



## AT SYSTEMATIZATION BERHAD

Registration No. 200401006297 (644800-X)  
(Incorporated in Malaysia)



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## COMPANY EVENTS & ACTIVITIES HIGHLIGHTS



AT Systematization Berhad  
Successful Venture into  
the Glove Manufacturing  
Business



On 23 February 2021, the Group celebrated the Grand Opening of AT Glove's maiden manufacturing facility in Chemor, Perak. The opening ceremony was graced by the then Minister in the Prime Minister's Department (Special Functions) Yang Berhormat Datuk Seri Mohd Redzuan bin Md Yusof, together with the honourable guests and key management of the Group.





## COMPANY EVENTS & ACTIVITIES HIGHLIGHTS (cont'd)



AT's first glove manufacturing facility in Chemor, Perak.





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**DATO' NIK ISMAIL BIN DATO' NIK YUSOFF** / Independent Non-Executive Chairman

**CHOONG LEE AUN** / Managing Director

**MAK SIEW WEI** / Executive Director

**DR. CH'NG HUCK KHOON** / Independent Non-Executive Director

**TAN LAY CHEE** / Independent Non-Executive Director

### AUDIT AND RISK MANAGEMENT COMMITTEE

Dr. Ch'ng Huck Khoon (Chairman)  
Dato' Nik Ismail bin Dato' Nik Yusoff  
Tan Lay Chee

### NOMINATING COMMITTEE

Dr. Ch'ng Huck Khoon (Chairman)  
Dato' Nik Ismail bin Dato' Nik Yusoff  
Tan Lay Chee

### REMUNERATION COMMITTEE

Dr. Ch'ng Huck Khoon (Chairman)  
Dato' Nik Ismail bin Dato' Nik Yusoff  
Tan Lay Chee

### COMPANY SECRETARIES

Lim Kim Teck (MAICSA 7010844)  
(SSM Practising Certificate No. 202008002059)  
Adeline Tang Koon Ling (LS 0009611)  
(SSM Practising Certificate No. 202008002271)

### REGISTERED OFFICE

35, 1st Floor, Jalan Kelisa Emas 1,  
Taman Kelisa Emas,  
13700 Seberang Jaya, Penang.  
Tel : (604)-397 6672  
Fax : (604)-397 6675

### PRINCIPAL BANKER

CIMB Bank Berhad  
Malayan Banking Berhad

### CORPORATE OFFICE

Lot 11.2, Level 11 Menara Lien Hoe,  
No. 8, Persiaran Tropicana,  
Tropicana Golf & Country Resort,  
47410 Petaling Jaya,  
Selangor, Malaysia.  
Tel: (603)-7887 8330  
Fax: (603)-7887 8331  
Email: info@atsys.com.my  
Website: www.atsys.com.my

### SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur.  
Tel : (603)-2783 9299  
Fax : (603)-2783 9222

### AUDITORS

Ong & Wong Chartered Accountants (AF 0241)  
Unit C-20-5, 20th Floor, Block C, Megan Avenue II,  
No. 12, Jalan Yap Kwan Seng, Kuala Lumpur,  
50450, Kuala Lumpur, WP Kuala Lumpur  
Tel : (603)-2161 1000  
Fax : (603)-2166 9131

### STOCK EXCHANGE LISTING

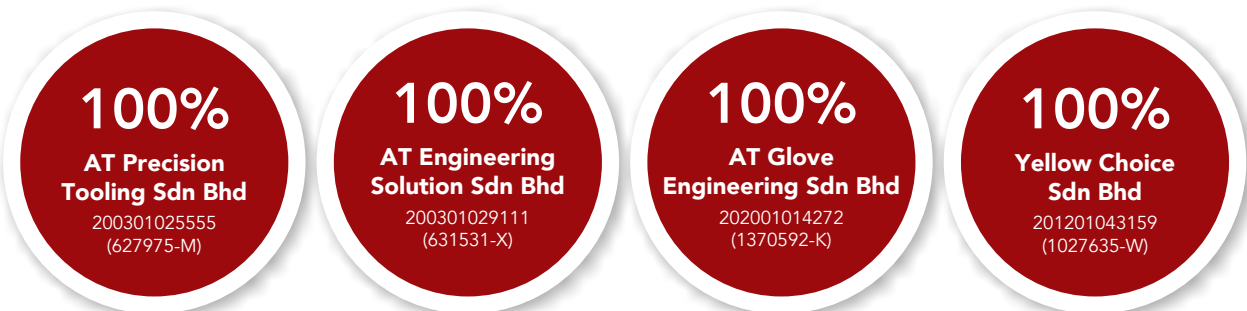
Bursa Malaysia Securities Berhad  
Ace Market  
Stock Name : AT  
Stock Code : 0072

# CORPORATE STRUCTURE



## AT SYSTEMATIZATION BERHAD

Registration No. 200401006297 (644800-X)  
(Incorporated in Malaysia)



**100%**

**AT Precision  
Tooling Sdn Bhd**

200301025555  
(627975-M)

- Fabrication of industrial and engineering parts
- Renewable energy operator and producer

**100%**

**AT Engineering  
Solution Sdn Bhd**

200301029111  
(631531-X)

- Design and manufacture of industrial automation systems and machinery
- Renewable energy operator and producer

**100%**

**AT Glove  
Engineering Sdn Bhd**

202001014272  
(1370592-K)

- Manufacture and sale of gloves including medical gloves

**100%**

**Yellow Choice  
Sdn Bhd**

201201043159  
(1027635-W)

- Dormant

**100%**

**AT Technology  
Solution Sdn Bhd**

201501000193  
(1125525-P)

- Fabrication of industrial and engineering parts for the oil & gas, life science, electronics, aerospace and other industries operations



## GROUP FINANCIAL HIGHLIGHTS

Financial Year/Period Ended	31.3.2021 (12 months)	31.3.2020 (12 months)	31.3.2019 (12 months)	31.3.2018 (12 months)	31.3.2017 (13 months) *
<b>Key Operating Results (RM'000)</b>					
Revenue	30,927	19,770	20,613	23,086	18,242
Revenue growth	56.4%	-4.1%	-10.7%	26.6%	4.9%
Gross profit	4,769	1,371	963	3,029	636
Gross profit margin	15.4%	6.9%	4.7%	13.1%	3.5%
(Loss)/Profit before interest and tax	(19,691)	(14,586)	(9,793)	(5,320)	(9,363)
Finance costs	(504)	(798)	(726)	(636)	(928)
Share of results in associate	(412)	-	-	-	-
(Loss)/Profit before tax	(20,607)	(15,384)	(10,519)	(5,956)	(10,291)
(Loss)/Profit for the year/period attributable to owners of the Company	(20,529)	(15,348)	(8,746)	(5,627)	(10,105)
<b>Other Key Data (RM'000)</b>					
Total assets	393,003	72,447	80,179	89,156	84,010
Total liabilities	23,233	23,784	19,455	15,775	22,596
Equity attributable to owners of the Company	369,770	48,662	61,559	73,866	61,542
<b>Share Information</b>					
Basic (loss)/earnings per share (sen)	(0.78)	(3.26)	(1.93)	(0.82)	(1.67)
Diluted basic (loss)/earnings per share (sen)	(0.78)	(3.26)	(1.93)	(0.82)	(1.67)
Net asset per share attributable to owners of the Company	8.74	9.75	13.26	17.51	7.11
Market capitalisation (RM'000)	401,765	12,475	25,525	33,752	43,306
<b>Financial Ratios</b>					
Gross profit margin (%)	15.42%	6.94%	4.67%	13.12%	3.48%
Current ratio	16.92	3.05	4.12	5.65	3.72
Quick ratio	9.76	1.13	2.71	3.98	3.75
Debt to equity ratio (%)	1.7%	31.0%	22.5%	12.8%	25.2%
Net debt to equity ratio (%)	N/A #	28.2%	18.1%	N/A #	12.5%

\* Comprising 13-months period from 1 March 2016 to 31 March 2017 following the change of financial year end from 28 February to 31 March.

# Not applicable as the Group is having cash & equivalents more than external debts as at respective periods.



## ABBREVIATION

Except where the context otherwise requires, the following definitions shall apply throughout this Annual Report:

Abbreviations	Description
ACE LR	ACE Market Listing Requirements of Bursa Securities
Act	The Companies Act 2016
AGM	Annual General Meeting
ARMC	Audit and Risk Management Committee
ATP	AT Precision Tooling Sdn Bhd
ATS Group or the Group	ATS and its subsidiaries
ATS or the Company	AT Systematization Berhad
Board	Board of Directors
Bursa Securities	Bursa Malaysia Securities Berhad
COVID-19	Coronavirus Disease of 2019
DOE	Department of Environment
E&E	Electrical and Electronics
EES	Economic, Environmental, Social
EGM	Extraordinary General Meeting
FDA	US Food and Drug Administration
FiT Programme	Feed-in Tariff Programme
FY2013	Financial year ended 28 February 2013
FY2020	Financial year ended 31 March 2020
FY2021	Financial year ended 31 March 2021
FY2022	Financial year ending 31 March 2022
GDP	Gross Domestic Product
ISO	International Organization for Standardization
MARGMA	Malaysian Rubber Glove Manufacturers Association
MCCG 2017 or the Code	Malaysian Code on Corporate Governance 2017
MFRS	Malaysian Financial Reporting Standard
QC	Quality Control
QMS	Quality Management System
QoQ	Quarter-on-Quarter
Rieter	Rieter Machine Works Ltd. (also known as Maschinenfabrik Rieter AG)
SC	Securities Commission Malaysia
SEDA Malaysia	Sustainable Energy Development Authority Malaysia
Solar PV Plant	Solar Photovoltaic Plant
TOR	Terms of Reference
YoY	Year-on-Year



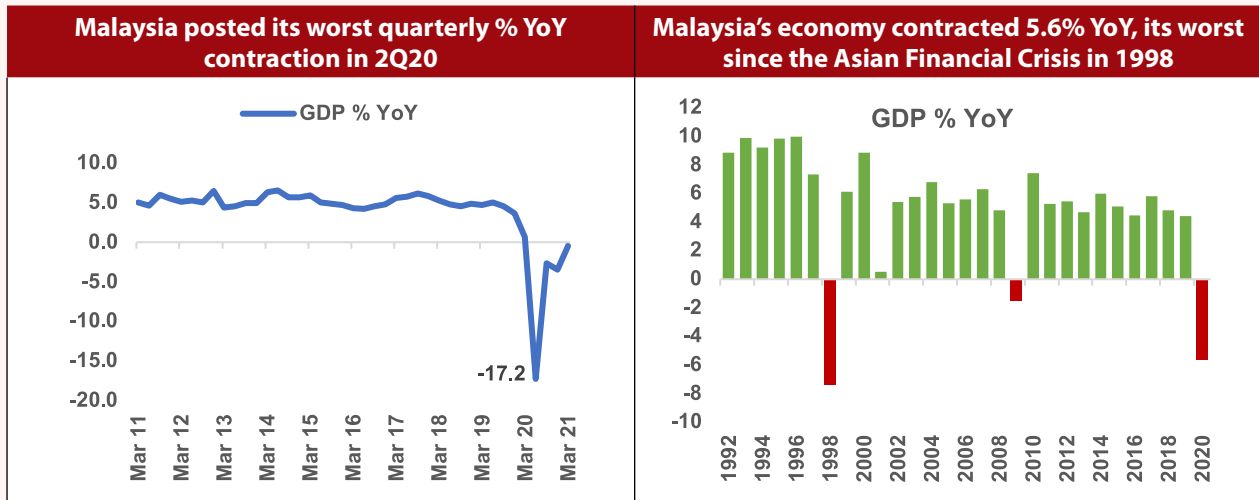
# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of AT Systematization Berhad ("ATS" or the "Company"), I hereby present the Annual Report and Audited Financial Statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2021 ("FY2021").

## Overview

It has been a challenging operating environment in Malaysia over the last one year amidst the COVID-19 pandemic which has led to an unprecedented global lockdown to contain the spread of infections. This has caused the Malaysia's GDP to decline by 17.2% YoY in the second quarter of the year 2020 ("2Q20") when the Movement Control Order ("MCO") was first imposed. For the whole year of 2020, the Malaysia GDP contracted by 5.6% YoY, its worst annual economic performance since the 7.4% decline in 1998 during the Asian Financial Crisis period. The service sector is among the worst-hit sectors from the COVID-19 pandemic. The manufacturing sector was also affected by the pandemic especially during the initial period of the lockdown. However, we have seen an improvement in the manufacturing activities at the beginning of this year, driven by the gradual reopening of the economies globally. Strong demand for exports goods has support the recovery as seen during the 2Q21 but the post-COVID-19 recovery remains uneven and uncertain especially with the resurgence of COVID-19 cases and the mutated Delta variant which is more infectious and fatal. At the moment, the surge in demand for electrical and electronic goods have supported the recovery during the 1H21 and we expect to see some of the momentum continue into the 2H21. The Malaysia economy rebounded strongly in the 2Q21 as GDP grew 16.1% YoY although it contracted 2% on a quarter-on-quarter ("QoQ") basis. We are however cautious over the recovery for the year given the lingering pandemic impact that persist. The Malaysia's vaccination programme will be a key component to ensure that recovery is sustainable going into 2022.



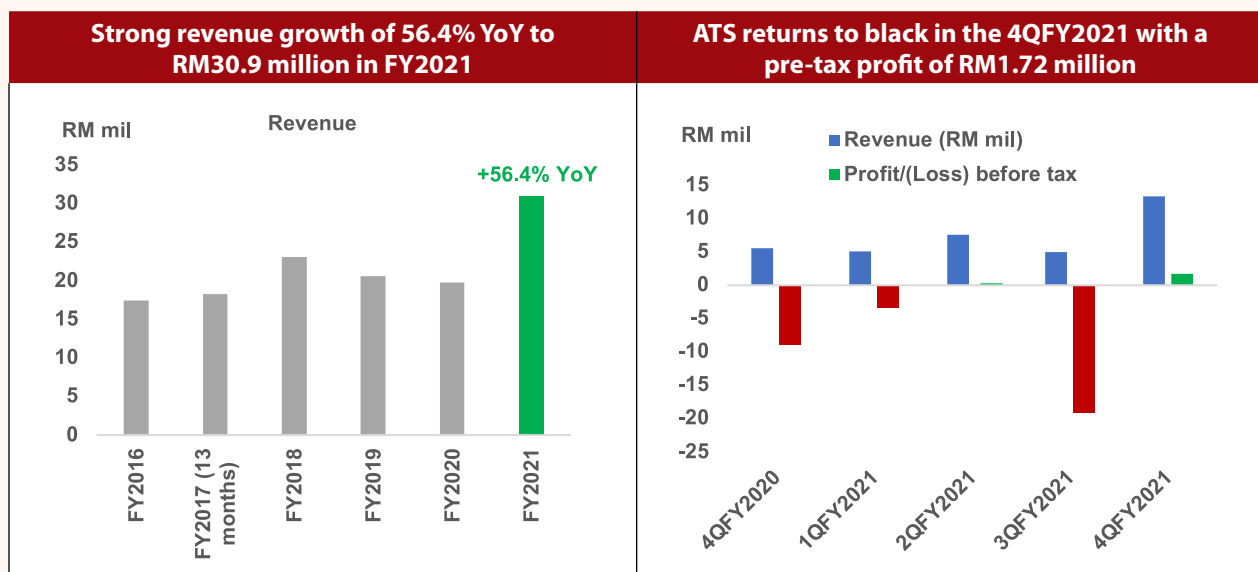
## Financial Highlights

The Group's revenue for FY2021 has jumped by 56.4% YoY to RM30.93 million from RM19.77 million in the previous FY2020. This was mainly due to the commencement of the glove operations and contribution from sale of medical gloves in the fourth quarter of its financial year ended 31 March 2021 ("4QFY2021"). For FY2021, there is an addition of RM8.09 million of revenue coming from the gloves' operation while the fabrication and automation segment has also recorded a higher revenue of 16.4% YoY to RM22.08 million during the same period. Despite the much higher revenue recorded in FY2021, the ATS' loss before tax ("LBT") widened to RM20.61 million in FY2021 as compared to RM15.38 million recorded in the previous FY2020. The LBT was mainly due to the mark-to-market loss on

## CHAIRMAN'S STATEMENT

(cont'd)

investments in quoted shares and the fair value adjustment on share options. In terms of operational performance, the Group's fabrication and automation segment has seen an improvement while the newly commenced glove operations are already seeing pre-tax profit even after offsetting its manufacturing and operating costs incurred. It is also worth mentioning that the Group is starting to see a turnaround in the 4QFY2021 as it recorded a pre-tax profit of RM1.72 million during that period.



### Key Corporate Developments

#### 1. Completion of Rights Issue with Warrants

The Group has successfully completed the above and raised cash proceeds of RM34.69 million. The said cash proceeds were mainly utilised for the expansion of the production capacity in manufacturing high precision machine components for textile industry, repayment of bank borrowings and on-going working capital requirements.

