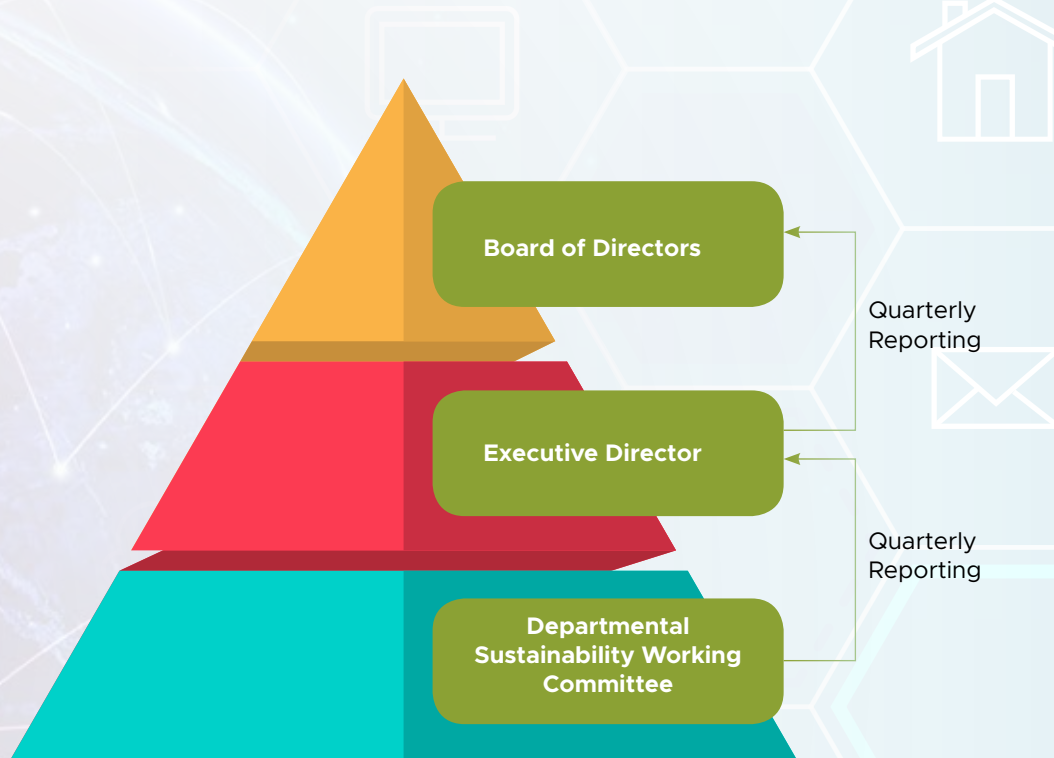


SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE (CONT'D)

Sustainability Structure

Our Group does not have a formal structure of Sustainability Committee, however, our Group has defined the corporate structure as below: -



Our Board of Directors ("Board") shall oversee our Group's corporate sustainability strategy and performance.

Our Executive Directors ("ED") is responsible for monitoring the implementation of sustainability strategy and its performance. ED will review sustainability matters with the Departmental Sustainability Working Committee ("DSWC") and report to the Board on sustainability matters in quarterly basis.

DSWC comprises the management team and representatives from Health, Safety and Environment, Human Resources and Operations departments. DSWC is responsible for materiality assessment, identification and monitoring of initiatives/actions, execution of initiatives/actions and reporting. They will report the sustainability matters to ED in quarterly basis.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT

Our persistent engagements with the stakeholders strengthen the evaluation process of our materiality matrix. Feedback from stakeholders provide better insight for us to focus and improve on the key priority areas. Constant business activities assessment and review based on previous recognised issues aids in ensuring the sustainability matters are on track. Both internal and external stakeholders' interest are preserved as ongoing meetings and dialogue are held with them consistently.

Our Group's approach to stakeholder engagement and a summary of key topics and concerns raised are detailed in the table below:-

Stakeholder Group	Sustainability Concern	Engagement Approach	Frequency
Customers 	- Meeting product expectations in terms of quality, cost and delivery standards - Delivering new and innovative products - Utilising resources responsibly	- Feedback on product and customers' expectations - Social media engagement - Working with customers as part of the product development process - Customer retention	Ongoing
Employees 	- Training and development - Maintaining safe and conducive work environments - Remain in compliance with local labour laws and regulations	- Training programmes - Annual appraisals - Employee engagement - Management meetings	Regular, Ongoing
Suppliers 	- Tender prices and payments - Ensure timely payouts to suppliers - Cost efficiency and introduction of products - Create awareness of Group policy and commitment to sustainability	- Formal and informal meeting - Process improvement	Ongoing
Investors 	- Corporate information - Financial and operational performance at expense of environmental/social well-being - Company strategy and direction	- Annual general meeting, quarterly results announcement - Press conference - Analysis briefing meetings - Corporate website	Quarterly, Annually
Business Partner 	- Terms of references ("TOR") - Review to ensure business processes are smoothly and efficiently	- Meetings - Discussions - Product launches	Ongoing
Governments and Regulators 	- Remain in compliance with local environmental laws and regulations - Compliance with the latest regulations and standards	- Meetings, engagements and dialogues - Written correspondences - Periodical monitoring & reporting	Ad-hoc

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL ASSESSMENT

For the purpose of addressing the material issues within the Sustainability framework, our Board has identified several pertinent material issues during the reporting period. The material issues identified were mapped to the relevant pillars as illustrated below.



SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

ECONOMIC

INNOVATION

Products, Research and Development, and Services - Bringing Continuous Innovation to Our Customers.

Our ERP solutions provide seamless business operations for clients in Malaysia. Some users skim the edges of our technology when using our customers' services, while others are fully immersed, propelling their business forward with integrated applications built on our advanced ERP technology. Our ERP solution is a powerful cloud application which built to enrich and improve businesses for a specific purpose. By working together, our system can integrate, learn, and improve goes beyond basic software and database solutions.

Our Intelligent ERP Framework

In the digital economy, companies need both standard applications and a highly flexible platform that allows them to: -

- Extend and customised cloud and on-premise ERP applications
- Develop new applications for different processes
- Integrate cloud and on-premise applications

ERP Cloud Platform is a customisable cloud enterprise platform, an environment where companies can build, test, run, manage, and expand software applications in the cloud. It offers comprehensive capabilities to help business users to mobilise quickly and get going in less time.

Products, Research & Development and Services - Bringing Continuous Innovation to Our Customers

Customers can apply, among other things, mobile services, advanced analytic tools, state-of-the-art authentication mechanisms, and social functionality. ERP Cloud Platform enables businesses to connect and integrate on-premise customers, as well as partners, to innovate quickly and easily on ERP Cloud Platform while leveraging the capabilities of our ERP Cloud Platform.

Supply Chain Management

To meet the rising expectations of today's discerning, tech-savvy customer, we need to respond quickly and accurately to their demands, which means in creating responsive and distributed manufacturing and supply chain networks. Our solutions enable customers to set up a real digital supply chain that provides real-time visibility into manufacturing, logistics, and how their assets are operating, enabling them to optimise maintenance and service schedules.

Internet of things ("IoT")

We provide a complete solution for the integration of IoT systems (i.e., system integration and system support service) and devices from designing to project deployment. This includes full turnkey deployment from designing, installation, testing, pre-commissioning, and commissioning of various IoT systems and devices as well as integration of automated systems, including installation of wire and wireless, as well as mechatronic works).

In line with the recent new technology trends, we have built up an IoT development ecosystem to help customers to address the challenges and opportunities brought by new digital technologies. Accordingly, the current operations of our IoT segment have been organised into the following 4 business lines:

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

ECONOMIC (CONT'D)

INNOVATION (CONT'D)

(i) IoT Smart Home & Building

IoT Smart Home & Building business line involves design and implement smart home and building solutions that can integrate with a range of electrical appliances, provides centralised control, remote monitoring, access via mobile devices and Windows operating systems.

(ii) IoT Smart Agriculture

IoT Smart Agriculture business line involves services of supply, installation, commissioning, and testing of smart hydroponic system that include IoT concepts and functionality to the existing hydroponic system.

(iii) IoT System Development

IoT System Development business line provides industrial building management system on construction projects to improve the efficiency and accuracy of construction projects. In addition, we are currently expanding into the warehouse management as well as drone services for farms and plantations.

(iv) IoT Gadget Distribution

IoT Gadget Distribution business line supports the marketing and sales of mobile gadget accessories by resellers, distributors, and retailers, who are responsible for distribution of mobile gadget accessories to end users in Malaysia.

FINANCIAL PERFORMANCE



REVENUE (RM'000)

RM594,004

(FYE 2020 – RM219,454)



NET PROFIT AFTER TAX (RM'000)

RM79,520

(FYE 2020 – RM42,870)

For more information about the Group's financial performance, please refer to the 5 Years Group Financial Highlights as set out in ARB Annual Report 2022.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

ECONOMIC (CONT'D)

BUSINESS CONDUCT

Integrity Operational Matters

ARB is persistently investing its effort in incorporating sustainability practices into our core business operations. We recognised that commercially viability is intertwined with sustainability. Hence, we are gradually integrating relevant environmental, social, ethical and governance requirements across all division within the Group.

We conduct our activities in accordance with the laws, rules, and regulations in the various places that we operate as well as support our employees to consistently uphold the highest standard of integrity and accountability.

Anti-Bribery and Anti-Corruption Policy

In June 2020, our Group has issued Corporate Liability Policy ("CLP") pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009"). The objectives of this CLP are listed as below: -

- To foster the growth of a business environment that is free from corruption;
- To ensure all personnel of the Group take reasonable measures to ensure their daily activities do not involve corrupt activities;
- To provide guidance on how to recognise and deal with bribery and corruption issues; and
- To avoid penalty from the relevant authorities due to non-compliance on any acts related to integrity and anti-corruption.

Any non-compliance to this CLP shall constitute a serious offence warranting disciplinary action or possible lawsuit and dismissal of the offender subject to management discretion.

The details of CLP can be found at our website link below: -



<https://www.arbberhad.com/corporate-governance-arbberhad>

Risk Management Assessment

There is no assurance that our Group will not expose to any risks inherent to the industry that our Group is currently operating in. The potential risks that occurred might cause any material adverse effect on the business, operations and financial performance of the Group. In order to mitigate such risks, our Group has established sound risk management framework to manage risks and governance. Our Board shall use our best endeavours to continuously monitor and manage the risks by consistently undertake the necessary risk assessment .

Whistle-Blowing Policies

Our existing Whistle Blowing Policies can be found at our website link below: -



<https://www.arbberhad.com/corporate-governance-arbberhad>

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

ECONOMIC (CONT'D)

BUSINESS CONDUCT (CONT'D)

Corporate Governance and Compliance

ARB is committed to the principles and best practices of corporate governance as laid out in the Malaysian Code on Corporate Governance ("MCCG") 2021 to ensure that 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 elaborated in the Corporate Governance Overview Statement on pages 41 to 54 of this Annual Report as well as Corporate Governance Report which is available at the Company's website.



<https://www.arbberhad.com/corporate-governance-arbberhad>

As part of our compliance, we instilled Code of Ethics into our business practice and operation. Save for the Code of Ethics, other policies such as Board Charter is available at our website.



<https://www.arbberhad.com/corporate-governance-arbberhad>

WORKPLACE

HEALTHY AND SAFE WORKING ENVIRONMENT

The safety and health of the Group's employees and other stakeholders are the utmost concern of the Group. The Group has established and followed the Standard Operating Procedure ("SOP") issued by Ministry of Health, Malaysia and other relevant regulatory bodies in workplace to prevent the spread of COVID-19. The initiatives undertaken by our Group include regular sanitisation in the workplace and provide hand sanitizers at common areas, distribute face masks to employees, mandatory to wear a face mask in the premises. Staffs who have close contacted with the infected patient should undergo COVID-19 test and quarantine for a period of 14 days.

We will continue to take necessary measures to ensure our employees remain healthy and safe. Additionally, we have also restricted non-essential travel and advocated self-quarantine to employees returning from high-risk countries. We have also shared the health and safety advice on hygiene and safe food practices and encouraged employees to take precaution while travelling.

TRAINING

Our Group consistently keeps the technical personnel trained and updated on the techniques and technologies that can help them to perform their duties effectively. This will improve their performance and productivity while at the same time, increase their value and future marketability. Our Group is taking an active interest in nurturing talent and developing leaders. We provide on-the-job learning opportunities coupled with coaching and formal trainings. We believe the emphasis on on-the-job learning broadens our employees' experiences and sharpens their functional and people skills for their career development.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

WORKPLACE (CONT'D)

EMPLOYEE' WELFARE

As a caring employer, ARB urges to continuously look after the benefits and welfare of its employees and endeavors its best efforts to ensure that adequate resources which include various services, facilities and amenities are provided to the employees for their economic betterment, social status improvement, healthy well-being and efficiency in performing their duties with the company.

We aspire to continuously enhance our Employee Handbook with additional new perks and benefits perpetually. We protect our employees' welfare by providing competitive salary, incentives and rewards to boost their morale. We offer non-monetary benefits, including annual, sick and hospitalisation leaves. Additionally, we award commitment incentives to staffs who have well-performed and demonstrated their positive dedication to their works.

ARB Internship

ARB Internship Programme aims at providing an opportunities to under graduate students to gain valuable hands on exposure in thier field of study. We train the students individually and include: -

- enhancing leadership skills among others, via involvement in group-wide special projects;
- International Assignments to immerse the students in our global operations; and
- face-to-face development interventions where a dedicated coach and mentor is assigned to guide the students throughout their internship journey.

ENVIRONMENTAL

The Group does not operate in an environmentally sensitive business. We engaged in the business of developing and providing environmental-friendly enterprise cloud-based solutions and platforms which consist of customisation of ERP systems and IoT systems for strategic business partners and clients. Our business activities have a very minimal impact on the environmental, more particularly on natural resources like air, water and energy.

In 2022, our Group intends to expand our IT business by venturing into the provision of customised hydroponics IOT systems and solutions for the agriculture industry ("Hydroponic IOT Solutions"). The benefits of the adoption of the Hydroponics IOT Solutions in agriculture industry to the environment including: -

- reduce energy, packaging and fuel requirement for transportation,
- significant reduce in food waste,
- the reduce emissions from the lack of agricultural machinery and fertilizers, as well as,
- the opportunity to transform some of the current agricultural lands into carbon sinks through afforestation.

Environmental sustainability is one of the most challenging component of sustainability strategy, particularly on how we preserve the natural resources and the earth for future generations betterment. In our effort to preserve and conserve the environment, ARB has undertaken numerous initiatives that support environment conservation.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

ENERGY EFFICIENT PRACTICES

We regularly review our daily business operations for new environmental initiatives. Among our energy efficient practices are: -

Laptop over Desktop

We always encourage the use of energy-efficient devices. Most of our hardware are laptops, which are more energy saving than desktop computers. Such investments might incur higher upfront costs but can produce significant savings in long run.

Use hibernation feature on all laptops/desktops

We encourage employees to use the hibernation feature on all laptop and desktop computers.

Use energy saving features for all devices

We encourage employees to opt for the energy saving setting feature for all of the office devices to reduce energy costs.

Print only when necessary

We always encourage the principle of Go Green by not printing the documents. The idea of go paperless will reduce both our paper wastage and energy required to run the printers, which eventually will help to reduce our energy cost and extends the lifespan of our printers.

Switch off when not in use

Employees are reminded to switch off all the printers, scanners, microwave ovens and lights when they are not in use.

SOCIETY

COMPANY BRANDING

We are continuously innovate products and best of breed solutions that are effective, user friendly and cost effective. Through our innovation, our customers can unlock indefinite possibilities, enhance their goal accomplishment and improve business efficiency.

ARB was honored to won the following awards during the financial period: -

1) ACES Awards 2021

- The ACES Awards Council and MORS Group are proud to attest to the inspiring leadership and outstanding commitment to better workplaces by Dato' Sri Liew Kok Leong, Executive Director of ARB Berhad.



2) Malaysia-International HR Awards 2020

- The Bronze Awards in the category of HR BEST PRACTICES to ARB Berhad



SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

SOCIETY (CONT'D)

COMMUNITY SUPPORT

ARB Lab at Universiti Kebangsaan Malaysia ("UKM")

ARB always adopt a culture of giving back and contributing to the society. In this regard, our Group has collaborated with UKM to provide a platform for younger generation and public to equip with readied and developed skill for upcoming technology trend of IR 4.0.

Therefore, our Group has contributed an initial fund to ARB Lab, which currently in UKM to support the operation of the lab with IoT equipment provided by the Group. The IoT equipment is for students and non-students of UKM in lecturing and training purposes.

ARB Lab



SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

SOCIETY (CONT'D)

COMMUNITY SUPPORT (CONT'D)

ARB Lab at Universiti Kebangsaan Malaysia ("UKM") (Cont'd)

In 2022, ARB has also provided scholarships, grand and sponsorships to Researchers and Postgraduate students, who enroll in IoT related courses and research in UKM.

Grand Awards to Researchers

Researcher Name	Research	Sponsored by	Amount (RM)
Prof. IR Dr. Riza Sulaiman	Kajian Isu Pemantauan Sensor "Sensor Monitoring System"	ARB IOT Sdn. Bhd.	20,000
Prof. Madya Dr. Mohammad Nazir Ahmad	"An Ontology-Based Cloud Data Synchronization for Hydroponic-Based Smart Farming Operations"	ARB Cloud Sdn. Bhd.	20,000
Prof. Madya Dr. Rabiah Abdul Kadir	"Integration of Blockchain and Machine Learning based Technique for Smart Agriculture Cloud"	ARB Agro Technology Sdn. Bhd.	14,238
Dr. Ummul Hanum Mohamad	"Revolutionising Crop Traceability in Smart Farming Through ICT-Based Solution"	ARB Big Data Sdn. Bhd.	21,530
Dr. Azrulhizam Shapi'i	"Optimized Monitoring Farming Conditions using Virtual Reality Immersive Approach"	ARB Innovation Sdn. Bhd	21,530
Total			97,298

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL ASSESSMENT (CONT'D)

SOCIETY (CONT'D)

COMMUNITY SUPPORT (CONT'D)

ARB Lab at Universiti Kebangsaan Malaysia ("UKM") (Cont'd)

Grand Awards to Researchers



SUSTAINABILITY STATEMENT (CONT'D)

PROGRESS AGAINST TARGET / KPI IN SUSTAINABILITY

As part of our sustainability effort, the following benchmarks have been established:

Indicators	Contents	Unit of Measure	Level of Indicator	Related Goals	Type of Indicator
Economic					
Consumer Awareness	Measuring the aspect of consumer/customer awareness and sustainability; exploring and understanding barriers to sustainable consumption/lifestyles (sensitivity, behaviors, customer/decision-making, habits), a company's own activities by examining, measuring and analysing the impacts of its products and services.	qualitative	progressive		non-specific
Product Quality	Measuring the number of complaints received from customers.	Unit	progressive		non-specific
Rate of local sources	The rate of local sources/origins in - raw material - in products and services - among subcontractors and suppliers - among employees	%	recommended		non-specific
Workplace					
Management Training	The rate of managers participating in management training programs (competency-based rather than professional, e.g. on leadership, sustainability, problem-solving, etc.)	%	recommended		non-specific
Time for Learning	The number of working days employees can spend in attending training and development programs (company training, open training programs, attendance at tertiary education, self-education, etc.)	day	recommended		non-specific
Training and Development	Training and development programs financed by a company and provided for/available to employees. (thematical programs, language courses, professional training, skills development, leadership training, etc.)	Ft/person	recommended		non-specific

SUSTAINABILITY STATEMENT (CONT'D)

PROGRESS AGAINST TARGET/KPI IN SUSTAINABILITY (CONT'D)

Indicators	Contents	Unit of Measure	Level of Indicator	Related Goals	Type of Indicator
Workplace					
Reasonable Remuneration System	The rate of the lowest wage-earners/ the percentage rate of the workers who earn a minimum wage and breakdown of this group by gender/ the percentage rate of those earning the national average/ the percentage rate of those earning more than that/ the difference between lowest wage-earner and the highest-paid employee/ the breakdown of the highest-paid by gender/ difference between female and male severance payments and bonuses/ the rate of benefits provided for basic needs in addition to normal wages – health insurance, pension plans, prevention, self-provisioning, housing benefit – the rate of sustainable cafeteria plans/ young career-starters entry income level/ breakdowns by gender and age, assessing and monitoring wage differences/ the rate of hired labour and direct employment and the reasonableness of their remuneration system/ transparent and standard bonus system, pay-rise and personnel promotion system	Ft and % and qualitative	progressive		non-specific
New Jobs Creation	The number of new jobs created for direct employees and in the value chain in one particular year through a company's efforts. (the difference between newly created and terminated jobs)	number	recommended		non-specific
Environment					
Reuse of Waste	Waste prevention activities, the % recommended non-specific amount of waste produced, breakdown by type of waste.	%	recommended		non-specific

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of ARB Berhad ("ARB" or "Company") recognises the importance of adopting high standard of corporate governance throughout the Company and its subsidiaries ("the Group" or "Group of Companies") as a fundamental part of discharging its responsibilities to protect and enhance stakeholders' interest and to continue delivering sustainable performance of its Group.

This Corporate Governance Overview Statement ("Statement") is made pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Board is pleased to present the Group's application of the principles as set out in the Malaysian Code on Corporate Governance ("MCCG") 2021.

In line with ARB's intent to enhance its corporate governance disclosure, this Statement is complemented with a Corporate Governance Report ("CG Report"), based on the prescribed format by Bursa Securities which details down the application of each Practice set out in the MCCG. The CG Report is made available on ARB's website at <https://www.arbberhad.com/investor-relations>.

This Statement should also be read in tandem with the other statements in this Annual Report (e.g. Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Statement) for a more holistic and granular understanding of the Group's corporate governance framework and practices which may be better explained in the context of the respective statements.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

The Board is accountable to the stakeholders of the Group for the overall performance of the Group. The Board's primary role is to provide strategic leadership to the Group and ensure that the Group operates within a framework of prudent and effective controls which enables risks to be appropriately identified, assessed and managed. In order to achieve the Group's objective, the Board sets the strategic direction for the Group and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources to ensure that the necessary resources are in place for the Group to deliver its objectives and create sustainable value for its stakeholders.

To ensure the effective discharge of its function and responsibilities, the Board has established three (3) Board Committees, namely, Audit Committee, Nomination Committee and Remuneration Committee. ARB's Directors are informed of the activities of the Board Committees by receiving Board Committees meetings' minutes, reports and updates from the Chairmen of the respective Committees during the Board meetings. The Board retains collective oversight over the Committees and the authority to make decision. The Board Committees are guided by their respective Terms of References and delegated authority from the Board.

