Thong Mei Chuen	(Alternate Director to Dato' Sri Thong Kok Khee)
Foo Kok Siew	(Retired on 23 November 2022)

* *also Director of certain subsidiaries of the Company*

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	
Tang, Liang	
Chua Yee Heong	
Lim Kok Yeow	
Zhao Sen	(Appointed on 12 April 2023)
Li Zheng	(Appointed on 12 April 2023)

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.7.2022	Bought/ Exercised share options	Sold	At 30.6.2023
Directors of the Company				
Direct interest in the Company				
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	522,325	1,267,200	(1,599,200)	**190,325**
Dato' Dr. Tan Seng Chuan	1,772,453	40,000	(200,000)	**1,612,453**
Lau Kean Cheong	26,031,325	14,831,100	(4,000,000)	**36,862,425**
Dato' Wong Gian Kui	50,000	432,000	(350,000)	**132,000**
Ho Phon Guan	34,500,628	-	-	**34,500,628**
Mai Mang Lee	12,916,316	-	-	**12,916,316**
Dato' Sri Thong Kok Khee	5,170,000	-	(3,171,300)	**1,998,700**
Thong Mei Chuen	708,451	-	-	**708,451**
Deemed interest in the Company				
Lau Kean Cheong (i)	13,482,997	-	-	**13,482,997**
Mai Mang Lee (ii)	2,000,000	-	-	**2,000,000**
Dato' Sri Thong Kok Khee (iii)	538,354,276	200,000	-	**538,554,276**
Director of the subsidiaries of the Company				
Direct interest in the Company				
Chong Poh Leng	135,000	-	(135,000)	**-**

(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 *(cont'd)*

According to the Register of Directors' Shareholdings, the interests of the Directors in office in the shares and share options of the Company and of its related corporations at the financial year end are as follows:- *(cont'd)*

Share options of the Company

	Number of share options			
	At 1.7.2022	**Exercised**	**Expired**	**At 30.6.2023**
ESOS 2013				
Directors of the Company				
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	1,785,600	(1,267,200)	(518,400)	**-**
Dato' Dr. Tan Seng Chuan	1,728,000	-	(1,728,000)	**-**
Lau Kean Cheong	20,391,111	(14,631,100)	(5,760,011)	**-**
Dato' Wong Gian Kui	2,592,003	(432,000)	(2,160,003)	**-**
Ho Phon Guan	864,000	-	(864,000)	**-**
Mai Mang Lee	2,160,000	-	(2,160,000)	**-**
Dato' Sri Thong Kok Khee	864,000	-	(864,000)	**-**
Director of the subsidiaries of the Company				
Chong Poh Leng	783,000	-	(783,000)	**-**

	Number of share options			
	At 1.7.2022	**Granted**	**Exercised**	**At 30.6.2023**
ESOS 2022				
Directors of the Company				
Dato' Dr. Tan Seng Chuan	-	2,592,000	-	**2,592,000**
Lau Kean Cheong	-	6,912,000	-	**6,912,000**
Dato' Wong Gian Kui	-	2,592,000	-	**2,592,000**
Ho Phon Guan	-	2,592,000	-	**2,592,000**
Mai Mang Lee	-	2,592,000	-	**2,592,000**
Director of the subsidiaries of the Company				
Chong Poh Leng	-	730,000	-	**730,000**

DIRECTORS' INTERESTS IN SHARES *(cont'd)*

According to the Register of Directors' Shareholdings, the interests of the Directors in office in the shares and share options of the Company and of its related corporations at the financial year end are as follows:- *(cont'd)*

Direct interest in subsidiary of the Company

Direct interest in Amertron Incorporated

	Number of ordinary shares			
	At 1.7.2022	**Bought**	**Sold**	**At 30.6.2023**
Directors of the Company				
Dato' Dr. Tan Seng Chuan	2	-	-	**2**
Lau Kean Cheong	2	-	-	**2**
Mai Mang Lee	1	-	-	**1**
Directors of the subsidiary of the Company				
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 the shares and share options of 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	774	774
Directors' remuneration and benefits	10,014	810
Non-Executive Directors' allowance	34	34
Insurance premium paid effected for the Directors	38	38

During the financial year, 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 RM2,943,000 and RM442,000 respectively.

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.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a Directors' and Officers' Liability Insurance which provides insurance cover for any legal action taken against the Directors and Officers of the Company 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 RM38,000.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital increased from RM1,977,180,395 to RM2,033,397,743 by way of the issuance of 25,261,600 new ordinary shares pursuant to the exercise of share options under the ESOS. Details of the exercise prices for the ESOS exercised are disclosed in the 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

The ESOS implemented on 4 October 2013 ("ESOS 2013") for a period of 9 years had ended on 3 October 2022 and all unexercised share options granted under ESOS 2013 had automatically expired.

The Board of Directors had proposed to establish a new ESOS scheme ("ESOS 2022") and the establishment was approved by the shareholders at the Extraordinary General Meeting held on 23 November 2022. The ESOS 2022 is in force for a period of five (5) years commencing from 23 November 2022 to 22 November 2027.

ESOS 2013 and ESOS 2022 are collectively known as ESOS.

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

ESOS 2013		**Number of share options**				
Offer date	**Exercise price RM**	**At 1.7.2022 Unit**	**Exercised Unit**	**Lapsed* Unit**	**Expired Unit**	**At 30.6.2023 Unit**
08.01.2014/28.01.2014	0.357	4,013	-	(39)	(3,974)	-
17.10.2014	0.533	763	-	(93)	(670)	-
01.10.2015	0.797	81,300	(23,700)	-	(57,600)	-
02.02.2016	1.000	100	-	(100)	-	-
23.02.2016	0.977	67,100	(51,000)	(50)	(16,050)	-
23.06.2016	0.863	53,100	(44,000)	(50)	(9,050)	-
16.12.2016	0.983	68,100	(62,000)	-	(6,100)	-
19.04.2017	1.187	210,725	(176,000)	(150)	(34,575)	-
17.08.2017	1.438	1,039,100	(993,600)	(225)	(45,275)	-
13.11.2017	1.721	5,156,600	(5,083,700)	(125)	(72,775)	-
11.04.2018	1.880	9,480,876	(9,222,800)	(550)	(257,526)	-
05.11.2018	1.890	6,742,600	(6,370,000)	-	(372,600)	-
24.03.2020	0.980	674,900	(609,800)	(200)	(64,900)	-
19.10.2020	2.460	4,232,400	(2,486,900)	(103,000)	(1,642,500)	-
20.05.2021	3.030	7,627,600	(10,000)	(411,000)	(7,206,600)	-
03.08.2021	3.420	24,221,899	(600)	(1,230,000)	(22,991,299)	-
12.11.2021	3.920	23,025,100	-	(1,087,100)	(21,938,000)	-
		82,686,276	(25,134,100)	(2,832,682)	(54,719,494)	-

ESOS *(cont'd)*

The movements of share options during the financial year are as follows:- *(cont'd)*

ESOS 2022		Number of share options				
Offer date	Exercise price	At 1.7.2022	Granted	Exercised	Lapsed*	At 30.6.2023
	RM	Unit	Unit	Unit	Unit	Unit
24.11.2022	2.560	-	49,924,000	(127,500)	(2,189,000)	**47,607,500**
29.05.2023	2.340	-	24,624,000	-	(31,000)	**24,593,000**
		-	74,548,000	(127,500)	(2,220,000)	**72,200,500**

* *Lapsed due to resignation*

The salient features of the ESOS are disclosed in Note 36 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:-

(a) 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

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

(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.

DIRECTORS' REPORT
cont'd

OTHER STATUTORY INFORMATION *(cont'd)*

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 37 to the Financial Statements.

AUDITORS

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

The amount of audit and other fees paid or payable to the auditors and its member firms by the Group and the Company for the financial year ended 30 June 2023 amounted to RM570,366 and RM98,200 respectively. Further details are disclosed in Note 23 to the Financial Statements.

The Group and the Company have agreed to indemnify the auditors, Grant Thornton Malaysia PLT to the extent permissible under the provisions of the Companies Act 2016 in Malaysia. However, no payment has been made in respect of this indemnity for the financial year.

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

DATO' DR. TAN SENG CHUAN
Director

LAU KEAN CHEONG
Director

22 September 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 177 to 256 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 2023 and of their financial performance and cash flows for the financial year then ended.

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

DATO' DR. TAN SENG CHUAN **LAU KEAN CHEONG**

22 September 2023

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 177 to 256 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)
22 September 2023)

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, which comprise the statements of financial position as at 30 June 2023 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 177 to 256.

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 2023, 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 21 to the Financial Statements.

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 32 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.

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)

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

Kuala Lumpur
22 September 2023

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**509,024**	499,524	**80**	57
Investment in subsidiaries	5	**-**	-	**913,430**	609,582
Investment in an associate	6	**6,675**	5,410	**-**	-
Intangible assets	7	**2,486**	2,340	**-**	-
Deferred tax assets	8	**9,918**	1,704	**-**	-
Total non-current assets		**528,103**	508,978	**913,510**	609,639
Current assets					
Inventories	9	**183,216**	147,037	**-**	-
Trade receivables	10	**220,329**	250,778	**-**	-
Other receivables, deposits and prepayments	11	**190,708**	15,820	**105**	56
Amount due from subsidiaries	12	**-**	-	**50,000**	190,000
Tax recoverable		**13,402**	903	**-**	80
Deposits, cash and bank balances	13 & 14	**1,830,994**	1,971,021	**1,224,611**	1,358,796
Total current assets		**2,438,649**	2,385,559	**1,274,716**	1,548,932
TOTAL ASSETS		**2,966,752**	2,894,537	**2,188,226**	2,158,571
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	15	**2,033,398**	1,977,180	**2,033,398**	1,977,180
Other reserves	16	**72,678**	54,407	**11,683**	21,037
Retained earnings		**496,554**	473,464	**88,609**	75,622
		2,602,630	2,505,051	**2,133,690**	2,073,839
Non-controlling interests		**3,218**	5,984	**-**	-
Total equity		**2,605,848**	2,511,035	**2,133,690**	2,073,839

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023
cont'd

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
EQUITY AND LIABILITIES *(cont'd)*					
LIABILITIES					
Non-current liabilities					
Retirement benefits obligations	17	**2,787**	2,751	**-**	-
Deferred tax liabilities	8	**11,508**	11,528	**-**	-
Lease liabilities	18	**15,159**	14,408	**-**	-
Total non-current liabilities		**29,454**	28,687	**-**	-
Current liabilities					
Trade payables	19	**118,503**	80,316	**-**	-
Other payables, accruals and other liabilities	20	**157,616**	182,254	**2,198**	3,171
Tax payable		**2,725**	10,032	**77**	-
Dividend payable		**52,261**	81,561	**52,261**	81,561
Lease liabilities	18	**345**	652	**-**	-
Total current liabilities		**331,450**	354,815	**54,536**	84,732
Total liabilities		**360,904**	383,502	**54,536**	84,732
TOTAL EQUITY AND LIABILITIES		**2,966,752**	2,894,537	**2,188,226**	2,158,571