#### 2. Diversification into the Glove Business and Completion of Private Placements

Since the outbreak of the COVID-19 pandemic, the demand for personal protective equipment to curb the spread of the pandemic has boosted the demand for medical gloves. Pursuant thereto, the Group had on 15 September 2020, obtained the approval from its Shareholders to diversify the existing business of the Group to include the Glove Business.

Concurrently with the diversification into the Glove Business, the Group had also undertaken the 30% Private Placement and 20% Private Placement to raise the funds required for setting up glove manufacturing plant and facilities as well as working capitals for glove business. Towards the last quarter of 2020, the Group completed 2 private placement exercises in stages and successfully raised proceeds of RM45.71 million on 10 November 2020 and RM113.78 million on 16 December 2020, respectively. The timely completion of funds raised has helped to escalate the commencement of the glove manufacturing plant in Chemor, Perak.



## CHAIRMAN'S STATEMENT

(cont'd)

### Outlook

The resurgence of COVID-19 cases in Malaysia and the region is a sign that the fight against COVID-19 pandemic persists despite the restrictions on movement. COVID-19 cases have breached 20,000 cases daily and Malaysia continues to see increase in cases despite the government's attempt to accelerate the vaccination program in the country. The silver lining to the uncertainties on the recovery from COVID-19 pandemic is the strong global demand that has helped to drive exports growth during the 1H2021. In June 2021, Malaysia's trade performance continued its growth momentum as exports recorded the 10th consecutive month of YoY expansion since September 2020, registering a strong growth of 27.2% to RM105.47 billion. The strong double-digit growth was contributed by strong demand for petroleum products, electrical and electronic ("E&E") products mainly electronic integrated circuits used in production of smartphones, cars, computers and home appliances as well as rubber products. Exports to all major markets such as ASEAN, China, United States, the European Union and Japan, recorded double-digit expansion. Imports In June also increased by 32.1% YoY to RM83.23 billion, pointing to a sustained demand in the near-term. During the 2Q21, Malaysia economy rebounded strongly with GDP grew by 16.1% YoY but it contracted 2.0% on a QoQ basis. While the recent enhanced MCO ("EMCO") and full MCO ("FMCO") imposed in the country to contain the spread of infections will drag on the recovery of the manufacturing sector, the impact will be milder than what we saw during the MCO 1.0 at the beginning of last year. Despite the cautious optimism, the Board and Management is aware of the downside risks posed by the prolonged COVID-19 pandemic as seen by the downward revision of 2021 GDP forecast by Bank Negara Malaysia to between 3.0% and 4.0%, from the previous forecast of between 6% and 7.5%.

The Board and the management however is confident that the Group's exposure in the gloves industry is likely to benefit from the sustained strong demand for gloves as well as its average selling price ("ASP") will help ATS's earnings to grow in the upcoming financial year. While there have been concerns over the gloves industry as the world gradually reopen its economy amidst the rollout of the vaccination program, the Malaysian Rubber Glove Manufacturers Association ("MARGMA") projects that there will still be a shortfall of 80 billion pieces of rubber gloves in 2021 as demand continues to outstrip supply.

Moreover, outlook for the construction-related clusters is expected to rebound with higher demand for nonmetallic mineral products, basic metal and fabricated metal products. The higher production will be supported by the implementation of new and on-going infrastructure projects.

With the macroeconomic recovery in sights and the commencement of the Group's venture into the Glove Business, ATS is cautiously optimistic of a stronger and better FY2022.

### Appreciations

Lastly, on behalf of the ATS Board, I would like to thank our shareholders for their continuous support and trust with us over the years. The Board expresses its heartfelt gratitude to its management and staff for their commitment despite the challenges faced during the COVID-19 pandemic. The successful venture into the Glove Business in FY2021 and the ability to turnaround it business in the 4QFY2021 is a testimony to the resilience and agility in surmounting the hurdles in 2020. I want to thank our loyal consumers for your ongoing support for ATS.

And to the Board, I wish to thank all of you for the dedication in discharging your duties in leading and guiding the Group. The Board and I look forward to achieving greater height of success with the current leadership and add values to our shareholders.

Stay safe and healthy especially as the world is facing with a health crisis. Let us all come out from the pandemic stronger and even more resilient than ever before.

Yours sincerely,

**Dato' Nik Ismail bin Dato' Nik Yusoff**  
Chairman

27 August 2021



# MANAGEMENT DISCUSSION AND ANALYSIS

## **BUSINESS AND OPERATIONS**

ATS is an investment holding company and provides management services to its subsidiary companies.

The subsidiary companies are principally involved in the fabrication of industrial and engineering parts, sheet metal, as well as the design and manufacture of industrial automation systems and machinery, collectively reported under Fabrication and Automation segment. The Group owns and operates three (3) manufacturing plants which are strategically located within the area of Bayan Lepas Industrial Park, Penang, serving customers from various sub-sectors including hard disk drive manufacturing, contract manufacturers, textile, medical and other manufacturing industries.

Since year 2015, the Group tapped into renewable energy sources through successful bid for the renewable energy quota allocations from SEDA Malaysia and accorded licences to construct Solar PV Plant under the FIT Programme at the Group's manufacturing plants in Penang. We have completed our maiden Solar PV Plant with capacity of 425kW in December 2015 and another Solar PV Plant with capacity of 300kW in December 2016. The Group has also optimised the production facility layout for better production process and let out the excess area to earn recurring rental income. Both businesses for solar renewable energy and property letting are now reported under Renewable Energy and Property segment.

In year 2020, the Group ventured into glove business, focusing on manufacture and sale of medical gloves which is now reported under Gloves segment. The Group commenced its maiden glove manufacturing facility at Chemor, Perak since January 2021 and has now completed Phase 1 comprising 6 glove dipping production lines. The Group target to complete Phase 2 comprising 4 glove dipping lines by September/October 2021, with the remaining 3 glove dipping lines through Phase 3 by December 2021. The Group has also completed acquiring industrial land measuring 72,770 square metres in Kamunting, Perak on 26 March 2021 for future glove business expansion.

## **OBJECTIVES AND STRATEGIES**

Our Group strives to be a leading strategic partner for precision engineering solutions and integrated designer & manufacturer of industrial automation systems to customers worldwide. It is the Group's objective to build mutually beneficial business relationship with all its shareholders and stakeholders. In meeting various expectations of our shareholders and stakeholders, we are guided by the following principles:-

- To maintain sustainable growth in revenue and profits and to maximise value for shareholders;
- To adopt a continuous improvement approach towards products' quality and reliability in order to exceed our customer expectations;
- To produce highly skilled and committed workforce to achieve manufacturing excellence and to realise their potential by trusting, empowering and rewarding them;
- To promote responsibility and respect when dealing with business partners.

The Group believes effective growth is a key aspect for business expansion and sustainable returns to shareholders, hence the Group is constantly innovating and developing new revenue streams by expanding type and range of products & solutions to customers. In pursuing recognition of the management system and products quality, ATS Group has obtained ISO 9001 and ISO 13485 certifications in respective business segments. This represents our commitment to comply with industry standards for quality. Our focus will continue to be on the following:-

- Penetrate into business and industry with good prospect such as health care industry to maintain growth and maximize value of shareholders;
- Provide our customers with faster response, better support and services to enhance customers satisfaction.

We believe that these focus areas will enable us to build mutually beneficial business relations with all our shareholders and stakeholders.



## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

### REVIEW OF FINANCIAL RESULTS AND POSITIONS

#### Our Financial Performance

##### Strong Revenue Growth as Gloves Operations Commenced

Over the last 12-months, ATS has achieved a new milestone as revenue for FY2021 breached the RM30 million level for the first time since FY2013. The strong revenue growth of 56.4% YoY to RM30.93 million recorded in FY2021 was driven mainly due to the additional revenue from the glove segment. The Group's factory commenced its gloves operations towards the end of last year and started to see contribution in earnings during the 4QFY2021.

Segment Revenue	31 March 2021 (RM'000)	31 March 2020 (RM'000)	Changes (RM'000)	Variance (%)
Fabrication & Automation	22,077	18,974	3,103	16
Gloves	8,092	-	8,092	100
Renewable Energy & Property	759	796	(37)	(5)
<b>Total</b>	<b>30,928</b>	<b>19,770</b>	<b>11,158</b>	<b>56</b>

#### (I) Fabrication & Automation Segment

Fabrication & Automation	31 March 2021 (RM'000)	31 March 2020 (RM'000)
<b>Fabrication:</b>		
i) Fabrication of customised parts	19,666	17,955
ii) Servicing charges	157	371
<b>Sheet metal &amp; Automation:</b>		
i) Sheet metal fabrication	516	628
ii) Design & assembly	1,738	20
<b>Total</b>	<b>22,077</b>	<b>18,974</b>

Fabrication and automation segment posted higher revenue of 16.4% YoY to RM22.08 million in FY2021 versus RM18.97 million recorded in FY2020. This segment remains as the main revenue contribution to the Group, contributing 71.4% of total revenue in FY2021. Under this business segment, the fabrication for customised parts has seen an increase of 9.5% to RM19.67 million in FY2021 as compared to RM17.96 million in FY2020. The higher revenue was mainly due to the higher number of orders from contract manufacturers and textile machines maker, offset with lower orders from disk drive manufacturer. On the other hand, design & assembly for sheet metal & automation services provided also saw an addition of RM1.74 million during the financial year. The increase was attributable to higher number of orders from the vending machines delivered in sheet metal & automation business.

## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

Analysis by industries are as follows:-

Top 3 Industries	31 March 2021 RM'000	Group Revenue %	31 March 2020 RM'000	Group Revenue %	Variance RM'000
Contract Manufacturers	11,887	38.4	10,353	52.4	1,534
Hard Disk Drives	2,732	8.8	3,733	18.9	(1,001)
Textile	3,361	10.9	2,003	10.1	1,358

### (II) Gloves Segment

The gloves segment contributes RM8.09 million to the Group's total revenue in FY2021, representing 26.2% of the total revenue despite only being in operation for one quarter during the entire financial year. The Group has completed the commissioning of 3 production lines in its Chemor plant during FY2021. Since then, ATS has further completed additional 3 production lines and is currently running on 6 glove dipping lines with estimated annual capacity of 0.88 billion pieces of gloves. The Group is currently building 4 production lines concurrently and scheduled for completion progressively between now and the end of September or October 2021. With the completion of these additional lines, ATS would have a total 10 production lines with estimated annual capacity of 1.5 billion pieces of medical gloves.

### (iii) Renewal Energy & Property Segment

Renewable energy segment continues to contribute recurring passive income from the sale of solar energy totalling RM0.76 million in FY2021 as compared to RM0.79 million recorded in the previous financial year. The Group's sale of solar energy to Tenaga Nasional Berhad under FiT Programme was lower by 5% due to unfavorable weather condition during the financial year.

## Cost and Expenses

Total costs and expenses before finance cost was significantly higher in FY2021 at RM71.22 million as compared to RM35.56 million in FY2020, mainly due to RM32.09 million other operating expense (FY2020: RM8.61 million) recorded during the financial year under review. This is on account of the higher depreciation and impairment loss coupled with the recognition of RM10.01 million mark-to-market loss on quoted investments, RM13.43 million fair value adjustment on share options, RM6.72 million impairment loss on investment in associate, RM1.92 million impairment loss on property, plant and equipment and RM0.84 million impairment loss on right-of-use assets. Excluding the other operating expense, the Group's costs and expenses would have been only at RM39.13 million for FY2021 (FY2020: RM26.95 million). On the other hand, the Group's gross profit margin for FY2021 has increased to 15.4% as compared to 6.9% in FY2020.

## Other Income

The Group's other income recorded at RM20.60 million in FY2021, RM19.40 million higher as compared to RM1.20 million in previous FY2020. The significant increase was mainly attributable to RM15 million gain on bargain purchase from investment in associate, RM1.75 million reversal of impairment loss on receivables and RM0.96 million reversal of impairment loss on property, plant & equipment.



## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

### Finance Cost

The Group's finance cost decreased to RM0.50 million in FY2021 from RM0.80 million in previous FY2020 due to lower interest on term loans following the settlement using proceeds from rights issue in May 2020.

### Taxation

The Group's effective tax rate was lower than the statutory tax rate in FY2021 mainly due to losses suffered by certain subsidiaries as well as the availability of tax allowances to offset the taxable income of certain subsidiaries.

### Loss Attributable to Owners of the Company

Despite of the operational improvement in the Group's fabrication and automation segment as well as the additional revenue coming from the gloves manufacturing business, the Group saw its loss attributable to owners of the Company widened to RM20.5 million in FY2021 from RM15.3 million in FY2020. It is worth noting that higher losses were mainly due to the mark-to-market loss on investment in quoted shares, impairment loss on investment in associate and the fair value adjustment on share options. Loss per share however has decreased to 0.78 sen per share in FY2021 from 3.26 sen per share following the enlarged share base of the Company.

### Liquidity and Capital Resources

As at 31 March 2021, the Group's cash and cash equivalents has increased significantly to RM150.68 million as compared to RM1.02 million a year ago mainly due to the net effects of the following:-

- (a) Net cash used of RM7.30 million from operating activities;
- (b) Net cash used in investing activities of RM162.91 million mainly for:-
  - The investment to build glove manufacturing facility of RM105.76 million, acquisition of specialised machineries of RM3 million to expand the production capacity for fabrication business and deposit of RM4.4 million in respect of proposed acquisition of Pearl Glove (Malaysia) Sdn. Bhd.;
  - In addition to this, the Group has invested RM33 million to take up the strategic interest in associate, namely Trive Property Group Berhad and invested RM15.65 million in

marketable securities, namely AE Multi Holdings Berhad;

- To better manage the Group's cash management, the Group has made placement with money market funds to yield a better return. Distribution income from money market funds during the year recorded at RM0.63 million;
- (c) Net cash of RM318.98 million generated from financing activities mainly from due to the proceeds raised from corporate exercises, including private placements (RM159.49 million), rights issue (RM34.69 million), exercise of share options (RM130.07 million) and conversion of warrants (RM9.6 million). This was offset by the net repayment of the Group's term loans of RM10.67 million and hire purchase financing of RM1.68 million.

### Financial Position and Gearing

Total assets have increased by more than 5 times to RM393.0 million on 31 March 2021 from RM72.45 million on 31 March 2020. This was mainly due to the sharp increase in the cash and bank balances as well as placement of fund in money market instruments following the cash generated from the completed rights issue, private placements, conversion of warrants and exercise of share options. Another significant increase is in the property, plant & equipment and right-of-use assets as the Group channelled the funds for the expansion of glove manufacturing business. In addition, the increase in total assets is also attributable to the Group's investment in associate, namely Trive Property Group Berhad as well as investment in quoted security, namely AE Multi Holdings Berhad. The Group also channelled the funds to pay down the Group's borrowings. As a result, total liabilities have decreased slightly by 2.3% from RM23.78 million a year ago to RM23.23 million on 31 March 2021.

Following the completion of fund raising exercises, the Group is in a better position financially on 31 March 2021. The strong foundation would provide the impetus for growth going into FY2022. This is seen by the Group's improved ability to meet its short term financial and debt obligations as at 31 March 2021 as current ratio improved to 16.92 times (FY2020: 3.05 times). Similarly, quick ratio has increased to 9.76 times on 31 March 2021 as compared to 1.13 times a year ago. The Group's gearing position as measured by the debt-to-equity ratio has also come down significantly to 1.7% as at 31 March 2021 versus the 31.0% in FY2020.



## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

### Risks Assumed in Business Operations

#### 1. Business risks

The Group may be subject to risks inherent in the industries in which the Group operates. These include shortages of raw materials, constraints in labour supply, increase in labour costs, changes in law and tax legislation affecting the industry, increase in costs of new machinery, changes in business and credit conditions, equipment failure and factory accidents.

The Group seeks to mitigate these risks through prudent management policies, maintaining good business relationships with customers and suppliers, diligent cost controls, expansion of customer base and business by increasing the range of products and services offered as well as the range of markets or industries served, stringent quality controls, close production and capacity supervision as well as careful planning, effective human resources management and regular equipment maintenance and renewal.

#### 2. Dependency on selected industries

The Group designs and manufactures precision components and fabricates precision tools, moulds, dies, jigs and fixtures for use in precision engineering applications primarily for the hard-disk drive, medical industry and contract manufacturers. For the FY2021, the hard-disk drive, contract manufacturing, and medical industries contributed 8.8%, 38.4% and 0.5% of the Group's revenue respectively.

Recognising that the Group may be susceptible to concentration risk in terms of its dependency on certain key industries, the management of the Group is continuously seeking to increase its customer base by expanding the scope of solutions as well as the range of products that it can offer. The strategic partnership entered with Rieter Group, which is the world's leading supplier of systems for short-staple fibre spinning, has helped to bring in more fabrication job orders from textile industry. For the FY2021, 10.9% (FY2020: 10.1%) of the Group's revenue was contributed by the textile industry.

Following the successful venture into the glove manufacturing business, the Group has further reduced its reliance on the fabrication & automation business segment in the FY2021. The

gloves manufacturing operations commenced towards the end of last year and has contributed about 26.2% of the Group's revenue for the financial year under review despite only being in operation for one quarter during the entire financial year.