The Company has complied with the recommendation of the MCCG where the positions of Chairman of the Board and Executive Director shall be held by different individuals, and the Chairman must be a non-executive member of the Board.

There is a clear segregation of roles and responsibilities between the Chairman and the Executive Director to ensure a proper balance of power and authority.

Practice 1.4 of the MCCG recommends that the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee and Remuneration Committee. As the Company has a moderate sized Board comprising of only five (5) members and the Chairman, Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman, is also the Chairman for Nomination Committee and Remuneration Committee; and also a member of the Audit Committee. Through his active participation and extensive board and corporate experience, the discussions and decisions made at these committees have greatly benefited from his input. The Company believes that the Board's objectivity in receiving or assessing committees' reports has not been diminished in any way.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

In fulfilling its duties and responsibilities as stewards of the Company, the Board maintains a direct line of communication with Senior Management and has unrestricted access to information pertaining to the Group's business affairs. The Board is supported by three (3) suitably qualified Company Secretaries who serve as corporate governance counsels to the Board. The Company Secretaries assist the Board in adhering to the relevant corporate governance legislative promulgations and internal policies and procedures and apprise the Board on the latest statutory and regulatory requirements relating to corporate governance.

Agendas and board discussion papers are circulated at least seven (7) days prior to the Board and Board Committees meetings. This allows sufficient time for the Directors to obtain further explanations or clarifications, where necessary and to make an informed decision.

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made. All Directors' circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting. The Board also perused the decisions deliberated by the Board Committees through minutes of these Board Committees meetings. The Chairman of the respective Board Committees is responsible for informing the Board at the Directors' Meetings of any salient matters noted by the Board Committees and which may require the Board's direction.

When necessary, the Board may, whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

2.0 There is demarcation of responsibilities between the Board, Board Committees and Management. There is clarity in the authority of the Board, its Committees and individual Directors.

Board Charter

The Board has formalised a Board Charter which serves as a reference and guiding literature for Directors in the discharge of their fiduciary duties. The Board Charter incorporates provisions that provide for the clear demarcation of the respective roles and responsibilities of the Chairman, Board and Senior Management in ensuring the smooth running of the Group's business and operations and includes "Reserved Matters" for the Board. The matters specifically reserved for the Board's approval are as follows:-

- (a) Approval of corporate plans and programmes;
- (b) Approval of annual budget; including major capital commitments;
- (c) Approval of new ventures;
- (d) Approval of major acquisition and disposal of undertakings and properties; and
- (e) Changes to the management and control structure within the Company and the Group, including key policies, delegated authority limits.

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available for reference at the Company's website at <https://www.arbberhad.com/investor-relations>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, Management, Employees and other Stakeholders are clear on what is considered acceptable behaviour and practice in the Company.

Code of Conduct and Ethics

The Board observes the Company Directors' Code of Conduct and Ethics established by the Companies Commission of Malaysia.

The Board also aims to establish a corporate culture, which engenders ethical conduct that permeates throughout the Company, through a set of Code of Conduct and Ethics, to be adhered by all individuals employed by the Group. The Code of Conduct and Ethics is a guide to assist the Group's Directors and all levels of employees in living up to the Group's high ethical business standards, and provides guidance on the way employees should conduct themselves when dealing with other parties doing business with the Group.

It also sets out and identifies the appropriate communication on and feedback channels, which facilitate whistle-blowing. The Directors have maintained strong oversight of the performance and implementation of corporate governance for the Group.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Conduct and Ethics are available for reference at the Company's website at <https://www.arbberhad.com/investor-relations>.

Whistle-blowing Policy

Whistle-blowing Policy is established to provide avenue for employees of the Group and members of the public to disclose any improper conduct in a confidential manner. The Chairman of the Board and/or the Chairman of the Audit Committee ("AC") is committed to investigate and address all cases of reported misconduct and recommend action to be taken by the Board (if any). The policy underscores the Group's commitment to develop a culture of openness and honesty, where a person who is aware of a potential malpractice or misconduct is encouraged to report such matters in good faith, without fear of reprisal.

The main objectives of the policy are:

- Be committed to the Company's business ethics of honesty, integrity and transparency;
- To provide a transparent and confidential process for all parties to give information on non-compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and
- To uphold the moral duty being a Company by protecting the interest of all its stakeholders.

The details of the Whistle-blowing Policy are available for reference at the Company's website at <https://www.arbberhad.com/investor-relations>.

Anti-Bribery and Anti-Corruption Policy

The Company has adopted an Anti-Bribery and Anti-Corruption Policy ("ABAC Policy"), which is made available at the Company's website at <https://www.arbberhad.com/investor-relations>.

The Board has adopted a zero-tolerance approach against all forms of bribery and corruption, as defined in the ABAC Policy, and takes a strong stance against such acts. The ABAC Policy leverages on the core principles of the Company as set out in the Company's Code of Conduct and Ethics. The ABAC Policy serves as a guideline on how to deal with bribery and corruption which may arise in the course of business of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

4.0 The Company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

The Board oversight corporate sustainability strategy and performance. The Company's Executive Directors ("ED") is responsible for monitoring the implementation of sustainability strategy and its performance. The ED will review sustainability matters with the Departmental Sustainability Working Committee ("DSWC") and report the sustainability matters to the Board on a quarterly basis.



DSWC comprises Management team and representatives from Health, Safety and Environment, Human Resources and Operations departments. DSWC is responsible for materiality assessment, identification and monitoring of initiatives/actions, execution of initiatives/actions and reporting. They will report to the ED on sustainability matters on a quarterly basis.

PART II - BOARD COMPOSITION

5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

Board Composition and Balance

The Nomination Committee ("NC") ensure that the composition of the Board is refreshed periodically. The tenure of each director is reviewed by the NC and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the Board. It also reviews the performance of all directors including their independence (for independent directors) annually and those with satisfactory evaluation are recommended to the Board for re-election.

Presently, the Board comprises two (2) Executive Directors and three (3) Non-Executive Directors, all of whom are Independent Directors. The composition of the Board complies with Paragraph 15.02 of the MMLR of Bursa Securities whereby at least two (2) or one third (1/3) of its Board members are independent directors as well as the recommendation of MCCG whereby at least half of the Board comprises of independent directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II - BOARD COMPOSITION (CONT'D)

5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

Re-election of Directors

The procedures on annual re-election of directors are set out in the Company's Constitution. In accordance with the Company's Constitution, one-third (1/3) of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to one-third (1/3) with minimum of one (1), shall retire from office and an election of Directors shall take place. The Constitution further provide that each Director shall retire once in every three (3) years but shall be eligible for re-election.

Newly appointed directors shall hold office only until the next Annual General Meeting ("AGM") and shall be eligible for re-election.

The re-election of each director is voted separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and their shareholdings in the Group of each Director/ person standing for re-election/ election are furnished in the Annual Report.

Tenure of Independent Directors

As at the date of this statement, none of the Independent Directors have served the Company for more than nine (9) years.

Boardroom Diversity

The Board acknowledges the recommendation of MCCG and recognises the importance of boardroom diversity. In driving the long-term vision of the Group, it is essential for the Board to possess an optimum mix of skills, qualifications and experiences that can support the Group in responding to changing market dynamics, evolving business models and emergence of novel risks. The combination of the skills, experience and expertise of the incumbent Directors allows the Board to apply a breadth and depth of perspectives when deliberating on contentious issues.

The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre without any specific discrimination as to the age, ethnicity or gender of the candidates concerned. The Board has been taking steps to seek out female candidates based on meritocracy with the optimum mix of skills, knowledge and experience to fill Board positions.

Gender Diversity Policy

The Board is supportive of the recommendation of MCCG and recognises the importance of boardroom diversity to the establishment of gender diversity policy. However, the Group does not have the workforce gender policy. Currently, the Board does not comprise of any female director. The Board does not set any target timeline to meet gender diversity.

New Candidates for Board Appointment

The NC is responsible for assessing and making recommendations on any new appointments to the Board and the Board Committees. The appointment of new Directors is the responsibility of the full Board after considering the recommendations by the NC.

In making recommendation on new appointments to the Board, the NC will consider shortlisted candidates based on their profiles, professional achievements and personality assessments. Appropriate candidates are sourced through recommendations as well as external search networks based on the needs of the Board. The NC then review the profile of the shortlisted candidates to ensure that they are suitable and of sufficient calibre for recommendation to the Board for approval. The NC also takes into consideration on whether the potential candidate will be a strategic and effective fit for the Board and contribute to the overall desired composition and required mix of expertise and experience on the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II - BOARD COMPOSITION (CONT'D)

5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

New Candidates for Board Appointment (Cont'd)

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The NC will help assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

The Board does not utilise independent sources to identify potential candidates for appointment of directors. The Board will be mindful to utilise independent sources to identify suitable qualified candidates as and when necessary.

During the financial period ended 30 June 2022, no new candidates were appointed to the Board.

Nomination Committee

The NC comprises three (3) Directors, all of whom are Independent Non-Executive Directors. The NC is spear-headed by an Independent Non-Executive Director as specified under Practice 5.8 of the MCCG.

The members of the NC are as follows:-

Chairman

Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman

Independent Non-Executive Chairman

Members

Khor Chin Meng
Khor Ben Jin

Independent Non-Executive Director
Independent Non-Executive Director

The Terms of Reference of the NC can be viewed at the Company's website at <https://www.arbberhad.com/investor-relations>.

During the financial period ended 30 June 2022, the NC had assisted the Board on the following functions:

- Performed an assessment on the Board, Board Committees and individual Directors;
- Reviewed and recommended the re-election of Directors pursuant to the Company's Constitution;
- Assessed the independence of the Company's Independent Directors and recommended the continuance of Independent Directors;
- Reviewed the size and composition of the Board and made recommendation to the Board as regards any changes that may, in their view, be beneficial to the Company; and
- Reviewed the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors.

All the recommendations of the Nomination Committee are subject to the endorsement of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II - BOARD COMPOSITION (CONT'D)

6.0 Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Annual Evaluation of Effectiveness of the Board, Board Committees and Directors

The Board has, through the NC, undertaken a formal and objective annual evaluation to assess the effectiveness of the Board and the Board Committees as a whole and the contribution of each Director, including the independence of the Independent Non-Executive Director, making reference to the guides available and the good corporate governance compliance. The evaluation process was carried out by sending the following customised assessment forms to Directors:-

- i. Performance of Executive Directors;
- ii. Performance of Non-Executive Directors/Chairman;
- iii. Independence of the Independent Directors;
- iv. Effectiveness of the Board and Board committees as a whole.

The assessment of the Board and Board Committees is performed on a Board review whilst the assessment of the individual Directors is performed on a peer-review basis. Each Director is provided with the assessment forms for their completion prior to the meeting. The results of all assessments and comments by the Directors are summarised and deliberated at the NC meeting and thereafter the NC's Chairman will report the results and deliberation to the Board.

The annual assessment criteria of the Board and Board Committees and individual Directors were last reviewed and updated on 22 September 2022 which to stay aligned with the MCCG practices. Based on the evaluations conducted for the financial period ended 30 June 2022, the NC and the Board were satisfied with the performance of the individual Directors, Board as a whole, Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.

Time Commitment and Directorship in Other Public Listed Companies

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of MMLR.

The dates scheduled for Board meetings, Board Committee meetings and meeting of members are set in advance and circulated to the Directors to facilitate the Directors' time planning. At the end of each Board and Committee meetings, the date of the next meetings is to be re-confirmed. Each Board member is expected to achieve at least 50% attendance of total Board meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

During the financial period ended 30 June 2022, all Directors have dedicated adequate time and effort to attend Board and Board Committee meetings held to deliberate on matters under their purview. Matters deliberated during the year include significant business and operational issues, significant financial and investment decisions, relevant business policies and procedures, regulatory compliance matters, key performance indicators and significant corporate exercises as well as financial performance of the Group as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II - BOARD COMPOSITION (CONT'D)

6.0 Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors. (Cont'd)

The meeting attendance of Directors during the financial period ended 30 June 2022 are furnished below:-

Name of Directors	Meeting Attendance	Percentage of Attendance
Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman (appointed w.e.f 23 February 2021)	6/6	100%
Dato' Sri Liew Kok Leong	7/7	100%
Dato' Baharon Bin Talib	7/7	100%
Khor Chin Meng	7/7	100%
Khor Ben Jin	7/7	100%

Continuing Education Programs

All Directors have completed the Mandatory Accreditation Programme as required by Bursa Securities.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will continuously attend the necessary training programmes, conferences, seminars, exhibitions and/or forums to keep abreast with the current developments in the various industries as well as the current changes in laws and regulatory requirements.

The Directors after accessing and identifying their own training needs, attended the following conferences, seminars and training programmes during the financial period ended 30 June 2022:

Name of Directors	Seminars/Conferences/Training Programmes Attended
Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman	• Mandatory Accreditation Programme
Dato' Sri Liew Kok Leong	• Compliance with Main Market Listing Requirements - Reporting Financial Statement • Automation Days Asia 2021 • AllianceDBS Research 2nd Half 2022 Market Outlook: Rising Above Inflation • Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers
Khor Chin Meng	• Compliance with Main Market Listing Requirements - Reporting Financial Statement
Khor Ben Jin	• Secretarial Practice : Accounts, Annual Return and Auditor • Governance, Risk and Controls

Saved as disclosed above, Dato' Baharon Bin Talib was not able to select any suitable training programmes to attend during the financial period due to his busy work schedule. However, he has constantly been updated with relevant reading materials and technical updates, which will enhance his knowledge and equip himself with the necessary skills to effectively discharge his duty as Director of the Company. In addition, relevant guidelines on statutory and regulatory requirements were circulated to the Board from time to time for Board reference.

The Board will continue to evaluate and determine the training needed by the Directors from time to time to enhance their skills and knowledge in order to enable them to discharge their responsibilities more effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART III - REMUNERATION

7.0 The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process.

Remuneration Committee

The Board has instituted a set of policies and procedures to govern the remuneration of Directors and Senior Management. The policies and procedures serve as guidelines for the Board in remunerating Directors and Senior Management with a view to attract, retain and motivate talented and high-calibre individuals.

The Board has established a Remuneration Committee ("RC") to assist the Board in its oversight function on matters pertaining to Remuneration of Directors and Senior Management.

The RC which is chaired by Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman, the Independent Non-Executive Chairman. The RC comprises exclusively of Independent Non-Executive Directors in order to assist the Board for determining the Directors' remuneration.

The members of the RC are as follows:-

Chairman

Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman

Independent Non-Executive Chairman

Members

Khor Chin Meng
Khor Ben Jin

Independent Non-Executive Director
Independent Non-Executive Director

The Terms of Reference of the RC can be viewed at the Company's website at <https://www.arbberhad.com/investor-relations>.

During the financial period ended 30 June 2022, the RC reviewed the payment of Directors' fees and other benefits payable to Directors and made its recommendation to the Board.

Remuneration Policy

The RC is authorised by the Board to establish a formal and transparent procedure for developing policy for remuneration of the Executive Directors of the Company and for fixing the remuneration packages of individual Director. The RC also determines and recommends to the Board any performance related pay schemes for Executive Directors.

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The RC's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The RC also recommends the Executive Directors' remuneration and benefits based on his individual performance and that of the Group.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the AGM based on recommendations of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART III - REMUNERATION (CONT'D)

8.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Details of Directors' Remuneration

In determining the level and component parts of Directors' remuneration, the RC takes into consideration the demands, complexities and performance of the Group as well as the time commitment, skills and experience that are required of Directors. The detailed disclosure of Directors' remuneration at the Company's and Group's level for the financial period ended 30 June 2022 are as follows:

The Company

Name of Directors	Fee (RM'000)	Allowance (RM'000)	Salary (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman	48.6	2.4	-	-	51.0
Dato' Sri Liew Kok Leong	-	-	-	-	-
Dato' Baharon Bin Talib	1.8	0.3	-	-	2.1
Khor Chin Meng	36.0	2.7	-	-	38.7
Khor Ben Jin	33.8	2.7	-	-	36.5
Tan Eik Huang (resigned w.e.f 03.02.2021)	1.0	-	-	-	1.0
TOTAL	121.2	8.1	-	-	129.3

The Group

Name of Directors	Fee (RM'000)	Allowance (RM'000)	Salary (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman	48.6	2.4	-	-	51.0
Dato' Sri Liew Kok Leong	-	-	1,234.8	149.6	1,384.4
Dato' Baharon Bin Talib	1.8	0.3	110.7	-	112.8
Khor Chin Meng	36.0	2.7	-	-	38.7
Khor Ben Jin	33.8	2.7	-	-	36.5
Tan Eik Huang (resigned w.e.f 03.02.2021)	1.0	-	-	-	1.0
TOTAL	121.2	8.1	1,345.5	149.6	1,624.4

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART III - REMUNERATION (CONT'D)

8.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance. (cont'd)

Senior Management's Remuneration

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group.

The total remuneration received by senior management of the Group including salary, bonus, benefits in-kind and other emoluments in bands width of RM50,000 for the financial period ended 30 June 2022 are as follows:

Range of Remuneration	Number of Senior Management	Group	Company
RM100,001 – RM300,000	1	122.8	2.1
RM300,001 – RM500,000	-	-	-
RM500,001 – RM700,000	-	-	-
RM700,001 – RM900,000	-	-	-
RM900,001 – RM1,100,000	-	-	-
RM1,100,001 – RM1,300,000	1	1,384.4	-

The remuneration of these senior management of the Company disclosed above is on an aggregate basis. At this particular juncture, the Board is of the opinion that the disclosure of the Senior Management personnel's names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - AUDIT COMMITTEE ("AC")

9.0 There is an effective and independent audit committee. The board is able to objectively review the audit committee's findings and recommendations. The company's financial statement is a reliable source of information.

The AC comprises solely of Independent Directors to provide a robust and impartial oversight on financial reporting, audit and risk management processes. The members of the AC are as follows:-

Directors	Designation
Khor Chin Meng	Chairman / Independent Non-Executive Director
Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman	Member / Independent Non-Executive Chairman
Khor Ben Jin	Member / Independent Non-Executive Director

The AC is chaired by an Independent Director who is not the Chairman of the Board, therefore observed the recommendation of Practice 9.1 of MCCG which stipulates that the Chairman of the AC shall not be the Chairman of the Board.

The vast experience of the AC members in the areas of accounting, finance and auditing allows the AC to collectively possess the requisite financial literacy to have a sound understanding of the financial matters of the Group. The AC has unrestricted access to both the internal and external auditors, who in turn reports directly to the AC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I - AUDIT COMMITTEE ("AC") (CONT'D)

9.0 There is an effective and independent audit committee. The board is able to objectively review the audit committee's findings and recommendations. The company's financial statement is a reliable source of information. (Cont'd)

Assessment of Suitability and Independence of External Auditors

The AC has established formal and transparent arrangements to maintain an appropriate relationship with the external auditors. This includes undertaking an annual assessment to ascertain the suitability, objectivity and independence of the external auditors. The Auditors will highlight to the AC and the Board on matters that require the Board's attention.

The AC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The AC has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the AC prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the AC.

To assess or determine the suitability and independence of the External Auditors, the AC has taken into consideration of the following:

- i) the adequacy of the experience and resources of the External Auditors;
- ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the AGM on the recommendation of the Board. The External Auditors are being invited to attend the AGM of the Company to response and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the AC will meet with the External Auditors without the presence of Executive Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the AC are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the AC, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors.

The AC is satisfied with the competence and independence of the External Auditors for the financial period ended 30 June 2022. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the AC's recommendation for the shareholders' approval to be sought at the AGM on the re-appointment of Messrs Chengco PLT as the External Auditors of the Company for the financial year ending 30 June 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10.0 Company makes informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

The Board acknowledges the significance of a sound system of risk management and internal control to manage the overall risk exposure of the Group. The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.

The key features of the Risk Management Framework are presented in the Statement on Risk Management and Internal Control of the Company as set out on pages 57 and 58 of this Annual Report.

11.0 The Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

The Board has engaged a professional service provider to assume the internal audit function of the Group. The Internal Auditors conducted regular audit reviews and assess the effectiveness and adequacy of the governance, risk management and internal controls in the Group. These reviews were reported to the AC directly by the Internal Auditors.

During the year the internal audit function is outsourced to GovernanceAdvisory Sdn. Bhd which reports directly to the AC.

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

PART I - COMMUNICATION WITH STAKEHOLDERS

12.0 There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

As custodians of ARB, the Board aims to keep all stakeholders apprised in a timely manner of all material business events. The Board ensures there is an open line of communication with stakeholders through announcements to Bursa Securities, ARB's website and summaries of key matters discussed at the general meetings.

The Annual Report is made available on ARB's website and it provides a balanced, comparable and meaningful assessment of the Group's position and prospects as well as comprehensive details about business activities and financial performance for the financial year.

The Company's website at <https://www.arbberhad.com/investor-relations> incorporates an Investor Relations section which provides all relevant information on the Company which are accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced to Bursa Securities after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

Shareholders and investors may also forward their queries to the Company via email to ir@arbberhad.com.

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

The Chairman or the Executive Directors of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought at general meetings.

Whilst the Company aims to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART II- CONDUCT OF GENERAL MEETINGS

13.0 Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at general meetings.

The Annual General Meeting ("AGM") serves as the principal avenue for shareholders to engage the Board and Senior Management in a constructive two-way dialogue. Shareholders are encouraged to actively participate during AGMs by raising questions and providing feedbacks to the Board and Senior Management. During the financial year ended 31 December 2020, all Directors including the respective Chairmen of the Board Committees, were present during the Twenty-Third (23rd) AGM to facilitate shareholder engagement and provide clear and meaningful responses to shareholders' concerns and queries. Feedbacks gathered during the AGM are evaluated and considered for further action by the Board and Senior Management.

The notice of the upcoming AGM, will be made available to shareholders more than twenty one (21) days prior to the meeting in order to accord shareholders with sufficient time to review the Group's financial and operational performance as well as the resolutions that are to be tabled during the AGM. The upcoming AGM would be conducted virtually through live streaming and online remote voting via the remote participation and voting facilities.

The Company has implemented poll voting for all the resolutions set out in the Notice of AGM and Extraordinary General Meeting to be voted via electronic means to expedite verification and counting of votes. In addition, the Company appointed scrutineer to validate the votes cast at the general meetings.

14.0 Effective Communication and Proactive Engagement

The Group recognises the need to inform the shareholders of all significant developments concerning the Group on a timely basis, with strict adherence to the MMLR. Shareholders and prospective investors are kept informed of all major developments within the Group by way of announcements via the Bursa Link, the Company's Annual Reports, website and other circulars to shareholders with an overview of the Group's financial and operational performance.