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 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	21	**1,354,003**	1,547,899	**303,680**	388,180
Cost of sales		**(999,035)**	(1,077,872)	**-**	-
Gross profit		**354,968**	470,027	**303,680**	388,180
Other income		**24,208**	33,423	**7,246**	3,685
Finance income		**52,926**	23,913	**37,089**	21,355
Administrative expenses		**(75,804)**	(80,149)	**(32,616)**	(7,757)
Operating profit		**356,298**	447,214	**315,399**	405,463
Finance costs	22	**(1,787)**	(1,034)	**-**	-
Share of profit/(loss) of equity-accounted associate	6	**1,265**	(71)	**-**	-
Profit before tax	23	**355,776**	446,109	**315,399**	405,463
Tax expense	24	**(30,751)**	(54,916)	**(1,171)**	(1,421)
Profit for the financial year		**325,025**	391,193	**314,228**	404,042
Other comprehensive income, net of tax:-					
Item that will not be subsequently reclassified to profit and loss					
Remeasurement of retirement benefits		**796**	1,535	**-**	-
Item that will be subsequently reclassified to profit and loss					
Foreign currency translation of foreign operations		**27,625**	25,017	**-**	-
Total other comprehensive income for the financial year, net of tax		**28,421**	26,552	**-**	-
Total comprehensive income for the financial year		**353,446**	417,745	**314,228**	404,042
Profit for the financial year attributable to:-					
Owners of the Company		**323,535**	390,917	**314,228**	404,042
Non-controlling interests		**1,490**	276	**-**	-
		325,025	391,193	**314,228**	404,042
Total comprehensive income for the financial year attributable to:-					
Owners of the Company		**351,956**	417,469	**314,228**	404,042
Non-controlling interests		**1,490**	276	**-**	-
		353,446	417,745	**314,228**	404,042
Earnings per share attributable to owners of the Company (sen):-	25				
- Basic		**8.68**	10.65		
- Diluted		**8.68**	10.59		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2023

		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
2023									
Balance at 1 July 2022		1,977,180	5,387	27,983	21,037	473,464	2,505,051	5,984	2,511,035
Total comprehensive income for the financial year		-	-	27,625	-	324,331	351,956	1,490	353,446
Transactions with owners:-									
Ordinary shares issued pursuant to exercise of ESOS	15,16	56,218	-	-	(9,210)	-	47,008	-	47,008
Expiry of share option under ESOS		-	-	-	(11,842)	11,842	-	-	-
Share-based compensation pursuant to ESOS granted		-	-	-	11,698	-	11,698	-	11,698
Dividends	27	-	-	-	-	(313,083)	(313,083)	-	(313,083)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(4,256)	(4,256)
		56,218	-	-	(9,354)	(301,241)	(254,377)	(4,256)	(258,633)
Balance at 30 June 2023		**2,033,398**	**5,387**	**55,608**	**11,683**	**496,554**	**2,602,630**	**3,218**	**2,605,848**

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2023
cont'd

Group	Note	Share capital	Capital reserve	Foreign currency translation reserve	ESOS reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company							
			Non-distributable			Distributable			
		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	27	-	-	-	-	(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 2023
cont'd

Company	Note	Share capital RM'000	Non-distributable ESOS reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
2023					
Balance at 1 July 2022		**1,977,180**	**21,037**	**75,622**	**2,073,839**
Total comprehensive income for the financial year		**-**	**-**	**314,228**	**314,228**
Transactions with owners:-					
Ordinary shares issued pursuant to exercise of ESOS	15,16	**56,218**	**(9,210)**	**-**	**47,008**
Expiry of share option under ESOS		**-**	**(11,842)**	**11,842**	**-**
Share-based compensation pursuant to ESOS granted		**-**	**11,698**	**-**	**11,698**
Dividends	27	**-**	**-**	**(313,083)**	**(313,083)**
		56,218	**(9,354)**	**(301,241)**	**(254,377)**
Balance at 30 June 2023		**2,033,398**	**11,683**	**88,609**	**2,133,690**
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
Transactions with owners:-					
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	27	**-**	-	**(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

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
OPERATING ACTIVITIES					
Profit before tax		**355,776**	446,109	**315,399**	405,463
Adjustments for:-					
Depreciation of property, plant and equipment	4	**106,712**	100,910	**36**	28
Gain on disposal of property, plant and equipment	4	**(282)**	(28)	**-**	-
Property, plant and equipment written off	4	**20**	1	**-**	-
Impairment loss on investment in a subsidiary	5	**-**	-	**25,121**	-
Gain on winding up of a subsidiary		**-**	-	**(830)**	-
Share of (profit)/loss of equity-accounted associate	6	**(1,265)**	71	**-**	-
Allowance for slow moving inventories	9	**2,675**	3,525	**-**	-
Provision for retirement benefits obligations	17	**598**	610	**-**	-
(Reversal)/Provision for warranty	20	**(6,889)**	1,464	**-**	-
Interest income		**(52,926)**	(23,913)	**(37,089)**	(21,355)
Interest expenses	22	**1,787**	1,034	**-**	-
Equity-settled share-based payment transactions	26	**11,698**	11,927	**596**	1,076
Unrealised gain on foreign exchange		**(3,020)**	(3,455)	**(3,381)**	(3,683)
Operating profit before working capital changes		**414,884**	538,255	**299,852**	381,529
Changes in working capital:-					
Inventories		**(33,920)**	11,185	**-**	-
Receivables		**36,146**	(4,823)	**(49)**	(9)
Payables		**8,767**	(38,130)	**(973)**	1,575
Cash generated from operations		**425,877**	506,487	**298,830**	383,095
Income tax paid		**(58,305)**	(24,973)	**(1,014)**	(1,501)
Income tax refunded		**-**	311	**-**	-
Interest received		**52,926**	23,913	**37,089**	21,355
Interest paid		**(1,518)**	(1,034)	**-**	-
Retirement benefits paid		**-**	(29)	**-**	-
Net cash from operating activities		**418,980**	504,675	**334,905**	402,949

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 30 June 2023
cont'd

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	B	**(113,016)**	(110,578)	**(59)**	(65)
Proceeds from disposal of property, plant and equipment		**329**	896	**-**	-
Acquisition of a subsidiary	5	**-**	-	**(1,000)**	-
Subscription of shares in:					
- existing subsidiaries		**-**	-	**(2,500)**	-
- existing subsidiary by non-controlling interests		**-**	1,235	**-**	-
Proceeds from winding up of a subsidiary		**-**	-	**4,429**	-
Payment for proposed investment	11(b)	**(164,724)**	-	**-**	-
Changes in amount due from subsidiaries		**-**	-	**(177,966)**	(29,549)
Withdrawal of fixed deposits with licensed banks		**27,153**	22,931	**29,084**	20,603
Net cash used in investing activities		**(250,258)**	(85,516)	**(148,012)**	(9,011)
FINANCING ACTIVITIES					
Dividends paid to:					
- owners of the Company		**(342,383)**	(433,169)	**(342,383)**	(433,169)
- non-controlling interests		**(4,256)**	-	**-**	-
Net proceeds from issuance of shares pursuant to:					
- ESOS		**47,008**	63,302	**47,008**	63,302
- private placement		**-**	1,020,323	**-**	1,020,323
Repayment of borrowing		**-**	(1,087)	**-**	-
Repayment of lease liabilities	C	**(769)**	(1,622)	**-**	-
Net cash (used in)/from financing activities		**(300,400)**	647,747	**(295,375)**	650,456
CASH AND CASH EQUIVALENTS					
Net changes		**(131,678)**	1,066,906	**(108,482)**	1,044,394
Effects of changes in foreign exchange rates		**17,832**	19,229	**3,381**	533
Brought forward		**1,917,352**	831,217	**1,306,521**	261,594
Carried forward	A	**1,803,506**	1,917,352	**1,201,420**	1,306,521

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2023
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	
		2023	**2022**	**2023**	**2022**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	14	**265,447**	319,772	**21,681**	21,349
Deposits with licensed banks	13	**1,565,547**	1,651,249	**1,202,930**	1,337,447
		1,830,994	1,971,021	**1,224,611**	1,358,796
Less:					
Fixed deposits more than 3 months to maturity	13	**(27,488)**	(53,669)	**(23,191)**	(52,275)
		1,803,506	1,917,352	**1,201,420**	1,306,521

Included in cash and cash equivalents of the Group and of the Company are amounts of RM1,370,487,000 and RM1,160,332,000 (2022: RM1,548,200,000 and RM1,269,979,000) placed in Islamic money market instruments, deposit and current accounts.

(B) Acquisition of property, plant and equipment

	Note	Group		Company	
		2023	**2022**	**2023**	**2022**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Cash purchase	4	**113,016**	141,969	**59**	65
Set-off against government grant received	4	**-**	(17,500)	**-**	-
Total acquisition of property, plant and equipment		**113,016**	124,469	**59**	65
Acquisition via lease arrangements	18	**-**	(13,891)	**-**	-
Net cash flows		**113,016**	110,578	**59**	65

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 30 June 2023
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 2022 RM'000	Interest Payable RM'000	Repayment RM'000	Effects of movement in exchange rate RM'000	At 30 June 2023 RM'000
Lease liabilities	15,060	269	(769)	944	**15,504**

	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**

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 22 September 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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 2022.

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.

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:-

MFRS and Amendments to MFRSs effective 1 January 2023:-

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: 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 MFRS 112*	Income Taxes: International Tax Reform – Pillar Two Model Rules

Amendments to MFRSs effective 1 January 2024:-

Amendments to MFRS 16	Leases: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements: Non-current Liabilities with Covenants
Amendments to MFRS 107* and MFRS 7*	Statement of Cash Flows and Financial Instruments: Disclosures: Supplier Finance Arrangements

Amendments to MFRSs effective 1 January 2025:-

Amendments to MFRS 121*	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

Amendments to MFRSs - effective date deferred indefinitely:-

Amendments to MFRS 10* and MFRS 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

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. BASIS OF PREPARATION *(cont'd)*

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

The management estimates the useful lives of the property, plant and equipment to be 2 to 60 years and reviews the useful lives at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to changes in the expected level of usage and developments, resulting in the adjustment to the Group's and the Company's assets.