#### 3. Dependency on experienced management and key personnel

The Group's continued success depends, to a significant extent, on the abilities and continuing efforts of the key management and key technical personnel. The loss of any key management, and/or key technical personnel could adversely affect the Group's continued ability to manage the operations effectively and competitively. The Group's future success will also depend upon the ability to attract and retain skilled personnel.

As such, the Group has made continuous efforts to develop a dynamic management team and groom younger management personnel to ensure continuity of the quality and dynamism in the management team. Efforts have been made by the Group to promote opportunities and develop program in all key functions of the Group's operations. The Group also continuously reviews the remuneration packages to ensure competitiveness and takes appropriate measures and implement programs for talent acquisition as well as to retain existing staff. Such programs implemented are incentives-based with aims to rewards staff for their ability to improve efficiency and effectiveness. However, there is no assurance that the above measures will be successful in attracting and retaining key management personnel or ensuring a smooth transition should changes occur.

#### 4. Inconsistent production of solar energy

The amount of solar energy that can be extracted by the Solar PV Plant is dependent on the availability of sunlight, which in turn is dependent on various factors such as the unpredictable weather conditions throughout the year. Prolonged cloudy or rainy days may lead to fewer hours of sunlight being received. There is no assurance that the changes in the amount of sunlight received due to erratic weather conditions will not materially affect the production of electricity by the Solar PV Plant or that the Solar PV Plant will be able to generate a consistent amount of electricity all year round.

## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

### Review of Operating Activities

#### Successful Venture into the Glove Manufacturing Business

One of the key focus areas of the Group over the last one year is setting up our glove manufacturing facility. The Group has demonstrated its commitment and capability to meet the tight timeline of just over five months to get our manufacturing facility to start running in December 2020. On 23 February 2021, the Group celebrated the Grand Opening of AT Glove's maiden manufacturing facility in Chemor, Perak. The opening ceremony was graced by the then Minister in the Prime Minister's Department (Special Functions) Yang Berhormat Datuk Seri Mohd Redzuan bin Md Yusof, together with the honourable guests and key management of the Group. Built on a four-acre land, the manufacturing facility in Chemor, Perak is equipped with manufacturing executive system to provide real time production monitoring and control, output control and monitoring, record retention to comply with standard regulations. In line with the Group's core business of designing and manufacturing industrial automation systems and precision engineering solutions, we believe we are able to synergise automation and precision technology with the gloves business. The Group's ultimate goal is to implement a completely digitalize manufacturing and operation processes to deliver quality and cost-effective medical gloves globally.

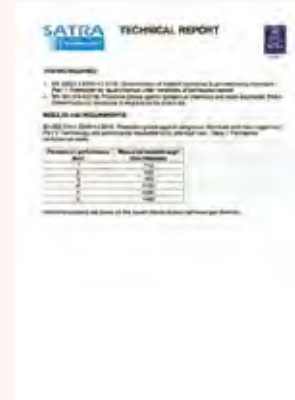
As of to-date, the Group has completed the commissioning of 6 production lines in Chemor plant with estimated annual capacity of 0.88 billion pieces of gloves. The Group is currently in the midst of adding another 4 production lines concurrently and scheduled for progressive completion between now and the end of September or October 2021. Upon the completion of these additional 4 production lines, the Group will have a total 10 production lines with estimated annual capacity of 1.5 billion pieces of medical gloves. To compete with other glove players internationally, the Group has obtained the following certifications, licenses and qualifications: -



CE Marking Certification



Establishment Registration with  
Food and Drug Administration of  
the United States ("FDA")



EN374 Test Standard



Medical Device Authority license



ISO9001



ISO13485

The Group is in the midst of applying 510(K) approval from FDA and target to obtain it by 2021.



## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

There were some challenges within the Group's efforts to accelerate the expansion of its glove manufacturing business as seen by the abandoned planned purchase of Pearl Glove (Malaysia) Sdn. Bhd. as announced on 11 November 2020. In view of the termination of such planned purchase, the Group moved forward to focus on completing its own glove manufacturing facility at Chemor, Perak. The Group continues its expansion plan and completed the acquisition of an industrial land measuring 72,770 square metres in Kamunting, Perak on 26 March 2021. Depending on the availability of funds from time to time, the Group has set a target to install up to 50 production lines in the new factory. The Group is confident that the venture into the glove manufacturing business will help the turnaround of the Group as seen by the return to profitability during the 4QFY2021, led by the earnings contribution from the gloves business segment.

### Design and Assembly Services Helps to enhanced Offerings for Sheet Metal Fabrication

As part of the Group's initiatives to further improve performance in the sheet metal fabrication segment, the Group has since last year expanded the product offerings to include the design and assembly services to its customers in addition to the regular sheet metal fabrication services. This improved strategy has helped to increase the revenue tremendously in FY2021. Among the key contributor from the portfolio offerings include smart vending machines powered by artificial intelligence technology which enable the display of digital contents in maximising revenue potentials for customers. While the business segment remains challenging following the impact of COVID-19 pandemic, the Group continues to leverage on the existing customers of its fabrication business to cross-sell its sheet metal products. In addition to this, the Group continues to offer innovative ideas to assist customers in



automating their processes, for example the Group is currently on pilot project to design and build cobots for customer in food and beverage industry. The cobots serves as the smart bartender and has the capability in serving up to over 20 cocktails. With its flexible arm, the cobots use cutting-edge technology, incorporating artificial intelligence to gather data, giving people a more precise and refined drinking experience.

## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

### Increasing Business Orders from Rieter Group

Revenue from the fabrication of textile parts continued to increase positively this year, approximately RM1.36 million higher than the preceding year FY2020. In view of the increasing orders, the Group had completed the rights issue in May 2020, raising total proceeds of RM34.7 million to fund the expansion of its production capacity in manufacturing high precision machine components to meet the forecasted annual requirement for machine parts from Rieter.

69 (FY2020: 37) profiles were approved by Rieter and turned into mass production stage which contributed RM 3.36 million in FY2021 (FY2020: RM 2 million). Another 23 profiles are expected to be submitted and approved by Rieter in FY2022. The Group is also in the midst of negotiating 19 new profiles for new model from Rieter.

### Investment in Potential Growth Companies



The Group's strategies have been focusing on maintaining sustainable growth and this led to the Group's investment in companies that have growth prospect and potential business synergy. In September 2020, the Group has acquired 18.18% in AE Multi Holdings Berhad ("AEM") for RM15.6 million. AEM is a company listed on the Main Market of the Bursa Securities and together with its subsidiaries, AEM Group are principally involved in manufacturing, selling, sourcing and reselling of printed circuit board and related products, electronics and telecommunication components and related products. AEM Group has also diversified into the provision of glove turnkey solutions and glove supplementary services business. To date, AEM Group has successfully clinched few contracts in its glove business with estimated total gross development value of RM282 million. Our Group aims to benefit from economies of scale and possible synergies through collaboration and sharing of technical expertise between ATS Group and AEM Group.

On 23 February 2021, the Group has broadened its investments to include Trive Property Group Berhad ("Trive") via the subscription of rights and excess shares in Trive for RM33 million. Trive is a company listed on the Main Market of the Bursa Securities and together with its subsidiaries, Trive Group are principally involved in the trading of solar panels and related products as well as construction and property development & investment. Utilising the cash raised from its rights issue exercise, Trive Group completed the acquisition of its subsidiary, namely Avenue Escapade Sdn Bhd, which in turn owns the Menara Persoft, a commercial office building with MSC status strategically located at Persiaran Tropicana and near busy suburbs such as Damansara Jaya, Damansara Utama, Bandar Utama, Ara Damansara and Kota Damansara. Based on a valuation report dated 18 August 2020, Menara Persoft was valued at RM83.4 million as compared to the carrying amount of RM59.9 million. Our Group is confident that, Trive is on better position to enhance and extract the value of Menara Persoft, thus enjoy all the future benefits that may accrued from Menara Persoft, including rental income and potential capital appreciation in its market value.

### Dividend Policy

The current focus of the Group is to create and enhance shareholders' value in the long run. We aim to re-invest the earnings to fund for the business growth. As such, the Group does not adopt any dividend policy in the short term but will consider distributing excess profits once we have stable earnings, after taking into consideration of the working capital requirements and planned capital expenditure in the future.

## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

### Prospects

The Group expects the coming financial year to remain challenging amidst the lingering COVID-19 pandemic impact. We have seen the resurgence of COVID-19 cases over the last few months in Malaysia and in the region. The COVID-19 cases continue to remain high despite the imposition of a more stringent restrictions on movement. This will have a near-term impact on the manufacturing sector, which has also seen a reduction in the workforce to comply with the standard operating procedures. Despite these challenges, ATS is likely to see improvement in the FY2022, led by earnings growth from its new business in glove manufacturing. The current market environment favours the Group's diversification effort seen in FY2021 as demand for gloves are likely to remain positive for the rest of 2021 and 2022. MARGMA has forecasted that the demand for gloves will continue to outstrip the global supply of gloves in 2021 and would see a shortfall of 80 billion pieces of gloves. As the Group has already obtained the relevant certifications and licenses, this will help the Group to have easy access to key export market in the developed markets such as the United States and European continent. Currently, the Group is applying for the 510(K) approval from FDA and target to obtain it by this year.

The strong growth momentum in the glove industry is expected to continue beyond 2021. While there are concerns over the supply of gloves with the entry of new players over the last one year, the COVID-19 pandemic has helped to create a new awareness on the importance of hygiene, especially among the emerging market, which would continue to support demand for gloves. MARGMA has expected to see a shortfall of 80 billion pieces of rubber gloves in 2021 as demand continues to outstrip supply. This is despite the global supply of gloves is expected to reach 420 billion pieces in 2021 as compared to 360 billion pieces in 2020.

The manufacturing sector is forecasted to rebound by 7.0% in 2021 driven by steady improvement in both the export and domestic-oriented industries. The Group will continue to adopt a cautious approach towards the manufacturing operations with focus on the operational efficiency to drive down cost and sustain growth momentum. As of the date of this Annual Report, the backlog orders to be delivered recorded at RM23 million, representing more than 100% of the 12-months audited revenue of RM22.08 million from fabrication and automation segment achieved in FY2021.

Barring any unforeseen situation, the Group expect to see a better financial performance in FY2022 and intend to maintain a sustainable business growth in the coming years.

Yours sincerely,

**Choong Lee Aun**  
Managing Director

27 August 2021

## PROFILE OF DIRECTORS

### DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

*Independent Non-Executive Chairman  
Malaysian, Aged 74, Male*

Dato' Nik Ismail bin Dato' Nik Yusoff was appointed as an Independent Non-Executive Director and Chairman on 24 April 2015. He is also a member of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee.

Dato' Nik Ismail joined the Police Force in 1965 and served the Police Force until his retirement on 2 September 2001 as Deputy Commissioner of Police. During his 36 years in service, he had served the Police Force well, with full commitment and professionalism. He had served in various positions in the Police Force, including Chief Police Officer in the states of Terengganu (1997), Kedah (1997 - 1999), and Selangor (1999 - 2001). He was also the Deputy Director Special Branch in Bukit Aman in 1995 to 1997.

After his retirement, Dato' Nik Ismail was appointed as director of several public listed companies and private limited companies. He currently sits on the Board as Independent and Non-Executive Chairman of Green Ocean Corporation Berhad, AE Multi Holdings Berhad and PNE PCB Berhad. He is also an Independent and Non-Executive Director of Pasukhas Group Berhad.

Dato' Nik Ismail does not have any family relationship with any director and/or major shareholder of ATS, or any conflict of interest in any business arrangement involving the Company.

### CHOONG LEE AUN

*Managing Director  
Malaysian, Aged 54, Male*

Mr. Choong Lee Aun, was appointed to the Board on 4 Dec 2017. He is also a member of Risk Management Group, Investment Committee and Employees' Share Option Scheme Committee.

Mr. Choong has more than 25 years of experience ranging from various general management and sales leadership roles. He is well versed with the corporate operations and processes, as well as the familiarity of complex business environment globally.

He was previously a Head of Marketing and Global Brand ambassador of RS Components, the world's leading high service level distributor of electrical, electronic and industrial supplies based in Shanghai. Prior to that, he was the Vice President of Arrow China, a worldwide leading distributor of products, services and solutions to the electronics component market across Asia Pacific region.

Mr. Choong currently sits on the Board of AE Multi Holdings Berhad and Trive Property Group Berhad as Executive Director. He is also the Non-Independent Non-Executive Director of PNE PCB Berhad.

Mr. Choong does not have any family relationship with any director and/or major shareholder of ATS, or any conflict of interest in any business arrangement involving the Company.





## PROFILE OF DIRECTORS

(cont'd)

### MAK SIEW WEI

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*Executive Director  
Malaysian, Aged 46, Male*

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Mr. Mak Siew Wei was appointed to the Board on 1 March 2013. He is also the Chairman of the Risk Management Group, Investment Committee and Employees' Share Option Scheme Committee.

Mr. Mak pursued his education in the United States and graduated with a Bachelor Degree in Management Information System and subsequently worked for Marvic International (NY) Ltd in New York as a Business Development Manager for 3 years.

Mr. Mak currently sits on the Board of Green Ocean Corporation Berhad, Saudee Group Berhad and Pasukhas Group Berhad as Executive Director.

Mr. Mak does not have any family relationship with any director and/or major shareholder of ATS, or any conflict of interest in any business arrangement involving the Company.

### DR. CH'NG HUCK KHOON

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*Independent Non-Executive Director  
Malaysian, Aged 51, Male*

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Dr. Ch'ng Huck Khoon was appointed to the Board on 28 June 2012. He is also the Chairman of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee.

Dr. Ch'ng pursued his PhD studies in Finance at the Universiti Sains Malaysia and also holds a Master of Business Administration (Finance) from University of Stirling, United Kingdom. He is an Associate Member of the Institute of Chartered Secretaries and Administrators and a Certified Financial Planner.

Dr. Ch'ng was an Assistant Professor at Universiti Tunku Abdul Rahman and Wawasan Open University. He currently sits on the Board as Independent Non-Executive Director of Citra Nusa Holdings Berhad (formerly known as CNI Holdings Berhad) and YGL Convergence Berhad.

Dr. Ch'ng does not have any family relationship with any director and/or major shareholder of ATS, or any conflict of interest in any business arrangement involving the Company.



## PROFILE OF DIRECTORS

(cont'd)

### TAN LAY CHEE

*Independent Non-Executive Director  
Malaysian, Aged 42, Male*

Mr. Tan Lay Chee was appointed to the Board on 31 March 2020. He is also a member of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee.

He had received his early education at Systematic College. He became a member to the Association of Chartered Certified Accountants (ACCA, UK) since year 2005 and a member to the Malaysian Institute of Accountants (MIA) in year 2009. He has been admitted as fellowship member in ACCA in year 2010.

Mr. Tan had started his career by attaching himself to a Chartered Accountant firm, BDO Binder for approximately 5 years. He then spent another 4 years with Goodway Integrated Industries Bhd, a retreading tyres company listed on the Main Board of Bursa Securities. In 2009, he joined Hap Seng Consolidated Berhad, a company listed on the Bursa Securities as Finance Manager, in charge in the Quarry, Building and Trading Materials division. Thereafter, he joined SapuraKencana Petroleum Berhad (now known as Sapura Energy Berhad) in year 2013, an oil and gas company listed on the Bursa Securities as Finance Manager. Presently, he is working in a professional firm specialising in accounting, audit, tax and company secretary services.

He does not have any family relationship with any director and/or major shareholder of ATS, or any conflict of interest in any business arrangement involving the Company

### Other Information on Directors:

- I. The directorships in other public companies in Malaysia are disclosed in their respective profiles.
- II. None of the Directors of the Company has been convicted of any offences within the past 5 years other than traffic offences, if any.



## PROFILE OF KEY SENIOR MANAGEMENT

Mr. Choong Lee Aun and Mr. Mak Siew Wei are also the key senior management of the Group. In addition, the profile of other key senior management during the FYE 2021 are as follows:-

### **YONG MAN CHAI**

*Chief Financial Officer  
Malaysian, Aged 43, Male*

Mr. Yong Man Chai serves as Chief Financial Officer of the Group since September 2013 and is responsible for the financial management processes, accounting and treasury functions.

Mr. Yong holds a Degree in Bachelor of Accounting(Hons) from Universiti Putra Malaysia. He is a member of the Malaysian Institute of Accountants and Association of Chartered Certified Accountants.

Mr. Yong currently sits on the Board of Trive Property Group Berhad as Non-Independent Non-Executive Director.

He has over 15 years of experience in financial reporting, corporate finance, audit and assurance, tax advisory and other management discipline.

Save as disclosed, none of the key senior management has any:-

- I. Family relationship with any director or/and major shareholder of the Company;
- II. Conflict of interests with the Company; and
- III. Conviction for offences within the past five (5) years, and public sanction or penalty imposed by the relevant regulatory bodies during FY2021.