To this end, the Group relies on the following channels for effective communication with the shareholders and stakeholders:

- Interim financial reports to provide updates on the Group's operations and business developments on a quarterly basis;
- Annual audited financial statements and annual report to provide an overview of the Group's state of governance, state of affairs, financial performance and cash flows for the relevant financial year;
- Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by MMLR; and
- AGM

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the MCGG, the relevant chapters of the MMLR of Bursa Securities on corporate governance and all applicable laws and regulations throughout the financial period ended 30 June 2022, except for the departures set out in the CG Report. The Company shall continue to strive for high standards of corporate governance throughout the Group, and the highest level of integrity and ethical standards in all of its business dealings.

This Statement together with the CG Report was approved by the Board on 22 September 2022.

STATEMENT OF DIRECTORS RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible to prepare the financial statements for each financial period/year to give a true and fair view of the state of affairs of the Company and its subsidiaries ("**Group**") in accordance with the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the provisions of the Companies Act, 2016 ("**the Act**") and applicable Approved Accounting Standards in Malaysia.

In preparing the financial statements for the period ended 30 June 2022, the Board considers that:

- (a) all applicable approved accounting standards in Malaysia, such as Malaysian Financial Reporting Standards and International Financial Reporting Standards have been adhered to;
- (b) the Group has used appropriate accounting policies and have consistently applied them;
- (c) reasonable and prudent judgments and estimates were made; and
- (d) the financial statements were prepared on the going concern basis as the Board has a reasonable expectation, having made enquiries, that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that the Group keeps proper accounting records and other records which are closed with reasonable accuracy at any time the financial position of the Group.

The Directors are collectively responsible to ensure that the financial statements comply with the MMLR of Bursa Securities, the provisions of the Act and applicable approved accounting standards in Malaysia.

The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial period ended 30 June 2022, appropriate accounting policies were used and applied consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

WWW

ADDITIONAL COMPLIANCE INFORMATION

1. STATUTORY AUDIT AND OTHER SERVICES FEES PAID TO EXTERNAL AUDITORS

During the financial period, the amounts of statutory audit and other services fees paid/ payable by the Company and the Group to the External Auditors for the financial period ended 30 June 2022 were as follows:

	Company (RM'000)	Group (RM'000)
Statutory Audit Fees	80	584
Other Services Fees	-	-
TOTAL FEES	80	584

2. MATERIAL CONTRACTS

There were no material contracts involving the Directors', chief executive (who is not a Director) and major shareholders' interests, either subsisting at the end of the financial period ended 30 June 2022 or, if not then subsisting, entered into since the end of the previous financial year.

3. CONTRACTS RELATING TO LOAN

During the financial period, there were no material contracts relating to loans entered into by the Company involving Directors and major shareholders.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPTs")

The Recurrent Related Party Transactions of a Revenue or Trading Nature incurred during the financial year are set out as below:-

Name of Related Parties	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate value made during the financial period ended 30 June 2022 (RM'000)
VNH One Sdn. Bhd.	Office rental expense	Dato' Sri Liew Kok Leong	165

Besides, the Company is seeking approval from the shareholders for the proposed new and renewal shareholders' mandate for the Company to enter into RRPT(s) of a revenue or trading nature pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities at the forthcoming Annual General Meeting to be convened on Tuesday, 15 November 2022 at 8.00 a.m. The details as enclosed in the Circular to Shareholders dated 17 October 2022.

5. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

On 17 February 2022, the Company had completed a Rights Issue exercise following the listing and quotation of 608,217,400 new ordinary shares of RM0.12 each.

The Company had raised a cash proceeds of approximately RM72.99 million under the Rights Issue Exercise. The status of the utilisation of these proceeds are as set out below:-

Utilisation of proceeds	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance (RM'000)
Provision of hydroponics IOT solutions	55,000	55,000	-
Funding for future projects or acquisition and/or investment in other complementary businesses and/or assets	17,276	17,276	-
Estimated expenses for the Proposed Rights Issue	710	710	-
TOTAL	72,986	72,986	-

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

A. INTRODUCTION

The Board of Directors ("The Board") of ARB Berhad is pleased to make the following statement on risk management and internal control which outlines the nature and scope of the risk management and internal control within the Group during the financial period 2022. The Statement on Risk Management and Internal Control is made in compliance with paragraph 15.26(b) of the Main Market: Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" issued by Bursa Securities.

B. BOARD RESPONSIBILITY

The Board is committed to its responsibilities to maintain a sound system of risk management and internal control to safeguard the shareholders' investments and the Group's assets and for reviewing the adequacy and integrity of the system. Notwithstanding, due to the limitations that are inherent in any system of risk management and internal control, the Group's risk management and internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and it can only provide reasonable but not absolute assurance against material misstatement or loss, contingencies, fraud or any irregularities.

The Board was assisted by the Audit Committee to fulfill its responsibilities in internal audit function.

C. RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group's business operations and that the identification and management of risk will affect the achievement of the Group's business objectives. The Management is responsible and accountable to the Board for risk management processes being carried out to achieve the Group's business objectives within the risk appetite parameters. In discharging its responsibilities, the Board has taken into account the guidance of the Malaysian Code on Corporate Governance.

Risk management and internal controls are treated as an integral part of overall management process. The Management oversees the Risk Management framework and the scope of work includes evaluating the existing controls for effectiveness and efficiency and providing recommendations for improvement.

D. KEY ELEMENTS OF INTERNAL CONTROL

The Board is committed to maintain a sound internal control structure to govern the manner in which the Group and its employees conduct themselves. The key features of controls are: -

- (i) the responsibilities of the Board and Management are clearly defined in the organisation structure to ensure both parties' roles and responsibilities in overseeing the conduct of the group's business effectively;
- (ii) Senior Management regularly performs review on finance units; and

E. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to GovernanceAdvisory.com Sdn Bhd ("GASB"). GASB is an independent professional firm supports the Audit Committee, and by extension, the Board, by providing an independent assurance on the effectiveness of the Group's systems of internal control.

During the financial year under review, internal audit review was carried out on operational areas of ERP system development activity for ARB Big Data Sdn Bhd. GASB ensured that:

- pipeline is formalised and approved by management,
- ERP development progress is consistently communicate and update to Management (on development progress),
- effective and efficient process in communicating delays and changes to ERP development (if any),
- the developed ERP system are patent/trademark/copy right; and
- safekeeping of source code to prevent leakages.

Internal Audit Review Report carried out for current financial period was tabled and presented to the Audit Committee that the internal controls tested have been applied consistently and effectively, any weakness in the application of internal controls was of a minor nature. No action is required by the Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

F. ASSURANCE FROM MANAGEMENT

According to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board has received assurance from the Executive Directors regarding the adequacy and effectiveness of the Group's risk management and internal control operation in all material aspect. It is therefore of the view that risk management and internal control system is satisfactory and no material internal control failures was noted.

G. REVIEW OF THE STATEMENTS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad MMRL, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report 2022. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG"): 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. AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

H. CONCLUSION

The Board is satisfied that the present Risk Management and Internal Control available is satisfactory, adequate and effective for the Group's business. The Board however recognises the ever changing dynamic business environment, and hence will endeavour to continue improving, and enhancing the existing system of risk management and internal control to ensure their continued relevance.

This statement was approved by the Board on 22 September 2022.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") is pleased to present the report of the Audit Committee ("AC") for the financial period ended 30 June 2022.

The AC with delegated oversight responsibilities assists the Board in ensuring that the paramount interest of the shareholders and other stakeholders of the Company and its subsidiaries ("Group") are well protected.

(A) Composition

The AC of the Company consists of three (3) members, all of whom are Independent Non-Executive Directors. The AC comprises the following members:

Directors	Designation
Khor Chin Meng	Chairman / Independent Non-Executive Director
Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman	Member / Independent Non-Executive Chairman
Khor Ben Jin	Member / Independent Non-Executive Director

The Chairman of the AC, Mr Khor Chin Meng, is a fellow member of the Fellowship of Chartered Certified Accountant (FCCA) which fulfils the requirement under Paragraph 15.09(1)(c) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The composition of the AC is in compliance with Paragraphs 15.09 and 15.10 of the Listing Requirements of Bursa Securities and the Malaysian Code on Corporate Governance ("MCCG") where all three (3) AC members are Independent Non-Executive Directors. None of the Independent Non-Executive Directors had appointed Alternate Directors. All members of the AC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the AC.

(B) Term of Reference

The principal objective of the AC is to assist the Board of Directors ("Board") in discharging its fiduciary responsibilities relating to financial reporting process and internal control of the Group. The function of the AC is as set out in the Terms of Reference of the AC which can be found on the Company's website at <https://www.arbberhad.com/investor-relations>.

(C) Meetings and Attendance

The AC held a total of seven (7) meetings during the financial period ended 30 June 2022. The Directors of the Company, internal auditors, external auditors and the relevant key personnel were invited to attend the meeting as and when necessary, in order to facilitate direct communications in respect on matters of significant concern of interest. The details of the attendance of the AC members are as follow:-

Name	Attendance	Percentage of Attendance
Khor Chin Meng	7/7	100%
Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman	6/6	100%
Khor Ben Jin	7/7	100%

The AC meetings were structured through the use of agendas and relevant meeting papers which were distributed to the AC prior to the meetings. The meetings were of adequate length to allow the AC to accomplish its agenda with sufficient time to discuss emerging issues.

The AC conducted its meeting in an open and constructive manner and encouraged focused discussion, questioning and expressions of differing opinions.

AUDIT COMMITTEE REPORT (CONT'D)

(C) Meetings and Attendance (cont'd)

The external auditors will report their findings of the significant accounting and auditing issues to the AC for review, deliberation and decision making. The finance team will present the unaudited quarterly financial statements, as well as other financial reporting related matters for the AC's deliberation and recommendation to the Board for approval, where appropriate. The Chairman of the AC will report and highlight the key issues discussed at each AC meeting to the Board accordingly.

(D) Summary of Work

During the financial period ended 30 June 2022, the AC worked closely with the External Auditors, Internal Auditors and Management to monitor, oversee, review and evaluate the effectiveness and adequacy of the Group's risk management and internal control, financial management and reporting. During the financial period ended 30 June 2022, the following activities were carried out by the AC:-

- a) Reviewed the unaudited quarterly financial results announcements of the Company and of the Group prior to the Boards' approval with particular focus on compliance with financial reporting standards in Malaysia and provisions of the Companies Act 2016 and the Group's accounting policies and practice;
- b) Reviewed the Audit Planning Memorandum for the financial period ended 30 June 2022;
- c) Reviewed the external auditors terms of engagement and the audit plan of the Company and of the Group for the financial period ended 30 June 2022;
- d) Evaluated the performance of the external auditors for the financial period ended 30 June 2022 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;
- e) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
- f) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;
- g) Reviewed the effectiveness of the Group's system of internal control;
- h) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- i) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements; and
- j) Reviewed the relevant statements/report contained in the Annual Report 2022.

AUDIT COMMITTEE REPORT (CONT'D)

(E) Internal Audit Function and Activities

The Internal Audit ("IA") function is considered an integral part of the assurance framework within the Group. IA function plays an intermediary role in that it assists in the discharge of the oversight function which is delegated by the Board to the AC. It serves as a mean of obtaining sufficient assurance of regular review and/or appraisal of the adequacy and effectiveness of the system of internal controls from the perspective of governance, risks and control.

The Group outsources its IA function to GovernanceAdvisory.com Sdn Bhd ("GA"), which has adequate resources and appropriate standing to undertake its work independently and objectively to provide reasonable assurance to the AC regarding the adequacy and effectiveness of risk management, internal control and governance systems.

The personnel conducting and carrying out the IA function are free from any relationship or conflict of interest or undue influence of others which could impair their independence. GA reports directly to the AC.

The total cost incurred for the IA function of the Group in respect of the financial period ended 30 June 2022 amounted to RM10,000.00.

The summary of the works undertaken by the internal auditors during the period under review are as follows:-

- (a) Interviews with respective key personnel/process owners/management;
- (b) Examining the policies, manuals and standards that govern the activities, processes and systems;
- (c) Perform walkthrough of processes and systems (based on interview and reviewing documents) relating to the audited area/function, to understand the existing processes/practices and to ascertain whether proper controls area in place;
- (d) Perform testing on randomly selected samples (within the review period) to assess whether internal controls function as intended; and
- (e) Identify improvement areas based on interviews, walkthroughs and testing outcomes; and develop process improvement recommendations for management's consideration.

This report is made in accordance with a resolution passed at the AC meeting held on 22 September 2022.

FINANCIAL STATEMENTS

63	DIRECTORS' REPORT
68	STATEMENTS OF FINANCIAL POSITION
70	STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
71	STATEMENTS OF CHANGES IN EQUITY
74	STATEMENTS OF CASH FLOWS
76	NOTES TO THE FINANCIAL STATEMENTS
129	STATEMENT BY DIRECTORS
129	STATUTORY DECLARATION
130	INDEPENDENT AUDITORS' REPORT



DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial period from 1 January 2021 to 30 June 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of management services and investment holding. The principal activities of the subsidiaries are described in Note 9 to the financial statements. There have been no significant changes in the nature of these principal activities of the Group and of the Company during the financial period.

CHANGE OF FINANCIAL YEAR END

During the financial period, the Group and the Company have changed their financial year end from 31 December to 30 June. Accordingly, the financial statements of the Group and of the Company for the current financial period are drawn up for a period of eighteen (18) months from 1 January 2021 to 30 June 2022, whereas comparative amounts are presented for a period of 12 months from 1 January 2020 to 31 December 2020. Therefore, the amounts presented in statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows and related note are not comparable with the amounts presented for comparative year.

RESULTS

Profit/(Loss) for the financial period attributable to:
 Owners of the Company
 Non-controlling interests

Group RM'000	Company RM'000
91,298	(2,369)
(11,778)	-
<u>79,520</u>	<u>(2,369)</u>

DIVIDENDS

No dividend has been proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend for the current financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those presented in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial period except for the following:

- From 5 January 2021 to 1 June 2021, the Company issued in aggregate of 153,293,851 new ordinary shares pursuant to the conversion of 153,293,851 Irredeemable Convertible Preference Shares ("ICPS") at a conversion price of RM0.20 each; and
- On 17 February 2022, the Company issued 608,217,400 new ordinary shares via right issue at a price of RM0.12 per ordinary share for a total cash consideration of RM72,986,088 for working capital purposes on 17 February 2022.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. The Company did not issue any new debentures during the financial period.

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial period.

DIRECTORS

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

The Company

Dato' Baharon Bin Talib
Dato' Sri Liew Kok Leong
Khor Chin Meng
Khor Ben Jin
Datuk Haji Junaidi Bin Datuk Haji Abdul Rahman
Kee Yong Chin
Tan Eik Huang

(Appointed on 3.2.2021)
(Appointed on 23.2.2021)
(Resigned on 12.1.2021)
(Resigned on 3.2.2021)

Subsidiaries (excluding those who are already listed above)

Chong Hwa Siong
Er Yan Shuen
Lee Siew Wah
Lai Choon Khong
Pay Thiam Yong, Roger
Aow Bon Chong
Cao Yu
Choong Voon Kwong
Chua Kian Leong
Khoh Thong Bu
Tan Choong Hau

(Appointed on 28.2.2022)
(Appointed on 1.7.2021)
(Resigned on 5.3.2021)
(Resigned on 2.3.2021)
(Resigned on 7.9.2021)
(Resigned on 2.2.2021)
(Resigned on 28.2.2022)
(Resigned on 12.8.2021)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial period and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial period ended 30 June 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

The Company

	As at 1.1.2021	Number of ordinary shares		As at 30.6.2022
		Acquired	Disposed	
Direct interest:				
Dato' Sri Liew Kok Leong	52,552,165	123,552,135	(23,000,000)	153,104,300
Indirect interest:				
Dato' Sri Liew Kok Leong ⁽¹⁾	5,569,700	101,569,700	-	107,139,400

	As at 1.1.2021	Number of ICPS		As at 30.6.2022
		Acquired	Disposed/ Conversion	
Direct interest:				
Dato' Sri Liew Kok Leong	146,264,457	-	(22,000,000)	124,264,457
Indirect interest:				
Dato' Sri Liew Kok Leong ⁽¹⁾	161,660,915	-	(36,000,000)	125,660,915

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

The details of ICPS are disclosed in Note 15 to the financial statements.

⁽¹⁾ Indirect interest through shares held by Ukay One Sdn. Bhd.

By virtue of his interests in the shares of the Company, the Director is also deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial period held any interest in the shares of the Company and of its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 25(b) to the financial statements.

There were no arrangements made during and at the end of the financial period, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The Directors' remuneration of the Group and of the Company are amounted to RM1,624,400 (2020: RM521,000) and RM129,300 (2020: RM36,000) respectively during the financial period.

INDEMNITIES AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been the Director or auditor of the Group and of the Company.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL PERIOD

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts need to be written off and that no allowance for doubtful debts is required; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL PERIOD TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would require the writing off of bad debts or the making of allowance for doubtful debts in the financial statements of the Group and of the Company; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) 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.
- (d) In the opinion of the Directors:
 - (i) there has not arisen 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 period in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial period which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial period to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial period.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Significant events during the reporting period are disclosed in Note 26 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Material subsequent event is disclosed in Note 27 to the financial statements.

AUDITORS

The auditors, CHENGCO PLT, have expressed their willingness to continue in office. The auditors' remuneration of the Group and of the Company are amounted to RM583,569 (2020: RM92,000) and RM80,000 (2020: RM36,000) respectively during the financial period.

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

DATO' SRI LIEW KOK LEONG
Director

Kuala Lumpur, Malaysia
14 October 2022

DATO' BAHARON BIN TALIB
Director

WWW

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		Group		Company	
	Note	30.6.2022 RM'000	31.12.2020 RM'000	30.6.2022 RM'000	31.12.2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	163,602	39,440	-	-
Right-of-use assets	7	1,994	254	-	-
Intangible assets	8	38,780	30,797	-	-
Investments in subsidiaries	9	-	-	192,575	94,113
Other investments	10	4,360	10,850	-	-
Trade receivables	11	-	64,140	-	-
		208,736	145,481	192,575	94,113
Current assets					
Trade receivables	11	101,186	68,230	-	58
Other receivables, deposits and prepayments	12	5,431	15,112	-	-
Current tax asset		44	-	-	-
Cash and cash equivalents	13	100,348	26,512	1,637	1,271
		207,009	109,854	1,637	1,329
TOTAL ASSETS		415,745	255,335	194,212	95,442
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	196,935	93,290	196,935	93,290
Irredeemable convertible preference shares	15	4,671	6,204	4,671	6,204
Retained earnings/(Accumulated losses)		175,625	84,267	(7,542)	(5,173)
		377,231	183,761	194,064	94,321
Non-controlling interests	9(f)	629	4,874	-	-
TOTAL EQUITY		377,860	188,635	194,064	94,321

STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 30 JUNE 2022

	Note	Group 30.6.2022 RM'000	31.12.2020 RM'000	Company 30.6.2022 RM'000	31.12.2020 RM'000
LIABILITIES					
Non-current liabilities					
Trade payables	16	-	41,871	-	-
Lease liabilities	7	1,231	130	-	-
Deferred tax liabilities	17	15,800	7,288	-	-
		17,031	49,289	-	-
Current liabilities					
Trade payables	16	700	6,643	-	-
Other payables and accruals	18	11,255	10,608	148	122
Lease liabilities	7	774	158	-	-
Amount due to a subsidiary	19	-	-	-	999
Current tax liability		8,125	2	-	-
		20,854	17,411	148	1,121
TOTAL LIABILITIES		37,885	66,700	148	1,121
TOTAL EQUITY AND LIABILITIES		415,745	255,335	194,212	95,442

WWW

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2022

	Note	Group		Company	
		1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000
Revenue	20	594,004	219,454	863	58
Cost of sales		(443,950)	(167,432)	(850)	-
Gross profit		150,054	52,022	13	58
Other income		2,662	581	8	79
Administrative expenses		(24,390)	(6,395)	(1,390)	(585)
Other expenses		(32,090)	-	(1,000)	-
Finance costs		(39)	(1,962)	-	-
		96,197	44,246	(2,369)	(448)
Share of results of an associate, net of tax		-	(23)	-	-
Profit/(Loss) before tax	21	96,197	44,223	(2,369)	(448)
Tax expense	22	(16,677)	(1,353)	-	(20)
Profit/(Loss) for the financial period		79,520	42,870	(2,369)	(468)
Other comprehensive income for the period, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Gain on foreign currency translation		3	-	-	-
Total comprehensive income/(loss)		79,523	42,870	(2,369)	(468)
Profit/(Loss) for the financial period attributable to:					
Owners of the Company		91,298	43,461	(2,369)	(468)
Non-controlling interests	9(f)	(11,778)	(591)	-	-
		79,520	42,870	(2,369)	(468)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		91,301	43,461	(2,369)	(468)
Non-controlling interests		(11,778)	(591)	-	-
		79,523	42,870	(2,369)	(468)
Earnings per share attributable to Owners of the Company (sen):					
Basic	23	12.40	9.55		
Diluted	23	11.87	8.94		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

Group

	Note	Attributable to Owners of the Company						Total equity RM'000
		Share capital RM'000	Irredeemable convertible preference shares ("ICPS") RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to Owners of the parent RM'000	Non-controlling interests RM'000	
As at 1 January 2021		93,290	6,204	-	84,267	183,761	4,874	188,635
Profit for the financial period		-	-	-	91,298	91,298	(11,778)	79,520
Gain on foreign currency translations		-	-	3	-	3	-	3
Other comprehensive income		-	-	3	-	3	-	3
Total comprehensive income		-	-	3	91,298	91,301	(11,778)	79,523
Transaction with Owners of the Company								
Issuance of shares pursuant to conversion of ICPS	14,15	30,659	(1,533)	-	-	29,126	-	29,126
Issuance of shares via right issue	14	72,986	-	-	-	72,986	-	72,986
Disposal of subsidiaries		-	-	(3)	-	(3)	7,179	7,176
Acquisition of subsidiaries		-	-	-	-	-	170	170
Acquisitions of additional interests in subsidiary from non-controlling interests:								
- Accretion of equity interests		-	-	-	-	-	(423)	(423)
- Gain on acquisition		-	-	-	373	373	-	373
Effects of dilution of interests in a subsidiary		-	-	-	(313)	(313)	313	-
Ordinary shares capital contributed by non-controlling interests of subsidiaries		-	-	-	-	-	294	294
Total transactions with Owners of the Company		103,645	(1,533)	(3)	60	102,169	7,533	109,702
As at 30 June 2022		196,935	4,671	-	175,625	377,231	629	377,860