The management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimation hence it would not result in material variance in the Group's and the Company's profit for the financial year.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit ("CGUs") and determines a suitable interest rate in order to calculate the present value of those cash flows.

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections derived from financial budgets approved by management. Management has made estimates about future results and key assumptions applied to cash flow projections of the CGUs. These key assumptions are applied to cash flow projections of the CGUs and include forecast growth in future revenues and operating profit margins, as well as determining appropriate pre-tax discount rates and growth rates.

In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 7 to the Financial Statements.

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

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

2.6.1 Estimation uncertainty *(cont'd)*

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

The Group's business is subject to economical and technological changes which may cause selling price to change rapidly, and as a result may impact on the Group's earnings.

The management reviews inventories to identify damaged, obsolete and slow-moving inventories which require judgement and changes in such estimates could result in revision to the valuation of inventories.

The management expects that the expected net realisable values of the inventories would not have material difference from the management's estimation. Hence it would not result in material variance in the Group's profit for the financial year.

Provision for expected credit losses ("ECLs") of trade 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 32 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.

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

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

2.6.1 Estimation uncertainty *(cont'd)*

Deferred tax assets *(cont'd)*

Assumptions about generation of future taxable income depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required on the application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the financial statements and the amount of unrecognised business losses and unrecognised temporary differences.

Income taxes

Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Provision for warranty

A subsidiary of the Group provides warranty for manufacturing defects of its products sold. The product warranty will be in effect based on the subsidiary's normal warranty period of one to three years. The cost of the warranty is estimated based on actual historical expenses incurred and estimated future expenses related to current sales, and are updated periodically.

The estimate has been made on the basis of historical warranty trends and may change as a result of new products introduced, new materials, altered manufacturing process or other events that may affect product quality. In such circumstances, the original basis used to calculate the amounts for warranty may need to be revised when it is appropriate.

Employee share options

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the 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 36 to the Financial Statements.

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

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

2.6.1 Estimation uncertainty *(cont'd)*

Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries in the selection of certain assumptions in calculating the obligations and cost of post-employment benefit. Those assumptions include, among others, discount rates, expected rate of return on plan assets and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognised expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligations.

The assumptions used and the fair value for retirement benefits obligations are disclosed in Note 17 to the Financial Statements.

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.

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.

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

3.1 Consolidation *(cont'd)*

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

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.

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. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.1 Consolidation *(cont'd)*

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.

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.

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

3.1 Consolidation *(cont'd)*

3.1.6 Associates *(cont'd)*

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.

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 its 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.

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

3.2 Property, plant and equipment *(cont'd)*

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.

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.

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

3.3 Leases *(cont'd)*

3.3.1 Group as a lessee *(cont'd)*

Lease liabilities *(cont'd)*

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.

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.

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

3.4 Impairment of non-financial assets *(cont'd)*

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.

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.

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

3.5 Financial instruments *(cont'd)*

3.5.1 Financial assets *(cont'd)*

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.

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.

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

3.5 Financial instruments *(cont'd)*

3.5.1 Financial assets *(cont'd)*

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.

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. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.5 Financial instruments *(cont'd)*

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.

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

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 and dividend payable.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
cont'd

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

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 and consumables consists of the purchase price plus the cost of bringing the inventories to their present location.

Cost of all inventories is determined on the weighted average cost basis.

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

3.7 Cash and cash equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current assets.

3.8 Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.9 Revenue recognition

3.9.1 Revenue from contracts with customers

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties such as sales taxes and service taxes.

If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The control over the goods or services is transferred over time and revenue is recognised over time if:-

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where any one of the above conditions not met, revenue is recognised at a point in time at which the performance obligation is satisfied.

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. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.9 Revenue recognition *(cont'd)*

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).

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. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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 the 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.

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.

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

3.11 Employee benefits *(cont'd)*

3.11.3 Defined retirement benefit plans *(cont'd)*

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The Group's right to the reimbursement of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

3.11.4 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

3.11.5 Employee leave entitlements

Employee entitlements to annual leave are recognised as liabilities when they accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

3.12 Equity-settled share-based payment transactions

Employees' share 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.

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

3.12 Equity-settled share-based payment transactions *(cont'd)*

Employees' share option scheme ("ESOS") *(cont'd)*

Where an equity-settled award is cancelled, it is treated as if it is vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

3.13 Tax expense

Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.13.1 Current tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date. Current tax for current and prior year is recognised in statements of financial position as liability (or asset) to the extent that it is unpaid (or refundable). Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3.13.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.14 Foreign currency translations

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

3.14.1 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.14.2 Foreign operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

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. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.15 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment revenues, expenses and result include transfers between segments. These transfers are eliminated on consolidation.

3.16 Equity instruments

3.16.1 Equity, reserves and distribution to owners

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current year's profit and prior years' retained earnings.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as liabilities when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders, they are recognised as liabilities.

All transactions with the owners of the Company are recorded separately within equity.

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. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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 compiled 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.

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 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
Additions	-	-	5,085	831	91,451	14,508	-	1,141	113,016
Disposals	-	-	-	-	(5,437)	(116)	-	-	(5,553)
Written off	-	-	(9)	-	(4,857)	(878)	-	-	(5,744)
Derecognition#	(2,180)	-	-	-	-	-	-	-	(2,180)
Reclassification	-	-	227	383	151	113	-	(874)	-
Foreign currency translation	1,010	64	3,371	-	2,776	899	17	44	8,181
Balance at 30 June 2023	**16,618**	**50,141**	**217,297**	**35,266**	**867,003**	**117,245**	**1,258**	**947**	**1,305,775**

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

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

Group *(cont'd)*	Right-of-use land and buildings RM'000	Leasehold land and land use right RM'000	Leasehold buildings RM'000	Renovation RM'000	Production equipment RM'000	Office equipment, electrical installation, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation									
Balance at 1 July 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
Charge for the financial year	1,539	1,452	6,919	981	85,221	10,530	70	-	106,712
Disposals	-	-	-	-	(5,390)	(99)	-	-	(5,489)
Written off	-	-	(2)	-	(4,853)	(869)	-	-	(5,724)
Derecognition#	(2,180)	-	-	-	-	-	-	-	(2,180)
Foreign currency translation	192	22	1,219	-	2,700	722	15	-	4,870
Balance at 30 June 2023	**3,075**	**13,435**	**43,586**	**33,783**	**613,366**	**87,527**	**1,132**	**-**	**795,904**

Derecognition due to lease expiry

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

Group *(cont'd)*	Right-of-use land and buildings RM'000	Leasehold land and land use right RM'000	Leasehold buildings RM'000	Renovation RM'000	Production equipment RM'000	Office equipment, electrical installation, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated impairment loss									
Balance at 1 July 2021	-	-	-	-	1,721	12	-	-	1,733
Disposals	-	-	-	-	(975)	(4)	-	-	(979)
Foreign currency translation	-	-	-	-	61	1	-	-	62
Balance at 30 June 2022	-	-	-	-	807	9	-	-	816
Disposals	-	-	-	-	(17)	-	-	-	(17)
Foreign currency translation	-	-	-	-	47	1	-	-	48
Balance at 30 June 2023	**-**	**-**	**-**	**-**	**837**	**10**	**-**	**-**	**847**
Carrying amount									
Balance at 30 June 2023	**13,543**	**36,706**	**173,711**	**1,483**	**252,800**	**29,708**	**126**	**947**	**509,024**
Balance at 30 June 2022	14,264	38,116	173,173	1,250	246,424	25,467	194	636	499,524

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

Company	Renovation	Office equipment	Motor vehicles	Total
	RM'000	RM'000	RM'000	RM'000
At cost				
Balance at 1 July 2021	71	328	191	590
Additions	37	28	-	65
Balance at 30 June 2022	108	356	191	655
Additions	1	58	-	59
Balance at 30 June 2023	**109**	**414**	**191**	**714**
Accumulated depreciation				
Balance at 1 July 2021	71	308	191	570
Charge for the financial year	7	21	-	28
Balance at 30 June 2022	78	329	191	598
Charge for the financial year	12	24	-	36
Balance at 30 June 2023	**90**	**353**	**191**	**634**
Carrying amount				
Balance at 30 June 2023	**19**	**61**	**-**	**80**
Balance at 30 June 2022	30	27	-	57

(a) Included in the Group's carrying amounts of property, plant and equipment amounting to RM1,805,000 (2022: RM1,870,000) 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	
	2023	2022
	RM'000	RM'000
Right-of-use land and buildings	**13,543**	14,264
Leasehold land and land use right:-		
- Leasehold land with unexpired lease period of less than 60 years	**35,987**	37,415
- Prepaid land lease payments with unexpired lease period of less than 60 years	**719**	701
Leasehold buildings	**173,711**	173,173
Production equipment	**455**	508
	224,415	226,061

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 2023 RM'000	Group 2022 RM'000
Right-of-use land and buildings	**-**	13,891
Leasehold buildings	**5,085**	4,560

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

	Group 2023 RM'000	Group 2022 RM'000
Right-of-use land and buildings	**1,539**	1,641
Leasehold land and land use right	**1,452**	1,450
Leasehold buildings	**6,919**	5,482
Production equipment	**43**	41

(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 2023 RM'000	Company 2022 RM'000
At cost		
Unquoted ordinary shares	**134,850**	137,449
Unquoted redeemable convertible preference shares	**732,296**	411,830
Allocated ESOS charge in respect of share options granted to the employees of subsidiaries	**90,055**	78,953
Less: Accumulated impairment loss		
At beginning of financial year	**(18,650)**	(18,650)
Recognised during the financial year	**(25,121)**	-
At end of financial year	**(43,771)**	(18,650)
	913,430	609,582

5. INVESTMENT IN SUBSIDIARIES *(cont'd)*

The Company conducted an impairment review of its investment in subsidiaries at the reporting date principally based on the Company's share of net assets in these subsidiary companies, which represents the Management's estimation on the recoverable amount of the subsidiary companies. The review gave rise to the recognition of impairment in a subsidiary which the carrying amount of the subsidiary is stated to its recoverable amount. The recoverable amount of the subsidiary is measured according to the level 3 in the fair value hierarchy as disclosed in Note 2.2 to the Financial Statements. Details of the level 3 fair value method used in obtaining the recoverable amount are as follows:-

- **Valuation method and key inputs:**
  Adjusted net asset method which derives the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities

- **Significant unobservable inputs:**
  Fair value of individual assets and liabilities

- **Relationship of unobservable inputs and fair value:**
  The higher the net assets, the higher the fair value

The details of the subsidiaries are as follows:-

Name of subsidiaries	Place of incorporation and principal place of business	Effective equity interest		Principal activities
		2023	2022	
		%	%	
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.