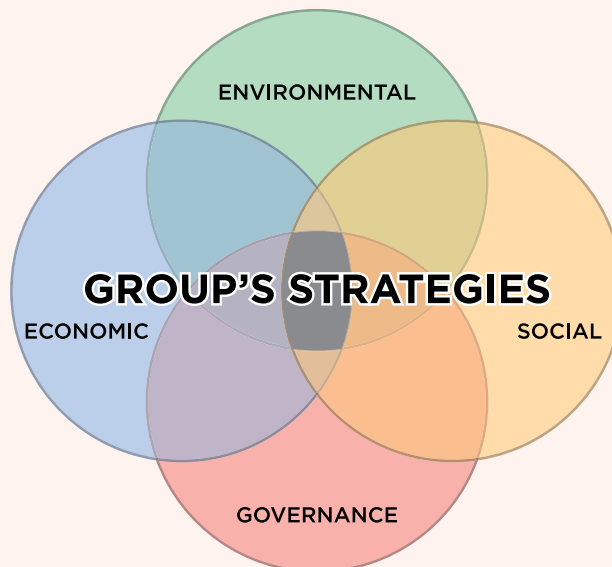
# SUSTAINABILITY STATEMENT

## INTRODUCTION

AT Systematization Berhad and its subsidiaries (“the Group”) believes in conducting business with responsibility and in an ethical way by ensuring that we promote sustainable economic and social development, contributing sustainability to communities and the environment.

The Board of Directors (“Board”) is pleased to present its Sustainability Statement for the financial year ended 31 March 2021 which reflects on the sustainability efforts undertaken by the Group. All information published herein covers our main activities and key business operations in Malaysia, mainly the fabrication and automation, gloves, renewable energy and property segment for which we have direct managerial control. Accordingly, our associated company has been excluded. This Sustainability Statement has been prepared in accordance with Bursa Malaysia’s requirements and its Sustainability Reporting Guidelines.

The Board recognises the need for the Group’s strategies to promote sustainability and regularly reviews the strategic direction of the Group in order to integrate sustainability development into the Group’s business strategy and to adopt corporate governance best practices in delivering performance and long-term growth for its stakeholders. The Group is committed to implementing initiatives for the responsible management of Economic, Environmental, Social (“EES”) and Governance sustainability.



## SUSTAINABILITY GOVERNANCE

### Governance Structure

The Group develops a sustainability framework that starts at the “tone from the top” of the organisation. It is led by our Board of Directors and driven across its operations with the help of our senior management team. The Board are tasked to integrate and promote sustainability into the Group’s long-term strategic plans and key business processes. The senior management will work in unison to oversee sustainability management through managing the associated impacts, risks, and opportunities in an integrated manner that optimises value creation.

### Ethical Business Conduct

We uphold integrity in the way we conduct our business, guided by good governance practices outlined in our corporate governance framework and terms of reference. Our Code of Conducts set the behavioural standards and provides a communicable and understandable guide for all employees on ethical and compliance issues.



**SUSTAINABILITY STATEMENT**  
(cont'd)

**Whistleblowing**

We ensure that the Group’s zero-tolerance stance towards any form of misconduct is strictly adhered to. Our Whistleblowing Policy and procedures encourages our employees including contractors, suppliers and customers to raise genuine concerns of any malpractices or misconduct. Our whistleblowing mechanism allows us to deal with such allegations in a confidential manner, providing appropriate protection to the whistleblower against any form of reprisals.

**Anti-Bribery and Anti-Corruption**

We are committed to conduct our business free from any acts of bribery or corruption. All our employees, contractors and suppliers are required to adhere to all anti-bribery and anti-corruption legislations.



**Risk Management**

Our risk management framework is embedded within the Group’s management systems and clearly outlines the responsibilities and accountability in implementing our risk management processes and internal control system. Our Risk Management Group oversees the Group’s risk management, including sustainability risks while our internal audit function monitors and conducts regular reviews of the Group’s system of internal controls. An effective risk governance and management framework not only safeguards our business operations, but also reinforces the confidence of our stakeholders.

**Stakeholder Engagement**

As part of the Group’s sustainability process, we continue actively engage with various stakeholders to determine matters that are of concern by the stakeholders. The Group has always been working closely with the stakeholders in order to understand their various expectations and requirements so as to better manage matters pertaining to Group’s sustainability.






The Group is convinced that engaging with stakeholders can bring important issues to light and to continuous improvement can boost chances of success in the long term. The engagement approach to key stakeholders is summarised as below:-

STAKEHOLDER GROUPS	ENGAGEMENT CHANNELS	AREAS OF INTEREST
 Employees	<ul style="list-style-type: none"> <li>• Training programmes</li> <li>• Management meetings</li> <li>• Informal periodic departmental meetings</li> <li>• Company dinners and events such as birthday celebration</li> <li>• Whistle-blowing channel</li> <li>• Annual performance review</li> <li>• Telephone and e-mail</li> </ul>	<ul style="list-style-type: none"> <li>• Work life balance</li> <li>• Safe and conducive workplace</li> <li>• Compensation, welfare, and employee care</li> <li>• Career enhancements</li> <li>• Fair human resource policies and practices</li> <li>• Job security</li> <li>• Development through training</li> </ul>
 Customers	<ul style="list-style-type: none"> <li>• Proposals/Quotations/Agreements</li> <li>• Brochures</li> <li>• Customer feedback form and survey</li> <li>• Advertisement</li> <li>• Site visits</li> <li>• Website, social media</li> </ul>	<ul style="list-style-type: none"> <li>• Pricing</li> <li>• Service delivery</li> <li>• Product’s quality assurance</li> <li>• Payment terms and timeliness</li> <li>• Business continuity</li> </ul>



## SUSTAINABILITY STATEMENT

(cont'd)

STAKEHOLDER GROUPS	ENGAGEMENT CHANNELS	AREAS OF INTEREST
 Suppliers/ Vendors	<ul style="list-style-type: none"> <li>Pricing review - Proposals/ Quotations/Agreements</li> <li>Supplier/Vendor registration</li> <li>Business meetings</li> <li>Site visits</li> <li>Supplier assessment review and performance</li> </ul>	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Competitive price and terms of payments</li> <li>Vendor selection process</li> <li>Clear procurement policies and practices</li> <li>Sustainable supply chain management</li> <li>Health &amp; safety policies</li> <li>Maintaining good relationship</li> </ul>
 Shareholders	<ul style="list-style-type: none"> <li>Annual General Meeting or Extraordinary General Meeting</li> <li>Annual Report or Circular</li> <li>Press releases</li> <li>Company's website</li> <li>Announcements from Bursa's website</li> </ul>	<ul style="list-style-type: none"> <li>Company financial performance</li> <li>Corporate governance</li> <li>Regulatory compliance</li> <li>Internal control and risk management</li> <li>Business Strategy</li> </ul>
 Community	<ul style="list-style-type: none"> <li>Community welfare &amp; engagement</li> <li>Responsible corporate citizen - giving back to the community</li> <li>Employment opportunity</li> </ul>	<ul style="list-style-type: none"> <li>Product sponsorships through CSR activities</li> <li>Local recruiting and hiring</li> <li>Internship programme</li> </ul>
 Regulatory Authorities	<ul style="list-style-type: none"> <li>Consultation sessions &amp; conference meetings</li> <li>Training programmes and dialogue</li> <li>Audit and verification</li> <li>Updating and renewal of permits &amp; license</li> <li>ISO and relevant certificate compliance</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Approvals on permits and certifications</li> </ul>
 Financiers	<ul style="list-style-type: none"> <li>Meetings and continuous correspondences</li> <li>Annual reviews</li> </ul>	<ul style="list-style-type: none"> <li>Business direction and key corporate development</li> <li>Business strategy &amp; economic performance</li> </ul>

### Sustainability Matters

The Group has identified and assessed sustainability matters that are relevant to the Group's business operations and influence stakeholders' decisions. These material EES issues are determined based on their likelihood and potential impact on the Group's business and long-term growth.



## SUSTAINABILITY STATEMENT

(cont'd)

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### Key Sustainability Matters

#### 1.0 Economic Sustainability

##### 1.1 Economic and Business Performance

Our Board of Directors, together with the management team identify the opportunities that are relevant to the long-term success of the Group. Various efforts are continuously being made to improve the efficiency and profitability of the Group. Through its businesses, the Group creates employment opportunities for the Malaysian.

The Group is constantly trying to extend the market presence and expand the customer base by constantly improving our product & service quality, reliability and efficiency. At the same time, we also prioritise business ethics and good governance to build trust and maintain the confidence of our customers.

Economic performance & growth is one of the primary factors that contribute to the business sustainability of the Group. It is crucial that the Group continues to be prepared and resilient against potential disruptions in our business strategies or operations. The Group is committed to achieve sustainable economic growth to enhance our shareholder's returns and deliver fair rewards to our employees.

The economic performance is measured to ensure the economic sustainability of the Group, which is elaborated in the Management Discussion & Analysis section, as set out in pages 11 to 19 of this Annual Report.

##### 1.2 Continuous Innovation for Sustainable Manufacturing

In the Industry Revolution 4.0 era, we are subject to rapid technological changes and new products developments. Innovation is the process of making improvement by introducing something new which gives ATS the competitive advantage needed to be a success in our market. Our research and development team are well-trained and responsible for the process and product quality.

The Group has invested in industrial balancing machine which allow the balancing process to be implemented before setting up the Group's machineries. As a result, tool life has improved and contribute to a reduction of tooling cost by 30%. The Group has also invested in tool presetter machine which help to reduce machines down time. Application of these advanced equipments have enable the tool condition monitoring and tool life prediction being integrated into the Group's business process. These further result in improving machine productivity, maintaining the quality and integrity of the machined parts, minimising material waste and reducing cost for sustainable manufacturing.

To further prepared our engineering factory to move forward for Industry Revolution 4.0, the Group has invested a set of digital system to manage multiple revisions of the bill of material, alternate sources, alternate parts and real time inventory tracking. This has set a strong foundation towards a scalable digital supply chain management system. Real time shop floor control system with business intelligence analytics on various operational data such as production output, work in progress, yield and quality of the production has increased the intensity of the operation towards a trend of continuous improvement.

## SUSTAINABILITY STATEMENT

(cont'd)

### Key Sustainability Matters (Cont'd)

#### 1.0 Economic Sustainability (Cont'd)

##### 1.2 Continuous Innovation for Sustainable Manufacturing (Cont'd)

To stay abreast of business growth and boost performance, we are committed to continuously invest in technology and automation towards Industry 4.0. With the advent of massive volumes of manufacturing data stemming from Industrial 4.0 and Internet of Things, various technologies have been evaluated including Artificial Intelligence and Cloud. The Group believes that further integrations of technology and automation would eventually produce superior products and services. The Group has a proven track record more than 20 years and still maintaining a sustainable growth in this challenging economy environment.

##### 1.3 Certificate & Accreditation

We continue to strive for excellence in all areas of our business by achieving accreditation and complying to international standards in the industry. Our list of accreditations achieved with various certification bodies are as follows:-

 	<ul style="list-style-type: none"> <li>• ISO 9001 : 2015 AT Precision Tooling Sdn Bhd Certified by BSI Certified since May 2015</li> <li>• ISO 9001 : 2015 AT Engineering Solution Sdn Bhd Certified by BSI Certified since August 2019</li> <li>• ISO 9001 : 2015 AT Glove Engineering Sdn Bhd Certified by Platinum Shauffmantz Veritas (PSV) Certified since May 2021</li> </ul>
 	<ul style="list-style-type: none"> <li>• ISO 13485 : 2016 AT Precision Tooling Sdn Bhd Certified by BSI Certified since November 2016</li> <li>• ISO 13485 : 2016 AT Glove Engineering Sdn Bhd Certified by Platinum Shauffmantz Veritas (PSV) Certified since May 2021</li> </ul>
	<ul style="list-style-type: none"> <li>• CE Certificate Of Compliance AT Glove Engineering Sdn Bhd Certified by EuropeCert Certified since January 2021</li> </ul>





## SUSTAINABILITY STATEMENT

(cont'd)

### Key Sustainability Matters (Cont'd)

#### 1.0 Economic Sustainability (Cont'd)

##### 1.4 Procurement Practice

The Group is committed to ensure that speed, efficiency and quality are adhered to in the supply chain management process. As we progress up the value chain, we remain committed to our internal procedures through which our vendors work towards improving and strengthening their capabilities as well as pursuing accreditation to international quality certifications. We conduct regular audits and visits to our vendors and suppliers to ensure that they are progressing well against targets.

#### 2.0 Environmental Sustainability

##### 2.1 Waste Management

We have a responsibility to current and future generations to minimise our impact on the environment and address the pressing issue of climate change. To this end, we comply with to Environment Quality Act 1974 and the Group's waste management system adheres to the Department of Environment ("DOE") requirements. This system has been in place through various operations procedures to minimise waste generated. We established the Safety, Health and Quality Management working committee that monitors our compliance with the DOE requirements. A monthly reporting of scheduled waste generated and disposal record is maintained in compliance with the DOE through eSWIS system. Analysis of total waste generated quarterly were presented during the meeting to control excess waste production. To meet the DOE requirement, we also had sent our effluent sample to external lab test. All chemical used and waste materials such as coolants, hydraulic oil, zinc phosphates and other chemical compounds are safely disposed through licensed waste transporter and contractor.

##### 2.2 Energy and Water Conservation

The Group made conscious effort in improving our manufacturing processes and continuously reduce the use of energy and water throughout the factory. We have harvested rain water and used recycle water for general cleaning such as floor, drainage system at the production. Our manufacturing facilities have also been installed with transparent roofing and energy-saving lights to reduce energy consumption. We have implemented energy efficiency practices such as using solar energy-saving devices and shut down air conditioning 30 minutes before the office close. For the new factory, we have installed flowmeter to monitor the usage of water and power inverter in certain machine.

##### 2.3 Green Initiatives

Environment care is one of the Group's key sustainability interests. We strive to achieve a sustainable balance between development and conservation to minimize and protect the impact on the ecosystem. In line with the growing interest of renewable energy in Malaysia and towards creating greener portfolio with sustainable capacity, the Group has diversified into business of power generation and renewable energy. The Group is now operating two (2) solar photovoltaic plants of 425kW and 300kW respectively. These solar photovoltaic plants are built on rooftop and covered car park area of the Group's manufacturing plants, equipped with photovoltaic modules and able to produce clean energy annually for the national grid using photovoltaic technology. The Group had use green technology hot water boiler, to replace thermal oil heater which will schedule waste use oil. Which is the latest technology and environment-friendly technology. Apart of these, we also implement the reuse, reduce and recycle concept in our working place.



## SUSTAINABILITY STATEMENT

(cont'd)

### Key Sustainability Matters (Cont'd)

#### 3.0 Social Sustainability

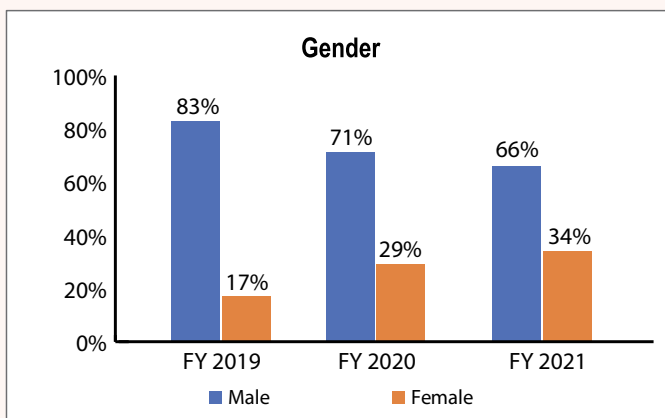
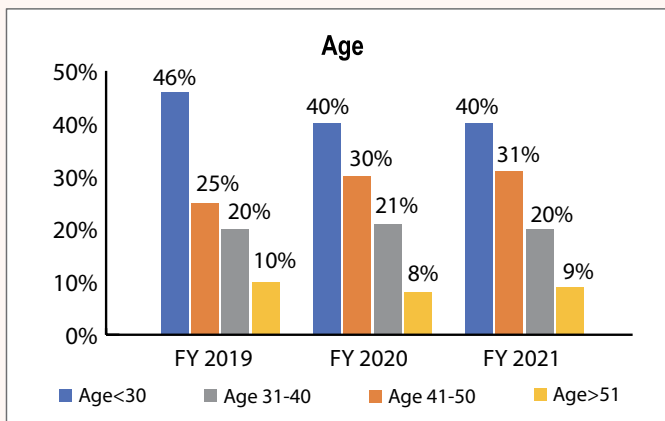
##### 3.1 Diversity

We value employees as they are the backbone of the Group. Our Group does not discriminate against the race, gender, religion or age of a person when employing from the workforce as we prioritise their competency, experience and capability of the candidate. The selection process is solely based on competent and qualified basis.

Our Group complies strictly with labour law and code of employment practices. We are committed to eliminating the labour practices of using child and illegal labour. The Group does not employ any person below the legal age as defined by the Employment Act in Malaysia. All employees are treated fairly and based on employment agreement stipulate the terms of employment and compensation.

While the Group appreciates diverse opinions and perspective contributed by women, they are less likely to be employed in factory due to the nature of the work. As such, male and younger workers account as majority of the workforce.