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

Group (Cont'd)

	Note	Attributable to Owners of the Company					Total equity RM'000
		Share capital RM'000	Irredeemable convertible preference shares ("ICPS") RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to Owners of the parent RM'000	
As at 1 January 2020		60,268	7,855	887	40,806	109,816	119,431
Profit for the financial year/		-	-	-	43,461	43,461	42,870
Total comprehensive income		-	-	-	-	-	-
Transaction with Owners of the Company							
Issuance of shares pursuant to conversion of ICPS	14,15	33,022	(1,651)	-	-	31,371	31,371
Disposal of a subsidiary		-	-	(887)	-	(887)	(5,600)
Acquisition of subsidiaries		-	-	-	-	-	563
Total transactions with Owners of the Company		33,022	(1,651)	(887)	-	30,484	26,334
As at 31 December 2020		93,290	6,204	-	84,267	183,761	188,635

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

Company

Company	Note	Attributable to Owners of the Company			Total equity RM'000
		Share capital RM'000	ICPS RM'000	Accumulated losses RM'000	
As at 1 January 2021		93,290	6,204	(5,173)	94,321
Loss for the financial period/					
Total comprehensive loss		-	-	(2,369)	(2,369)
Transaction with Owners of the Company					
Issuance of shares pursuant to conversion of ICPS	14,15	30,659	(1,533)	-	29,126
Issuance of shares via right issue	14	72,986	-	-	72,986
Total transactions with Owners of the Company		103,645	(1,533)	-	102,112
As at 30 June 2022		196,935	4,671	(7,542)	194,064
As at 1 January 2020		60,268	7,855	(4,705)	63,418
Loss for the financial year/					
Total comprehensive loss		-	-	(468)	(468)
Transaction with Owners of the Company					
Issuance of shares pursuant to conversion of ICPS	14,15	33,022	(1,651)	-	31,371
As at 31 December 2020		93,290	6,204	(5,173)	94,321

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

STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2022

	Group		Company	
	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	96,197	44,223	(2,369)	(448)
Adjustments for:				
Depreciation of property, plant and equipment	12,063	1,452	-	-
Depreciation of right-of-use assets	445	137	-	-
Finance costs	39	32	-	-
Gain on reassessments and modifications of leases	(21)	-	-	-
Gain on disposal of an associate	-	(23)	-	-
Interest income	(485)	(480)	(8)	(2)
Impairment loss on intangible asset	30,752	-	-	-
Impairment loss on other investment	1,090	-	-	-
Loss/(Gain) on disposal of subsidiaries	114	(735)	1,000	(77)
Negative goodwill	(95)	(5)	-	-
(Reversal of)/Unwinding of discounts of long-term financial instruments	(1,930)	1,930	-	-
Share of results of an associate	-	23	-	-
Operating profit/(loss) before changes in working capital	138,169	46,554	(1,377)	(527)
Changes in working capital:				
Trade receivables	37,181	(102,622)	58	(58)
Other receivables, deposits and prepayments	9,341	213	-	-
Trade payables	(43,951)	48,456	-	-
Other payables and accruals	(14,149)	14,233	26	(130)
Cash generated from/(used in) operations	126,591	6,834	(1,293)	(715)
Interest received	485	480	8	2
Interest paid	-	(1,962)	-	-
Income tax paid	(113)	(170)	-	(20)
Income tax refunded	-	2	-	-
Net cash from/(used in) operating activities	126,963	5,184	(1,285)	(733)

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

	Group		Company	
	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of additional equity interest of subsidiaries	(50)	-	-	-
Acquisition of intangible assets	-	(6,000)	-	-
Acquisition of other investments	-	(10,850)	-	-
Acquisition of subsidiaries, net of cash acquired	(26,210)	52	(400)	(1,000)
(Advances to)/Repayment from subsidiaries	-	-	(999)	5,099
Net cash (outflow)/inflow upon disposal of subsidiaries	(67)	5,186	1,000	5,600
Capital contribution to subsidiaries	-	-	(100,062)	(39,503)
Proceed from disposal of property, plant and equipment	-	1	-	-
Proceed from redemption of other investment	5,400	-	-	-
Purchase of property, plant and equipment	(134,122)	(25,837)	-	-
Net cash used in investing activities	(155,049)	(37,448)	(100,461)	(29,804)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in fixed deposits with the licensed banks	2,000	-	-	-
Issuance of share capital via conversion of ICPS	29,126	31,371	29,126	31,371
Issuance of shares via right issue	72,986	-	72,986	-
Ordinary share capital contributed by non-controlling interests of subsidiaries	294	-	-	-
Payment of lease liabilities	(485)	(214)	-	-
Repayment to Directors	-	(3)	-	-
Net cash from financing activities	103,921	31,154	102,112	31,371
Net increase/(decrease) in cash and cash equivalents	75,835	(1,110)	366	834
Effects of exchange rate changes	1	-	-	-
Cash and cash equivalents at beginning of the period/year	24,512	25,622	1,271	437
Cash and cash equivalents at end of the period/year	100,348	24,512	1,637	1,271
Cash and cash equivalents comprised:				
Fixed deposits with licenced banks	-	2,000	-	-
Cash and bank balances	100,348	24,512	1,637	1,271
	100,348	26,512	1,637	1,271
Less: Fixed deposits with licenced banks	-	(2,000)	-	-
	100,348	24,512	1,637	1,271

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

1. CORPORATE 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.

The registered office of the Company is located at TB 8285, Lot 20C, Perdana Square Commercial Centre, Miles 3½, Jalan Apas, 91000 Tawau, Sabah. The principal place of business of the Company is located at 17-03, Q Sentral, 2A, Jalan Stesen Sentral 2, KL Sentral 50470, Kuala Lumpur.

The Company is principally engaged in the provision of management services and investment holding. The principal activities of the subsidiaries are described in Note 9 to the financial statements. There have been no significant changes in the nature of these principal activities of the Group and of the Company during the financial period.

During the financial period, the Group and the Company have changed their financial year end from 31 December to 30 June. Accordingly, the financial statements of the Group and of the Company for the current financial period are drawn up for a period of eighteen (18) months from 1 January 2021 to 30 June 2022, whereas comparative amounts are presented for a period of 12 months from 1 January 2020 to 31 December 2020. Therefore, the amounts presented in statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows are not comparable with the amounts presented for comparative year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 October 2022.

2. BASIS FOR PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial period. The new MFRSs and Amendments to MFRSs adopted during the financial period are disclosed in Note 28(a) to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Company and all values are rounded to the nearest thousand (RM'000), unless otherwise indicated.

3. OPERATING SEGMENTS

The Group's businesses are organised into business units based on their products and services provided. The performance of each segment is measured based on the internal management report reviewed by Chief Operating Decision Maker. The Group is organised into 3 main business segments as follow:

- (a) Enterprise Resource Planning ("ERP") system
- (b) Internet of Things ("IoT")
- (c) Investment holding and others

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The inter-segment transactions have been entered into at arms-length with terms mutually agreed between the segments and have been eliminated to arrive at the Group's results.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

3. OPERATING SEGMENTS (CONT'D)

(a) Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	ERP RM'000	IoT RM'000	Investment holding and others RM'000	Total RM'000
30.6.2022				
Assets				
Segment assets	116,600	242,663	56,438	415,701
Deferred tax assets and tax recoverable	31	13	-	44
Total assets	116,631	242,676	56,438	415,745
Liabilities				
Segment liabilities	2,302	11,474	184	13,960
Deferred tax liabilities and tax payable	11,512	12,402	11	23,925
Total liabilities	13,814	23,876	195	37,885
Additions to non-current assets:				
Property, plant and equipment	78,107	56,014	-	134,121
Revenue				
Total revenue	166,363	443,876	863	611,102
- Inter-segment revenue	(13,961)	(2,295)	(842)	(17,098)
Revenue from external parties	152,402	441,581	21	594,004
Results				
Segment profit/(loss)	15,848	81,602	(1,214)	96,236
Finance costs	(33)	(6)	-	(39)
Profit/(Loss) before tax	15,815	81,596	(1,214)	96,197
Tax expense	(5,945)	(10,712)	(20)	(16,677)
Profit/(Loss) for the financial period	9,870	70,884	(1,234)	79,520
Items included in the business segment performance analysis are:				
Depreciation of:				
- Property, plant and equipment	8,665	3,398	-	12,063
- Right-of-use assets	328	117	-	445

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

3. OPERATING SEGMENTS (CONT'D)

(a) Business segments (Cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (Cont'd)

	ERP RM'000	IoT RM'000	Investment holding and others RM'000	Total RM'000
31.12.2020				
Assets				
Segment assets	50,819	98,709	105,807	255,335
Liabilities				
Segment liabilities	12,001	38,884	8,525	59,410
Deferred tax liabilities and tax payable	2	7,288	-	7,290
Total liabilities	12,003	46,172	8,525	66,700
Additions to non-current assets:				
Property, plant and equipment	25,837	-	-	25,837
Revenue				
Total revenue	193,623	70,358	58	264,039
- Inter-segment revenue	(43,082)	(1,445)	(58)	(44,585)
Revenue from external parties	150,541	68,913	-	219,454
Results				
Segment profit/(loss)	81,921	2,841	(38,554)	46,208
Finance costs	(1,962)	-	-	(1,962)
Share of result of an associate	-	-	(23)	(23)
Profit/(Loss) before tax	79,959	2,841	(38,577)	44,223
Tax income/(expense)	264	(1,597)	(20)	(1,353)
Profit/(Loss) for the financial year	80,223	1,244	(38,597)	42,870
Items included in the business segment performance analysis are:				
Depreciation of:				
- Property, plant and equipment	11	1,266	-	1,277
- Right-of-use assets	137	-	-	137

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

3. OPERATING SEGMENTS (CONT'D)

(b) Geographical segments

The Group operates predominantly in Malaysia and revenue from overseas is insignificant. Accordingly, the information by geographical segment is not presented.

(c) Major customers

There are eight (8) (31.12.2020: four (4)) major customers contributing to 82% (31.12.2020: 93%) of the Group's revenue.

4. CAPITAL MANAGEMENT

The primary objective of the capital management is to maintain strong capital base, good credit rating and healthy capital ratios, in order to support the Group's businesses and maximising shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors capital utilisation on the basis of net debt-to-equity ratio, which is net debt divided by the Shareholders' funds. The net debt-to-equity ratios at the end of the period is as follows:

	Group		Company	
	30.6.2022	31.12.2020	30.6.2022	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Lease liabilities	2,005	288	-	-
Less: Cash and cash equivalents	(100,348)	(26,512)	(1,637)	(1,271)
Net cash	(98,343)	(26,224)	(1,637)	(1,271)
Total capital	377,231	183,761	194,064	94,321

Gearing ratio is not presented as the Group and the Company are in net cash position.

The Group and the Company have no external borrowings. The debt-to-equity ratio does not provide a meaningful indicator of the risk of borrowings.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial period ended 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

5. FINANCIAL RISK MANAGEMENT

The overall financial risk management objective of the Group is to optimise its shareholders' value and not to engage in speculative transactions.

The Group is exposed mainly to market risk (which comprises foreign currency risk and interest rate risk), credit risk and liquidity and cash flow risk arising from their business activities.

(a) Market risk: Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign currency risk on sales that are denominated in U.S. Dollar ("USD"). As at 30 June 2022, the Group has trade receivables denominated in USD amounted to Nil (31.12.2020: RM8,863,543).

The following table demonstrates the sensitivity analysis of the Group's profit after tax to a reasonably possible change in exchange rate against the respective functional currency of the Group, with all other variables held constant.

	Group	
	30.6.2022	31.12.2020
	RM'000	RM'000
Profit after tax		
USD/RM		
- Strengthen by 10%	-	674
- Weaken by 10%	-	(674)

(b) Market risk: Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company will fluctuate because of changes in market interest rates. The exposure to market risk of the Group for changes in interest rates relates primarily to the deposits placed with licensed banks of the Group.

Sensitivity analysis for interest rate risk

The Group is not exposed to interest rate risk as the interest-bearing financial instruments carry fixed interest rates. As such, sensitivity analysis is not disclosed.

(c) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms and deposits with licensed banks. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group also seeks to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

Exposure to credit risk

At the end of each reporting period, the maximum exposure to credit risk of the Group and of the Company is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. Information regarding credit enhancement for trade and other receivables is disclosed in Notes 11 and 12 respectively.

Credit risk concentration profile

The credit risk concentration profile has been disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity and cash flow risk

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet their financial obligation when they are fall due. The exposure of the Group and of the Company to liquidity risk are principally from their payable and lease liabilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 7, 16, 18 and 19 respectively.

6. PROPERTY, PLANT AND EQUIPMENT

Group

30.6.2022

Cost	Computer system RM'000	Furniture, fittings, and office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Total RM'000
At the beginning of the period	41,080	165	-	65	41,310
Additions	78,021	77	56,000	23	134,121
Acquisition of subsidiaries	14,900	-	-	-	14,900
Disposal of subsidiaries	(3)	(53)	-	(65)	(121)
At the end of the period	<u>133,998</u>	<u>189</u>	<u>56,000</u>	<u>23</u>	<u>190,210</u>
Accumulated depreciation					
At the beginning of the period	1,837	25	-	8	1,870
Charge for the period	11,096	26	933	8	12,063
Acquisition of subsidiaries	12,724	-	-	-	12,724
Disposal of subsidiaries	(2)	(31)	-	(16)	(49)
At the end of the period	<u>25,655</u>	<u>20</u>	<u>933</u>	<u>-</u>	<u>26,608</u>
Net carrying amount	<u>108,343</u>	<u>169</u>	<u>55,067</u>	<u>23</u>	<u>163,602</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

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

Group

31.12.2020

Cost	Buildings RM'000	Computer system RM'000	Furniture, fittings, and office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Tractors, motor vehicles and tug boats RM'000	Construction work-in- progress RM'000	Total RM'000
At the beginning of the year	1,513	15,283	525	72,060	65	5,433	1,654	96,533
Additions	-	25,797	40	-	-	-	-	25,837
Disposals	-	-	(1)	-	-	-	-	(1)
Disposal of subsidiaries	(1,513)	-	(399)	(72,060)	-	(5,433)	(1,654)	(81,059)
At the end of the year	-	41,080	165	-	65	-	-	41,310
Accumulated depreciation								
At the beginning of the year	98	580	349	71,746	2	5,322	-	78,097
Charge for the year	-	1,257	189	-	6	-	-	1,452
Disposal of subsidiaries	(98)	-	(513)	(71,746)	-	(5,322)	-	(77,679)
At the end of the year	-	1,837	25	-	8	-	-	1,870
Accumulated impairment								
At the beginning of the year	-	-	1	-	-	-	-	1
Disposals	-	-	(1)	-	-	-	-	(1)
At the end of the year	-	-	-	-	-	-	-	-
Net carrying amount	-	39,243	140	-	57	-	-	39,440

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

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

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal annual rates used are as follows:

Building	2%
Computer system	10% - 20%
Furniture, fittings and office equipment	10%
Plant and machinery	14% - 20%
Renovation	10% - 20%
Tractors, motor vehicles and tug boats	10% - 20%

Construction work-in-progress represent buildings and plant and equipment under construction. Construction work-in-progress are not depreciated until such time when the assets are available for use.

- (c) Included in computer system of the Group are carrying amount of RM108,342,905 (2020: RM39,243,900) related to software system and source code.
- (d) The Group assessed whether there are any indications of impairment of certain property, plant and equipment during the financial period. In doing this, management considered the current environment, taking into consideration the impact of COVID-19 pandemic and performance of Cash Generating Units ("CGUs").

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

7. RIGHT-OF-USE ASSETS / LEASE LIABILITIES

Right-of-use assets

Group

30.6.2022

Cost

At the beginning of the period
Additions
Disposal of subsidiaries
Reassessment and modification of lease
Termination of leases
At the end of the period

Premises
and office
spaces
RM'000

528
2,282
(210)
(83)
(235)

2,282

Accumulated depreciation

At the beginning of the period
Charge for the period
Disposal of subsidiaries
Reassessment and modification of lease
Termination of leases
At the end of the period

274
445
(88)
(118)
(225)

288

Net carrying amount

1,994

31.12.2020

Cost

At the beginning of the year
Disposal of subsidiaries
At the end of the year

Premises
and office
spaces
RM'000

Leasehold
lands
RM'000

Leasehold
lands
(owned)
RM'000

Total
RM'000

528
-
528

132
(132)
-

7,795
(7,795)
-

8,455
(7,927)
528

Accumulated depreciation

At the beginning of the year
Charge for the year
Disposal of subsidiaries
At the end of the year

137
137
-
274

16
-
(16)
-

231
-
(231)
-

384
137
(247)
274

Net carrying amount

254
-
-
254

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

7. RIGHT-OF-USE ASSETS / LEASE LIABILITIES (CONT'D)

	Group	
	30.6.2022 RM'000	31.12.2020 RM'000
Lease liabilities		
(i) Premises and office spaces		
At the beginning of the period/year	288	470
Additions	2,282	-
Disposal of subsidiaries	(123)	-
Interest charged	39	32
Reassessment and modification of lease	14	-
Termination of leases	(10)	-
Payment of:		
- Principal	(446)	(182)
- Interest	(39)	(32)
	(485)	(214)
At the end of the period/year	<u>2,005</u>	<u>288</u>
(ii) Leasehold land		
At the beginning of the year	-	136
Disposal of subsidiaries	-	(136)
At the end of the year	<u>-</u>	<u>-</u>
Represented by:		
Current liabilities	774	158
Non-current liabilities	1,231	130
	<u>2,005</u>	<u>288</u>
Lease liabilities owing to non-financial institutions	<u>2,005</u>	<u>288</u>

- (a) The Group leases a number of shop lots and office spaces in the location which it operates. The lease of the shop lots and office spaces comprised fixed payment over the lease term.
- (b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases. After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms for premises and office spaces are 2 to 3 years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

7. RIGHT-OF-USE ASSETS / LEASE LIABILITIES (CONT'D)

- (c) The Group has certain leases of premises, office spaces and equipments with lease term of twelve (12) months or less, and low value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

- (d) The following are the amounts recognised in profit or loss:

	Group	
	30.6.2022 RM'000	31.12.2020 RM'000
Administrative expenses:		
- Depreciation of right-of-use assets	445	137
- Expense relating to short-term leases	188	90
- Expense relating to leases of low-value assets	8	2
	<u>8</u>	<u>2</u>
Finance costs:		
- Interest expense on lease liabilities	39	32
	<u>39</u>	<u>32</u>

- (e) The table below summarises the maturity profile of the lease liabilities as at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	Weighted average incremental borrowing rate %	Within one year RM'000	One to five years RM'000	Total RM'000
30.6.2022				
Lease liabilities	3.88 - 3.89	838	1,275	2,113
31.12.2020				
Lease liabilities	6.81	178	142	320

- (f) The Group leases several assets that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management determines whether these extension and termination options are reasonably certain to be exercised.

As at 30 June 2022, there are no undiscounted potential future rental payments that are not included in the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

7. RIGHT-OF-USE ASSETS / LEASE LIABILITIES (CONT'D)

- (g) Lease liabilities are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as it is not affected by changes in interest rates.
- (h) For the purpose of the statements of cash flows, the reconciliation of liabilities arising from financing activities as follows:

	Group 30.6.2022 RM'000	31.12.2020 RM'000
At the beginning of the period/year	288	606
Cash flows	(485)	(214)
Non-cash flows		
- Additions	2,282	-
- Accretion of interest	39	32
- Disposal of a subsidiary	(123)	(136)
- Remeasurement	14	-
- Termination	(10)	-
At the end of the period/year	<u>2,005</u>	<u>288</u>

8. INTANGIBLE ASSETS

Group

30.6.2022

Cost

At the beginning of the period
Additional
Disposal of subsidiaries
At the end of the period

	Goodwill RM'000	Green project contract RM'000	Photovoltaic cell project RM'000	Total RM'000
At the beginning of the period	45	24,752	6,000	30,797
Additional	38,780	-	-	38,780
Disposal of subsidiaries	(45)	(24,752)	(6,000)	(30,797)
At the end of the period	<u>38,780</u>	<u>-</u>	<u>-</u>	<u>38,780</u>

Accumulated impairment

Made during the period
Disposal of subsidiaries
At the end of the period

Made during the period	-	24,752	6,000	30,752
Disposal of subsidiaries	-	(24,752)	(6,000)	(30,752)
At the end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Net carrying amount

Net carrying amount	<u>38,780</u>	<u>-</u>	<u>-</u>	<u>38,780</u>
---------------------	---------------	----------	----------	---------------

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

8. INTANGIBLE ASSETS (CONT'D)

Group

31.12.2020

Cost

At the beginning of the year
Additional

At the end of the year

Net carrying amount

	Goodwill RM'000	Green project contract RM'000	Photovoltaic cell project RM'000	Total RM'000
At the beginning of the year	45	24,752	-	24,797
Additional	-	-	6,000	6,000
At the end of the year	<u>45</u>	<u>24,752</u>	<u>6,000</u>	<u>30,797</u>
Net carrying amount	<u>45</u>	<u>24,752</u>	<u>6,000</u>	<u>30,797</u>

(a) Intangible assets are initially measured at cost. After initial recognition, intangible assets, excluding goodwill are carried at cost less accumulated amortisation and any accumulated impairment losses.

(b) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

(c) Green project contract

Green project contract is the project secured with an indirect wholly-owned subsidiary of University Sains Malaysia to install, operate and manage Solar PV system at USM Faculty of Engineering.

(d) Photovoltaic cell project

Photovoltaic cell project is the joint venture research and development of renewable energy technology project into commercially viable products.

(e) The Group assesses whether there are any indicators of impairment during the financial year. In doing this, management considers the current environment and performance of the Cash Generating Units ("CGUs").

Management has made significant judgments and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts using the value-in-use ("VIU") model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate. Management impairs the green project contract costs and photovoltaic cell project costs of the Group amounted to RM24,751,769 and RM6,000,000 (31.12.2020: Nil and Nil) respectively during the financial period because the Director expects future economic benefits are no longer probable of being recovered.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

8. INTANGIBLE ASSETS (CONT'D)

(e) The calculation initial cost of Green project contract are most sensitive the following assumptions:

- the potential future economic benefits expected to derived from the Agreement for 30 years concession period;
- the solar charging rates/tariff rates;
- the expectations of sunshine based on the historical data of the average monthly hours of sunshine in Penang;
- the rate of solar degradation (%) will be as per Management's estimations;
- expenses are expected to increase by 5.0% annually;
- bank loan interest rate of 7.72% per annum; and
- pre-tax discount rate of 9.29% per annum has been applied in determining the recoverable amount of the CGUs.