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 2023 %	2022 %	Principal activities
Ceedtec Sdn. Bhd. ("CSB") ^	Malaysia	**-**	51	Dissolved.
Inari Datamation Systems Sdn Bhd ("IDSSB") *+	Malaysia	**100**	-	Dormant.
Held through ISL				
Hektar Teknologi Sdn. Bhd. ("HT")	Malaysia	**100**	100	Property investment.
Held through IMSB				
Inari MIT Sdn. Bhd. ("IMJV")	Malaysia	**51**	51	Design, assembly and supply of semiconductor manufacturing process tools, customised semiconductor process tools and parts.
Held through IIL				
Amertron Inc. (Global) Limited ("AIG") *	Cayman Islands	**100**	100	Investment holding.
Held through AIG				
Amertron Incorporated ("AIP") #	Philippines	**100**	100	Manufacturing of electronic and semiconductor related products and services include electronics optical fiber devices.
Amertron International Limited ("AIL") #%	Hong Kong	**100**	100	Investment holding.
Held through AIL/AIG				
Amertron Technology (Kunshan) Co. Ltd. ("ATK") #@	People's Republic of China	**100**	100	Manufacturing of semiconductor related products and services include optoelectronics devices.

\# *Audited by other member firms of Grant Thornton International Limited*

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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
cont'd

5. INVESTMENT IN SUBSIDIARIES *(cont'd)*

(a) The changes of the investment in subsidiaries are as follows:-

% 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.

@ On 9 January 2023, AIG has transferred its 100% equity interest in ATK to AIL, as part of the proposed joint venture investment as detailed in Note 37(i) to the Financial Statements.

^ CSB had been placed under member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016 in prior years and dissolved during the financial year. No gain or loss arising from the derecognition of CSB at group level and upon winding up, the Company received final capital distribution from CSB amounted to RM4,428,986 which resulted in a gain on winding up amounted to RM830,426.

+ On 28 February 2023, the Company incorporated a wholly-owned subsidiary, IDSSB with paid up capital of RM1,000,000 for the financial year ended 30 June 2023.

(b) The Company subscribed in cash for additional redeemable convertible preferences shares ("RCPS") in its subsidiary as follows:-

Subsidiary	Number of shares	Amount
2023	**'000**	**RM'000**
ISK	2,500	**2,500**

The Company subscribed for additional RCPS in its subsidiaries by capitalising the amount owing by the subsidiaries as follows:-

Subsidiaries	Number of shares	Amount
2022	**'000**	**RM'000**
IMSB	1,285	1,285
2023		
AIL	211,400	**136,753**
ITSB	143,000	**143,000**
HT	2,760	**2,760**
SB	2,700	**2,700**
AIG	7,000	**32,753**
		317,966

(c) Non-controlling interests in a subsidiary

The carrying amount of the non-controlling interests of IMJV is not material to the Group.

6. INVESTMENT IN AN ASSOCIATE

	Group	
	2023	2022
	RM'000	RM'000
Unquoted shares, at cost	**6,255**	6,255
Share of post-acquisition reserve		
At beginning of financial year	**(845)**	(774)
Additions	**1,265**	(71)
At end of financial year	**420**	(845)
	6,675	5,410

Details of the associate are as follows:-

Name of associate	Place of incorporation and principal place of business	Effective equity interest		Principal activity
		2023	2022	
		%	%	
<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	
	2023	2022
	RM'000	RM'000
Summary of financial position		
Non-current assets	**8,273**	6,472
Current assets	**14,824**	14,543
Non-current liabilities	**-**	(342)
Current liabilities	**(845)**	(2,639)
Net assets	**22,252**	18,034
Proportion of the Group's ownership in associate	**30%**	30%
Carrying amount of the Group's interest in associate (RM'000)	**6,675**	5,410

6. INVESTMENT IN AN ASSOCIATE *(cont'd)*

The summary of financial information of the associate is as follows:- *(cont'd)*

	Group	
	2023	**2022**
	RM'000	**RM'000**
Summary of financial performance		
Revenue	**54,596**	23,317
Total comprehensive income/(loss) for the financial year	**4,218**	(236)
Group's share of profit/(loss) for the financial year	**1,265**	(71)

7. INTANGIBLE ASSETS

	Group	
	2023	**2022**
	RM'000	**RM'000**
Goodwill		
Cost	**1,728**	1,728
Foreign currency translation	**758**	612
Carrying amount	**2,486**	2,340

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% (2022: 5%) derived through past experience. A terminal value is assigned at the end of the five (5) years cash flow projections based on an assumed growth rate of 5% (2022: 5%) in perpetuity. The growth rate of 5% (2022: 5%) is in line with information obtained from external sources.

(ii) Pre-tax discount rate

The pre-tax discount rate applied is 12.0% (2022: 9.5%), 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 materiality from their recoverable amounts except for the changes in prevailing operating environment which is not reasonable.

8. DEFERRED TAX ASSETS/(LIABILITIES)

	Deferred tax assets		Deferred tax liabilities	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Group				
Balance at beginning	**1,704**	15,387	**(11,528)**	(11,640)
Recognised in profit or loss	**8,215**	(13,709)	**198**	358
Recognised in other comprehensive income	**(42)**	-	**-**	(81)
Foreign currency translation	**41**	26	**(178)**	(165)
Balance at end	**9,918**	1,704	**(11,508)**	(11,528)

Deferred tax assets and liabilities are attributable to the following:-

	Deferred tax assets		Deferred tax liabilities		Net	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Inventories	**2,518**	1,783	**-**	-	**2,518**	1,783
Property, plant and equipment	**216**	224	**(25,576)**	(31,063)	**(25,360)**	(30,839)
Provisions	**13,342**	13,245	**-**	-	**13,342**	13,245
Retirement benefits obligations	**139**	-	**-**	138	**139**	138
Unutilised capital allowances	**7,401**	5,424	**-**	-	**7,401**	5,424
Others	**393**	430	**(23)**	(5)	**370**	425
Deferred tax assets/(liabilities)	**24,009**	21,106	**(25,599)**	(30,930)	**(1,590)**	(9,824)
Set-off of deferred tax (liabilities)/assets	**(14,091)**	(19,402)	**14,091**	19,402	**-**	-
Net deferred tax assets/ (liabilities)	**9,918**	1,704	**(11,508)**	(11,528)	**(1,590)**	(9,824)

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
cont'd

9. INVENTORIES

	Group	
	2023	2022
	RM'000	RM'000
At net carrying amount		
Raw materials	**139,516**	107,302
Work-in-progress	**31,897**	29,756
Finished goods	**8,386**	7,191
Consumables	**3,417**	2,788
	183,216	147,037
Recognised in profit or loss:-		
Inventories recognised as cost of sales	**988,545**	1,067,031
Allowance for slow moving inventories	**2,675**	3,525

10. TRADE RECEIVABLES

Trade receivables are generally extended to 30 to 60 days (2022: 30 to 90 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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Other receivables	**11,850**	1,486	**23**	7
Advance to suppliers	**2,771**	3,265	**-**	-
Deposits	**7,336**	2,673	**14**	14
Prepayments	**168,751**	8,396	**68**	35
	190,708	15,820	**105**	56

(a) Included in the deposits are the followings:

- RM2,640,520 is an amount paid for the 20% of the purchase consideration for acquisition of land by a subsidiary as detailed in Note 37(iii) to the Financial Statements.
- Included in deposits of the Group and the Company are rental and utility deposits amounted to RM8,000 (2022: RM8,000) paid to a subsidiary of a substantial corporate shareholder of the Company.

(b) Included in the prepayments amounted to RMB252,919,200 (equivalents to RM164,724,000) is a subscription consideration and incidental tax paid for the transfer of 100% equity interest in ATK from AIG to AIL as part of the proposed joint venture investment as detailed in Note 37(i) to the Financial Statements which is still pending completion as at 30 June 2023.

12. AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries represents dividend receivable which will be received upon the dividend payment date.

The Company has not recognised any loss allowance as the subsidiaries are having good financial standing. The risk of default is expected to be zero as there was no previous history of default.

13. DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term deposits with licensed financial institutions	**1,538,059**	1,597,580	**1,179,739**	1,285,172
Fixed deposits more than 3 months to maturity	**27,488**	53,669	**23,191**	52,275
	1,565,547	1,651,249	**1,202,930**	1,337,447

Short-term deposits with licensed financial institutions represent funds placed in Repo and Money Market with effective interest rates ranging from 1.05% to 5.63% (2022: 0.45% to 3.75%) 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 3.75% to 4.56% (2022: 0.22% to 1.00%) per annum.

14. CASH AND BANK BALANCES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash in hand	**69**	35	**4**	2
Cash at banks	**265,378**	319,737	**21,677**	21,347
	265,447	319,772	**21,681**	21,349

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2023	2022	2023	2022
	Unit	Unit	RM'000	RM'000
Issued and fully paid with no par value:-				
Balance at beginning	**3,707,673,199**	3,346,436,099	**1,977,180**	885,182
Issued pursuant to:-				
- Exercise of ESOS	**25,261,600**	28,237,100	**56,218**	71,675
- Private placement	**-**	333,000,000	**-**	1,032,300
Less: Share issuance expenses	**-**	-	**-**	(11,977)
Balance at end	**3,732,934,799**	3,707,673,199	**2,033,398**	1,977,180

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

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

16. OTHER RESERVES

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Non-distributable					
Capital reserve	(a)	**5,387**	5,387	**-**	-
Foreign currency translation reserve	(b)	**55,608**	27,983	**-**	-
ESOS reserve	(c)	**11,683**	21,037	**11,683**	21,037
		72,678	54,407	**11,683**	21,037

(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.

16. OTHER RESERVES *(cont'd)*

(c) ESOS reserve

	Group and Company	
	2023	2022
	RM'000	RM'000
Share-based compensation pursuant to ESOS granted	**32,735**	29,410
Transferred to share capital upon exercise of ESOS	**(9,210)**	(8,373)
Expiry of share option under ESOS	**(11,842)**	-
	11,683	21,037

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 36 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 form 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	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at beginning	**6,276**	7,621	**(3,525)**	(3,980)	**2,751**	3,641
Included in profit or loss						
Current service cost	**598**	610	**-**	-	**598**	610
Interest cost/(income)	**318**	289	**(179)**	(151)	**139**	138
	916	899	**(179)**	(151)	**737**	748

17. RETIREMENT BENEFITS OBLIGATIONS *(cont'd)*

	Group					
	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability	
	2023	2022	2023	2022	2023	2022
	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	**1,115**	(1,555)	**-**	-	**1,115**	(1,555)
Experience adjustment	**(2,071)**	(271)	**-**	-	**(2,071)**	(271)
- Return on plan assets	**-**	-	**118**	210	**118**	210
	(956)	(1,826)	**118**	210	**(838)**	(1,616)
Benefits paid	**(257)**	(201)	**257**	172	**-**	(29)
Foreign currency translation	**310**	(217)	**(173)**	224	**137**	7
Balance at end	**6,289**	6,276	**(3,502)**	(3,525)	**2,787**	2,751

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

	Group	
	2023	2022
	RM'000	RM'000
Investments	**3,501**	3,524
Cash and cash equivalents	**1**	1
Fair value of plan assets	**3,502**	3,525

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 2023 was based on latest available actuarial valuation report as of 30 June 2023.