Diversity report on the age, gender and race are as follows:-



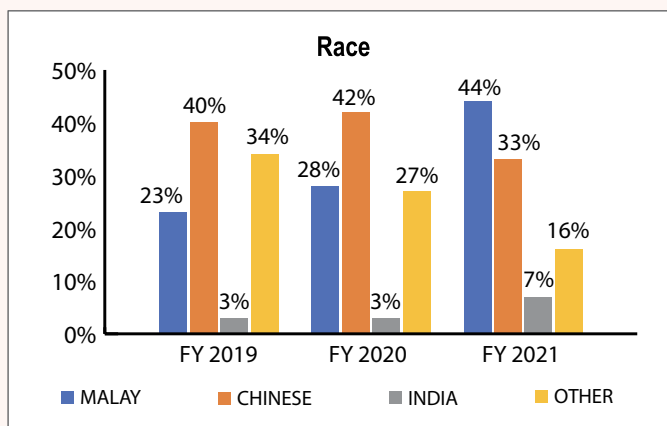
**SUSTAINABILITY STATEMENT**  
(cont'd)

**Key Sustainability Matters (Cont'd)**

**3.0 Social Sustainability (Cont'd)**

**3.1 Diversity (Cont'd)**

Diversity report on the age, gender and race are as follows:- (Cont'd)



**3.2 Talent Training & Development**

The Group believes that human capital development is important to ensure that the Group has the right and relevant skill sets and knowledge essential for business sustainability and growth. Hence, we invest in training and development needs of our employees so that they can excel in their given position. This is especially true in our industry where technologies are changing, and we are required to stay forefront to serve our customers. The Group constantly upgrades the employees' skills, knowledge and experience through training and practical programmes, both held internally and externally. On the job training are provided upfront to equip the factory workers with knowledge and skills in carrying out their responsibilities. Enhancement on individual employee's competency level will lead to overall increase in productivity and further improve their quality of work and workplace.

Training & Development Programme during the year are summarised as follows:-

**Internal Training**

- ISO13485:2016 awareness training
- ISO 9001:2015 awareness training
- Calibration procedure & equipment handling
- General work instruction for welding (rev 2)
- Trumpf bending
- ISO 9001:2015 internal audit training
- Forklift safety handling training



## SUSTAINABILITY STATEMENT

(cont'd)

### Key Sustainability Matters (Cont'd)

#### 3.0 Social Sustainability (Cont'd)

##### 3.2 Talent Training & Development (Cont'd)

###### External Training

- MasterCam Software Training 3D
- MasterCam Software Training 2D
- SolidWorks Essentials
- Licensed Manufacturing Warehouses (LMW) Licensing, Customs Facilities & Compliance Of Customs Law & Regulations and Activities Other Than Manufacturing In LMW and Re-importation or Reprocessing
- Business tax 2021
- HR for beginners & executive
- Budget 2021
- Company law 2020
- HR professional development program
- Driving license class H
- ISO9001:2015 QMS Training - Awareness and Risk Management
- DOE seminar
- 7 QC tools for rubber products industry

##### 3.3 Health & Safety in Workplace

The Group has a Health & Safety Committee that oversee the Occupational Health and Safety Management System ("OHSAS") by reviewing the safety and health policy of work and make recommendations for any revision of such policies. Safety issues will always be one of the agenda of the staff meeting and a key performance indicator in performance evaluation of the employees. Employees are required to wear personal protection equipment such as safety goggles, gloves, boots and face mask when entering high risk area inside the factory to prevent the occurrence of any unsafe act or near miss accident. Supervisors have to monitor the work practices performed by the employees to ensure they followed safety procedures in accordance with the safety guides and manuals. These activities will ensure reduction of incidents of injuries and lost working days recorded. Medical surveillance is performed on employees who are likely to expose due to occupational hazardous to health. Fire drill and safety training as well as risk awareness campaigns are conducted to ensure that employees understand how to respond properly in the event of an emergency.

###### Coronavirus Disease - COVID-19

As the situation evolves, it is the Group's priority to safeguard the health and safety of the employees and the people involved in the operation on a continuing basis. The Group has implemented several measures to protect our employees from the spread of COVID-19:-

- Comply to the standard operating procedures ("SOPs") outlined by Malaysia's Ministry of Health ("MOH") and Ministry of International and Trade Industry ("MITI");
- Conduct risk assessment to manage the risk of COVID-19 in our workplace;
- Check daily temperature and record in Daily Attendance System. Each department also keep track of their employee's temperature twice per day;
- Distribute face mask to all employees and setup hand sanitizer station at each main entrance, as well as carry out the disinfection activity across all the workplace twice per day.



## SUSTAINABILITY STATEMENT

(cont'd)

### Key Sustainability Matters (Cont'd)

#### 3.0 Social Sustainability (Cont'd)

##### 3.3 Health & Safety in Workplace (Cont'd)

In addition to the above, a work-from-home programme was implemented during the lockdown in order to protect the wellbeing of our employees and the viability of our business. Employee who has been identified to work from home is provided with the equipment needed, including laptop with video conferencing facilities. Following the easing of the lockdown measures, employees and visitors to our office are required to strictly adhere to the prevailing SOPs as part of the efforts against the pandemic.

##### 3.4 Community Engagement

Beyond building sustainability in our areas of operations, we believe in engaging and strengthening relationships with the surrounding communities to establish goodwill and to contribute towards community health and well-being. The Group continues to play its role as a socially responsible corporation to provide positive force to the community. As part of our way to serve and give back to the community, we have from time to time made donations and sponsorship to various charitable & non-profitable organisation as well as government agency and giving aids to the less fortunate members of our community.



Charity event together with non-governmental organisation at orphanage and parental care centre in year 2021.





## **SUSTAINABILITY STATEMENT**

(cont'd)

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### **CONCLUSION**

The Group remains committed to integrate the sustainability development into the Group's business strategy and to adopt corporate governance best practices in delivering performance and long-term growth for its stakeholders. The Group continues to focus on managing its sustainability matters by seeking new areas where it can play a part in long-term value creation.

This Statement has been approved by the Board on 27 August 2021.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “Board”) of AT Systematization Berhad is committed to achieve and maintain high standards of corporate governance within the Group as a fundamental part of its responsibilities in managing the business and affairs of the Group in order to protect and enhance shareholders’ value.

This Statement is to provide shareholders and investors with an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance 2017 (“MCCG”) by the Group and should be read together with the Corporate Governance Report 2021 of AT Systematization Group (“CG Report”) which accompanies this Annual Report and is also available on the Company’s website at [www.atsys.com.my](http://www.atsys.com.my).

The CG Report provides the details on how the Group has applied each Practice as set out in the MCCG during the financial year ended 2021 (“FY2021”). Other than Practice 4.5, 7.2 and 11.2, the Board is of the view that the Group has substantially complied with the recommendations of MCCG.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Activities

The business and affairs of the Group are managed under the direction and oversight of the Board, which also has the responsibility to periodically review and approve the overall strategies, business, organization and significant policies of the Group. The Board also sets the Group’s core values, adopts proper standards to ensure that the Group operates with integrity, and complies with the relevant rules and regulations.

### Board Composition

The Board currently consists of five (5) Directors, comprising:-

- (a) Three (3) Independent and Non-Executive Directors; and
- (b) Two (2) Executive Directors.

The Board consists of members from a wide range of discipline and background, providing in-depth and diversity in experience to the Group’s operations. The Board is led by an Independent and Non-Executive Chairman while the executive management is helmed by the Managing Director and Executive Director. All Independent and Non-Executive Directors are free from any business dealings and other relationship with the Group and therefore play a crucial role in corporate accountability with their independent, unbiased views, advice and judgment in the decision-making process. The Board, from time to time undertakes a review of its composition to determine areas of strengths and improvement opportunities.

With Dato’ Nik Ismail bin Dato’ Nik Yusoff as the Independent Non-Executive Chairman and Mr. Choong Lee Aun as the Managing Director, there is a clear division of responsibilities between these roles to ensure a balance of power and authority. The Chairman is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The Board is also in compliance with MCCG’s recommendation that the Chairman of a Company shall be a non-executive independent Director, and the positions of the Chairman and the Managing Director are held by two different individuals. Furthermore, the complement of Non-Executive Directors provides an effective Board with a mix of industry-specific knowledge, technical and commercial experience. This balance enables the Board to provide a clear and effective leadership to the Company and to bring informed and independent judgment to various aspects of the Company’s strategies and performance.

The Independent and Non-Executive Directors further strengthen the Board in providing unbiased and independent views, advice and judgement. They also contribute to the formulation of policies and decision-making through their expertise and experience. Appointment of Board members and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

A brief profile of each Director is presented on Page 20 to Page 22 of this Annual Report.



## **CORPORATE GOVERNANCE OVERVIEW STATEMENT**

(cont'd)

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### **Board Responsibilities and Duties**

The Company is led by an experienced and dynamic Board. It has a balanced board composition with effective independent directors. The Board takes full responsibility and retains full and effective control over the affairs of the Group. The Board's functions and responsibilities are as stipulated in the Board Charter, their primary focus is on overall strategic planning including business plan and annual budget, performing quarterly review of business and financial performance, reviewing risk management and management of sustainability matters, exercising internal controls and enforcing legal and statutory compliance.

### **Board Charter**

The Board has established a Board Charter which set out the duties and responsibilities of individual directors, Board Committee and the Board as a whole in accordance with the principles of good corporate governance, relevant legislations and regulations.

The Board Charter outlines the composition and structure of the Board, the appointment of new Directors to the Board, the Board's powers duties and responsibilities including the division of responsibilities between executive and non-executive directors and management, establishment of Board Committees, remuneration of Directors and processes and procedures for convening Board meetings. The Board Charter also underlines the Board's commitment to compliance with laws, regulations and its internal code of ethics. The Board Charter is subject to review as and when required and will be updated from time to time to reflect changes to the Company's policies, procedures and processes as well as changes to legislations and regulations. The Board Charter is available on the Company's website at [www.atsys.com.my](http://www.atsys.com.my).

### **Code of Conduct**

The Company has set out a Code of Conduct for its Directors, management and employees. The Code of Conduct is established to promote the corporate culture which engenders ethical conduct that permeates throughout the Group.

The Group in its effort to enhance corporate governance has put in place a whistleblowing policy to provide an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behavior, misconduct or failure to comply with regulatory requirements without fear of reprisal. Any concerns raised will be investigated and a report and update will be provided to the Audit and Risk Management Committee.

The Group has also adopted an Anti-Bribery and Anti-Corruption Policy which sets out parameters to prevent the occurrence of bribery and corrupt practices in the conduct of the Group's business. This policy provides information and guidelines to all Directors and employees of the Group on the standard of behaviour which they must adhere to and how to recognise and deal with bribery and corruption.

The Board shall review the Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy as and when required and the policies are available at the Company's website at [www.atsys.com.my](http://www.atsys.com.my).

### **Company Secretary**

The Directors have unrestricted access to the advice and services of the Company Secretaries. The Directors may obtain independent professional advice where necessary at the Company's expense in the furtherance of their duties. The Directors are also regularly updated by the Company Secretaries on latest regulatory updates from Bursa Securities, Securities Commission, Companies Commission of Malaysia ("CCM") and other regulatory bodies relating to Directors' duties and responsibilities in order to assist them in the discharge of their duties as Directors of the Company and ensuring the effective functioning of the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### Access to information and advice

The Directors have full and timely access to information pertaining to the Group's business and affairs to enable them to discharge their duties effectively. Prior to each Board meeting, a full set of Board papers together with the agenda were forwarded to the Board members to allow the Directors to study and evaluate the matters to be discussed and subsequently make effective decisions.

The Directors may seek advice from the management on issues under their respective purview. The Directors may also interact directly with the management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them. In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated.

### Board Meeting

There were five (5) Board Meetings held during the FY2021. Meeting agendas included review of quarterly financial results and announcements, plan and direction of the Group. The record of attendance for each Director at those meetings are set out below:-

Name of Directors	Designation	No. of Meetings Attended	Percentage of Attendance (%)
<b>Dato' Nik Ismail bin Dato' Nik Yusoff</b>	Independent Non-Executive Chairman	5/5	100
<b>Choong Lee Aun</b>	Managing Director	5/5	100
<b>Mak Siew Wei</b>	Executive Director	5/5	100
<b>Dr. Ch'ng Huck Khoon</b>	Independent Non-Executive Director	5/5	100
<b>Tan Lay Chee</b>	Independent Non-Executive Director	5/5	100

The Board meetings are fixed in advance at the end of the preceding financial year to enable the Directors to plan ahead and incorporate the year's meetings into their own schedules. Board meetings are held every quarter and additional meeting are held as and when necessary. Senior management are invited to attend board meetings to furnish details or clarifications on matters tabled for the Board's consideration.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are sought via written resolutions, which are attached with sufficient and relevant information required for an informed decision to be made. Where a potential conflict arises in any transactions involving any particular Director's interest, such Director is required to declare his or her interest and abstain from discussion and the decision-making process. In the event any Directors are unable to attend Board meetings physically, the Company's Constitution allow for such meetings to be conducted via telephone, video conference or any other form of electronic communication.

### Continuing Education Programmes

The Board acknowledges the importance of continuous education and training in order to broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Board's skills and knowledge in discharging their duties. Orientation programme is initiated for the newly appointed Directors to familiarize them with the Group's business and operations. All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities.





## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

During the financial year under review, the Company had organised in-house trainings for the Directors. The Directors are also encouraged to attend various external professional programmes which they individually considered as relevant and useful to further enhance their business acumen and professionalism in discharging their stewardship responsibilities.

The Company Secretaries keep Directors informed of relevant external training programmes and all of the Directors have undergone training during the financial year. The external conferences/workshops and internally organized programmes attended by the Directors during the FY2021 encompasses the following topics:-

Name of Directors	Topics
<b>Dato' Nik Ismail bin Dato' Nik Yusoff</b>	<ul style="list-style-type: none"> <li>Section 17A Malaysian Anti-Corruption Commission Act 2009</li> </ul>
<b>Choong Lee Aun</b>	<ul style="list-style-type: none"> <li>Section 17A Malaysian Anti-Corruption Commission Act 2009</li> </ul>
<b>Mak Siew Wei</b>	<ul style="list-style-type: none"> <li>Section 17A Malaysian Anti-Corruption Commission Act 2009</li> <li>Leadership &amp; Managing Organization Change</li> </ul>
<b>Dr. Ch'ng Huck Khoon</b>	<ul style="list-style-type: none"> <li>Coronavirus - Challenges &amp; Opportunities</li> <li>Volatility Based Quantitative Analysis and Machine Learning Models</li> <li>Evolution of Algorithmic Trading : Automation of Trading System via Local Brokerages</li> </ul>
<b>Tan Lay Chee</b>	<ul style="list-style-type: none"> <li>Section 17A Malaysian Anti-Corruption Commission Act 2009</li> </ul>

### Board Committees

The Board has delegated appropriate responsibilities to the Board Committees, namely the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee as well as two (2) Sub-Committees, namely Investment Committee and Share Issuance Scheme Committee (terminated with effect from 10 March 2021) / Employees' Share Options Scheme Committee (with effect from 20 April 2021), in order to enhance business and operation efficiency and efficacy. The respective terms of references have been established for all Board Committees and will be updated from time to time to keep abreast with the best practices in Corporate Governance. The Chairman of the respective Committees will report to the Board on the outcome of the Committee meetings.

### Nominating Committee ("NC")

The NC was established on January 24, 2006 and comprises entirely of Independent Non-Executive Directors. The NC establishes a formal and transparent procedure for the nomination and appointment of new directors to the Board. The NC reviews the composition of the Board Committees in accordance with the terms of reference of the Board Committees. The NC also reviews annually the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual director through the annual assessment questionnaire completed by each director. Appointments to the Board are made via a formal, rigorous and transparent process, premised on meritocracy and taking into account objective criteria such as qualification, skills, experience, professionalism, integrity and diversity needed on the Board in the context of the Group's strategic direction. In determining candidates for appointment to the Board Committees, various factors are considered, including the time commitment of the Board Committee members in discharging their role and responsibilities through attendance at their respective meetings, their performance and contribution to the achievement of the Board Committees' goals and objectives, possession of the attributes, capabilities and qualifications considered necessary or desirable for committee service and demonstration of independence, integrity and impartiality in decision-making.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The NC also assesses the performance of the director(s) who will be seeking re-election at the Annual General Meeting ("AGM") and to recommend them for re-election. The NC met once to carry out the annual review of the Board and its Committees and the assessment of the Board members for the FY2021. The composition of NC are as follows:-

Chairman : Dr. Ch'ng Huck Khoon (Independent Non-Executive Director)  
Members : Dato' Nik Ismail bin Dato' Nik Yusoff (Independent Non-Executive Director)  
: Tan Lay Chee (Independent Non-Executive Director)

Due to the size of the Board, the Board has not appointed a senior independent director to whom shareholders may voice their concerns. This task will be played by the Board as a whole.

The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements.

The Terms of Reference of the NC is available on the Company's website at [www.atsys.com.my](http://www.atsys.com.my).