The calculations of VIU for the CGUs of goodwill are most sensitive to the following assumptions:

- Revenue growth rates

The forecasted growth rates are determined based on past performance of the CGUs.

- Expenses growth rate

Expenses are projected at annual increase of approximately 3.0% (2020: Nil) per annum.

- Pre-tax discount rates

Pre-tax discount rate of 4.09% (2020: 4.09%) per annum has been applied in determining the recoverable amount of the CGUs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES

Unquoted shares, at cost
Capital contribution

	Company	
	30.6.2022	31.12.2020
	RM'000	RM'000
	400	2,000
	192,175	92,113
	192,575	94,113

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group controls an investee if and only if the Group has: (i) Power over the investee; (ii) Exposure, or right to variable returns from its involvement with the investee; and (iii) The ability to use its power over the investee to affect its returns.

An investee that the Group has less than a majority of the voting or similar rights, the Group consider all relevant facts and circumstances in assessing whether it has power over an investee when, including: (i) the contractual arrangement with the other vote holders of the investee; (ii) rights arising from other contractual agreements; and (iii) the voting rights of the Group and potential voting rights.

The Group treats a portion of an investee as a deemed separate entity and controls the deemed separate entity. Specified assets of the investee are the only source of payment for specified liabilities of the investee. Parties other than those with the specified liability do not have rights or obligations related to the specified assets or to residual cash flows from those assets. In substance, none of the returns from the specified assets can be used by the remaining investee and none of the liabilities of the deemed separate entity are payable from the assets of the remaining investee. Thus, in substance, all the assets, liabilities and equity of that deemed separate entity are ring-fenced from the overall investee.

The Group identified the activities that significantly affect the returns of the deemed separate entity and how those activities are directed in order to assess whether it has power over that portion of the investee. The Group also consider whether it has exposure or rights to variable returns from its involvement with that deemed separate entity and the ability to use its power over that portion of the investee to affect the amount of the investor's returns when assessing the control of the deemed separate entity.

Upon loss of control of a subsidiary, the Group's profit or loss is calculated as the difference between (i) the fair value of the consideration received and of any investment retained in the former subsidiary and (ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows:

Name of company	Effective interest in equity		Principal activities
	30.6.2022 %	31.12.2020 %	
ARB Holdings Sdn. Bhd. ("ARB Holdings")	(c)(1) 100	-	Investment holding
<i>Subsidiaries of ARB Holdings</i>			
ARB Digital Technology Sdn. Bhd. ("ARB Digital Technology")	(c)(2) 100	-	Investment holding
<i>Subsidiaries of ARB Digital Technology</i>			
* ARB Asset Sdn. Bhd.	(c)(3) 100	-	Investment holding
<i>Subsidiary of ARB Asset Sdn. Bhd.</i>			
* ARB Tower Sdn. Bhd.	(c)(4) 100	-	Dormant
* ARB Cell Sdn. Bhd.	(c)(5) 100	-	Investment holding
<i>Subsidiary of ARB Cell Sdn. Bhd.</i>			
* ARB Doc2us Sdn. Bhd. (formerly known as ARB Eatflixs Sdn. Bhd.)	(c)(6) 100 ^	100	Dormant
* ARB Codes Sdn. Bhd.	(c)(7) 100	-	Investment holding
<i>Subsidiary of ARB Codes Sdn. Bhd.</i>			
ARB Axflix Sdn. Bhd.	(c)(8) 51	-	Providing Information Technology Outsourcing ("ITO") services
* ARB C5 Sdn. Bhd.	(c)(9) 100	-	Investment holding
<i>Subsidiary of ARB C5 Sdn. Bhd.</i>			
ARB Cloud Sdn. Bhd.	(c)(10) 100 ^	100	Reselling cloud based products

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows: (Cont'd)

Name of company	Effective interest in equity			Principal activities
	30.6.2022	31.12.2020		
	%	%		
Subsidiaries of ARB Holdings (Cont'd)				
Subsidiaries of ARB Digital Technology (Cont'd)				
* ARB Digit Sdn. Bhd.	(c)(11)	-	-	Investment holding
Subsidiaries of ARB Digit Sdn. Bhd.				
* ARB Development Sdn. Bhd.	(c)(12)	-	100	Reselling customised Enterprise Resource Planning ("ERP") software system and Information Technology ("IT") related business
Subsidiaries of ARB Development Sdn. Bhd.				
* C&M Renewable Energy Technology Sdn. Bhd.		-	51	Providing renewable energy solutions, trading in renewable technology related materials, Internet of Things ("IoT") solutions and consultation related to environmental architectures
* ARB Investment (Cambodia) Co., Ltd. - Cambodia		-	100	Dormant
* ARB Techbatch Sdn. Bhd.	(c)(13)	-	-	Investment holding
Subsidiary of ARB Techbatch Sdn. Bhd.				
Baritech Sdn. Bhd.	(c)(14)	-	100	Providing ITO services

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows: (Cont'd)

Name of company	Effective interest in equity		Principal activities	
	30.6.2022 %	31.12.2020 %		
Subsidiaries of ARB Holdings (Cont'd)				
Subsidiaries of ARB Digital Technology (Cont'd)				
* ARB Net Sdn. Bhd.	(c)(15)	100 ^	100	Investment holding
* ARB Smarttech Sdn. Bhd.	(c)(16)	100	-	Investment holding
Subsidiary of ARB Smarttech Sdn. Bhd.				
* ARB Fintech Sdn. Bhd.	(c)(17)	100 ^	100	Dormant
* ARB Solution Sdn. Bhd.	(c)(18)	100	-	Investment holding
Subsidiaries of ARB Solution Sdn. Bhd.				
ARB Pay Sdn. Bhd.	(c)(19)	100 ^	100	Provision of platform for general tradings and services in retail industry
* ARB Synergy Sdn. Bhd.	(c)(20)	100	-	Investment holding
Subsidiary of ARB Synergy Sdn. Bhd.				
* ARB Databook Pte. Ltd. - Singapore	(c)(21)	100	-	Dormant
* ARB Techinvest Sdn. Bhd.	(c)(22)	100	-	Investment holding
Subsidiaries of ARB Techinvest Sdn. Bhd.				
ARB System Sdn. Bhd.	(c)(23)	100 ^	100	Provision of ERP and Customer Relationship Management system (CRM)
Subsidiaries of ARB System Sdn. Bhd.				
* Databook Pte. Ltd. - Singapore	(c)(24)	-	100	Business in financial/accounting software development and software distribution

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows: (Cont'd)

Name of company	Effective interest in equity		Principal activities	
	30.6.2022 %	31.12.2020 %		
Subsidiaries of ARB Holdings (Cont'd)				
Subsidiaries of ARB Digital Technology (Cont'd)				
* ARB Vision Sdn. Bhd.	(c)(25)	100	-	Investment holding
Subsidiaries of ARB Vision Sdn. Bhd.				
* ARB Analysis Sdn. Bhd.	(c)(26)	100	-	Provision of ERP and Customer Relationship Management system (CRM)
* ARB VM Sdn. Bhd.	(c)(27)	100	-	Investment holding
Subsidiary of ARB VM Sdn. Bhd.				
* ARB Workforce Software Sdn. Bhd.	(c)(28)	100	-	Dormant
* ARB WM Sdn. Bhd.	(c)(29)	100	-	Investment holding
Subsidiary of ARB WM Sdn. Bhd.				
ARB Wemeet Sdn. Bhd.	(c)(30)	100	-	Business in provision of virtual meeting platform
* Techenergy Power Sdn. Bhd.	(c)(31)	100	-	Investment holding
Subsidiary of Techenergy Power Sdn. Bhd.				
* ARB Industry Sdn. Bhd. (formerly known as Blue Wave Corner Sdn. Bhd.)	(c)(32)	100	-	Dormant
* ARB Agro IoT Sdn. Bhd. (formerly known as Agro IoT Sdn. Bhd.)	(c)(33)	100	-	Dormant

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows: (Cont'd)

Name of company	Effective interest in equity		Principal activities
	30.6.2022	31.12.2020	
	%	%	
<i>Subsidiaries of ARB Holdings (Cont'd)</i>			
* ARB IoT Limited - Cayman Island	(c)(34) 100	-	Investment holding
<i>Subsidiaries of ARB IoT Limited</i>			
* ARB IoT Group Limited - Cayman Island	(c)(35) 100	-	Investment holding
<i>Subsidiaries of ARB IoT Group Limited</i>			
* ARB IoT (M) Sdn. Bhd.	(c)(36) 100	-	Investment holding
<i>Subsidiaries of ARB IoT (M) Sdn. Bhd.</i>			
ARB IoT Group Sdn. Bhd.	(c)(37) 100	-	Investment holding
<i>Subsidiaries of ARB IoT Group Sdn. Bhd.</i>			
* ARB AI Agro Sdn. Bhd.	(c)(38) 100	-	Investment holding
<i>Subsidiary of ARB AI Agro Sdn. Bhd.</i>			
ARB Agro Technology Sdn. Bhd. (formerly known as Digital Agroponic Sdn. Bhd.)	(c)(39) 100	-	Business in digital agricultural technology
* ARB AI Sdn. Bhd.	(c)(40) 100	-	Investment holding
<i>Subsidiary of ARB AI Sdn. Bhd.</i>			
ARBIOT Sdn. Bhd.	(c)(41) 100 ^	100	IoT, internet and multimedia development and consultancy services, and project management

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows: (Cont'd)

Name of company	Effective interest in equity		Principal activities	
	30.6.2022 %	31.12.2020 %		
Subsidiaries of ARB Holdings (Cont'd)				
Subsidiaries of ARB IoT Limited (Cont'd)				
Subsidiaries of ARB IoT Group Limited (Cont'd)				
Subsidiaries of ARB IoT (M) Sdn. Bhd. (Cont'd)				
Subsidiaries of ARB IoT Group Sdn. Bhd. (Cont'd)				
* ARB Information Sdn. Bhd.	(c)(42)	100	-	Investment holding
Subsidiary of ARB Information Sdn. Bhd.				
* ARB AI Technology Sdn. Bhd.	(c)(43)	100	-	Provision of IT software and hardware solution
ARB Lab Sdn. Bhd.	(c)(44)	100 ^	100	Investment holding
Subsidiaries of ARB Lab Sdn. Bhd.				
* ARB R&D Sdn. Bhd.	(c)(45)	100	-	Development of IT and IoT for software and hardware
Subsidiary of ARB R&D Sdn. Bhd.				
ARB Innovation Sdn. Bhd. (formerly known as Aberys Innovation Sdn. Bhd.)	(c)(46)	100	-	Provision of IT software and hardware solution
* ARB R1 Technology Sdn. Bhd.	(c)(47)	100	-	Dormant

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows: (Cont'd)

Name of company	Effective interest in equity		Principal activities	
	30.6.2022 %	31.12.2020 %		
Subsidiaries of ARB Holdings (Cont'd)				
Subsidiaries of ARB IoT Limited (Cont'd)				
Subsidiaries of ARB IoT Group Limited (Cont'd)				
Subsidiaries of ARB IoT (M) Sdn. Bhd. (Cont'd)				
Subsidiaries of ARB IoT Group Sdn. Bhd. (Cont'd)				
* ARB Middleware Sdn. Bhd.	(c)(48)	100	-	Investment holding
Subsidiary of ARB Middleware Sdn. Bhd.				
ARB Distribution Sdn. Bhd.	(c)(49)	51 ^	51	Distribution of IoT related products
* ARB Robotic Sdn. Bhd.	(c)(50)	95	-	Investment holding
Subsidiary of ARB Robotic Sdn. Bhd.				
ARB Intelligence Sdn. Bhd.	(c)(51)	95	-	IoT cloud business platform
* ARB Techsymbol Sdn. Bhd.	(c)(52)	100	-	Investment holding
Subsidiaries of ARB Techsymbol Sdn. Bhd.				
* ARB Logistic Technologies Sdn. Bhd.	(c)(53)	100	-	Dormant
* ARB WMS Technologies Sdn. Bhd. (formerly known as Bluewave WMS Technologies Sdn. Bhd.)	(c)(54)	51	-	Business in provision of warehouse management system solution and equipment

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) The principal place of business of the subsidiaries are in Malaysia and/or incorporated in Malaysia unless indicated otherwise. The details of the subsidiaries are as follows: (Cont'd)

Name of company	Effective interest in equity		Principal activities	
	30.6.2022 %	31.12.2020 %		
Subsidiaries of ARB Holdings (Cont'd)				
Subsidiaries of ARB IoT Limited (Cont'd)				
Subsidiaries of ARB IoT Group Limited (Cont'd)				
Subsidiaries of ARB IoT (M) Sdn. Bhd. (Cont'd)				
Subsidiaries of ARB IoT Group Sdn. Bhd. (Cont'd)				
* ARB 5G Sdn. Bhd.	(c)(55)	100	-	Investment holding
Subsidiary of ARB 5G Sdn. Bhd.				
ARB Big Data Sdn. Bhd.	(c)(56)	100	-	Software development and data analysis

* Subsidiaries not audited by CHENGCO PLT.

^ The status of these subsidiaries have been changed, due to Group undertook an internal restructuring exercise during the financial period to streamline the efficiency of the group corporate structure.

The financial statements of all subsidiaries used in consolidation are prepared as of 30 June.

- (c) During the financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies:
- (1) On 11 January 2021, ARB Berhad incorporated a wholly-owned subsidiary, ARB Holdings Sdn. Bhd., with an issued and paid up capital of RM400,000 comprising 400,000 ordinary shares.
 - (2) On 18 January 2021, ARB Holdings Sdn. Bhd., a subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Digital Technology, with an issued and paid up capital of RM1 comprising one (1) ordinary share.
 - (3) On 23 June 2021, ARB Digital Technology, an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Asset Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) During the financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies: (Cont'd)

- (4) On 20 April 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Tower Sdn. Bhd., with an issued and paid up capital of RM100 comprising 100 ordinary shares.

On 30 June 2021, ARB Asset Sdn. Bhd., an indirect subsidiary of the Company, acquired 100 ordinary shares representing 100% equity interest of ARB Tower Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Tower Sdn. Bhd. became a wholly-owned subsidiary of ARB Asset Sdn. Bhd..

- (5) On 8 March 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Cell Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

- (6) On 9 March 2021, ARB Cell Sdn. Bhd., an indirect subsidiary of the Company, acquired 1,000,000 ordinary shares representing 100% equity interest of ARB Doc2us Sdn. Bhd. from ARB System Sdn. Bhd., an indirect subsidiary of the Company, for a total cash consideration of RM1. Following the internal reorganisation, ARB Doc2us Sdn. Bhd. became a wholly-owned subsidiary of ARB Cell Sdn. Bhd..

- (7) On 2 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Codes Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

- (8) On 9 February 2021, ARB Codes Sdn. Bhd., an indirect subsidiary of the Company, had subscribed 255,000 ordinary shares representing 51% of equity interest of ARB Axflix Sdn. Bhd., for a total cash consideration of RM255,000.

- (9) On 22 June 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB C5 Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

- (10) On 4 February 2021, ARB Digital Technology acquired 100 ordinary shares representing 100% equity interest of ARB Cloud Sdn. Bhd. from ARB Development Sdn. Bhd., an indirect subsidiary of the Company, for a total cash consideration of RM1. Following the internal reorganisation, ARB Cloud Sdn. Bhd. became a wholly-owned subsidiary of ARB Digital Technology.

On 24 June 2021, ARB C5 Sdn. Bhd., an indirect subsidiary of the Company, acquired 100 ordinary shares representing 100% equity interest of ARB Cloud Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Cloud Sdn. Bhd. became a wholly-owned subsidiary of ARB C5 Sdn. Bhd..

- (11) On 3 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Digit Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 18 February 2022, ARB Digital Technology disposed 100% equity interest in ARB Digit Sdn. Bhd. for a total cash consideration of RM1. Consequently, ARB Digit Sdn. Bhd. and its subsidiary companies, namely ARB Development Sdn. Bhd., C&M Renewable Energy Technology Sdn. Bhd., ARB Investment (Cambodia) Co., Ltd., ARB Techbatch Sdn. Bhd. and Baritech Sdn. Bhd. disposed off from the Group.

- (12) On 26 February 2021, ARB Digit Sdn. Bhd., an indirect subsidiary of the Company, had subscribed 99,000,000 ordinary shares representing 99% of equity interest of ARB Development Sdn. Bhd., for a total cash consideration of RM9,900. Following the internal reorganisation, ARB Development Sdn. Bhd. became a direct 99% owned subsidiary of ARB Digit Sdn. Bhd.. The Company's effective interest in ARB Development Sdn. Bhd.'s ordinary shares remained at 100%.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) During the financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies: (Cont'd)
- (13) On 3 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Techbatch Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- On 17 February 2022, ARB Digit Sdn. Bhd. acquired one (1) ordinary shares representing 100% equity interest of ARB Techbatch Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Techbatch Sdn. Bhd. became a wholly-owned subsidiary of ARB Digit Sdn. Bhd..
- (14) On 26 February 2021, ARB Techbatch Sdn. Bhd., an indirect subsidiary of the Company, had subscribed 9,900,000 ordinary shares representing 99% of equity interest of Baritech Sdn. Bhd., for a total cash consideration of RM990. Following the internal reorganisation, Baritech Sdn. Bhd. became a direct 99% owned subsidiary of ARB Techbatch Sdn. Bhd.. The Company's effective interest in Baritech Sdn. Bhd.'s ordinary shares remained at 100%.
- (15) On 19 February 2021, ARB Digital Technology acquired 100 ordinary shares representing 100% equity interest of ARB Net Sdn. Bhd. from ARBIOT Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, ARB Net Sdn. Bhd. became a wholly-owned subsidiary of ARB Digital Technology.
- (16) On 10 March 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Smarttech Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (17) On 11 March 2021, ARB Smarttech Sdn. Bhd., an indirect subsidiary of the Company, acquired 1,000,000 ordinary shares representing 100% equity interest of ARB Fintech Sdn. Bhd. from ARB System Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, ARB Fintech Sdn. Bhd. became a wholly-owned subsidiary of ARB Smarttech Sdn. Bhd..
- (18) On 30 March 2022, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Solution Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (19) On 16 June 2022, ARB Solution Sdn. Bhd., an indirect subsidiary of the Company, acquired 1,000,000 ordinary shares representing 100% equity interest of ARB Pay Sdn. Bhd. from ARB System Sdn. Bhd. for a total cash consideration of RM1,000,000. Following the internal reorganisation, ARB Pay Sdn. Bhd. became a wholly-owned subsidiary of ARB Solution Sdn. Bhd..
- (20) On 2 April 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Synergy Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (21) On 1 July 2021, ARB Synergy Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Databook Pte. Ltd., with an issued and paid up capital of SGD1 comprising one (1) ordinary share.
- (22) On 3 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Techinvest Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.
- (23) On 8 February 2021, ARB Techinvest Sdn. Bhd., an indirect subsidiary of the Company, acquired 1,000,000 ordinary shares representing 100% equity interest of ARB System Sdn. Bhd. from ARB Development Sdn. Bhd., an indirect subsidiary of the Company, for a total cash consideration of RM1. Following the internal reorganisation, ARB System Sdn. Bhd. became a wholly-owned subsidiary of ARB Techinvest Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) During the financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies: (Cont'd)

(24) On 4 May 2021, ARB System Sdn. Bhd., an indirect subsidiary of the Company, disposed 100% equity interest in Databook Pte. Ltd. for a total cash consideration of SGD1.

(25) On 14 March 2022, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Vision Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

(26) On 16 March 2022, ARB Vision Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Analysis Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

(27) On 4 March 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB VM Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

(28) On 24 August 2021, ARB VM Sdn. Bhd. had acquired 70,000 ordinary shares representing 70% of equity interest of ARB Workforce Software Sdn. Bhd., for a total cash consideration of RM100,000.

On 15 November 2021, ARB VM Sdn. Bhd. acquired 30,000 ordinary shares representing 30% of the equity interest of ARB Workforce Software Sdn. Bhd. for a total cash consideration of RM1. Consequently, ARB Workforce Software Sdn. Bhd. became a wholly-owned subsidiary of ARB VM Sdn. Bhd..

(29) On 30 March 2022, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB WM Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

(30) On 8 March 2021, ARB VM Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Wemeet Sdn. Bhd., with an issued and paid up capital of RM100 comprising 100 ordinary shares.

On 20 October 2021, ARB Techinvest Sdn. Bhd. acquired 100 ordinary shares representing 100% equity interest of ARB Wemeet Sdn. Bhd. from ARB VM Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, ARB Wemeet Sdn. Bhd. became a wholly-owned subsidiary of ARB Techinvest Sdn. Bhd..

On 4 April 2022, ARB WM Sdn. Bhd. acquired 100 ordinary shares representing 100% equity interest of ARB Wemeet Sdn. Bhd. from ARB Techinvest Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, ARB Wemeet Sdn. Bhd. became a wholly-owned subsidiary of ARB WM Sdn. Bhd..

(31) On 27 January 2021, ARB Lab Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, Techenergy Power Sdn. Bhd., with an issued and paid up capital of RM2 comprising two (2) ordinary shares.

On 8 March 2021, Baritech Sdn. Bhd., an indirect subsidiary of the Company, acquired 2 ordinary shares representing 100% equity interest of Techenergy Power Sdn. Bhd. from ARB Lab Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, Techenergy Power Sdn. Bhd. became a wholly-owned subsidiary of Baritech Sdn. Bhd..

On 17 August 2021, ARB Digital Technology acquired two (2) ordinary shares representing 100% equity interest of Techenergy Power Sdn. Bhd. from Baritech Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, Techenergy Power Sdn. Bhd. became a wholly-owned subsidiary of ARB Digital Technology.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) During the financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies: (Cont'd)

- (32) On 6 April 2021, ARB Net Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Industry Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 23 August 2021, Techenergy Power Sdn. Bhd., an indirect subsidiary of the Company, acquired one (1) ordinary shares representing 100% equity interest of ARB Industry Sdn. Bhd. from ARB Net Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, ARB Industry Sdn. Bhd. became a wholly-owned subsidiary of Techenergy Power Sdn. Bhd..

- (33) On 1 March 2022, Techenergy Power Sdn. Bhd. had acquired 10 ordinary shares representing 100% of equity interest of ARB Agro IoT Sdn. Bhd., for a total cash consideration of RM10.