17. RETIREMENT BENEFITS OBLIGATIONS *(cont'd)*

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

	Group	
	2023	**2022**
Discount rate (%)	**5.92**	5.08
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**	7.70
25-29	**5.90**	5.90
30-34	**3.30**	3.30
35-39	**1.20**	1.20
40-44	**0.70**	0.70
≥ 45	**0.40**	0.40

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on retirement benefits obligations as of 30 June 2023, assuming all other assumptions were held constant.

(i) If the discount rate is 1.00% higher (lower), the retirement benefits obligations would decrease by RM892,930 (increase by RM1,097,833) (2022: decrease by RM137,760 and increase by RM140,299); and

(ii) If the salary growth rate is 1.00% higher (lower), the retirement benefits obligations would increase by RM1,120,357 (decrease by RM923,782) (2022: increase by RM140,501 and decrease by RM140,885).

18. LEASE LIABILITIES

	Group	
	2023	**2022**
	RM'000	**RM'000**
Balance at beginning	**15,060**	2,098
Additions	**-**	13,891
Interest expense	**1,469**	742
Repayment of principal	**(769)**	(1,622)
Repayment of interest	**(1,200)**	(742)
Foreign currency translation	**944**	693
Balance at end	**15,504**	15,060

18. LEASE LIABILITIES *(cont'd)*

	Group	
	2023	**2022**
	RM'000	**RM'000**
Analysed by:-		
Current liabilities	**345**	652
Non-current liabilities	**15,159**	14,408
	15,504	15,060

The interest rates of the lease liabilities ranging from 4.63% to 10.50% (2022: 4.63% to 10.50%) 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	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Lease liabilities:				
- Principal	**769**	1,622	**-**	-
- Interest paid	**1,200**	742	**-**	-
Short-term leases				
- Equipment	**895**	749	**1**	2
- Office premises	**382**	375	**48**	48
- Factory	**1,052**	649	**-**	-
Lease of low-value assets				
- Equipment	**73**	69	**-**	-
	4,371	4,206	**49**	50

19. TRADE PAYABLES

The normal credit terms granted by trade payables range from 30 to 90 days (2022: 30 to 90 days).

Included in trade payables of the Group is an amount of RM20,491,000 (2022: nil) owing to a related party which is a corporate shareholder of IMJV which was subject to the normal credit terms.

20. OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Other payables and accruals	(a)	**110,913**	108,500	**2,198**	3,171
Refund liabilities	(b)	**28,471**	48,943	**-**	-
Amount due to customers	(c)	**14,302**	13,992	**-**	-
Provision of warranty	(d)				
- Balance at beginning		**10,819**	9,355	**-**	-
- (Reversal)/Additions		**(6,889)**	1,464	**-**	-
- Balance at end		**3,930**	10,819	**-**	-
		157,616	182,254	**2,198**	3,171

(a) Included in other payables and accruals of the Group are rental deposit of RM215,000 (2022: RM215,000) received from an associate of the Company and in prior year, an amount of RM38,000 owing to a related party which is a corporate shareholder of IMJV.

(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 in the provision for warranty upon recognition of sale of the products or upon the products shipped. Actual warranty costs are charged against the provision for warranty.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
cont'd

21. REVENUE

(a) Disaggregated revenue information

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Types of goods or services				
Outsourced semiconductor assembly and test services	**1,353,859**	1,522,001	**-**	-
Electronic manufacturing services	**144**	25,898	**-**	-
Gross dividend income from subsidiaries	**-**	-	**302,000**	386,500
Management fee from a subsidiary	**-**	-	**1,680**	1,680
	1,354,003	1,547,899	**303,680**	388,180
Geographical markets				
Malaysia	**70,720**	77,405	**303,680**	388,180
Singapore	**1,195,125**	1,331,063	**-**	-
United States	**4,936**	14,365	**-**	-
China	**83,222**	124,458	**-**	-
Others	**-**	608	**-**	-
	1,354,003	1,547,899	**303,680**	388,180
Timing of revenue recognition				
At a point in time	**1,354,003**	1,547,899	**-**	-
Overtime	**-**	-	**1,680**	1,680

(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.

21. REVENUE *(cont'd)*

(c) Contract balances

	Note	Group 2023 RM'000	Group 2022 RM'000
Trade receivables	10	**220,329**	250,778
Refund liabilities	20	**(28,471)**	(48,943)
Amount due to customers	20	**(14,302)**	(13,992)

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. The decrease in the trade receivables is in line with the decrease in sales generated during the year.

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.

22. FINANCE COSTS

	Group 2023 RM'000	Group 2022 RM'000
Lease liabilities interest	**1,469**	742
Term loan interest	**-**	3
Retirement benefits obligations	**318**	289
	1,787	1,034

NOTES TO THE FINANCIAL STATEMENTS
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cont'd

23. PROFIT BEFORE TAX

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

	Group		Company	
	2023	2022	**2023**	2022
	RM'000	RM'000	**RM'000**	RM'000
Auditors' remunerations:				
Grant Thornton Malaysia PLT				
- statutory audit	**305**	292	**75**	77
- limited review of interim financial information	**-**	200	**-**	200
- other services	**10**	86	**10**	86
Grant Thornton member firms				
- statutory audit	**126**	99	**-**	-
- other services	**129**	120	**13**	13
Directors' fees	**774**	743	**774**	743
Non-Executive Directors' allowance	**34**	34	**34**	34
Realised (gain)/loss on foreign exchange	**(12,334)**	(19,984)	**(3,035)**	119
Expenses relating to:-				
- short-term leases	**2,329**	1,773	**49**	50
- leases of low-value assets	**73**	69	**-**	-
Other rental income	**(2,352)**	(1,851)	**-**	-

24. TAX EXPENSE

	Group		Company	
	2023	2022	**2023**	2022
	RM'000	RM'000	**RM'000**	RM'000
Income tax expense recognised in profit or loss				
Current tax expense:-				
- Malaysia	**32,135**	32,917	**1,141**	1,472
- Overseas	**7,203**	7,147	**-**	-
Deferred tax	**7,338**	11,297	**-**	-
(Over)/Underprovision in prior years:-				
- Current tax	**(174)**	1,501	**30**	(51)
- Deferred tax	**(15,751)**	2,054	**-**	-
	(15,925)	3,555	**30**	(51)
	30,751	54,916	**1,171**	1,421

24. TAX EXPENSE *(cont'd)*

	Group	
	2023	2022
	RM'000	RM'000
Income tax expense recognised in other comprehensive income		
Deferred tax related to retirement benefits obligations	**42**	81

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before tax	**355,776**	446,109	**315,399**	405,463
Income tax at Malaysian statutory tax rate of 24% (2022: 24%)	**85,386**	107,066	**75,696**	97,311
Tax effects in respect of:-				
Different tax rate in other countries	**(6,145)**	(5,581)	**-**	-
Income not subject to tax	**(12,218)**	(4,218)	**(81,984)**	(97,461)
Expenses not deductible for tax purposes	**6,589**	5,516	**7,429**	1,622
Double deduction of expenses for tax purposes	**(16)**	(30)	**-**	-
Pioneer income not subject to tax	**(27,141)**	(51,480)	**-**	-
Deferred tax assets not recognised	**221**	88	**-**	-
(Over)/Underprovision in prior years	**(15,925)**	3,555	**30**	(51)
Total tax expense	**30,751**	54,916	**1,171**	1,421

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 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 by Malaysia Industrial Development Authority ("MIDA") which certain line of its statutory income exempted from tax for a period of five years and the pioneer status had been expired on 31 August 2022. Subsequently, the subsidiary had applied for pioneer status on certain line of its statutory income and the application had been approved by MIDA on 7 December 2022, subject to fulfilment of certain term and conditions.

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24. TAX EXPENSE *(cont'd)*

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

	Group	
	2023	**2022**
	RM'000	**RM'000**
Unabsorbed business losses	**25,641**	24,822
Unutilised capital allowances	**14,226**	14,123
	39,867	38,945

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 are as follows:-

	Group	
	2023	**2022**
	RM'000	**RM'000**
Year of assessment 2028	**23,028**	23,028
Year of assessment 2029	**645**	645
Year of assessment 2030	**416**	416
Year of assessment 2031	**391**	391
Year of assessment 2032	**342**	342
Year of assessment 2033	**819**	-
	25,641	24,822

25. 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	
	2023	**2022**
Profit attributable to owners of the Company (RM'000)	**323,535**	390,917
Issued shares at 1 July (unit'000)	**3,707,673**	3,346,436
Effects of ordinary shares issued during the financial year (unit'000)	**19,478**	325,084
Weighted average number of ordinary shares at 30 June (unit'000)	**3,727,151**	3,671,520
Basic earnings per share (sen)	**8.68**	10.65

(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	
	2023	**2022**
Profit attributable to owners of the Company (RM'000)	**323,535**	390,917
Weighted average number of ordinary shares as above (unit'000)	**3,727,151**	3,671,520
Effects of ESOS outstanding (unit'000)	**2,305**	18,252
Weighted average number of ordinary shares assumed to be in issue at 30 June (unit'000)	**3,729,456**	3,689,772
Diluted earnings per share (sen)	**8.68**	10.59

26. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances, overtime, bonus and staff related expenses	**216,933**	220,156	**1,727**	2,578
Defined contribution plan	**12,467**	12,479	**192**	202
Provision for retirement benefits obligations	**598**	610	**-**	-
Social security contributions	**3,320**	2,868	**12**	9
	233,318	236,113	**1,931**	2,789

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 RM11,698,000 (2022: RM11,927,000) and RM596,000 (2022: RM1,076,000) respectively.

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Directors' remunerations of the Company:-				
- Salaries and other emoluments	**8,696**	10,687	**723**	866
- Defined contribution plan	**1,318**	1,545	**87**	104
	10,014	12,232	**810**	970
Directors' remunerations of the subsidiaries:-				
- Salaries and other emoluments	**70**	70	**-**	-
	70	70	**-**	-
	10,084	12,302	**810**	970

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 RM2,943,000 (2022: RM3,338,000) and RM442,000 (2022: RM1,006,000) respectively.