### Criteria used in recruitment and annual assessment

Any proposals for new appointments to the Board are reviewed by the NC and presented to the Board for approval. The Company Secretaries will ensure that all appointments are properly made, and that regulatory obligations are met.

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively and in line with the Rule 15.06 of the ACE LR, a Director of a public listed company must not hold more than five (5) directorships in public listed companies and must be able to commit sufficient time to the Company. The Directors are required to submit an update of their other directorships to the company secretaries from time to time for monitoring of the number of directorships held by the Directors of the Company and to notify CCM accordingly.

### Tenure of Independent Directors

The Board noted the Practice 4.2 of the MCCG states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Nevertheless, upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the approval of shareholders to continue as an Independent Director or be re-designated as a Non-Independent Director. An Independent Director who continues to serve the Boards after the 12th year of appointment will require shareholders' approval at a general meeting through a 2-tier voting process as prescribed under the MCCG.

Dr. Ch'ng Huck Khoon has served on the Board as an Independent Director for a tenure of ten (10) years. During the financial year, the Board carried out an assessment of the Independent Director and determined that Dr. Ch'ng Huck Khoon has met the independence guidelines as set out in the ACE LR as well as the criteria of independence recognised by the Board. The Board had determined that Dr. Ch'ng Huck Khoon is able to bring objective and independent judgement to the Board and recommended him to continue to serve as an Independent Director.

Accordingly, the Board recommends that Dr. Ch'ng Huck Khoon seek shareholders' approval to continue to be designated as an Independent Director at the forthcoming 17<sup>th</sup> Annual General Meeting of the Company in accordance with the recommendation of MCCG.



## **CORPORATE GOVERNANCE OVERVIEW STATEMENT**

(cont'd)

### **Gender Diversity Policy**

The Board is committed to provide fair and equal opportunities and nurturing diversity within the Group with due consideration on skills, industry experience, background, age, race, gender and other qualities in determining the optimum composition of the Board. The Board is also mindful of the recommendation of the MCCG to have at least 30% women decision-makers in the Board. However, the Board does not have a specific policy on setting targets for female candidates.

### **Remuneration Committee ("RC")**

The RC comprises entirely of Independent Non-Executive Directors. The RC met twice during the FY2021. The composition of RC are as follows:-

Chairman	:	Dr. Ch'ng Huck Khoon (Independent Non-Executive Director)
Members	:	Dato' Nik Ismail bin Dato' Nik Yusoff (Independent Non-Executive Director)
	:	Tan Lay Chee (Independent Non-Executive Director)

The RC is entrusted by the Board to implement the policies and procedures on matters relating to the remuneration of the Board and Senior Management and making recommendations on the same to the Board for approval. The Board has adopted the policies deliberated by the RC, with the Director interested abstaining from discussion, to determine the remuneration of Directors and Senior Management to align with business strategy and long-term objectives of the Group. The remuneration policies and procedures adopted are aimed at attracting and retaining talent needed to run the Group successfully.

The Executive Directors and Senior Management are paid salaries, allowance, performance-based incentive including bonus and other customary benefits as appropriate. The remuneration is set based on relevant market relativities, performance, qualifications, experience and geographic location where the personnel is based. The salary level for Executive Directors and Senior Management takes into account the nature of the role, performance of the business and the individual and market positioning.

The remuneration of Independent Directors comprises fees, meeting allowances and other benefits. The Board ensures that the remuneration for Independent Non-Executive Directors do not conflict with their obligation to bring objectivity and independent judgement on matters discussed at Board meetings.

The respective Directors are required to abstain from deliberation and voting on their own remuneration at Board Meetings. In relation to the fees and allowances for Directors, it will be presented at the annual AGM for shareholders' approval.

The Terms of Reference of the RC is available on the Company's website at [www.atsys.com.my](http://www.atsys.com.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### Directors' Remuneration

The remuneration of the Directors of the Company for the FY2021, for the Company as well as for the Group are as follows:-

Name of Directors	Salaries, bonuses and allowances (RM)	Fees (RM)	Defined contribution plan (RM)	Benefits- in-kinds (RM)	Total (RM)
<b>Company</b>					
Dato' Nik Ismail bin Dato' Nik Yusoff	-	66,000	-	-	66,000
Choong Lee Aun	72,000	-	8,640	21,250	101,890
Mak Siew Wei	72,000	-	8,640	7,200	87,840
Dr. Ch'ng Huck Khoon	-	48,000	-	-	48,000
Tan Lay Chee	-	42,000	-	-	42,000
<b>Sub-total</b>	<b>144,000</b>	<b>156,000</b>	<b>17,280</b>	<b>28,450</b>	<b>345,730</b>
<b>Subsidiaries</b>					
Choong Lee Aun	419,200	-	50,304	2,330	471,834
Mak Siew Wei	65,500	-	8,460	4,000	77,960
<b>Sub-total</b>	<b>484,700</b>	<b>-</b>	<b>58,764</b>	<b>6,330</b>	<b>549,794</b>
<b>Grand total</b>	<b>628,700</b>	<b>156,000</b>	<b>76,044</b>	<b>34,780</b>	<b>895,524</b>

### Remuneration of Senior Management

The profile of the Senior Management personnel is disclosed in Page 23 of this Annual Report. Senior Management are those primarily responsible for managing the business operations and corporate divisions of the Group.

The Board has taken best effort to comply with the provisions and applied the main principles of the MCGG. However, the Board does not comply with Practice 7.2 which requires that the Board discloses on a named basis the top five (5) Senior Management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The Group's Senior Management includes two (2) Executive Directors of the Company (of which their detailed remuneration has been disclosed in this Corporate Governance Overview Statement). Whilst for the remaining Senior Management, the Board did not disclose their detailed remuneration on a named basis in order to allay concerns on invasion of staff confidentiality and the Company's ability to retain talented Senior Management in view of the competitive employment environment.

As an alternative, the RC and the Board believe that the disclosure of Key Management Personnel's remuneration, that includes all the Group's Senior Management, in the audited financial statements are adequate as it complies with the requirements of Paragraph 17 of MFRS 124 "Related Party Disclosures". It is the Group's practice to hire the best talents from the geographical regions that the Group operates in. Accordingly, the compensation and benefits packages for Group's Senior Management are structured competitively to attract, motivate and retain talents.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Financial Reporting

The Board is responsible to ensure that the Company's financial statements are prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016. The Directors' responsibility statement in respect of the preparation of the audited financial statements is set out on Page 58 of this Annual Report.

#### Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review related party transactions and conflict of interest situations, if any, as well as provide oversight on the risk management framework of the Group.

The ARMC is chaired by Dr. Ch'ng Huck Khoon, an Independent Non-Executive Director who is distinct from the Chairman of the Board. The ARMC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the ARMC.

The composition of the ARMC, including its roles and responsibilities as well as a summary of its activities carried out in FY2021, are set out in the ARMC Report on Page 45 to Page 48 of this Annual Report.

#### Relationship with external auditors

The Company's external auditors continue to provide the independent assurance to shareholders on the Group's and the Company's financial statements. The existing external auditors, Messrs. Ong & Wong had confirmed to the ARMC that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The ARMC carried out an assessment of the performance and suitability of the external auditors based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit. The ARMC, upon its recent annual assessment carried out, is satisfied with their work done and independence and had recommended to the Board for their re-appointment at the forthcoming annual general meeting.

#### Risk Management and Internal Control Framework

The Board is committed to nurture and maintain a sound risk management framework and systems of internal control throughout the Group.

The Board has formalised a comprehensive Enterprise Risk Management Framework and clear governance structure that takes into account all significant aspects of internal control including risk assessment, the control environment and control activities, information and communication, and monitoring. Key business risks have been categorised to highlight the source of the risk, and scored to reflect both financial and reputational impact of the risk and the likelihood of its occurrence.

The Board through the ARMC oversees the risk management matters of the Group, which include identifying, managing and monitoring, treating and mitigating significant risks across the Group. The ARMC also assists the Board to fulfil its responsibilities with regard to the risk governance and risk management in order to manage the overall risk exposure of the Group.

Further details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control on Page 49 to Page 52 of this Annual Report.





## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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### PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Communication with stakeholders

The Board is committed to ensuring that communications to stakeholders regarding the businesses, operations and financial performance of the Group is timely and factual and are available on an equal basis.

The Board endeavors to keep its shareholders and investors informed of the Group's progress through a comprehensive annual report and financial statements, circulars to shareholders, quarterly financial reports, periodic press releases and the various announcements made during the year. These will enable the shareholders, investors and members of the public to have an overview of the Group's performance and operation.

The Group also maintains a corporate website at [www.atsys.com.my](http://www.atsys.com.my) whereby shareholders as well as members of the public may access for the latest information on the Group. Alternatively, they may obtain the Company's latest announcements via the website of Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com).

#### Conduct of General Meetings

The AGM serves as a principal forum for the Group's dialogue with shareholders. Shareholders are encouraged to attend the AGM, during which they can participate and are given the opportunity to ask questions on business operations and the financial performance and position of the Group and note on important matters affecting the Group, including the election / re-election of Directors. Extraordinary General Meetings ("EGMs") are held as and when needed to obtain shareholders' approval on certain business or corporate proposals. Adequate notice of EGM, in compliance with regulatory requirements, are sent to shareholders together with comprehensive Circulars/ Statements setting out details and explaining the rationale with regards to the matters for which shareholders' approval are being sought.

All Directors attended the 16<sup>th</sup> AGM held on 28 September 2020. Barring unforeseen circumstances, all Directors (which include the Chairs of all mandated Board committees) shall be attending the forthcoming 17<sup>th</sup> AGM to engage directly with the shareholders and address their queries at the meeting. The external auditors will also be present at the meeting to answer shareholders' queries on their audit process and report, the accounting policies adopted by the Group, and their independence.

In line with the best corporate governance practice, the Notice of the 17<sup>th</sup> AGM and Annual Report are sent out to shareholders at least 28 days before the date of the meeting to allow sufficient time for shareholders to consider the proposed resolutions to be tabled at the AGM.

Pursuant to Rule 8.31(A) of the ACE LR, all resolutions tabled at general meetings will be put to vote by way of a poll and the voting results will be announced at the general meetings and through Bursa LINK. The Board will ensure that all resolutions set out in the forthcoming and future general meetings will be voted on by way of a poll and verified by an independent scrutineer. The outcome of all resolutions proposed at the general meetings will be announced to Bursa Securities through Bursa LINK on the same day.

The 17<sup>th</sup> AGM of the Company will be held on a fully virtual basis with electronic poll voting which will facilitate participation and voting by shareholders at the meeting.



## **CORPORATE GOVERNANCE OVERVIEW STATEMENT**

(cont'd)

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### **KEY FOCUS AREA AND FUTURE PRIORITIES**

The Board is fully committed to compliance with the requirements of MCCG. The Board will continue to enhance its corporate governance practices by taking steps to address the current departures from the Practices stipulated in the MCCG. The key focus areas will be meeting the requirements with regards to women directors and the adoption of integrated reporting based on a globally recognized framework. In addition to this, the Board shall be continuously taking steps to improve measures in preventing the occurrence of corrupt practices as well as step up measures to prevent, treat and limit the the spread of COVID-19.

This Statement was made in accordance with a resolution of the Board dated 27 August 2021.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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## AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit Committee was established on 26 July 1994 and renamed as the Audit and Risk Management Committee ("ARMC") on 31 May 2018 to serve as a Committee of the Board.

The Board is pleased to present the ARMC Report to provide insights on the discharge of the ARMC's functions during the financial year 2021 ("FY2021") in compliance with Rule 15.15 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("ACE LR").

## COMPOSITION

The present members of the ARMC comprise:

**Dr. Ch'ng Huck Khoon** (Chairman)  
Independent Non-Executive Director

**Dato' Nik Ismail bin Dato' Nik Yusoff** (Member)  
Independent Non-Executive Director

**Tan Lay Chee** (Member)  
Independent Non-Executive Director

All members of the ARMC are Independent Non-Executive Directors ("INED(s)"). This satisfies the test of independence under ACE LR and meet the requirements of the Malaysian Code on Corporate Governance 2017 ("MCCG").

Dr. Ch'ng Huck Khoon, the Chairman, is an Independent Non-Executive Director. The Company is in compliance with with Rule 15.10 of the ACE LR. Mr. Tan Lay Chee, is a member of the Malaysian Institute of Accountants. In this respect, the Company complies with Rule 15.09(1)(c)(i) of the ACE LR.

The performance of the ARMC and each of its members were reviewed by the Board on 25 March 2021 and the Board was satisfied that they are able to discharge their functions, duties and responsibilities in accordance with the Terms of Reference of the ARMC, thereby supporting the Board in ensuring appropriate corporate governance standards within the Group.

## SECRETARY

The secretaries to the ARMC are the Company Secretaries of the Company.



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(cont'd)

### TERMS OF REFERENCE

The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC are published and available on the Company's website at [www.atsys.com.my](http://www.atsys.com.my).

The ARMC is now required amongst others to review significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are addressed.

### MEETINGS

The ARMC convened four (4) meetings during the FY2021. Details of attendance of ARMC Meetings were as below:-

Name of Directors	Designation	No. of Meetings Attended	Percentage of Attendance (%)
<b>Dr. Ch'ng Huck Khoon</b>	Chairman	4/4	100
<b>Dato' Nik Ismail bin Dato' Nik Yusoff</b>	Member	4/4	100
<b>Tan Lay Chee</b>	Member	4/4	100

Notices of meetings were sent to the ARMC members at least one (1) week in advance. The ARMC members are provided with the agenda and relevant meeting papers before each meeting. All deliberations during the ARMC Meetings were duly minuted. Minutes of the ARMC Meetings were tabled for confirmation at every succeeding ARMC Meeting.

The directors of the key subsidiaries and members of senior management were invited to the ARMC Meetings to facilitate direct communication as well as to provide clarification on the Group's operations and area of concerns. The internal auditors attended the ARMC Meetings to table the Internal Audit report and assist Risk Management Group to present Risk Management report.

The External Auditors attended two (2) ARMC Meetings held during the FY2021. The External Auditors were encouraged to raise with the ARMC any matters they considered important to bring to the ARMC's attention. For FY2021, two (2) private sessions were held between the ARMC with the External Auditors without the presence of the Executive Directors and management. The Chairman of the ARMC also sought information on the communication flow between the External Auditors and the management which was necessary to allow unrestricted access to information for the External Auditors to effectively perform their duties.

The Chairman of the ARMC presented the ARMC's recommendations together with the respective rationale to the Board for approval of the annual audited financial statements and the unaudited quarterly financial results. As and when necessary, the Chairman of the ARMC would convey to the Board matters of significant concern raised by the Internal or External Auditors.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(cont'd)

### SUMMARY OF WORKS DURING THE FINANCIAL YEAR 2021

During the FY2021 and up to the date of this Report, the summary of works undertaken by the ARMC to meet its responsibilities in the discharge of its function and duties comprised the followings:-

#### 1. Overview of Financial Performance and Reporting

- Reviewed the unaudited quarterly financial results for the quarters ended 30 June 2020, 30 September 2020, 31 December 2020 and 31 March 2021 before recommending the same for the Board's approval;
- Reviewed the financial performance and financial highlights of the Group;
- Reviewed the identified significant matters pursuant to Rule 15.12(1)(g)(ii) of the ACE LR;
- Reviewed the draft audited financial statements for the financial year ended 31 March 2021 before recommending the same for the Board's approval;
- Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.

#### 2. Oversight of External Auditors

- Evaluated External Auditors by considering their qualification, credentials, reputation and experience prior to re-appointment;
- Reviewed the Audit Planning Memorandum for the FY2021 prepared by the External Auditors, entailing mainly the overview of audit approach and areas of audit emphasis of the Group;
- Met two (2) times with the External Auditors without the presence of the Executive Directors and management;
- Reviewed and monitored the suitability and independence of the External Auditors. As part of the annual audit exercise, assurance from the External Auditors was sought in confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; Upon reviewed and being satisfied with the results, the same has been recommended to the Board for approval.

#### 3. Oversight of Internal Auditors

- Met with the Internal Auditors to discuss on the development of internal audit plan for the FY2021 based on the business direction of the Group;
- Reviewed and adopted the risk-based internal audit plan for the FY2021, upon agreeing on the auditable areas and the timing of the audits;
- Reviewed the Internal Audit Reports for the FY2021 and assessed the Internal Auditors' findings and the management's responses and made the necessary recommendations to the Board of Directors for approval.

#### 4. Review of Related Party Transactions

- Reviewed any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the questions on management integrity on quarterly basis.

#### 5. Oversight of Internal Control Matters

- Reviewed and confirmed the minutes of the ARMC Meetings;
- Reviewed the disclosures in Corporate Governance Overview Statement for the inclusion in the Annual Report 2021;
- Reviewed the disclosures in ARMC Report and Statement on Risk Management and Internal Control to be included in the Annual Report 2021.

#### 6. Share Issuance Scheme ("SIS")

- Reviewed and verified options allocated and granted during the financial year pursuant to the Company's SIS were in accordance with the allocation criteria approved by the SIS Committee and in compliance with the By-Laws of the SIS. The SIS has been terminated with effect from 10 March 2021 and has been replaced with the new Employees' Share Option Scheme on 20 April 2021.





## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(cont'd)

### 7. Risk Management

- Reviewed the Risk Management Reports for the FY2021 and assessed the report's findings and the management's responses and made the necessary recommendations to the Board of Directors for approval.

The Board is satisfied that the ARMC has carried out its responsibilities and duties in accordance with the ARMC's Terms of Reference.

## INTERNAL AUDIT FUNCTION

### 1. Appointment of Internal Auditors

The Group has appointed an independent professional firm of consultant to support the internal audit function, namely Finfield Corporate Services Sdn Bhd. The outsourced internal auditors report directly to the ARMC, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the ARMC, assurance of the effectiveness of the system of internal control in the Group.

The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

### 2. Summary of Internal Audit and Risk Management ("IARM") Reviews During the Financial Year 2021

During the FY2021, the IARM reviews have been carried out according to the risk-based audit plan, which had been approved by the ARMC. The IARM reviews covered the following:-

- Review of adequacy of risks management and updates to the risk profiling;
- Control environment of the purchasing cycle;
- Compliance with financial reporting standards;
- Assessment on purchases towards meeting operation needs and requirements;
- Control environment of the inventory management;
- Adequacy of the insurance coverage.

The internal auditors also reviewed implementation of corrective action plans or agreed course of action on the findings reported. The findings and recommendations were highlighted to the management for their comments and further action. Internal audit reports were presented to the ARMC and also reported to the Board.

### 3. Total costs incurred for the FY2021

Total costs incurred for the outsourced internal audit and risk management function of the Group for the FY2021 is RM24,000 (FY2020: RM31,200).

## CORPORATE GOVERNANCE PRACTICES

Apart from discharging its duties with respect to the internal audit, financial reporting and external audit, the ARMC also reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the principles and spirit set out in the MCCG, other applicable laws, rules, directives and guidelines. In addition, before finalizing the various governance disclosures in the Annual Report, the ARMC together with all other Board Members and management had reviewed the Corporate Governance Report, ARMC Report, Statement on Risk Management and Internal Control together with other compliance disclosures.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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## INTRODUCTION

The Board of Directors of AT Systematization Berhad acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its ongoing efforts to practice good corporate governance. The Board is pleased to provide the following Statement on Risk Management and Internal Control for the FY2021. This Statement is made in compliance with Rule 15.26(b) of the ACE LR and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## BOARD'S RESPONSIBILITIES

The Board is responsible for the Group's risk management and internal control system as well as reviewing its adequacy and effectiveness on an on-going basis. Whilst acknowledging its responsibilities, the Board is aware of the limitations that are inherent in any system of internal controls. Such a system is designed to identify and manage the Group's risk within the acceptable risk profile, rather than eliminate the risk of failure to achieve business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. The key areas covered by the Group's risk management and system of internal controls are financial, organisational, operational, environmental and compliance controls.

## RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group's business objectives. The Group is committed to integrating good risk management practices into all business processes and operations to drive effective and accountable action, decision making and management practice.

The implementation of the Group's risk management process is the responsibility of the Risk Management Group ("RMG") comprising Executive Directors, the Chief Financial Officer and the Directors and/or Senior Managers of the key subsidiaries/business units of the Group. The RMG is chaired by the Executive Directors to undertake the following tasks:-

- The implementation and maintenance of the risk management process;
- To ensure the effectiveness of the risk management process and the implementation of risk management policies;
- To identify risks relevant to the Group that may impede the achievement of its objectives;
- To identify significant changes to the Group's risks including emerging risks and take actions as appropriate to communicate to Audit and Risk Management Committee ("ARMC") and the Board.

The Group adopts the control self-assessment methodology to formalise the risk management process. Each key subsidiary has its own risk management working group which is headed by the Directors and consists of general managers, heads of department and key personnel while Internal Auditors act as coordinator. The risk management working group is tasked to identify major business and compliance risks concerning their respective business units, oversees and ensures integration of risk management into their business processes. The risk management working group of each key subsidiary reports to the RMG and the RMG will then discuss and evaluate the working groups' reports for adoption. Thereafter, the RMG will report to the ARMC annually about key risks and risk management activities carried out during the period. The key aspects of the risk management process of the Group are:-

- Risk management working groups are required to update their risk profiles on on-going basis and in this regard, issue letters of assurance at the end of each yearly review to confirm that they have reviewed the risk profiles, risk reports and related business processes and are also monitoring the implementation of action plans;



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

- On annual basis, a risk management report detailing status of risk reviews, significant risk issues identified and the progress of implementation of action plans shall be reviewed and discussed by respective risk management working group prior to being tabled to the RMG;
- The risk reports from the key subsidiaries are consolidated for annual reporting and tabled to RMG, before being presented to the ARMC for review, deliberation and recommendation for endorsement by the Board.

### INTERNAL CONTROL

#### ***Key Internal Control Processes***

The key elements of the Group's internal control systems are described below:-

- The Board has established an organisational structure with clearly defined lines of responsibilities, authority limits and accountability aligned to business and operations requirements which support the maintenance of a strong control environment;
- The Board has established the Board Committees with clearly defined delegation of responsibilities within the definition of terms of reference. These committees include ARMC, Remuneration Committee, Nominating Committee, Investment Committee and ESOS Committee which have been set up to assist the Board to perform its oversight functions. The Committees have the authority to examine all matters within their scope and report their recommendations to the Board.

#### ***Key Elements of Internal Control***

The following sets out the key elements of the Group's internal control, which have been in place throughout the FYE 2021 and up to 27 August 2021, being the date of this Statement on Risk Management and Internal Control:-

- Management structure exists with clearly defined responsibility and appropriate levels of delegation to ensure checks and balances through segregation of duties. The management team is responsible for implementing the Group's strategies and managing day-to-day business. The management team performs regular monitoring and review of the Group's financial results and operational matters. Meetings are held at operational and management levels regularly to identify, discuss and resolve business and operational issues;
- Quarterly financial results, annual financial statements, annual report and other information are provided timely to the ARMC for review before approval by the Board for public release. Areas of concerns as well as exceptions or deviation to the Group's policies and weaknesses on the internal control systems are highlighted and discussed during the meetings. This oversight review allows the Board to monitor and evaluate the Group's performance in achieving its corporate objectives;
- The Group practises annual budgeting and monitoring process as follows:-
  - a) Budget is prepared annually for each area of business, followed by reviewed and adoption by the Board;
  - b) Actual performance would be compared with budget monthly, together with explanation of any major variance. Action plans are formulated to address any areas of concern.
- Comprehensive financial accounts and management reports are prepared and reviewed monthly for effective monitoring and decision-making;
- Accounting policies and operating procedures approved by the Board are applicable to the whole Group. These policies and procedures are subject to periodic reviews, updates and continuous improvements to reflect the changing risks and operational needs;
- The Code of Conduct is implemented within the Group for Directors, management and employees of the Group. This code is established to promote a corporate culture which produces ethical conduct throughout the Group;



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

- Staff professionalism, industrial skill sets and job competency are progressively developed through broad based training and development programmes;
- Appropriate insurance coverage and physical safeguards over major assets are in place to ensure that the assets of the Group are adequately covered against any mishap that may result in material losses to the Group;
- The Group has established and put in place a whistleblowing policy to provide an avenue for the Board, officers and employees as well as members of the public a safe channel of reporting of concerns about possible improprieties. Allegation of improprieties, if any, is reported at the ARMC meetings;
- Related party transactions, if any are dealt with in accordance with the Listing Requirements and reviewed by the ARMC and the Board at the respective meeting;
- Subsidiaries of the Group have been accredited certifications, licenses and qualifications by global group certification bodies. Documented internal procedures and Standard Operating Procedures ("SOPs") have been put in place since their accreditation. Surveillance audits are conducted by assessors of the ISO certification bodies to ensure that the SOPs are implemented. Continuous training and development programmes are also provided to enhance employees' competencies and maintain a risk adverse and control conscious culture.

### **Internal Audit Function**

The ARMC is responsible for reviewing and monitoring the adequacy and effectiveness of the Group's system of internal control. The review and monitoring are carried out through the internal audit function by an outsourced independent professional firm of consultant, Finfield Corporate Services Sdn Bhd ("Internal Auditors"). Being an independent function, the audit work is conducted with impartiality, proficiency and due professional care. The internal audit plan is developed based on the risk profile and analysis of the businesses of the Group, as well as on past experience. The internal audit will focus its resources on areas of high risks which will be audited more frequently than low risk areas. For purposes of identifying and prioritising risks, the Internal Auditors will first discuss with the RMG and respective risk management working group, review management reports and financial statements.

The findings of internal audits, including its recommendations and management's responses were tabled at the ARMC meetings for deliberation and the ARMC's expectations on the corrective measures were communicated to the respective heads of departments and business units. The management is responsible for ensuring that corrective actions to control weaknesses are implemented within a defined time frame. The status of implementation is monitored through follow-up audits which are also reported to the ARMC.

In addition, the deficiencies noted by the External Auditors' and management's responsiveness to the control recommendations on deficiencies noted during financial audits provide added assurance that control procedures on functions with financial impact are in place, and are being monitored. In assessing the adequacy and effectiveness of the system of internal control and accounting control procedures of the Group, the ARMC reports to the Board its activities, significant results, findings and the necessary recommendations for improvements.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

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### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the ACE LR, the External Auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guides 3 issued by the Malaysian Institute of Accountants, for inclusion in this Annual Report and reported to the Board that nothing has come to their attention that causes them to believe that this statement, in all material respect:-

- (i) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or
- (ii) is factually inaccurate.

### CONCLUSION

The Board, having received assurance from the Executive Directors and the Chief Financial Officer, is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system for the period under review and up to the date of approval of this Statement. There were no material internal control weaknesses which had resulted in material losses, uncertainties or contingencies that would require disclosure in this Annual Report.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 27 August 2021.



## ADDITIONAL COMPLIANCE INFORMATION

(IN ACCORDANCE WITH RULE 9.25 OF THE ACE LR AS SET OUT IN APPENDIX 9C)

### 1.0 UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

#### 1.1 Rights Issue with Warrants - May 2020

Proceeds totalling RM34.69 million were raised under the Rights Issue exercise which was completed on 22 May 2020. The status of the utilisation of these proceeds is as set out below:-

	Proposed Utilisation (RM'000)	Amounts Utilised As At 25 June 2021 (RM'000)	Balance Unutilised (RM'000)	Estimated timeframe for the utilisation of proceeds
Expansion of production capacity	9,000	6,238	2,762	Within 18 months
Repayment of bank borrowings	10,728	10,728	-	Within 3 months
Working capital	14,313	14,313	-	Within 24 months
Estimated expenses for the corporate exercise	650	650	-	Immediate
<b>Total</b>	<b>34,691</b>	<b>31,929</b>	<b>2,762</b>	

#### 1.2 Private Placement I – November 2020

Proceeds totalling RM45.71 million were raised under the Private Placement I which was completed on 10 November 2020. The status of the utilisation of these proceeds is as set out below:-

	Proposed Utilisation (RM'000)	Amounts Utilised As At 25 June 2021 (RM'000)	Balance Unutilised (RM'000)	Estimated timeframe for the utilisation of proceeds
Capital expenditure for Glove Business	43,269	39,155	4,114	Within 12 months
Working capital	1,823	1,823	-	Within 12 months
Estimated expenses for the corporate exercise	616	616	-	Immediate
<b>Total</b>	<b>45,708</b>	<b>41,594</b>	<b>4,114</b>	



## ADDITIONAL COMPLIANCE INFORMATION

(IN ACCORDANCE WITH RULE 9.25 OF THE ACE LR AS SET OUT IN APPENDIX 9C) (cont'd)

### 1.3 Private Placement II – December 2020

Proceeds totalling RM113.78 million were raised under the Private Placement I which was completed on 16 December 2020. The status of the utilisation of these proceeds is as set out below:-

	Proposed Utilisation (RM'000)	Amounts Utilised As At 25 June 2021 (RM'000)	Balance Unutilised (RM'000)	Estimated timeframe for the utilisation of proceeds
Capital expenditure for Glove Business	73,145	31,591	41,554	Within 12 months
Working capital	39,954	30,717	9,237	Within 12 months
Estimated expenses for the corporate exercise	685	685	-	Immediate
<b>Total</b>	<b>113,784</b>	<b>62,993</b>	<b>50,791</b>	

## 2.0 SHARE ISSUANCE SCHEME AND EMPLOYEES' SHARE OPTION SCHEME

### 2.1 Share Issuance Scheme

The Group implemented a Share Issuance Scheme ("SIS") of not more than 30% of the issued shares of the Company with effect from 29 October 2015 and the SIS is governed by its By-Laws approved by the shareholders at an Extraordinary General Meeting held on 26 August 2015. The Group extended the SIS for a further period of five (5) years from 29 October 2020 to 28 October 2025, in accordance with the terms of its By-Laws. On 10 March 2021, the Group terminated the continuation of the SIS. Information in relation to the SIS prior to the termination was as follows:-

- (a) Total number of options granted, exercised and outstanding during the financial year under review are as follows:-

Number of options	Grand Total	Directors and Chief Executive
<b>Outstanding as at 1 April 2020</b>	-	-
<b>Granted</b>	1,773,530,000	-
<b>Exercised</b>	(1,128,065,000)	-
<b>Lapsed</b>	(645,465,000)	-
<b>Outstanding as at 31 March 2021</b>	-	-

**ADDITIONAL COMPLIANCE INFORMATION**

(IN ACCORDANCE WITH RULE 9.25 OF THE ACE LR AS SET OUT IN APPENDIX 9C) (cont'd)

- (b) Percentages of options applicable to Directors and senior management under the SIS during the financial year and since its commencement up to the financial year ended 31 March 2021 are set out below:-

Directors and senior management	Percentage of options (%)	
	During the financial year	Since commencement up to 31 March 2021
<b>(i) Aggregate maximum allocation</b>	80.00%	80.00%
<b>(ii) Actual options granted</b>	0.06%	5.89%

- (c) No options were granted to the Non-Executive Directors under the SIS since its commencement up to the financial year ended 31 March 2021.

## 2.2 Employees' Share Option Scheme

Subsequent to FY2021, the Group has established and implemented a new Employees' Share Option Scheme ("ESOS") of not more than 30% of the issued shares of the Company with effect from 20 April 2021 and the ESOS is governed by its By-Laws approved by the shareholders at an Extraordinary General Meeting held on 12 April 2021.

## 3.0 AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors and a firm affiliated to the external auditors' firm by the Group and the Company for the financial year ended 31 March 2021 are as follows:-

	Group (RM'000)	Company (RM'000)
<b>Audit fees</b>	138	41
<b>Non-audit fees</b>	55	55
<b>Total</b>	<b>193</b>	<b>96</b>

## 4.0 MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial year.

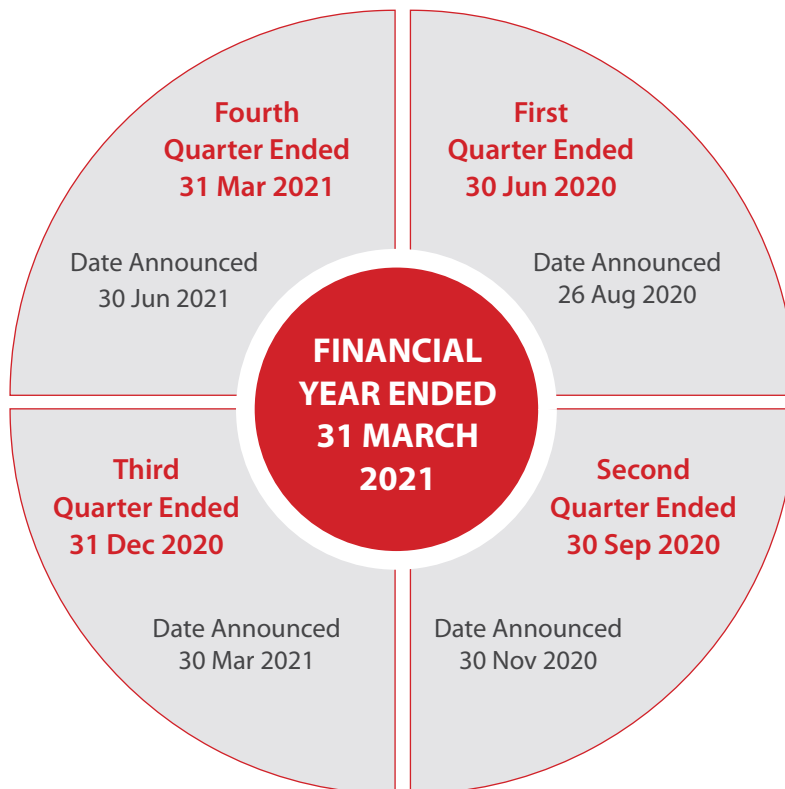
## 5.0 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

The Company does not have any recurrent related party transactions of revenue or trading nature during the financial year ended 31 March 2021.