- (34) On 23 February 2022, ARB Holdings Sdn. Bhd. had acquired one (1) ordinary share representing 100% of equity interest of ARB IoT Limited, for a total cash consideration of USD1.

- (35) On 1 March 2022, ARB IoT Limited, an indirect subsidiary of the Company, had acquired one (1) ordinary share representing 100% of equity interest of ARB IoT Group Limited, for a total cash consideration of USD1.

On 9 June 2022, ARB IoT Limited had additional subscribed 9,990,000 ordinary shares for a total cash consideration of USD999. The equity interest in ARB IoT Group Limited's remained at 100%.

- (36) On 15 March 2022, ARB IoT Group Limited, an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB IoT (M) Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

- (37) On 7 October 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB IoT Group Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 18 March 2022, ARB IoT (M) Sdn. Bhd., an indirect subsidiary of the Company, acquired one (1) ordinary shares representing 100% equity interest of ARB IoT Group Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB IoT Group Sdn. Bhd. became a wholly-owned subsidiary of ARB IoT (M) Sdn. Bhd..

- (38) On 18 May 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB AI Agro Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 8 October 2021, ARB IoT Group Sdn. Bhd., an indirect subsidiary of the Company, acquired one (1) ordinary share representing 100% equity interest of ARB AI Agro Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB AI Agro Sdn. Bhd. became a wholly-owned subsidiary of ARB IoT Group Sdn. Bhd..

- (39) On 3 June 2021, ARB AI Agro Sdn. Bhd., an indirect subsidiary of the Company, had acquired 900 ordinary shares representing 90% of equity interest of ARB Agro Technology Sdn. Bhd., for a total cash consideration of RM8,864,443.

On 12 October 2021, ARB AI Agro Sdn. Bhd. acquired 100 ordinary shares representing 10% of the equity interest of ARB Agro Technology Sdn. Bhd. for a total cash consideration of RM100. Consequently, ARB Agro Technology Sdn. Bhd. became a wholly-owned subsidiary of ARB AI Agro Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) During the financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies: (Cont'd)

- (40) On 3 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB AI Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 8 October 2021, ARB IoT Group Sdn. Bhd. acquired one (1) ordinary share representing 100% equity interest of ARB AI Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB AI Sdn. Bhd. became a wholly-owned subsidiary of ARB IoT Group Sdn. Bhd..

- (41) On 26 February 2021, ARB AI Sdn. Bhd., an indirect subsidiary of the Company, had subscribed 99,000,000 ordinary shares representing 99% of equity interest of ARBIOT Sdn. Bhd., for a total cash consideration of RM9,900. Following the internal reorganisation, ARBIOT Sdn. Bhd. became a direct 99% owned subsidiary of ARB AI Sdn. Bhd.. The Company's effective interest in ARBIOT Sdn. Bhd.'s ordinary shares remained at 100%.

On 31 December 2021, ARB AI Sdn. Bhd. acquired 1,000,000 ordinary shares representing 1% equity interest of ARBIOT Sdn. Bhd. from ARB Development Sdn. Bhd. for a total cash consideration of RM1. Following the internal reorganisation, ARBIOT Sdn. Bhd. became a wholly-owned subsidiary of ARB AI Sdn. Bhd..

- (42) On 14 March 2022, ARB IoT Group Sdn. Bhd. incorporated a wholly-owned subsidiary, ARB Information Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

- (43) On 16 March 2022, ARB Information Sdn. Bhd. incorporated a wholly-owned subsidiary, ARB AI Technology Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

- (44) On 19 February 2021, ARB Digital Technology acquired 1,000,000 ordinary shares representing 100% equity interest of ARB Lab Sdn. Bhd. from the Company, for a total cash consideration of RM1. Following the internal reorganisation, ARB Lab Sdn. Bhd. became a wholly-owned subsidiary of ARB Digital Technology.

On 6 July 2021, ARB Digital Technology disposed 400,000 ordinary shares representing 40% equity interest of ARB Lab Sdn. Bhd. for a total cash consideration of RM1.

On 8 October 2021, ARB IoT Group Sdn. Bhd. acquired 600,000 ordinary shares representing 60% equity interest of ARB Lab Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Lab Sdn. Bhd. became a direct 60% owned subsidiary of ARB IoT Group Sdn. Bhd..

On 30 December 2021, ARB IoT Group Sdn. Bhd. acquired 400,000 ordinary shares representing 40% equity interest of ARB Lab Sdn. Bhd. for a total cash consideration of RM400. Consequently, ARB Lab Sdn. Bhd. became a wholly-owned subsidiary of ARB IoT Group Sdn. Bhd..

- (45) On 2 April 2021, ARB Lab Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB R&D Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

- (46) On 23 September 2021, ARB R&D Sdn. Bhd., an indirect subsidiary of the Company, had acquired one (1) ordinary share representing 100% of equity interest of ARB Innovation Sdn. Bhd., for a total cash consideration of RM8,000,001.

- (47) On 10 May 2022, ARB R&D Sdn. Bhd. had acquired one (1) ordinary share representing 100% of equity interest of ARB R1 Technology Sdn. Bhd., for a total cash consideration of RM1.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) During the financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies: (Cont'd)

- (48) On 8 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Middleware Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 8 October 2021, ARB IoT Group Sdn. Bhd. acquired one (1) ordinary share representing 100% equity interest of ARB Middleware Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Middleware Sdn. Bhd. became a wholly-owned subsidiary of ARB IoT Group Sdn. Bhd..

- (49) On 2 March 2021, ARB Middleware Sdn. Bhd., an indirect subsidiary of the Company, acquired 51 ordinary shares representing 51% equity interest of ARB Distribution Sdn. Bhd. from ARBIOT Sdn. Bhd., an indirect subsidiary of the Company, for a total cash consideration of RM1. Following the internal reorganisation, ARB Distribution Sdn. Bhd. became a direct 51% owned subsidiary of ARB Middleware Sdn. Bhd..

- (50) On 8 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Robotic Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 25 June 2021, ARB Digital Technology and ARB Distribution Sdn. Bhd., both are indirect subsidiaries of the Company, subscribed 89 ordinary shares and 10 ordinary shares representing 89% and 10% equity interest respectively of ARB Robotic Sdn. Bhd. Consequently, ARB Robotic Sdn. Bhd. became 95% indirectly owned subsidiary of the Company.

On 8 October 2021, ARB IoT Group Sdn. Bhd. acquired 90 ordinary share representing 90% equity interest of ARB Robotic Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB IoT Group Sdn. Bhd.'s effective interest in ARB Robotic Sdn. Bhd.'s ordinary shares remained at 95%.

- (51) On 25 June 2021, ARB Robotic Sdn. Bhd., an indirect subsidiary of the Company, had acquired 1,000 ordinary shares representing 100% of equity interest of ARB Intelligence Sdn. Bhd., for a total cash consideration of RM9,400,000.

- (52) On 8 February 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB Techsymbol Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 8 October 2021, ARB IoT Group Sdn. Bhd. acquired one (1) ordinary share representing 100% equity interest of ARB Techsymbol Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Techsymbol Sdn. Bhd. became a wholly-owned subsidiary of ARB IoT Group Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) During the financial period, the Group completed the following subscriptions, acquisitions, disposals and incorporations of companies: (Cont'd)

- (53) On 25 January 2021, ARB Digital Technology had subscribed 51,000 ordinary shares representing 51% of equity interest of ARB Logistic Technologies Sdn. Bhd., for a total cash consideration of RM51,000.

On 22 February 2021, ARB Techsymbol Sdn. Bhd., an indirect subsidiary of the Company, acquired 51,000 ordinary shares representing 51% equity interest of ARB Logistic Technologies Sdn. Bhd. from ARB Digital Technology for a total cash consideration of RM1. Following the internal reorganisation, ARB Logistic Technologies Sdn. Bhd. became a direct 51% owned subsidiary of ARB Techsymbol Sdn. Bhd..

On 12 July 2021, ARB Techsymbol Sdn. Bhd. acquired 49,000 ordinary shares representing 49% of the equity interest of ARB Logistic Technologies Sdn. Bhd. for a total cash consideration of RM49,000. Consequently, ARB Logistic Technologies Sdn. Bhd. became a wholly-owned subsidiary of ARB Techsymbol Sdn. Bhd..

- (54) On 12 August 2021, ARB Techsymbol Sdn. Bhd. had acquired 51,000 ordinary shares representing 51% of equity interest of ARB WMS Technologies Sdn. Bhd. Bhd., for a total cash consideration of RM51,000.

- (55) On 10 March 2021, ARB Digital Technology incorporated a wholly-owned subsidiary, ARB 5G Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

On 21 December 2021, ARB IoT Group Sdn. Bhd. had subscribed 99 ordinary shares representing 99% of equity interest of ARB 5G Sdn. Bhd., for a total cash consideration of RM99. Following the internal reorganisation, ARB 5G Sdn. Bhd. became a direct 99% owned subsidiary of ARB IoT Group Sdn. Bhd.. The Company's effective interest in ARB 5G Sdn. Bhd.'s ordinary shares remained at 100%.

- (56) On 22 June 2021, ARB 5G Sdn. Bhd., an indirect subsidiary of the Company, incorporated a wholly-owned subsidiary, ARB Big Data Sdn. Bhd., with an issued and paid up capital of RM1 comprising one (1) ordinary share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (d) Acquisition of equity interest in subsidiaries

30.6.2022

During the financial period, there are acquisitions of ARB Agro Technology Sdn. Bhd. ("ARB Agro Tech"), ARB WMS Technologies Sdn. Bhd. ("ARB WMS"), ARB Intelligence Sdn. Bhd. ("ARB Intelligence"), ARB Innovation Sdn. Bhd. ("ARB Innovation"), ARB Workforce Software Sdn. Bhd. ("ARB Workforce") and ARB R1 Technology Sdn. Bhd. ("ARB R1").

The fair value of consideration transferred and the effects on cash flows of the acquisitions of subsidiaries are as follows:

	ARB Agro Tech RM'000	ARB WMS RM'000	ARB Intelligence RM'000	ARB Innovation RM'000	ARB Workforce RM'000	ARB R1 RM'000	Total RM'000
Fair value of consideration for the acquisitions	8,864	51	9,400	8,000	100	-	26,415
Less: Cash and cash equivalents of subsidiaries acquired	(2)	(100)	-	(1)	(101)	(1)	(205)
Cash outflow from acquisitions of subsidiaries	8,862	(49)	9,400	7,999	(1)	(1)	26,210

**NOTES TO THE
FINANCIAL STATEMENTS (CONT'D)
FOR THE PERIOD ENDED 30 JUNE 2022**

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Acquisition of equity interest in subsidiaries (Cont'd)

30.6.2022 (Cont'd)

The recognised provisional fair values of identifiable assets and liabilities of subsidiaries at acquisition date are as follows:

	ARB Agro Tech RM'000	ARB WMS RM'000	ARB Intelligence RM'000	ARB Innovation RM'000	ARB Workforce RM'000	ARB R1 RM'000	Total RM'000
Property, plant and equipment	-	-	2,175	-	-	-	2,175
Trade receivables	-	190	-	275	-	-	465
Cash and bank balances	2	100	-	1	101	1	205
Trade payables	-	-	-	(7)	-	-	(7)
Other payables and accruals	(2)	(4)	(14,925)	(2)	(2)	(3)	(14,938)
Net assets/(liabilities)	-	286	(12,750)	267	99	(2)	(12,100)
Non-controlling interests measured at fair value	-	(140)	-	-	(30)	-	(170)
Group's share of net assets/ (liabilities)	-	146	(12,750)	267	69	(2)	(12,270)
Less: Negative goodwill on consolidation recognised in consolidated statement of profit or loss	-	(95)	-	-	-	-	(95)
Add: Goodwill on consolidation	8,864	-	22,150	7,733	31	2	38,780
Total fair value of consideration for the acquisitions	8,864	51	9,400	8,000	100	-	26,415

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Acquisition of equity interest in subsidiaries (Cont'd)

30.6.2022 (Cont'd)

The fair value of the non-controlling interest represents its share of the fair value of subsidiaries at the acquisition date, estimated using the purchase price allocation method. The negative goodwill on business combination is not taxable for tax purpose.

Provisional fair value is assigned to the intangible assets. Professional consultants have been commissioned to undertake valuation of this asset.

ARB Agro Tech, ARB WMS, ARB Intelligence, ARB Innovation, ARB Workforce and ARB R1 contributed the following revenue and profit to the Group's consolidated statement of profit or loss for the current period since the date of acquisitions:

	ARB Agro Tech RM'000	ARB WMS RM'000	ARB Intelligence RM'000	ARB Innovation RM'000	ARB Workforce RM'000	ARB R1 RM'000	Total RM'000
Revenue	169,345	-	6,090	234,000	-	-	409,435
Profit/(Loss) before tax	18,072	(39)	4,863	(406)	(2)	(1)	22,486
Profit/(Loss) for the period	13,720	(75)	4,861	(406)	(2)	(1)	18,097

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Acquisition of equity interest in subsidiaries (Cont'd)

31.12.2020

In year 2020, the Group acquired 100% of the shares in Databook Pte. Ltd. for a total consideration of SGD1, satisfied in cash and from that date the Group gained control.

The fair value of consideration transferred and the effects on cash flows of the acquisition of subsidiary are as follows:

	RM'000
Fair value of consideration for the acquisition	* -
Less: Cash and cash equivalents of a subsidiary acquired	52
	52
Cash inflow from acquisition of a subsidiary	52

The recognised provisional fair values of identifiable assets and liabilities of a subsidiary at acquisition date are as follows:

	RM'000
Trade receivables	11
Other receivables, prepayments and deposits	119
Cash and bank balances	52
Other payables and accruals	(177)
	5
Group's share of net assets	5
Less: Negative goodwill on consolidation recognised in consolidated statement of profit or loss	(5)
	* -
Total fair value of consideration for the acquisition	* -

* Amount is less than RM1,000.

Databook Pte. Ltd. contributed the following revenue and profit to the Group's consolidated statement of profit or loss for the previous year since the date of acquisition:

	Date of acquisition to 31.12.2020 RM'000
Revenue	277
Profit before tax	179
Profit for the period	177

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Disposal of equity interest in subsidiaries

30.6.2022

During the financial period, there are disposal of ARB Digit Sdn. Bhd. and its subsidiaries; and Databook Pte. Ltd..

The effects on the Group's financial statements are as follows:

	RM'000
Cash proceeds	* -
Less: Cost of investment in subsidiaries	(1,000)
Gain on disposal of subsidiaries at subsidiaries' company level	(1,000)
Pre-acquisition reserves recognised upon acquisition	(344)
Post-acquisition reserves recognised up to the date of disposal	1,228
	(116)
Realisation of foreign currency translation gain reclassified from reserve	2
Loss on disposal of subsidiaries at the Group level	(114)

The value of assets and liabilities of ARB Digit Sdn. Bhd. and its subsidiaries; and Databook Pte. Ltd. as at the date of disposal on 4 May 2021 was as follows:

	RM'000
Property, plant and equipment	72
Right-of-use assets	122
Intangible assets	45
Trade receivables	29
Other receivables, prepayments and deposits	343
Current tax asset	31
Cash and bank balances	67
Trade payables	(7,500)
Other payables and accruals	(145)
Lease liabilities	(123)
Current tax liability	(4)
Net assets	(7,063)
Non-controlling interest	7,179
Realisation of foreign currency translation gain reclassified from reserve	(2)
	114
Loss on disposal of subsidiaries at the Group level	(114)
Net disposal proceeds	* -
Cash and cash equivalents of ARB Digit Sdn. Bhd. and its subsidiaries; and Databook Pte. Ltd.	(67)
Net cash outflow upon disposal of a subsidiary	(67)

* Amount is less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Disposal of equity interest in subsidiaries (Cont'd)

31.12.2020

In year 2020, the Company had disposed 17,340,000 ordinary shares of Aturmaju (Sabah) Holding Sdn. Bhd. ("AHSB") representing 51% equity interest, for a total consideration of RM5,600,000. As a result, the Company also lost control in the subsidiary of AHSB, Kalabakan Tug Boat Sdn. Bhd..

The effects on the Group's financial statements are as follows:

	RM'000
Cash proceeds	5,600
Less: Cost of investment in a subsidiary	(5,523)
	77
Gain on disposal of a subsidiary at the Company level	(25,543)
Realisation of write-down on investment in a subsidiary	26,201
Post-acquisition reserves recognised up to the date of disposal	735
Gain on disposal of a subsidiary at the Group level	735

The value of assets and liabilities of AHSB as at the date of disposal was as follows:

	RM'000
Property, plant and equipment	3,380
Right-of-use asset	7,680
Other receivables, prepayments and deposits	63
Amount due from related companies	1,895
Fixed deposit with licensed bank	20
Cash and bank balances	414
Trade payables	(135)
Other payables and accruals	(262)
Amount due to holding company	(5,532)
Amount due to directors	(121)
Lease liabilities	(136)
	7,266
Net assets	(4,150)
Non-controlling interest	1,749
Realisation of group level adjustments	4,865
Gain on disposal of a subsidiary at the Group level	735
	5,600
Net disposal proceeds	(414)
Cash and cash equivalents of AHSB	5,186
Net cash inflow upon disposal of a subsidiary	5,186

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(f) Subsidiaries with non-controlling interests

Subsidiaries of the Group that have material non-controlling interests (NCI) are as follows:

30.6.2022

	ARB Axflix	ARB Robotic Group	Other individually immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest (%)	49%	5%		
Carrying amount of NCI (RM'000)	286	235	108	629
Profit/(Loss) allocated to NCI (RM'000)	41	236	(12,055)	(11,778)
Total comprehensive income/(loss) allocated to NCI (RM'000)	41	236	(12,055)	(11,778)

Summarised financial information of the subsidiaries that have material NCI as at the end of each reporting period prior to intra-group elimination are as follows:

30.6.2022

	ARB Axflix RM'000	ARB Robotic Group RM'000
Assets and liabilities		
Non-current assets	41	4,721
Current assets	659	408
Non-current liabilities	(5)	-
Current liabilities	(110)	(324)
Net assets	585	4,805
Results		
Revenue	992	6,090
Profit for the financial period	84	4,805
Total comprehensive income	84	4,805
Cash flows from/(used in) operating activities	204	(9,274)
Cash flows (used in)/from investing activities	(322)	(9,400)
Cash flows from financing activities	500	19,060
Net increase in cash and cash equivalents	382	386

For previous financial year, the non-controlling interests of the companies were not material to the Group, thus not presented in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

10. OTHER INVESTMENTS

	Group	
	30.6.2022 RM'000	31.12.2020 RM'000
Financial assets at fair value through other comprehensive income		
Equity securities:		
- Unquoted shares in Malaysia		
Cost		
At the beginning of the period/year	10,850	-
Additions	# -	10,850
Redemption	(5,400)	-
At the end of the year	<u>5,450</u>	<u>10,850</u>
Accumulated depreciation		
Charge for the period/At the end of the year	<u>(1,090)</u>	-
Net carrying amount	<u><u>4,360</u></u>	<u><u>10,850</u></u>

Amount is less than RM1,000.

- (a) Equity securities which are not held for trading for which the Group has irrevocably elected to recognise at fair value through other comprehensive income. These are strategic investments for which the Group considers this classification to be appropriate and relevant.

Unquoted shares of the Group are categorised as Level 3 in the fair value hierarchy. Fair values of investments in unquoted shares are estimated based on the price to book valuation model, for which the price to book ratio is a significant unobservable input.

Sensitivity analysis for investments in unquoted shares is not material to the Group.

There is no transfer between levels in the hierarchy during the financial period.

- (b) On 11 July 2021, the Group has redeemed the 100,000 redeemable convertible preference shares of Solidvest Properties Sdn. Bhd. for a total redemption proceed of RM5,400,000.
- (c) In previous year, a Management Control Agreement ("Agreement") was established between the Group and Yes's Comm. Enterprise Sdn. Bhd. where the Group obtained full control, management and supervision of business and affairs for a total consideration of RM5,450,000. Effective from 1 January 2021, the Agreement come in force for a period of five (5) plus five (5) years subject to review and modification as mutually agreed upon by both parties.

On 16 May 2022, the Agreement has revoked as mutually agreed by both parties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

11. TRADE RECEIVABLES

	Group		Company	
	30.6.2022 RM'000	31.12.2020 RM'000	30.6.2022 RM'000	31.12.2020 RM'000
Non-current				
Trade receivables				
- Third parties	-	64,140	-	-
Current				
Trade receivables				
- Third parties	101,186	68,230	-	-
- Subsidiaries	-	-	-	58
	<u>101,186</u>	<u>68,230</u>	<u>-</u>	<u>58</u>
Total trade receivables	<u>101,186</u>	<u>132,370</u>	<u>-</u>	<u>58</u>

- (a) Trade receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal credit terms of trade receivables granted by the Group ranged from 180 to 210 days (31.12.2020: 180 to 210 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- (c) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate based on the probability of a receivable progressing through successive stages of delinquency to 210 days past due.

The expected loss rates are based on the historical credit losses experienced by the Group. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the customers of the Group. The Group has identified the base lending rate, unemployment rate, inflation rate and labor force participation as the key macroeconomic factors. Nevertheless, the Group believe that these factors are immaterial for the purpose of impairment calculation for the period.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Management exercised significant judgments in determining the probability of default by trade receivables and appropriate forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

11. TRADE RECEIVABLES (CONT'D)

- (d) Lifetime expected loss provision for trade receivables of the Group and of the Company are as follows:

	Group		Company	
	30.6.2022 RM'000	31.12.2020 RM'000	30.6.2022 RM'000	31.12.2020 RM'000
Current	101,142	101,138	-	58
Past due:				
1 to 30 days	37	25,403	-	-
31 to 120 days	5	5,362	-	-
121 to 210 days	1	467	-	-
More than 210 days	1	-	-	-
	<u>101,186</u>	<u>132,370</u>	<u>-</u>	<u>58</u>

- (e) The credit risk concentration profile of the trade receivables at the end of the reporting period are as follows:

	Group	
	30.6.2022 RM'000	31.12.2020 RM'000
By country		
Malaysia	101,186	123,474
Cambodia	-	8,863
Singapore	-	33
	<u>101,186</u>	<u>132,370</u>

There are two (2) (31.12.2020: three (3)) customers concentrated in trade receivables balances. The Group does not have significant exposure to single customers or to industry groups and does not anticipate the carrying amounts recorded at the end of the reporting period to be significantly different from the values that would eventually be received.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	
	30.6.2022 RM'000	31.12.2020 RM'000
Other receivables	1	3,519
Deposits	5,417	11,592
Prepayments	13	1
	<u>5,431</u>	<u>15,112</u>

- (a) Other receivables and deposits are classified as financial assets measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

- (b) Impairment for other receivables are recognised based on the simplified approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on payment trends and past due information.