27. DIVIDENDS

	Group and Company	
	2023	**2022**
	RM'000	**RM'000**
In respect of the financial year ended 30 June 2021:-		
- Fourth interim single tier dividend of 2.50 sen per share, paid on 8 October 2021	**-**	92,083
In respect of the financial year ended 30 June 2022:-		
- 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
- Fourth interim single tier dividend of 2.20 sen per share, paid on 6 October 2022	**81,644**	-
In respect of the financial year ended 30 June 2023:-		
- First interim single tier dividend of 2.60 sen per share, paid on 6 January 2023	**97,053**	-
- Second interim single tier dividend of 2.20 sen per share, paid on 6 April 2023	**82,125**	-
- Third interim single tier dividend of 1.40 sen per share, paid on 7 July 2023	**52,261**	-
	313,083	380,934

The Company had on 29 August 2023 declared a fourth interim single tier dividend of 2.00 sen per ordinary share in respect of the financial year ended 30 June 2023 amounting to RM74,813,648 payable on 6 October 2023. This dividend is not reflected in the financial statements for the current financial year and will be accounted for as an appropriation of retained earnings for the financial year ending 30 June 2024.

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

28. 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 2023
cont'd

28. SEGMENTAL REPORTING *(cont'd)*

Business segments *(cont'd)*

Group *(cont'd)*

	Segment I		Segment II		Elimination			Total	
	2023	2022	2023	2022	2023	2022	Note	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue									
External sales	**1,354,003**	1,547,899	**-**	-	**-**	-		**1,354,003**	1,547,899
Inter-segment sales	**-**	-	**314,487**	398,737	**(314,487)**	(398,737)	A	**-**	-
Total revenue	**1,354,003**	1,547,899	**314,487**	398,737	**(314,487)**	(398,737)		**1,354,003**	1,547,899
Results									
Segment results	**309,296**	427,038	**592,067**	385,103	**(597,991)**	(388,840)		**303,372**	423,301
Finance income	**15,456**	2,419	**37,470**	21,494	**-**	-		**52,926**	23,913
Finance costs	**(1,787)**	(1,034)	**-**	-	**-**	-		**(1,787)**	(1,034)
Share of profit/(loss) of equity-accounted associate	**-**	-	**1,265**	(71)	**-**	-		**1,265**	(71)
Profit before tax	**322,965**	428,423	**630,802**	406,526	**(597,991)**	(388,840)		**355,776**	446,109
Tax expense	**(29,069)**	(53,587)	**(1,682)**	(1,329)	**-**	-		**(30,751)**	(54,916)
Profit for the financial year	**293,896**	374,836	**629,120**	405,197	**(597,991)**	(388,840)		**325,025**	391,193
Assets									
Segment assets	**885,549**	833,377	**2,244,617**	1,241,219	**(2,024,403)**	(1,159,097)		**1,105,763**	915,499
Investment in an associate	**-**	-	**6,675**	5,410	**-**	-		**6,675**	5,410
Deferred tax assets	**9,918**	1,704	**-**	-	**-**	-		**9,918**	1,704
Tax recoverable	**13,293**	595	**109**	308	**-**	-		**13,402**	903
Deposits, cash and bank balances	**583,375**	600,411	**1,247,619**	1,370,610	**-**	-		**1,830,994**	1,971,021
Total assets	**1,492,135**	1,436,087	**3,499,020**	2,617,547	**(2,024,403)**	(1,159,097)		**2,966,752**	2,894,537

28. SEGMENTAL REPORTING *(cont'd)*

Business segments *(cont'd)*

Group *(cont'd)*

	Segment I		Segment II		Elimination			Total	
	2023	2022	2023	2022	2023	2022	Note	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Liabilities									
Segment liabilities	**414,647**	463,985	**135,225**	159,094	**(205,988)**	(263,888)		**343,884**	359,191
Retirement benefits obligations	**2,787**	2,751	**-**	-	**-**	-		**2,787**	2,751
Deferred tax liabilities	**4,739**	4,878	**3,222**	3,280	**3,547**	3,370		**11,508**	11,528
Tax payable	**2,648**	10,032	**77**	-	**-**	-		**2,725**	10,032
Total liabilities	**424,821**	481,646	**138,524**	162,374	**(202,441)**	(260,518)		**360,904**	383,502
Other information									
Additions to non-current assets	**115,200**	140,186	**2,571**	3,848	**(4,755)**	(2,065)	B	**113,016**	141,969
Depreciation	**102,946**	96,928	**3,968**	3,836	**(202)**	146		**106,712**	100,910
Other non-cash expenses/(income)	**6,982**	16,116	**(2,182)**	(2,142)	**-**	70	C	**4,800**	14,044

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:-

	2023	2022
	RM'000	RM'000
Gain on disposal of property, plant and equipment	**(282)**	(28)
Property, plant and equipment written off	**20**	1
Allowance for slow moving inventories	**2,675**	3,525
Provision for retirement benefits obligations	**598**	610
(Reversal)/Provision for warranty	**(6,889)**	1,464
Equity-settled share-based payment transactions	**11,698**	11,927
Unrealised gain on foreign exchange	**(3,020)**	(3,455)
	4,800	14,044

28. 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:-

	2023 RM'000	2022 RM'000
Malaysia	**452,154**	441,675
China	**11,721**	11,881
Philippines	**54,310**	53,718
	518,185	507,274

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.

	2023 RM'000	2022 RM'000
Property, plant and equipment	**509,024**	499,524
Investment in an associate	**6,675**	5,410
Intangible assets	**2,486**	2,340
	518,185	507,274

Revenue information based on the geographical location of the customers are disclosed in Note 21 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 2023 RM'000	Revenue 2022 RM'000
Customer A	Segment I	**1,236,129**	1,374,478

29. CAPITAL COMMITMENTS

	Group	
	2023	**2022**
	RM'000	**RM'000**
Authorised and contracted for:		
- Property, plant and equipment	**48,052**	16,499

30. FINANCIAL GUARANTEES (UNSECURED)

	Company	
	2023	**2022**
	RM'000	**RM'000**
Corporate guarantee extended to licensed banks and financial institutions for facilities granted to subsidiaries		
- Limit	**10,000**	13,000
- Amount utilised	**4,878**	195

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

31. 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.

31. RELATED PARTY DISCLOSURES *(cont'd)*

(b) Related party transactions

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Transactions with subsidiaries:-				
Dividend income	**-**	-	**302,000**	386,500
Management fee	**-**	-	**1,680**	1,680
Transactions with related parties:-				
Network services paid/payable to:				
- Insas Technology Berhad	**-**	1	**-**	1
- Diversified Gateway Berhad	**3**	-	**3**	-
Rental paid/payable to Premium Realty Sdn. Bhd.	**48**	48	**48**	48
Secretarial fee paid/payable to Megapolitan Management Services Sdn. Bhd.	**42**	43	**17**	17
Professional fees paid/payable to:				
- Megapolitan Management Services Sdn. Bhd.	**176**	170	**170**	170
- M&A Securities Sdn. Bhd.	**53**	6,137	**53**	6,137
Rental received from PCL Inari Technologies Sdn. Bhd.	**861**	861	**-**	-
Purchase from MIT Semiconductor Pte. Ltd.	**25,732**	27,209	**-**	-
Provision of support services from MIT Semiconductor Pte. Ltd.	**360**	-	**-**	-

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) Diversified Gateway Solutions Berhad 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.

31. 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	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries and other short-term employee benefits	**10,014**	12,232	**810**	970

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 RM2,943,000 (2022: RM3,338,000) and RM442,000 (2022: RM1,006,000) respectively.

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.

32. 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.

32. 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:-

	Total gross carrying amount RM'000	Expected credit loss RM'000
Group		
2023		
Not past due	**217,333**	**-**
Past due 1 to 30 days	**699**	**-**
Past due 31 to 60 days	**2,297**	**-**
	220,329	**-**

32. 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)*

	Total gross carrying amount RM'000	Expected credit loss RM'000
2022		
Not past due	248,444	-
Past due 1 to 30 days	951	-
Past due 31 to 60 days	1,383	-
	250,778	-

The Group has significant concentration of credit risks on 2 (2022: 2) customers which comprise approximately 96% (2022: 98%) 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 statements of financial position.

ii. ***Intercompany balances***

The amount due from subsidiaries is deriving from dividend receivable. 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.

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 30 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 on-going 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.

32. 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)*

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.

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting year based on the undiscounted contractual payments:-

	Carrying amount	Contractual cash flows	Within one year	More than one year and less than two years	More than two years and less than five years	More than five years
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2023						
Trade payables	**118,503**	**118,503**	**118,503**	**-**	**-**	**-**
Other payables, accruals and other liabilities	**125,215**	**125,215**	**125,215**	**-**	**-**	**-**
Dividend payable	**52,261**	**52,261**	**52,261**	**-**	**-**	**-**
Lease liabilities	**15,504**	**46,789**	**1,151**	**1,452**	**11,774**	**32,412**
	311,483	**342,768**	**297,130**	**1,452**	**11,774**	**32,412**
2022						
Trade payables	80,316	80,316	80,316	-	-	-
Other payables, accruals and other liabilities	122,492	122,492	122,492	-	-	-
Dividend payable	81,561	81,561	81,561	-	-	-
Lease liabilities	15,060	45,967	1,799	1,112	4,719	38,337
	299,429	330,336	286,168	1,112	4,719	38,337

32. 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)*

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 30 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.

(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 the Group's lease liabilities 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 instruments 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	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial assets	**27,488**	53,669	**23,191**	52,275
Financial liabilities	**15,504**	15,060	**-**	-
Floating rate instruments				
Financial assets	**1,538,059**	1,597,580	**1,179,739**	1,285,172

32. FINANCIAL RISK MANAGEMENT *(cont'd)*

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- *(cont'd)*

(c) Interest rate risk *(cont'd)*

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 RM3,845,000 (2022: RM3,994,000) and RM2,949,000 (2022: RM3,213,000) respectively, and a corresponding decrease would have an equal but opposite effect. This analysis assumes that other variables remain constant.