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.

Evidence that a financial asset is credit impaired includes the following observable data:

- (i) Significant financial difficulties of the debtor;
- (ii) It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- (iii) The disappearance of an active market for a security because of financial difficulties.

The probability of non-payment by other receivables is adjusted by forward looking information as stated in Note 11(c) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables.

- (c) No expected credit loss is recognised arising from other receivables and deposits as it is negligible.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	30.6.2022	31.12.2020	30.6.2022	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	100,348	24,512	1,637	1,271
Deposits with licensed banks	-	2,000	-	-
	<u>100,348</u>	<u>26,512</u>	<u>1,637</u>	<u>1,271</u>

- (a) Cash and bank balances and deposits with licensed banks are classified as financial assets measured at amortised cost. It is highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant changes in value with original maturities period of three months or less.
- (b) In the previous year, deposits with licensed banks of the Group have an average maturity period of 90 days.
- (c) The interest rates of deposits with licensed banks of the Group are 1.70% (31.12.2020: 1.70% to 3.00%) per annum.
- (d) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

14. SHARE CAPITAL

	Group and Company			
	30.6.2022		31.12.2020	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid ordinary shares				
At the beginning of the period	454,924	93,290	289,813	60,268
Issuance of shares pursuant to conversion of ICPS	153,294	30,659	165,111	33,022
Issuance of shares via right issue	608,217	72,986	-	-
At the end of the period	<u>1,216,435</u>	<u>196,935</u>	<u>454,924</u>	<u>93,290</u>

- (a) During the financial period, the Company issued 153,293,851 (31.12.2020: 165,110,849) new ordinary shares pursuant to the conversion of 153,293,851 (31.12.2020: 165,110,849) Irredeemable Convertible Preference Shares ("ICPS") at a conversion price of RM0.20 each and issuance of 608,217,400 new ordinary shares via right issue at a price of RM0.12 per ordinary share for a total cash consideration of RM72,986,088 for working capital purposes.
- (b) Owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

15. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES

	Group and Company			
	30.6.2022		31.12.2020	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
At the beginning of the period	620,427	6,204	785,538	7,855
Conversion to ordinary shares	(153,294)	(1,533)	(165,111)	(1,651)
At the end of the period	<u>467,133</u>	<u>4,671</u>	<u>620,427</u>	<u>6,204</u>

The Irredeemable Convertible Preference Shares ("ICPS") issued at an issue price of RM0.01 each have been admitted to the Official List of Bursa Malaysia Securities Berhad and the listing of and the quotation for 1,008,150,000 ICPS was granted with effect from 18 January 2019.

The salient features of the ICPS are as follow:

- (a) Each registered holder of the ICPS shall have the conversion right at any time during the conversion period of five years commencing from the issue date of the ICPS of 16 January 2019 up to the maturity date of 15 January 2024 which is the date immediately preceding the fifth anniversary of the issue date of the ICPS.
- (b) Based on the conversion price of RM0.20, the ICPS can be converted by way of surrendering twenty ICPS of RM0.01 each for one new ordinary share or by a combination of such number of ICPS and cash with an aggregate value equal to the conversion price, subject to a minimum of one ICPS, and paying the difference between the aggregate value of the ICPS surrendered and the conversion price in cash for one new ordinary share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

15. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (CONT'D)

The salient features of the ICPS are as follow (Cont'd):

- (c) The ICPS have a tenure period of 5 years from the date of issue and will not be redeemable in cash. All outstanding ICPS will be mandatorily converted by the Company into new ordinary shares at the conversion price of RM0.20 each on the maturity date, with any fractional new ordinary shares arising from the mandatory conversion of the ICPS on the maturity date shall be disregarded.
- (d) Upon conversion of the ICPS into new ordinary shares, such shares upon allotment and issuance, rank pari passu in all respects with the then existing ordinary shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of such new ordinary shares.

16. TRADE PAYABLES

	Group	
	30.6.2022 RM'000	31.12.2020 RM'000
Non-current		
Trade payables		
- Third parties	-	41,871
Current		
Trade payables		
- Third parties	700	6,643
	700	48,514

- (a) Trade payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 210 days (31.12.2020: 30 to 210 days). The non-current trade credit term is 5 years.
- (c) The table below summarises the maturity profile of the trade payables as at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	Weighted average incremental borrowing rate %	Within one year RM'000	One to five years RM'000	Total RM'000
30.6.2022				
Trade payables	-	700	-	700
31.12.2020				
Trade payables	2.10	6,643	45,500	52,143

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

17. DEFERRED TAX LIABILITIES

	Group	
	30.6.2022 RM'000	31.12.2020 RM'000
At the beginning of the period/year	7,288	6,087
Recognised in profit or loss:		
Property, plant and equipment	14,970	652
Intangible assets	(5,940)	-
Unabsorbed capital allowances	(878)	909
Unused tax losses	360	(360)
	8,512	1,201
At the end of the period/year	<u>15,800</u>	<u>7,288</u>

Components of deferred tax liabilities at the end of each reporting period comprise the tax effects of:

	Group	
	30.6.2022 RM'000	31.12.2020 RM'000
Property, plant and equipment	16,739	1,768
Intangible assets	-	5,940
Unused tax losses	-	(360)
Unabsorbed capital allowances	(939)	(60)
	<u>15,800</u>	<u>7,288</u>

18. OTHER PAYABLES AND ACCRUALS

	Group	Company	
	30.6.2022 RM'000	31.12.2020 RM'000	30.6.2022 RM'000
Other payables	10,165	205	-
Accruals	1,090	10,403	57
	<u>11,255</u>	<u>10,608</u>	<u>122</u>

- (a) Other payables and accruals are classified as financial liabilities measured at amortised cost.
- (b) The maturity profile of the other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

19. AMOUNT DUE TO A SUBSIDIARY

	Company	
	30.6.2022 RM'000	31.12.2020 RM'000
Amount due to a subsidiary	-	(999)

- (a) Amount owing to a subsidiary is classified as financial liability measured at amortised cost.
- (b) The amount due to a subsidiary is non-trade in nature, unsecured, interest free, repayable upon demand and payable with next twelve month in cash and cash equivalents.
- (c) The maturity profile of the amount due to a subsidiary of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

20. REVENUE

	Group		Company	
	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000
Revenue from contracts with customers				
Sale of goods	423,785	8,487	-	-
Rendering of information technology services	170,198	210,967	-	-
Management fee	21	-	863	58
	594,004	219,454	863	58
Timing of revenue recognition				
Transferred at a point in time	593,983	219,177	-	-
Transferred over time	21	277	863	58
	594,004	219,454	863	58

- (a) Sale of goods

Revenue from sale of goods is recognised at a point in time when the Group satisfies a performance obligation by transferring a promised good (i.e. an asset) to a customer. An asset is transferred as and when a customer obtains control of that asset which coincides with the delivery of goods and acceptance by the customer.

There is no material right of return and warranty provided to the customers on the sale of goods and there is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve months.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

20. REVENUE (CONT'D)

(b) Rendering of information technology services

Revenue from rendering of information technology services is recognised when the Group renders services to a customer and such customer is able to receive and consume such services. The Group has a present right to the payment of the services rendered.

There is no material right of return and warranty provided to the customers on the sale of goods and there is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve months.

(c) Management fee

Management fee is the provision of management services to subsidiaries and recognised over time when subsidiaries simultaneously receive and consume the benefits.

21. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000
Profit/(Loss) before tax is arrived at after charging:				
Auditors' remuneration:				
- Statutory audit	584	92	80	36
- Other services	-	6	-	6
Depreciation of:				
- Property, plant and equipment	12,063	1,452	-	-
- Right-of-use assets	445	137	-	-
Expenses on financial liabilities at amortised costs:				
- Unwinding of discounts of long-term financial instruments	-	1,930	-	-
- Interest expense of lease liabilities	39	32	-	-
Impairment loss on intangible asset	30,752	-	-	-
Impairment loss on other investment	1,090	-	-	-
Incorporation expenses	38	7	-	-
Loss on disposal of a subsidiary	242	-	-	-
Low value assets - rental of equipment	8	2	-	-
Short term leases - rental of premises	188	90	-	-
And crediting:				
Gain on disposal of subsidiaries	(128)	(735)	-	(77)
Gain on disposal of associate	-	(23)	-	-
Income on financial asset at amortised cost:				
- Interest income	(485)	(480)	-	(2)
Income on financial liability at amortised cost:				
- Reversal of discounts of long-term financial instruments	(1,930)	-	-	-
Negative goodwill	(95)	(5)	-	-
Gain on reassessment and modification of leases	(21)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

22. TAX EXPENSE

	Group		Company	
	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000
Income tax				
- Current period provision	8,147	119	-	1
- Underprovision in prior years	18	33	-	19
	8,165	152	-	20
Deferred tax (Note 17)				
- Relating to origination and reversal of temporary differences	8,525	1,200	-	-
- (Over)/Under provision in prior years	(13)	1	-	-
	8,512	1,201	-	-
	16,677	1,353	-	20

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (31.12.2020: 24%) of the estimated taxable profit for the fiscal period/year.
- (b) Numerical reconciliation between the average effective tax rate and the applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000
Profit/(Loss) before tax	96,197	44,223	(2,369)	(448)
Tax at Malaysian statutory rate of 24% (31.12.2020: 24%)	23,087	10,614	(568)	(107)
Tax effects in respect of:				
Effect of tax rates in foreign jurisdiction	-	(17)	-	-
Non-allowable expenses	3,545	230	506	108
Non-taxable income	(58)	-	-	-
Changes in unrecognised temporary differences	(10,654)	-	-	-
Tax exempt income	-	(9,510)	-	-
Double tax deduction	(15)	-	-	-
Deferred tax assets not recognised	767	2	62	-
	16,672	1,319	-	1
Under/(Over) provision in prior years				
- Income tax	18	33	-	19
- Deferred tax	(13)	1	-	-
Tax expense	16,677	1,353	-	20

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

22. TAX EXPENSE (CONT'D)

(c) Unrecognised deferred tax assets

The amounts of temporary differences for which no deferred tax assets have been recognised in the consolidated statement of financial position are as follows:

	Group		Company	
	30.6.2022 RM'000	31.12.2020 RM'000	30.6.2022 RM'000	31.12.2020 RM'000
Unabsorbed capital allowances	3,556	4	4	4
Unused tax losses				
Expires by 30 June 2028	375	320	374	374
Expires by 30 June 2029	7,726	-	260	-
Other deductible temporary differences	4,311	12,448	-	-
	<u>15,968</u>	<u>12,772</u>	<u>638</u>	<u>378</u>

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

23. EARNINGS PER ORDINARY SHARE ("EPS")

(a) Basic EPS

The basic EPS of the Group is calculated based on the profit attributable to Owners (ordinary equity holders) of the Company divided by the weighted average number of ordinary shares in issue.

	Group	
	1.1.2021 to 30.6.2022	1.1.2020 to 31.12.2020
Profit attributable to Owners of the Company (RM'000)	<u>91,298</u>	<u>43,461</u>
Weighted average number of ordinary shares in issue ('000)	<u>736,051</u>	<u>454,924</u>
Basic EPS (sen)	<u>12.40</u>	<u>9.55</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

23. EARNINGS PER ORDINARY SHARE ("EPS") (CONT'D)

(b) Diluted EPS

The diluted EPS of the Group is calculated based on the profit attributable to Owners (ordinary equity holders) of the Company divided by the weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential ordinary shares arising from ICPS as follow:

	Group	
	1.1.2021 to 30.6.2022	1.1.2020 to 31.12.2020
Profit attributable to Owners of the Company (RM'000)	91,298	43,461
Weighted average number of ordinary shares in issue ('000)	736,051	454,924
Effect of dilution of assumed conversion of ICPS ('000)	33,367	31,021
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	769,418	485,945
Diluted EPS (sen)	11.87	8.94

24. EMPLOYEE BENEFITS

	Group	
	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000
Salaries, wages, bonuses and allowances	4,644	2,308
Defined contribution plans	515	241
Social security contributions	45	20
Other employee benefits	939	369
	6,143	2,938

25. RELATED PARTY DISCLOSURES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the 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 Key Management Personnel include all the Directors of the Group and of the Company.

The Group has related party relationship with its subsidiaries, Directors and companies in which Directors of the Group have interest.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

25. RELATED PARTY DISCLOSURES (CONT'D)

- (b) The Group and the Company had the following transactions with related parties during the financial period:

	Group		Company	
	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000
Transactions with subsidiaries companies:				
- Management fees income	-	-	842	58
- Management fees expense	-	-	(850)	-
Transactions with companies in which a Company's Director has substantial financial interests:				
- Revenue	154,040	-	-	-
- Office rental expense	(198)	(159)	-	-

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

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

- (c) Compensation of key management personnel

The key management personnel comprise the Directors of the Group and their remuneration during the financial period are as follows:

	Group		Company	
	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 30.6.2022 RM'000	1.1.2020 to 31.12.2020 RM'000
Executive Directors:				
- Fee	2	55	2	-
- Non-fee emoluments	1,495	430	-	-
Non-executive Directors:				
- Fee	119	36	119	36
- Non-fee emoluments	8	-	8	-
	<u>1,624</u>	<u>521</u>	<u>129</u>	<u>36</u>

26. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Significant events consist of the changes in composition of the Group during the period as disclosed in Note 9(d).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

27. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) Proposed listing of ARB IOT Group Limited ("AIGL") on NASDAQ Stock Exchange in New York

On 22 February 2022, the Company announced its intention to list its Internet of Things ("IoT") business on the National Association of Securities Dealers Automated Quotations ("NASDAQ") Stock Exchange in New York.

On 24 June 2022, AIGL, an indirect wholly-owned subsidiary of the Company, had filed its draft Registration Statement on Form F-1 (draft prospectus) (i.e., the registration statement required to be filed for foreign companies to be listed on a United States of America ("USA") stock exchange) to Securities Exchange Commission ("SEC") in USA.

On 7 July 2022, AIGL had submitted the listing application to the NASDAQ Stock Exchange for the proposed listing of AIGL on the NASDAQ Stock Exchange.

On 12 August 2022, on behalf of the Board of Directors of the Company, TA Securities Holding Berhad ("TA Securities") announced that the Company proposes to list its IoT business via a listing of and quotation for ordinary shares in AIGL ("Shares") on the NASDAQ Stock Exchange in New York ("Proposed Listing of Subsidiary").

The Proposed Listing of Subsidiary entails the initial public offering ("IPO") of at least 1,000,000 new Shares ("Issue Shares") representing approximately 9% of the enlarged issued share capital of AIGL after the IPO and up to 3,320,625 Issue Shares representing not more than 25% of the enlarged issued share capital of AIGL after the IPO ("Maximum Scenario") on the NASDAQ Stock Exchange to new investors ("Proposed IPO").

The Issue Shares pursuant to the Proposed IPO will be issued at an issue price of at least United States Dollar ("USD") 4 per Issue Share. Based on the indicative issue price of USD4 per Issue Share (or equivalent to Ringgit Malaysia ("RM") 17.78⁽¹⁾ per Issue Share), the Proposed IPO is expected to raise a minimum gross proceed of USD4,000,000 (or equivalent to RM17,780,000). The final issue price of the Issue Shares will be determined after obtaining the regulatory approvals for the Proposed Listing of Subsidiary.

The Proposed Listing of Subsidiary and/or the Proposed IPO is subject to and conditional upon the following approvals being obtained from:

- (i) the shareholders of the Company for the Proposed Listing of Subsidiary at the extraordinary general meeting to be convened;
- (ii) the SEC for the Registration Statement on Form F-1 (prospectus);
- (iii) NASDAQ Stock Exchange for the Proposed IPO; and
- (iv) any other relevant authorities/parties' approval, if required.

The Proposed Listing of Subsidiary will result in a dilution of the Company's effective equity interest in AIGL from 100% to not less than 75% under the Maximum Scenario. Pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the highest percentage ratio applicable to the Proposed Listing of Subsidiary is 32.28%, calculated based on the audited consolidated net assets of the Company as at 31 December 2020.

Note:

- (1) *The exchange rate used for illustrative purposes is USD 1.00: RM 4.4450, derived from exchange rate based on Bank Negara Malaysia middle rate as at 5.00 p.m. on the 11 August 2022.*

(b) On 19 September 2022, ARB IoT Limited, an indirect subsidiary of the Company, had additional subscribed 15,000,000 ordinary shares of ARB IoT Group Limited for a total cash consideration of USD1,500.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE PERIOD ENDED 30 JUNE 2022

28. FINANCIAL REPORTING STANDARDS

(a) MFRSs, Amendments to MFRSs and Interpretations adopted

The Group and the Company adopted the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB are mandatory for the first time for the financial period:

- (i) For financial period beginning on or after 1 January 2021
 - Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosure*, MFRS 4 *Insurance Contracts* and MFRS 16 *Leases - Interest Rate Benchmark Reform Phase 2*
 - Amendment to MFRS 16 *Leases - Covid-19 - Related Rent Concessions beyond 30 June 2021*
- (ii) For financial period beginning on or after 1 January 2022
 - Amendments to MFRS 3 *Business Combinations - Reference to the Conceptual Framework*
 - Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*
 - Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts-Cost of Fulfilling a Contract*
 - Annual Improvements to MFRS Standards 2018-2020

The adoption of the abovementioned accounting standards, amendments and interpretations are not expected to have any significant impact on the financial statements of the Group and of the Company.

(b) New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

- (i) MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2023
 - MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 *Insurance contracts* and Initial Application of MFRS 17 and MFRS 9 - *Comparative Information (Amendment to MFRS 17 Insurance Contracts)*
 - Amendments to MFRS 101 *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*
 - Amendments to MFRS 101 *Presentation of Financial Statements - Disclosure of Accounting Policies*
 - Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
 - Amendments to MFRS 112 *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE PERIOD ENDED 30 JUNE 2022

28. FINANCIAL REPORTING STANDARDS (CONT'D)

(b) New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted (Cont'd)

(ii) MFRSs, Amendments to MFRSs and Interpretations effective date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an investor and its Associate or Joint Venture*

The Group and the Company are in the process of assessing the impact of implementing these Amendments since the effects would only be observable for future financial year.

29. COMPARATIVE FIGURES

Certain comparative figures of the Group have been reclassified to conform with the current financial period's presentation so as to reflect appropriate presentation of the financial statements of the Group. Such reclassifications do not have financial impact to the Group and merely improve on disclosure of the financial statements.

	As previously reported RM'000	Reclassi- fication RM'000	As reclassi- fication RM'000
Group			
Statement of Cash Flows			
Net cash from operating activities	5,152	32	5,184
Net cash from financing activities	31,186	(32)	31,154
Company			
Net cash from/(used in) investing activities	8,703	(38,507)	(29,804)
Net cash (used in)/from financing activities	(7,136)	38,507	31,371

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 68 to 128 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and of the financial performance and cash flows of the Group and of the Company for the financial period then ended.

On behalf of the Board,

DATO' SRI LIEW KOK LEONG

Kuala Lumpur, Malaysia
14 October 2022

DATO' BAHARON BIN TALIB

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **DATO' BAHARON BIN TALIB**, being the Director primarily responsible for the financial management of **ARB BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 68 to 128 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in the Federal Territory
on 14 October 2022

Before me

Commissioner for Oaths

DATO' BAHARON BIN TALIB

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARB BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ARB BERHAD, which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 1 January 2021 to 30 June 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 128.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, and of its financial performance and its cash flows for the period then ended in accordance with the Malaysian Financial Reporting Standard, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis of Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. 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.

Key audit matters	How our audit addressed the key audit matters
<u>Property, plant and equipment</u> As stated in Notes 6 to the financial statements, as at 30 June 2022, the carrying values of property, plant and equipment of the Group stood at RM163.9 million, representing 39% of the Group's total assets.	Our audit procedures included, among others, the following: - Assessed the recoverable amount to carrying value and whether provision for impairment is necessary; - Assessing the valuation methodology adopted by the Group in accordance to the requirements of MFRS 136 Impairment of Assets; - Evaluated and challenged the appropriateness and reasonableness of the assumptions applied to key inputs such as price, operating cost and discount rate applied; - Testing the mathematical accuracy of the projection cash flow calculation; and - In relation to discounted cash-flow, comparing the cash flow projections to available business plan. Based on the procedure performed, no material exceptions were noted.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARB BERHAD (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (cont'd)

Key audit matters	How our audit addressed the key audit matters
<u>Goodwill on consolidation</u> As stated in Note 8 to the financial statements, as at 30 June 2022, the carrying amount of the goodwill stood at RM40.7 million. Under MFRS 136, the Group is required to test the amount of goodwill for impairment annually, regardless whether there is any indication of impairment. The management assessed the recoverable amount of the goodwill by determining the respective CGU's VIU using the discounted cash flows method. Due to the significance of the amount and subjectivity involved in the annual impairment test, we consider this impairment test to be an area of audit focus. Specifically, we focused on evaluation of the assumptions used by management to estimate the recoverable amounts of the CGUs which was based on the VIU method.	Our audit procedures included, among others, the following: - Assessing the valuation methodology adopted by the Group in accordance to the requirements of MFRS 136 Impairment of Assets; - Reviewed the cash flow forecasts covering a period of 5 years; - Evaluated and challenged the appropriateness and reasonableness of the assumptions applied to key inputs such as price, operating cost and discount rate applied; and - Testing the mathematical accuracy of the projection cash flow calculation. Based on the procedure performed, no material exceptions were noted.
<u>Revenue recognition</u> As stated in Note 21, revenue of the Group for the financial period ended 30 June 2022 amounted to RM622 million (30 December 2020: RM219 million). Revenue recognition is a presumed fraud risk as the Group may be under pressure by external parties (i.e. expectations by shareholders and market analysts) and internal parties (i.e. performance of management). This may lead to potential overstatement of revenue.	Our audit procedures included, among others, the following: - Evaluate the key terms and conditions of significant new revenue agreements entered during the financial year to check the accuracy of revenue recognition; - Perform walkthrough and test of controls on sales cycle; - Perform substantive testing to ascertain that the revenue was fairly stated; - Assessed the cut-off procedures implemented by the management to ascertain that revenue is recorded in the proper financial period; and - Send confirmation to major customers to confirm the total sales transactions during the financial period. Based on the procedure performed, no material exceptions were noted.
<u>Trade receivables</u> The audit risks area in trade receivables is mainly related to the significant judgements over assumptions about risk of default and expected loss rate, in which the Group selected inputs to the impairment calculations, based on Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period. The Group has significant trade receivables, i.e. 24% of total assets as at 30 June 2022. The management made significant judgement over assumptions about risk of default and expected loss rate.	Our audit procedures included, among others, the following: - Developed understanding of the design and implementation of controls associated with the monitoring of outstanding receivables impairment calculation; - Obtained confirmation of balances from selected debtors; - Assessed the reasonableness and calculation of expected credit losses as at end of the reporting period; and - Check subsequent receipts of the past due balances as at end of the reporting period. Based on the procedure performed, no material exceptions were noted.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARB BERHAD (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 Group and of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report 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 Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, 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 Group and 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 Malaysian Private Entities Reporting Standard 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 and of 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 and of 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARB BERHAD (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and of 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 and of 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 represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the members of the Group and 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.