(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") and its investment activities transacted in USD and Renminbi ("RMB"). The Group and the Company maintain foreign denominated bank accounts (predominantly USD and RMB denominated accounts) to facilitate the receipts of the Group's revenue and to pay for purchases denominated in USD as well as its investments activities in foreign currencies. 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	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	**129,460**	163,663	**-**	-
Other receivables	**730**	-	**-**	-
Deposits, cash and bank balances	**183,724**	290,213	**43,369**	68,110
Trade payables	**(71,139)**	(38,141)	**-**	-
Other payables, accruals and other liabilities	**(61,934)**	(9,670)	**-**	-
Net exposure	**180,841**	406,065	**43,369**	68,110

32. FINANCIAL RISK MANAGEMENT *(cont'd)*

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:- *(cont'd)*

(d) Foreign currency risk *(cont'd)*

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables	**300**	518	**-**	-
Deposits, cash and bank balances	**149,499**	1,973	**83,913**	-
Trade payables	**(1,334)**	(2,490)	**-**	-
Other payables, accruals and other liabilities	**(2,279)**	(3,753)	**(52)**	-
Net exposure	**146,186**	(3,752)	**83,861**	-

Sensitivity analysis for foreign currency risk

	Group		Company	
	Profit for financial year/Equity		**Profit for financial year/Equity**	
	USD/RM	**RMB/RM**	**USD/RM**	**RMB/RM**
	'000	**'000**	**'000**	**'000**
2023				
Strengthened 1%	**1,808**	**1,462**	**434**	**839**
Weakened 1%	**(1,808)**	**(1,462)**	**(434)**	**(839)**
2022				
Strengthened 1%	4,061	(38)	681	-
Weakened 1%	(4,061)	38	(681)	-

This analysis confines to the carrying amounts of financial assets and liabilities denominated in USD and RMB as at the end of the reporting year and assumes that all other variables remain constant.

33. 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	
	2023	**2022**
	RM'000	**RM'000**
Foreign currency hedging contracts		
Notional value of contracts*	**45,387**	58,096

* *Equivalent to USD9,700,000 (2022: USD13,187,000).*

34. 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.

35. 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.

36. ESOS

The ESOS implemented on 4 October 2013 ("ESOS 2013") for a period of 9 years had ended on 3 October 2022 and all unexercised share options granted under ESOS 2013 had automatically expired.

The Board of Directors had proposed to establish a new ESOS scheme ("ESOS 2022") and the establishment was approved by the shareholders at the Extraordinary General Meeting held on 23 November 2022. The ESOS 2022 is in force for a period of five (5) years commencing from 23 November 2022 to 22 November 2027.

ESOS 2013 and ESOS 2022 are collectively known as ESOS.

36. ESOS *(cont'd)*

The salient features of the ESOS scheme are as follows:-

(a) The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed in aggregate ten percent (10%) of the total number of issued shares (excluding treasury shares) 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.

(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.

(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.

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 2013	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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023
cont'd

36. ESOS *(cont'd)*

ESOS 2022	ESOS I	ESOS II
Underlying share price (RM)	2.54	2.47
Adjusted exercise price (RM)	2.56	2.34
Expected volatility (%)	7.45	8.95
Risk-free interest rate (% per annum)	3.90	3.90
Dividend yield (%)	3.86	3.40
Expected life of options (years)	4.99	4.49

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.

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

ESOS 2013

		Number of share options				
	Offer date	At 1.7.2022 Unit	Exercised Unit	Lapsed* Unit	Expired Unit	At 30.6.2023 Unit
ESOS I	08.01.2014/28.01.2014	4,013	-	(39)	(3,974)	-
ESOS II	17.10.2014	763	-	(93)	(670)	-
ESOS III	01.10.2015	81,300	(23,700)	-	(57,600)	-
ESOS IV	02.02.2016	100	-	(100)	-	-
ESOS V	23.02.2016	67,100	(51,000)	(50)	(16,050)	-
ESOS VI	23.06.2016	53,100	(44,000)	(50)	(9,050)	-
ESOS VII	16.12.2016	68,100	(62,000)	-	(6,100)	-
ESOS VIII	19.04.2017	210,725	(176,000)	(150)	(34,575)	-
ESOS IX	17.08.2017	1,039,100	(993,600)	(225)	(45,275)	-
ESOS X	13.11.2017	5,156,600	(5,083,700)	(125)	(72,775)	-
ESOS XII	11.04.2018	9,480,876	(9,222,800)	(550)	(257,526)	-
ESOS XIII	05.11.2018	6,742,600	(6,370,000)	-	(372,600)	-
ESOS XIV	24.03.2020	674,900	(609,800)	(200)	(64,900)	-
ESOS XV	19.10.2020	4,232,400	(2,486,900)	(103,000)	(1,642,500)	-
ESOS XVI	20.05.2021	7,627,600	(10,000)	(411,000)	(7,206,600)	-
ESOS XVII	03.08.2021	24,221,899	(600)	(1,230,000)	(22,991,299)	-
ESOS XVIII	12.11.2021	23,025,100	-	(1,087,100)	(21,938,000)	-
		82,686,276	(25,134,100)	(2,832,682)	(54,719,494)	-

36. ESOS *(cont'd)*

The movements of share options during the financial year are as follows:- *(cont'd)*

ESOS 2013 *(cont'd)*

		Number of share options				
	Offer date	**At 1.7.2021 Unit**	**Granted Unit**	**Exercised Unit**	**Lapsed* Unit**	**At 30.6.2022 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

ESOS 2022

		Number of share options				
	Offer date	**At 1.7.2022 Unit**	**Granted Unit**	**Exercised Unit**	**Lapsed* Unit**	**At 30.6.2023 Unit**
ESOS I	24.11.2022	-	49,924,000	(127,500)	(2,189,000)	**47,607,500**
ESOS II	29.05.2023	-	24,624,000	-	(31,000)	**24,593,000**
		-	74,548,000	(127,500)	(2,220,000)	**72,200,500**

* *Lapsed due to resignation*

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

(i) Proposed joint venture investment

Amertron International Limited ("AIL"), an indirect wholly-owned subsidiary of the Company, had on 28 June 2022 entered into a Joint Venture Contract ("JV Contract") and an Equity Subscription Agreement ("ESA") with CFTC (Yiwu) Equity Investment Fund Partnership (Limited Partnership) ("CFTC (Yiwu)") and CFTC Equity Investment Management (Beijing) Co. Ltd ("CFTC Equity") for the purpose of carrying out OSAT manufacturing and related businesses in China for the China market and to expand the existing operations of the Group in the China market under a joint-venture company, namely Yiwu Semiconductor International Corporation ("JV Company").

Pursuant to the terms of the ESA, the registered capital of the JV Company will be increased from RMB770,001,000 to RMB1,691,001,000 progressively, for which the Group via AIL will become the majority shareholder holding 54.46% of the enlarged share capital of the JV Company by way of the proposed cash injection of RMB430,000,000 and transfer of 100% equity interest in ATK to the JV Company.

As of 30 June 2023, AIL had subscribed for the registered capital amounting to RMB210,700,000 by way of cash and RMB240,590,000 by transferring 49% of the equity interest in ATK to the JV Company. As at the date of this report, AIL has yet to subscribe for the remaining registered capital of RMB469,710,000 comprising RMB219,300,000 by way of cash and the transfer of the remaining 51% equity interest in ATK valued at RMB250,410,000 to the JV Company; and CFTC (Yiwu) has yet to subscribe for the remaining registered capital of RMB200,000,000 in the JV Company.

The above cash subscription and transfer of ATK shares are expected to be completed by end of calendar year 2023.

As at 30 June 2023, pending for the completion of cash and equity contribution as mentioned above and the fulfilment of the terms and conditions as stipulated in the JV Contract and ESA which is designed to form a single transaction to achieve an overall commercial effect, all the cash payments contributed by AIL are recognised as prepayments in Note 11 to the Financial Statements, the Group deems no change in the equity ownership of ATK during this transition period and remains in control over ATK as disclosed in the Note 5 to the Financial Statements and the Group consolidated ATK in full for the current financial year.

(ii) ESOS 2022

On 23 September 2022, the Company announced to undertake the ESOS 2022 of up to 10% of the total number of issued shares (excluding any treasury shares) of the Company. The listing application of the additional new ordinary shares for the proposal had been approved by Bursa Securities on 14 October 2022 and the proposal was approved by shareholders at an extraordinary general meeting held on 23 November 2022.

(iii) Purchase of land

A subsidiary of the Company entered into a sale and purchase agreement on 5 May 2023 with the Penang Development Corporation, Penang State Government's development arm to purchase a plot of industrial land with an area of 5.05 acres for a total consideration of RM13,202,600. As at the financial year ended 30 June 2023, 20% of the purchase consideration amounted to RM2,640,520 had been paid and the amount is included in the deposits of the Group. The transaction is expected to be completed within 6 months from the sale and purchase agreement date according to the terms and conditions stated in the agreement.

LIST OF PROPERTIES
As at 30 June 2023

	Address	Descriptions/ Existing use	Land area (sq. meter)	Tenure	Approximate age of building (years)	Carrying amount as at 30 June 2023 (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 6 to 26 years	32,831	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	21 years	4,602	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	25 years	1,805	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	-	1,316	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	24 years	7,534	21.07.2008
		(ii) 2-storey factory building cum office block, canteen and warehouse			10 years	6,244	
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	4 years	84,180	24.07.2014

LIST OF PROPERTIES

As at 30 June 2023
cont'd

	Address	Descriptions/ Existing use	Land area (sq. meter)	Tenure	Approximate age of building (years)	Carrying amount as at 30 June 2023 (RM'000)	Date acquired
7	Plot 98, Hala Kampung Jawa 1, Non Free Industrial Zone, Bayan Lepas Industrial Park, 11900 Pulau Pinang, Malaysia.	(i) 2-storey factory building cum office building	22,310	60 years lease expiring on 6 March 2050	Between 9 to 26 years	47,469	09.09.2014
		(ii) Extension of 5-storey factory building cum office building			2 years	7,510	
8	Lot 6044, Mukim 12, Daerah Barat Daya, Plot 201, Lebuh Kampung Jawa, Fasa III, Free Trade Zone, Bayan Lepas, Pulau Pinang, Malaysia.	Industrial land with a factory building	21,256	60 years lease expiring on 1 April 2041	Between 7 to 30 years	16,926	15.02.2016
						210,417	

ANALYSIS OF SHAREHOLDINGS
As at 22 September 2023

ORDINARY SHARES

Number of shares issued	:	3,740,682,399
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	766	2.40	33,976	0.00
100 - 1,000	9,123	28.61	6,047,428	0.16
1,001 - 10,000	15,914	49.90	66,094,735	1.77
10,001 - 100,000	4,818	15.11	148,099,806	3.96
100,001 - less than 5% of issued shares	1,267	3.97	2,939,109,907	78.57
5% and above of issued shares	2	0.01	581,296,547	15.54
	31,890	100.00	3,740,682,399	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)	314,689,000	8.41
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD*	266,607,547	7.13
3.	INSAS TECHNOLOGY BERHAD	171,219,375	4.58
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR AIA BHD*	154,859,440	4.14
5.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BERHAD (01-00871-000)*	100,000,000	2.67
6.	LEMBAGA TABUNG HAJI	55,316,200	1.48
7.	UOBM NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BERHAD*	50,000,000	1.34
8.	CARTABAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)*	49,678,700	1.33
9.	UOBM NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BERHAD*	45,000,000	1.20
10.	PERMODALAN NASIONAL BERHAD	44,000,000	1.18
11.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)*	43,596,900	1.17

ANALYSIS OF SHAREHOLDINGS

As at 22 September 2023
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.	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC DIVIDEND FUND*	41,813,400	1.12
13.	HSBC NOMINEES (ASING) SDN BHD *JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND*	41,072,278	1.10
14.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR INSAS TECHNOLOGY BERHAD (INSBHD-RCCGLO2)*	40,000,000	1.07
15.	HSBC NOMINEES (ASING) SDN BHD *JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND*	38,917,500	1.04
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR INSAS PLAZA SDN BHD (6000068)*	37,500,000	1.00
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)*	34,316,300	0.92
18.	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR NORGES BANK (FI 17)*	33,310,000	0.89
19.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG VALUE FUND*	32,342,000	0.86
20.	CARTABAN NOMINEES (TEMPATAN) SDN BHD *PAMB FOR PRULINK EQUITY FUND*	31,018,200	0.83
21.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (NOMURA)*	30,800,000	0.82
22.	AMANAHRAYA TRUSTEES BERHAD *AMANAH SAHAM BUMIPUTERA*	30,000,000	0.80
23.	HO PHON GUAN	29,864,628	0.80
24.	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC SELECT TREASURES FUND*	27,839,000	0.74
25.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR INSAS PLAZA SDN BHD*	27,501,000	0.74
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)*	26,951,900	0.72
27.	LAU KEAN CHEONG	26,561,800	0.71
28.	CARTABAN NOMINEES (TEMPATAN) SDN BHD *PBTB FOR TAKAFULINK DANA EKUITI*	26,238,850	0.70
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)*	25,895,725	0.69
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *URUSHARTA JAMAAH SDN BHD (2)*	24,126,632	0.64
		1,901,036,375	50.82

ANALYSIS OF SHAREHOLDINGS
As at 22 September 2023
cont'd

SUBSTANTIAL SHAREHOLDERS AS AT 22 SEPTEMBER 2023
(Based on the Register of Substantial Shareholders)

NAME	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
Dato' Sri Thong Kok Khee (1)	1,998,700	0.05	538,554,276	14.40
Insas Berhad (2)	-	-	537,008,575	14.36
Insas Technology Berhad (3)	414,769,375	11.09	17,216,500	0.46
Kumpulan Wang Persaraan (Diperbadankan) (4)	328,594,800	8.78	29,951,300	0.80
Employees Provident Fund Board	388,115,810	10.38	-	-

Notes:

(1) Direct interest and deemed interest by virtue of Section 8(4) and Section 59(11) of the Companies Act 2016 ("the Act") held through Insas Berhad, Immobillaire Holdings Pte Ltd and children.
(2) Deemed interest by virtue of Section 8(4) of the Act held through subsidiaries.
(3) Direct interest and deemed interest by virtue of Section 8(4) of the Act held through subsidiary.
(4) Direct interest and deemed interest held through fund managers.

STATEMENT OF DIRECTORS' INTEREST

In the Company and Its Related Corporations as at 22 September 2023

DIRECTORS' INTEREST

(Based on the Register of Directors' Shareholdings)

		DIRECT INTEREST		DEEMED INTEREST	
Inari Amertron Berhad		**NO. OF SHARES**	**%**	**NO. OF SHARES**	**%**
1.	Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	190,325	0.01	-	-
2.	Dato' Dr. Tan Seng Chuan	2,056,053	0.05	-	-
3.	Lau Kean Cheong	36,862,425	0.99	13,482,997 (1)	0.36
4.	Dato' Wong Gian Kui	82,000	*	-	-
5.	Ho Phon Guan	35,364,628	0.95	-	-
6.	Mai Mang Lee	13,148,016	0.35	2,000,000 (2)	0.05
7.	Dato' Sri Thong Kok Khee	1,998,700	0.05	538,554,276 (3)	14.40
8.	Datuk Phang Ah Tong	-	-	-	-
9.	Ahmad Ridzuan Bin Wan Idrus	-	-	-	-
10.	Dato' Mohamad Azmi Bin Ali	-	-	-	-
11.	Datuk Mohamed Arsad Bin Sehan	-	-	-	-
12.	Dato' Sri Chee Hong Leong, JP	-	-	-	-
13.	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	*	-	-

* *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.

STATEMENT OF DIRECTORS' INTEREST

In the Company and Its Related Corporations as at 22 September 2023
cont'd

DIRECTORS' INTEREST *(cont'd)*
(Based on the Register of Directors' Shareholdings)

Inari Amertron Berhad	**Number of Share Options under the Employees' Share Option Scheme**
1. Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	-
2. Dato' Dr. Tan Seng Chuan	1,728,000
3. Lau Kean Cheong	6,912,000
4. Dato' Wong Gian Kui	2,592,000
5. Ho Phon Guan	1,728,000
6. Mai Mang Lee	1,728,000
7. Dato' Sri Thong Kok Khee	-
8. Datuk Phang Ah Tong	-
9. Ahmad Ridzuan Bin Wan Idrus	-
10. Dato' Mohamad Azmi Bin Ali	-
11. Datuk Mohamed Arsad Bin Sehan	-
12. Dato' Sri Chee Hong Leong, JP	-
13. Thong Mei Chuen (Alternate Director to Dato' Sri Thong Kok Khee)	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 13th 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 **Thursday, 23 November 2023 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 2023 together with the Reports of the Directors and Auditors thereon.	**Please see Explanatory Note 1**
2.	To approve the payment of Directors' fees of RM773,850 for the financial year ended 30 June 2023.	**Resolution 1**
3.	To approve the payment of Directors' benefits of up to RM60,000 for the period from 24 November 2023 until the next Annual General Meeting of the Company.	**Resolution 2**
4.	To re-elect the following Directors retiring pursuant to Clause 95 or 102 of the Company's Constitution:-	
	4.1 Mr. Lau Kean Cheong	**Resolution 3**
	4.2 Mr. Mai Mang Lee	**Resolution 4**
	4.3 Mr. Ahmad Ridzuan Bin Wan Idrus	**Resolution 5**
	4.4 Dato' Mohamad Azmi Bin Ali	**Resolution 6**
	4.5 Datuk Mohamed Arsad Bin Sehan	**Resolution 7**
	(Dato' Sri Chee Hong Leong, JP, who retires pursuant to Clause 102 of the Company's Constitution, has expressed his intention not to seek for re-election as Director of the Company. Hence, he will retain office until the close of the 13th Annual General Meeting)	
5.	To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 8**

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 9**

"**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."

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")** **Resolution 10**

"**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 2023, subject to the following:-

(a) the Recurrent Related Party Transactions are undertaken in the ordinary course of business which are necessary for 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 must 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."

NOTICE OF ANNUAL GENERAL MEETING
cont'd

8. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES** **Resolution 11**

"**THAT**, subject to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, the Company's Constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

(i) the 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. 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 2023

NOTICE OF ANNUAL GENERAL MEETING
cont'd

A. Notes

1. *The 13th Annual General Meeting ("AGM") will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting facilities ("RPV"). The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the poll administrator for the AGM to facilitate the RPV via TIIH Online website at https://tiih.online. Please follow the procedures set out in the Administrative Guide for the AGM which is available on the Company's website at https://www.inari-amertron.com/2023-13th-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 2023 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 TIIH Online website at https://tiih.online by following the procedures provided in the Administrative Guide.

6. *A member who has appointed a proxy or authorised representative or attorney to participate in the 13th AGM via RPV must request his/her proxy or authorised representative or attorney to register himself/herself for RPV at TIIH Online website at https://tiih.online in accordance with the procedures set out in the Administrative Guide.*

7. *Only members whose names appear in the **Record of Depositors as at 14 November 2023** will be entitled to participate or appoint proxy(ies) to participate in his stead in the 13th 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 2023 amounting to RM773,850 (2022: RM742,650).

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 2023 to the next AGM in 2024. The meeting allowance is estimated based on the number of scheduled and unscheduled meetings and the numbers of Non-Executive Directors involved in these meetings.

4. Ordinary Resolution 9 – Authority to Issue and Allot Shares under Section 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 9, 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 AGM held on 23 November 2022. 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 13th AGM.

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 9, 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 AGM of the Company.

5. Ordinary Resolution 10 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 10, if passed, will empower Inari Group 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 2023 which is available on the Company's website at https://www.inari-amertron.com/2023-13th-agm.asp

6. Ordinary Resolution 11 – Proposed Renewal of Authority for the Company to Purchase its Own Shares

The proposed Ordinary Resolution 11, if passed, will empower the Directors to purchase 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 AGM of the Company.

Further information on the Proposed Renewal of Authority for the Company to Purchase its Own Shares is set out in Part B of the Circular/Statement to Shareholders dated 25 October 2023 which is available on the Company's website at https://www.inari-amertron.com/2023-13th-agm.asp

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/re-election as Directors

The profile of the Directors who are standing for election/re-election as per Agenda 4 in the notice of AGM is set out on pages 12 to 17 of the Company's Annual Report 2023. The details of their interest in the securities of the Company are set out in the Statement of Directors' Interest on pages 262 to 263 of the Annual Report.

Based on the results of the board effectiveness evaluation, the Nomination Committee ("NC") views that the Directors standing for election/re-election meet the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements and adhere to the fit and proper criteria as set out in the Fit and Proper Policy for Directors. With the recommendation of NC, the Board supports the election/re-election of these Directors.

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 9 is a renewal of the general mandate which was approved by shareholders at the last AGM held on 23 November 2022. As at the date of this notice, no new shares were issued under this general mandate which will lapse at the conclusion of the 13th AGM.

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PROXY FORM
13th Annual General Meeting

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

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 13th 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 **Thursday, 23 November 2023 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 RM773,850		
2.	To approve the payment of Directors' benefits of up to RM60,000		
3.	To re-elect Mr. Lau Kean Cheong as Director		
4.	To re-elect Mr. Mai Mang Lee as Director		
5.	To re-elect Mr. Ahmad Ridzuan Bin Wan Idrus as Director		
6.	To re-elect Dato' Mohamad Azmi Bin Ali as Director		
7.	To re-elect Datuk Mohamed Arsad Bin Sehan as Director		
8.	To re-appoint Grant Thornton Malaysia PLT as Auditors		
9.	To approve the authority to issue and allot shares		
10.	To approve the renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
11.	To approve the renewal of authority for the Company to purchase its own shares		

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 ______________ 2023

____
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

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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.*
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