The financial statements of the previous financial year were audited by another firm of auditors expressed an unqualified opinion dated 3 March 2021.

CHENGCO PLT
201806002622
(LLP0017004-LCA) & AF0886
Chartered Accountants

Kuala Lumpur
Date: 14 October 2022

TAN WAE LENG
02850/05/2024 J
Chartered Accountant

STATISTICS OF ORDINARY SHAREHOLDINGS AS AT 3 OCTOBER 2022

Total Number of Issued Shares : 1,216,434,800
 Class of Shares : Ordinary Shares
 Voting Rights : One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS (BASED ON RECORD OF DEPOSITORS AS AT 3 OCTOBER 2022)

SIZE OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF SHARES (%)
LESS THAN 100 SHARES	26	872	0.000
100 TO 1,000 SHARES	824	428,897	0.035
1,001 TO 10,000 SHARES	3,741	24,444,100	2.009
10,001 TO 100,000 SHARES	5,091	198,875,700	16.349
100,001 TO LESS THAN 5% OF ISSUED SHARES	1,146	732,445,531	60.212
5% AND ABOVE OF ISSUED SHARES	2	260,243,700	21.394
Total	10,830	1,216,434,800	100.0000

DIRECTORS' INTERESTS IN ORDINARY SHARES (BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 3 OCTOBER 2022)

No.	Name of Directors	No. of Shares Held		No. of Shares Held	
		Direct	Percentage (%)	Indirect	Percentage (%)
1	DATUK HAJI JUNAIDI BIN DATUK ABDUL RAHMAN	-	-	-	-
2	DATO' SRI LIEW KOK LEONG	153,104,300	12.586	107,139,400*	8.808*
3	DATO' BAHARON BIN TALIB	-	-	-	-
4	KHOR CHIN MENG	-	-	-	-
5	KHOR BEN JIN	-	-	-	-

LIST OF SUBSTANTIAL SHAREHOLDERS (BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 3 OCTOBER 2022)

No.	Name of Substantial Shareholder	No. of Shares Held		No. of Shares Held	
		Direct	Percentage (%)	Indirect	Percentage (%)
1	DATO' SRI LIEW KOK LEONG	153,104,300	12.586	107,139,400*	8.808*

* Deemed interest through his substantial shareholdings in Ukay One Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

STATISTICS OF ORDINARY SHAREHOLDINGS AS AT 3 OCTOBER 2022 (CONT'D)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (BASED ON REGISTER OF DEPOSITORS AS AT 3 OCTOBER 2022)

No.	Shareholder	No. of Shares	%
1	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIEW KOK LEONG	153,104,300	12.586
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR UKAY ONE SDN BHD (PB)	107,139,400	8.808
3	JAYAMAJU BARAT SDN BHD	40,000,000	3.288
4	SEJAHTERA BESTARI SDN. BHD.	39,000,000	3.206
5	ROBUST STARHILL SDN. BHD.	35,883,400	2.950
6	NUSANTARA SELATAN SDN. BHD.	30,429,100	2.501
7	PSSBJAYA HOLDINGS SDN BHD	22,418,500	1.843
8	ASPIRASI WAWASAN SDN. BHD.	18,905,400	1.554
9	CPINTERNATIONAL NETWORKING SDN. BHD.	18,821,300	1.547
10	ERA CAHAYA SDN. BHD.	16,500,000	1.356
11	OPTIMUM MAJU SDN. BHD.	13,000,000	1.069
12	HIEW SHENE BANG	10,695,200	0.879
13	SEAH TIN KIM	8,878,200	0.730
14	LIEW YOON KEE	8,850,000	0.728
15	LIEW SOH CHAN	8,400,000	0.691
16	KHOH THONG BU	7,921,600	0.651
17	ASPIRASI PUSPITA SDN. BHD.	7,752,961	0.637
18	CHAN TIANG SENG	7,500,000	0.617
19	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INTELLIKONNECT (MALAYSIA) SDN BHD	7,000,000	0.575
20	LIM JIT HAI	6,731,300	0.553
21	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAN TUAN SAM	6,190,000	0.509
22	POLO JASA SDN. BHD.	5,656,800	0.465
23	SHEIKH AHMAD DARABI BIN SULAIMAN	5,150,000	0.423
24	HONG ZI SHEN	5,100,000	0.419
25	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BIDANG BARAT SDN.BHD.	5,000,000	0.411
26	TAN MENG HOOI	4,660,000	0.383
27	SUPREME HOME APPLIANCES SDN. BHD.	4,000,000	0.329
28	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RHR HOLDINGS SDN. BHD.	4,000,000	0.329
29	TEE ALEK @ TEE BEE SOON	3,786,000	0.311
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WAH PENG	3,673,600	0.302
TOTAL		616,147,061	50.652

STATISTICS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") AS AT 3 OCTOBER 2022

Total Number of Issued ICPS : 467,133,100
Class of Shares : ICPS

DISTRIBUTION OF ICPS HOLDINGS (BASED ON RECORD OF DEPOSITORS AS AT 3 OCTOBER 2022)

SIZE OF HOLDINGS	NO. OF ICPS HOLDERS	NO. OF ICPS HELD	PERCENTAGE OF ICPS (%)
LESS THAN 100 ICPS	2	128	0.000
100 TO 1,000 ICPS	20	9,900	0.002
1,001 TO 10,000 ICPS	114	808,100	0.173
10,001 TO 100,000 ICPS	416	20,303,300	4.346
100,001 TO LESS THAN 5% OF ISSUED ICPS	291	220,692,200	47.244
5% AND ABOVE OF ISSUED ICPS	2	225,319,472	48.235
TOTAL	845	467,133,100	100.000

DIRECTORS' INTERESTS IN ICPS (BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 3 OCTOBER 2022)

No.	Name of Directors	No. of ICPS held		No. of ICPS held	
		Direct	Percentage of ICPS (%)	Indirect	Percentage of ICPS (%)
1	DATUK HAJI JUNAIDI BIN DATUK ABDUL RAHMAN	-	-	-	-
2	DATO' SRI LIEW KOK LEONG	124,264,457	26.602	125,660,915*	26.900*
3	DATO' BAHARON BIN TALIB	-	-	-	-
4	KHOR CHIN MENG	-	-	-	-
5	KHOR BEN JIN	-	-	-	-

* Deemed interest through his substantial shareholdings in Ukay One Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

STATISTICS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") AS AT 3 OCTOBER 2022 (CONT'D)

LIST OF TOP 30 LARGEST ICPS HOLDERS (BASED ON REGISTER OF DEPOSITORS AS AT 3 OCTOBER 2022)

No.	ICPS Holder	ICPS	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR UKAY ONE SDN.BHD. (SMART)	125,660,915	26.900
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIEW KOK LEONG (PB)	99,658,557	21.334
3	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT- AMBANK (M) BERHAD FOR LIEW KOK LEONG (SMART)	21,595,000	4.623
4	LIM JIT HAI	12,875,000	2.756
5	SOON THIAM LAM	9,500,000	2.034
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG TEE YEW (E-SRB)	9,108,600	1.950
7	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM LEE FOON (E-SS2)	7,078,000	1.515
8	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH OOI CHAT (E-BBB/BBA)	4,700,000	1.006
9	CHEONG SAU WAH	4,465,000	0.956
10	SYARIKAT RIMBA TIMUR (RT) SDN BHD	4,400,000	0.942
11	POH HONG SWEE	4,300,000	0.921
12	ONG CHIN HWAN	4,100,800	0.878
13	KHOH THONG BU	3,997,600	0.856
14	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM GAG (PENANG-CL)	3,364,500	0.720
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN SUN PING	3,292,000	0.705
16	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIEW KOK LEONG	3,010,900	0.645
17	CHONG POH ONN	2,971,000	0.636
18	LOW HING NOI	2,900,000	0.621
19	NGE WAI KIT	2,700,000	0.578
20	CHUA KOK SIAN	2,550,000	0.546
21	LEOW PEK FONG @ LIEW PEK FONG	2,500,000	0.535
22	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EE KOW CHAI (JDB TUNGGAL-CL)	2,189,000	0.469
23	FOH HONG HIN	2,112,500	0.452
24	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN.BHD. PLEDGED SECURITIES ACCOUNT FOR LEE HOW LENG	2,080,000	0.445
25	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN JAYNE QI (MY2603)	2,061,100	0.441
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MACROVENTION SDN BHD (E-BBB/BBA)	2,010,000	0.430
27	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HOCK SOON (T MLK RAYA-CL)	1,950,200	0.417
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW SOH CHAN	1,940,000	0.415
29	TOH CHIN CHONG	1,852,300	0.397
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN WENG YEW (E-BPJ)	1,800,000	0.385
TOTAL		352,722,972	75.508

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth (24th) Annual General Meeting (“AGM”) of **ARB BERHAD** (“ARB” or “the Company”) will be conducted virtually through live streaming from the broadcast venue at Suite 22.08 of Level 22, Menara Exchange 106, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, Malaysia on Tuesday, 15 November 2022 at 8.00 a.m. for the transaction of the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Consolidated Financial Statements for the financial period ended 30 June 2022 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who are retiring pursuant to Clause 105 of the Company’s Constitution and being eligible, has offered themselves for re-election:-
 - (i) Dato’ Sri Liew Kok Leong
 - (ii) Khor Chee Ming
3. To approve the payment of additional Directors’ fees totaling RM51,321.00 for the period from 23rd AGM up to the conclusion of 24th AGM.
4. To approve the Directors’ fees amounting of up to RM300,000.00 and other benefits payable of up to RM300,000.00 for the period from the 24th AGM up to the conclusion of 25th AGM of the Company.
5. To re-appoint Messrs Chengco PLT as the Company’s Auditors and to authorise the Directors to fix their remuneration.

**Please refer to
Explanatory Notes to
Ordinary Business**

**Ordinary Resolution 1
Ordinary Resolution 2**

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

6. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

Ordinary Resolution 6

“THAT subject to the Companies Act, 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), Additional Temporary Relief Measures to Listed Corporations for Covid-19, issued by Bursa Securities on 16 April 2020, its subsequent letter dated 23 December 2021 on extension of implementation of the 20% General Mandate and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time (“20% General Mandate”); AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities which would be utilised before 31 December 2022 and thereafter, the 10% general mandate will be reinstated.

AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

AND THAT pursuant to Section 85 of the Act which to be read together with Clause 61 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Act.”

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

Ordinary Resolution 7

"THAT, subject to the Act, the provisions of Constitution of the Company, the MMLR of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount 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 shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares be backed by an equivalent amount of retained profits; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends;

AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until: -

- (i) the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

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

Ordinary Resolution 8

"THAT, subject to the provisions of the MMLR of Bursa Securities, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.1.5 of the Circular to Shareholders dated 17 October 2022 in relation to the Proposed Shareholders Mandate which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms 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 and that such approval shall continue to be in force until:-

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (a) the conclusion of the next AGM of the Company following the AGM at which such ordinary resolution for the Proposed Shareholders Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution.”

- 9. To transact any other business of the Company for which due notice shall have been given.

By Order of the Board

CHONG CHEW LO (MAICSA 7046627/ SSM PC No. 201908002693)
TAN TONG LANG (MAICSA 7045482 / SSM PC No. 202208000250)
THIEN LEE MEE (LS0010621 / SSM PC No. 201908002254)
Company Secretaries

Selangor
17 October 2022

Notes:-

1. Please refer the Administrative Guide for the procedures to register and participate and vote in the virtual meeting. Shareholders and proxies will not be allowed to attend the 24th AGM in person at the broadcast venue on the day of the meeting.
2. A member entitled to attend and vote at the general meeting is entitled to appoint proxy/proxy(ies) to attend and vote in his/her stead.
3. Where a member appoints more than one (1) proxy, the appointment of such proxies shall invalid unless the member specifies the proportion of his shareholding to be represented by each proxy. There is no restriction to the qualification of the proxy.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A (1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.
6. The Form of Proxy must be deposited at the Share Registrar Office of the Company, Aldpro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
7. For the purposes of determining a member who shall be entitled to attend, speak and vote at the 24th AGM, the Company shall be requesting the Record of Depositors as at 3 November 2022. Only a depositor whose name appears on the Record of Depositors as at 3 November 2022 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her stead.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes to Ordinary Business

1. Item 1 of the Agenda – Audited Financial Statements for the financial period ended 30 June 2022

This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

2. Ordinary Resolutions 1 & 2 – Re-election of Directors pursuant to Clause 105 of the Company's Constitution

The profiles of the retiring Directors are set out under Profile of Directors in the Annual Report 2022. The performance of each Director who is recommended for re-election has been assessed through the Board annual evaluation and the Independent Non-Executive Directors ("INEDs") had provided annual declaration / confirmation of their independence. The Board of Directors ("Board") has approved the recommendations by the Nomination Committee and is supportive of the re-election of the retiring Directors based on the justifications below. The retiring Directors had abstained from deliberation and decision making on their own eligibility to stand for re-election:

Description	:	Ordinary Resolution 1
Name of Director	:	Dato' Sri Liew Kok Leong
Reason for re-election	:	Dato' Sri Liew Kok Leong is the Executive Director of the Company. He is responsible for the day-to-day operation of the Company and creating, planning, implementing and integrating the strategic direction of the Company. He is familiar with the Company's business operations and able to provide valuable input to steer the Company forward. Dato' Sri Liew Kok Leong has exercised due care and carried out his professional duties proficiently and effectively throughout his tenure as a Director of the Company.

Description	:	Ordinary Resolution 2
Name of Director	:	Khor Chee Ming
Reason for re-election	:	Khor Chee Ming is the Independent Non-Executive Director ("INED") of the Company. He has fulfilled the requirements on the independence as set out in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). Mr Khor Chee Ming has demonstrated his objectivity through his proactive engagements during the meetings of the Board and Board Committees by sharing valuable, relevant, independent and impartial insights, views, and opinions on agendas that were tabled for discussion. He has exercised due care and carried out his professional duties proficiently and effectively throughout his tenure as a Director of the Company.

3. Ordinary Resolutions 3 and 4 – Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of the Company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolution 3, is to seek shareholders' approval for the additional directors' fees incurred for the period from 23rd Annual General Meeting ("AGM") up to the conclusion of the 24th AGM of the Company.

The proposed Ordinary Resolution 4, if passed, will facilitate the payment of proposed Directors' fees of RM300,000.00 for the period from the 24th AGM up to the conclusion of the 25th AGM of the Company to the INEDs.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

The benefits payable to the Directors has been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company and in accordance with the remuneration framework of the Group. The benefits comprised of meeting allowance, travelling allowance and Board Committee allowances.

The proposed benefits of RM300,000.00, if approved, will authorised the payment of Directors' benefits for the period from the 24th AGM up to the conclusion of the 25th AGM. In the event that the proposed amount is insufficient (due to enlarged Board size and additional number of meetings), approval will be sought at the next Annual General Meeting for the shortfall.

4. Ordinary Resolution 5 – Re-appointment of Auditors

The Audit Committee (“AC”) has carried out an assessment on the suitability and independence of the External Auditors, Messrs Chengco PLT and was satisfied with the suitability of Messrs Chengco PLT based on the quality of audit, performance, competency, and sufficiency of resources the external audit team provided to the Group.

The AC in its assessment also found Messrs Chengco PLT to be sufficiently objective and independent. The Board therefore approved the AC's recommendation on the re-appointment of Messrs Chengco PLT as External Auditors of the Company for the financial year ending 30 June 2023 be put forward for the shareholders' approval at the 24th AGM.

Explanatory Notes to Special Business

1. Ordinary Resolution 6 – Renewal authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Act

The Proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company, with the authority to issue and allot shares in the Company up to an amount not exceeding 20% of the total number of issued shares (excluding treasury shares) of the Company until 31 December 2022 or a later date as may be allowed by the relevant authorities. With effect from 1 January 2023 or a later date as may be allowed by the relevant authorities, the 20% General Mandate will be reinstated to a 10% limit (“Proposed General Mandate”) according to Paragraph 6.03 of the MMLR of Bursa Securities. The said authority shall continue in force until the conclusion of the next AGM of the Company or expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

At the 23rd AGM held on 21 April 2021, the Directors of the Company has been granted a general mandate by the members of the Company to issue and allot shares in the Company up to and not exceeding 20% of the total number of issued shares of the Company. Up to the date of Notice, the Company did not issue any new shares pursuant to this mandate obtained and accordingly no proceeds were raised.

The Board of Directors of the Company, having considered the unprecedented uncertainty during this challenging time caused by Covid-19 pandemic and future financial needs of the Group, is of the opinion that this 20% General Mandate is in the best interest of the Company and its shareholders. This Proposed General Mandate if passed will also provide flexibility to the Company for any possible fund-raising activities quickly and efficiently, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from, and cost involved in convening a General Meeting to approve such issuance of shares should be eliminated.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 61 of the Constitution of the Company, the 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 or other convertible securities.

The proposed Ordinary Resolution, if passed, would allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

2. Ordinary Resolution 7 – Proposed Renewal of Share Buy-Back Authority

This Ordinary Resolution 7, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase not more than ten percent (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the MMLR. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next AGM of the Company. The Company has not purchased any of its own shares since obtaining the said mandate from its shareholders at the last AGM held on 21 April 2021. Further details are set out in the Circular to Shareholders dated 17 October 2022 in relation to the Proposed Renewal of Share Buy-Back Authority.

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

The Ordinary Resolution 8, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

For further information on this resolution, please refer to the Circular to Shareholders dated 17 October 2022 in relation to Proposed Mandate which is despatched together with the Annual Report 2022.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company

- (i) *consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"),*
- (ii) *warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and*
- (iii) *agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty*

STATEMENT ACCOMPANYING NOTICE OF 24TH ANNUAL GENERAL MEETING (Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individual who are standing for election as Directors (excluding Directors for re-election)

No individual is seeking election as a Director at the 24th AGM of the Company.

2. General mandate for issue of securities in accordance with Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities.

The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out under Explanatory Note.

This page is intentionally left blank

PROXY FORM

(Before completing this form please refer to the notes below)

**ARB BERHAD**

[Registration No. 199701033435 (448934-M)]

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

I/We (Full Name in Block Letters).....
 NRIC No./Passport No./Company No.
 of
 being a member / members of ARB Berhad [Registration No. 199701033435 (448934-M)], hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented
Address		
Email		

and / or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented
Address		
Email		

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Twenty-Fourth (24th) Annual General Meeting of the Company to be conducted virtually through live streaming from the broadcast venue at Suite 22.08 of Level 22, Menara Exchange 106, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, Malaysia on Tuesday, 15 November 2022 at 8.00 a.m. or at any adjournment thereof in the manner as indicate below:

Agenda	For	Against
Ordinary Resolution 1 To re-elect Dato' Sri Liew Kok Leong as Director		
Ordinary Resolution 2 To re-elect Khor Chee Ming as Director		
Ordinary Resolution 3 To approve the payment of additional Directors' fees totaling RM51,321.00 for the period from 23rd AGM up to the conclusion of 24th AGM.		
Ordinary Resolution 4 To approve the Directors' fees amounting of up to RM300,000.00 and other benefits payable of up to RM300,000.00 for the period from the 24 th AGM up to the conclusion of 25 th AGM of the Company.		
Ordinary Resolution 5 To appoint Messrs Chengco PLT as Auditors of the Company for the financial year ending 30 June 2023 and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6 Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 7 Proposed renewal of authority for the Company to purchase its own shares		
Ordinary Resolution 8 Proposed New and Renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his/ her discretion)

Dated this.....day of.....2022

Signature:.....

(If shareholder is a corporation, this form should be executed under seal)

Notes:-

- Please refer the Administrative Guide for the procedures to register and participate and vote in the virtual meeting. Shareholders and proxies will not be allowed to attend the 24th AGM in person at the broadcast venue on the day of the meeting.
- A member entitled to attend and vote at the general meeting is entitled to appoint proxy/ proxy(ies) to attend and vote in his/her stead.
- Where a member appoints two (2) proxies or more, the appointment of such proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each such proxy. There is no restriction to the qualification of the proxy.
- Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A (1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- 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 signed by attorney so authorised.
- The Form of Proxy must be deposited at the Share Registrar Office of the Company, Aldpro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
- For the purposes of determining a member who shall be entitled to attend, speak and vote at the 24th AGM, the Company shall be requesting the Record of Depositors as at 3 November 2022. Only a depositor whose name appears on the Record of Depositors as at 3 November 2022 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her stead.

Fold this flap for sealing

.....

Then fold here

.....

Place
Stamp
Here

THE SHARE REGISTRAR OF
ARB BERHAD
[Registration No. 199701033435 (448934-M)]
Aldpro Corporate Services Sdn Bhd
Level 5, Block B, Dataran PHB, Saujana Resort,
Section U2, 40150 Shah Alam, Selangor.

1st fold here

.....

REQUEST FORM FOR PRINTED COPY OF ARB BERHAD'S ANNUAL REPORT AND CIRCULAR

To: The Share Registrar of
ARB BERHAD
c/o Aldpro Corporate Services Sdn Bhd
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam, Selangor, Malaysia

Please find below my complete particulars for the delivery of a printed copy of ARB's Annual Report and Circular:

Particulars of Shareholder

Name : _____

Identity Card No./Passport No./Company No. : _____

CDS Account No. : _____

Mailing Address : _____

Telephone No. : _____

Date : _____

Signature of Shareholder:

Name:

Note: By completing, signing and returning this Request Form to the Company, you hereby agree that the Company and/or its service provider may collect, obtain, store, process and disclose your personal data that you have provided in this Request Form or which is otherwise collected from you or your authorised representative, for the purpose of processing your request. The printed Circular will be forwarded to you within four (4) market days from the day of receipt of your request.



ARB BERHAD

199701033435 (448934-M)

www.arbberhad.com



Go paperless to help our environment. Instantly access an online copy of this Annual Report through your mobile device by scanning this QR code.