# FINANCIAL CALENDAR

## ANNOUNCEMENT OF RESULTS



## PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENT

Notice of Annual General Meeting  
30 August 2021

**17<sup>TH</sup> ANNUAL  
GENERAL MEETING  
29 September 2021**

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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# **DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF ANNUAL AUDITED FINANCIAL STATEMENTS**

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As required under the Companies Act 2016 ("Act") in Malaysia, the Directors of AT Systematization Berhad have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and of the financial performance of the Group and of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act.

In the process of preparing these financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the financial year. In cases where judgement and estimates were made, they were based on reasonableness and prudence.

Additionally, the Directors have relied on the systems of risk management and internal control to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.





# DIRECTORS' REPORT

## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2021.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 11. There have been no significant changes in these activities during the financial year apart from the manufacturing and sale of medical gloves as disclosed in Note 11 to the financial statements.

## RESULTS

	Group RM	Company RM
(Loss)/profit for the financial year	<u>(20,529,260)</u>	<u>13,209,752</u>
Attributable to:-		
Owners of the Company	(20,529,260)	13,209,752
Non-controlling interests	-	-
	<u>(20,529,260)</u>	<u>13,209,752</u>

## DIVIDEND

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

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.



## **DIRECTORS' REPORT** (cont'd)

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### **BAD AND DOUBTFUL DEBTS**

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and adequate allowance had been made for doubtful debts.

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

### **CURRENT ASSETS**

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### **CONTINGENT AND OTHER LIABILITIES**

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

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.



## DIRECTORS' REPORT (cont'd)

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### CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, except for as disclosed in the financial statements:-

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:-

- (i) 991,176,200 new ordinary shares ("Right Shares") pursuant to the renounceable rights issue on the basis of 4 Rights Shares for every 2 existing ordinary shares held in the Company ("Right Issue") at an issue price of RM0.035 per Right Share for cash;
- (ii) 274,328,500 new ordinary shares at an exercise price of RM0.035 pursuant to the exercise of Warrants C;
- (iii) 1,336,548,600 new ordinary shares pursuant to private placements at issue price ranging from RM0.063 to RM0.18; and
- (iv) 1,128,065,000 options exercised under the Share Issuance Scheme at exercise prices ranging from RM0.075 to RM0.24 per ordinary share for cash.

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

During the financial year, no issue of debentures were made by the Company.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Share Issuance Scheme.



## DIRECTORS' REPORT (cont'd)

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### SHARE ISSUANCE SCHEME AND EMPLOYEES' SHARE OPTION SCHEME

#### (I) SHARE ISSUANCE SCHEME ("SIS")

At an Extraordinary General Meeting held on 26 August 2015, the Company's shareholders approved the establishment of SIS of not more than 30% of the issued share capital of the Company at any point in time throughout the duration of the scheme to eligible directors and employees of the Company and its subsidiaries.

The SIS became effective for a period of five (5) years from 29 October 2015. The SIS was extended for a further period of five (5) years from 29 October 2020 to 28 October 2025, in accordance with the terms of the SIS By-Laws. On 10 March 2021, the Company terminated the continuation of the SIS. The salient features and other terms of the SIS were disclosed in Note 20.3 to the financial statements.

The movements of options over unissued shares of the Company granted under SIS during the financial year are disclosed in Note 20.3 to the financial statements.

Details of the options granted to directors are disclosed in the section on Directors' Interests in this report.

#### (II) EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

Subsequent to the financial year ended 31 March 2021, the Company has established and implemented a new ESOS of not more than 30% of the issued shares of the Company with effect from 20 April 2021 and the ESOS is governed by its By-Laws approved by the shareholders at an Extraordinary General Meeting held on 12 April 2021.

### WARRANTS

#### Warrants 2020/2025 ("Warrants C")

On 22 May 2020, the Company listed and quoted 743,383,150 Warrants C pursuant to the renounceable rights issue. The Warrants C are constituted by the Deed Poll dated 26 February 2020 ("Deed Poll C").

Salient features of the Warrants C are as follows:-

- (a) Each Warrant C entitles the warrant holders to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.035 during the 5-year period expiring on and including 17 May 2025 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll C;
- (b) At the expiry of the Exercise Period, any Warrants C which have not been exercised shall automatically lapse and cease to be valid for any purposes; and
- (c) Warrant holders must exercise the Warrants C in accordance with the procedures set out in the Deed Poll C and shares allotted and issued upon such exercise shall rank *pari passu* in all respects with the existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

As at 31 March 2021, 469,053,650 Warrants C remained unexercised.

## DIRECTORS' REPORT (cont'd)

### DIRECTORS

The directors in office during the financial year until the date of this report are:-

#### Directors of the Company

Dato' Nik Ismail bin Dato' Nik Yusoff  
 Dr. Ch'ng Huck Khoon  
 Mak Siew Wei \*  
 Choong Lee Aun \*  
 Tan Lay Chee

\* Being a director of one or more subsidiaries.

#### Directors of the subsidiaries of the Company

Pursuant to Section 253 of the Companies Act 2016, the list of directors of the subsidiaries (excluding directors who are also directors of the Company) in office during the financial year until the date of this report are:-

Yong Man Chai

### DIRECTORS' INTERESTS

According to the Registers of Directors' Shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares and share options of the Company and of its related corporations during the financial year were as follows:-

#### Directors of the Company

	Number of ordinary shares			As at 31.03.2021
	As at 01.04.2020	Addition	Disposal	
<b>Interest in the Company</b>				
<b>Direct Interest</b>				
Mak Siew Wei	1,845,666	346,800,000 #	-	348,645,666
Dato' Nik Ismail bin Dato' Nik Yusoff	-	700,000	-	700,000

# Subscription to the Company's renounceable rights issue.

	Number of Warrants C			As at 31.03.2021
	As at 01.04.2020	Addition	Disposal	
<b>Direct Interest</b>				
Mak Siew Wei	-	260,100,000 *	-	260,100,000

\* Issuance of warrants arising from the subscription to the Company's renounceable right issue.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year.



## DIRECTORS' REPORT (cont'd)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the section on Directors' Remuneration in this report) by reason of a contract made by the Company or a related corporation with any 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.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Company's SIS.

### INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Group and of the Company were RM2 million and RM9,180 respectively. No indemnity was given to or insurance effected for auditors of the Company.

### DIRECTORS' REMUNERATION

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<u>Directors of the Company</u>				
(i) Executive directors:				
- Salaries, bonuses and allowances	628,700	588,000	144,000	144,000
- Defined contribution plan	76,044	73,200	17,280	17,280
- Estimated monetary value of benefits-in-kind	34,780	34,897	28,450	28,450
	<u>739,524</u>	<u>696,097</u>	<u>189,730</u>	<u>189,730</u>
(ii) Non-executive directors:				
- Fees	156,000	145,500	156,000	145,500
- Allowances	-	500	-	500
	<u>156,000</u>	<u>146,000</u>	<u>156,000</u>	<u>146,000</u>
	<u>895,524</u>	<u>842,097</u>	<u>345,730</u>	<u>335,730</u>

Included in the analysis above is remuneration for the directors of the Company for their services to the Company and its subsidiaries in accordance with the requirements of the Companies Act 2016.





## DIRECTORS' REPORT (cont'd)

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### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 29 to the financial statements.

### SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 30 to the financial statements.

### AUDITORS

The details of the auditors' remuneration for the financial year are disclosed in Note 6 to the financial statements.

The auditors, Messrs. ONG & WONG, have expressed their willingness to continue in office.

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

.....  
**CHOONG LEE AUN**

Director

.....  
**MAK SIEW WEI**

Director

Date: 27 August 2021



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Group		Company	
		2021 RM	2020 RM (Restated)	2021 RM	2020 RM (Restated)
Revenue	5	30,927,435	19,769,967	991,165	914,319
Cost of sales		(26,158,148)	(18,398,703)	-	-
<b>Gross profit</b>		4,769,287	1,371,264	991,165	914,319
Other income		20,599,802	1,201,794	20,750,485	48,351,171
Administrative and general expenses		(12,869,474)	(8,374,319)	(3,615,458)	(2,687,928)
Selling and distribution expenses		(102,585)	(172,727)	-	-
		(12,972,059)	(8,547,046)	(3,615,458)	(2,687,928)
Other expenses		(32,088,023)	(8,611,904)	(4,902,571)	(68,551,479)
(Loss)/profit from operation		(19,690,993)	(14,585,892)	13,223,621	(21,973,917)
Finance costs		(503,512)	(798,448)	(13,869)	(19,998)
Share of loss of associate		(411,670)	-	-	-
(Loss)/profit before taxation	6	(20,606,175)	(15,384,340)	13,209,752	(21,993,915)
Taxation	7	76,915	1,490	-	1,490
<b>(Loss)/profit for the financial year</b>		<u>(20,529,260)</u>	<u>(15,382,850)</u>	<u>13,209,752</u>	<u>(21,992,425)</u>
<b>(Loss)/profit for the financial year attributable to:-</b>					
Owners of the Company		(20,529,260)	(15,347,703)	13,209,752	(21,992,425)
Non-controlling interests	11	-	(35,147)	-	-
		<u>(20,529,260)</u>	<u>(15,382,850)</u>	<u>13,209,752</u>	<u>(21,992,425)</u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021** (cont'd)

	Note	Group		Company	
		2021 RM	2020 RM (Restated)	2021 RM	2020 RM (Restated)
<b>(Loss)/profit for the financial year</b>		(20,529,260)	(15,382,850)	13,209,752	(21,992,425)
<b>Other comprehensive income :</b>					
<b>Item that will not be reclassified subsequently to profit or loss</b>					
Revaluation (decrease)/increase in right-of-use assets		(1,872,242)	1,931,686	-	-
<b>Item that may be reclassified subsequently to profit or loss</b>					
Share of other comprehensive loss of associate		(1,750,848)	-	-	-
<b>Total comprehensive (loss)/profit for the financial year</b>		<u>(24,152,350)</u>	<u>(13,451,164)</u>	<u>13,209,752</u>	<u>(21,992,425)</u>
<b>Total comprehensive (loss)/profit for the financial year attributable to:-</b>					
Owners of the Company		(24,152,350)	(13,416,017)	13,209,752	(21,992,425)
Non-controlling interests	11	-	(35,147)	-	-
		<u>(24,152,350)</u>	<u>(13,451,164)</u>	<u>13,209,752</u>	<u>(21,992,425)</u>
<b>Loss per share attributable to the owners of the Company (sen)</b>					
Basic and diluted	8	<u>(0.78)</u>	<u>(3.26)</u>		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 MARCH 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	124,462,059	38,074,272	422,936	468,716
Right-of-use assets	10	39,411,182	19,710,000	138,969	-
Investment in subsidiaries	11	-	-	215,866,878	5
Investment in associate	12	40,269,999	-	-	-
Marketable securities	13	6,617,777	2,133,173	-	-
		<u>210,761,017</u>	<u>59,917,445</u>	<u>216,428,783</u>	<u>468,721</u>
<b>Current assets</b>					
Inventories	14	12,400,376	3,250,721	-	-
Receivables, deposits and prepayments	15	18,913,048	7,800,662	64,554,493	600,601
Tax assets	16	137,840	85,487	98,000	45,500
Money market instruments	17	53,273,320	-	53,273,320	-
Cash and bank balances	18	97,517,522	1,392,326	24,933,925	44,541
		<u>182,242,106</u>	<u>12,529,196</u>	<u>142,859,738</u>	<u>690,642</u>
<b>TOTAL ASSETS</b>		<u><u>393,003,123</u></u>	<u><u>72,446,641</u></u>	<u><u>359,288,521</u></u>	<u><u>1,159,363</u></u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021** (cont'd)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	19	392,934,157	56,935,104	392,934,157	56,935,104
Other reserves	20	9,261,308	1,931,686	9,261,308	-
Accumulated losses		(32,425,384)	(10,204,720)	(43,332,432)	(56,542,184)
<b>Total equity attributable to owners of the Company</b>		369,770,081	48,662,070	358,863,033	392,920
Non-controlling interests	11	-	-	-	-
<b>Total equity</b>		369,770,081	48,662,070	358,863,033	392,920
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	21	4,280,053	12,256,113	167,381	210,855
Deferred tax liabilities	22	273,859	499,328	-	-
		4,553,912	12,755,441	167,381	210,855
<b>Current liabilities</b>					
Loans and borrowings	21	1,911,076	2,977,070	43,475	37,635
Payables, deposits received and accruals	23	16,767,911	8,052,060	214,632	517,953
Tax liabilities		143	-	-	-
		18,679,130	11,029,130	258,107	555,588
<b>Total liabilities</b>		23,233,042	23,784,571	425,488	766,443
<b>TOTAL EQUITY AND LIABILITIES</b>		393,003,123	72,446,641	359,288,521	1,159,363

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Non-distributable						Total Equity RM
	Share Capital RM	Options Reserve RM	Revaluation Reserve RM	Warrants Reserve RM	Accumulated Losses RM	Sub-total RM	
	Share	Options Reserve	Revaluation Reserve	Warrants Reserve	Accumulated Losses	Sub-total	Non-controlling Interests
	RM	RM	RM	RM	RM	RM	RM
<b>As at 1 April 2020</b>	56,935,104	-	1,931,686	-	(10,204,720)	48,662,070	-
<b>Comprehensive loss</b>							
Loss for the financial year	-	-	-	-	(20,529,260)	(20,529,260)	-
Revaluation decrease in right-of-use assets	-	-	(1,872,242)	-	-	(1,872,242)	-
Share of other comprehensive loss of associate	-	-	-	-	(1,750,848)	(1,750,848)	-
<b>Total comprehensive loss for the financial year</b>	-	-	(1,872,242)	-	(22,280,108)	(24,152,350)	-
<b>Transactions with owners</b>							
Private placements	159,492,258	-	-	-	-	159,492,258	-
Rights issue	20,013,334	-	-	14,677,833	-	34,691,167	-
Warrants C conversion	15,018,023	-	-	(5,416,525)	-	9,601,498	-
Exercise of share options	143,496,778	(13,429,978)	-	-	-	130,066,800	-
Share-based payments	-	13,429,978	-	-	-	13,429,978	-
Share issuance expenses	(2,021,340)	-	-	-	-	(2,021,340)	-
<b>Total transactions with owners</b>	335,999,053	-	-	9,261,308	-	345,260,361	-
Realisation of revaluation reserve	-	-	(59,444)	-	59,444	-	-
<b>As at 31 March 2021</b>	392,934,157	-	-	9,261,308	(32,425,384)	369,770,081	-

20.2



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)**

	Non-distributable							Total Equity RM
	Share Capital RM	Share Options Reserve RM	Revaluation Reserve RM	Warrants Reserve RM	Accumulated Losses RM	Sub-total RM	Non- controlling Interests RM	
<b>As at 1 April 2019</b>	55,545,414	568,707	-	6,495,909	(1,051,105)	61,558,925	(835,381)	60,723,544
<b>Comprehensive loss</b>								
Loss for the financial year	-	-	-	-	(15,347,703)	(15,347,703)	(35,147)	(15,382,850)
Increase in revaluation	-	-	1,931,686	-	-	1,931,686	-	1,931,686
<b>Total comprehensive loss for the financial year</b>	-	-	1,931,686	-	(15,347,703)	(13,416,017)	(35,147)	(13,451,164)
<b>Transactions with owners</b>								
Acquisition of non-controlling interests in a subsidiary	-	-	-	-	(870,528)	(870,528)	870,528	-
Share options lapsed	-	(568,707)	-	-	568,707	-	-	-
Share-based payments	-	161,690	-	-	-	161,690	-	161,690
Exercise of share options	1,389,690	(161,690)	-	-	-	1,228,000	-	1,228,000
Expiry of Warrants B	-	-	-	(6,495,909)	6,495,909	-	-	-
<b>Total transactions with owners</b>	1,389,690	(568,707)	-	(6,495,909)	6,194,088	519,162	870,528	1,389,690
<b>As at 31 March 2020</b>	56,935,104	-	1,931,686	-	(10,204,720)	48,662,070	-	48,662,070

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

## STATEMENT OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

Note	Non-distributable				Total Equity RM
	Share Capital RM	Share Options Reserve RM	Warrants Reserve RM	Accumulated Losses RM	
<b>As at 1 April 2020</b>	56,935,104	-	-	(56,542,184)	392,920
<b>Comprehensive profit</b>					
Profit for the financial year	-	-	-	13,209,752	13,209,752
<b>Total comprehensive profit for the financial year</b>	-	-	-	13,209,752	13,209,752
<b>Transactions with owners</b>					
Private placements	159,492,258	-	-	-	159,492,258
Rights issue	20,013,334	-	14,677,833	-	34,691,167
Warrants C conversion	15,018,023	-	(5,416,525)	-	9,601,498
Exercise of share options	143,496,778	(13,429,978)	-	-	130,066,800
Share-based payments	-	13,429,978	-	-	13,429,978
Share issuance expenses	(2,021,340)	-	-	-	(2,021,340)
<b>Total transactions with owners</b>	335,999,053	-	9,261,308	-	345,260,361
<b>As at 31 March 2021</b>	392,934,157	-	9,261,308	(43,332,432)	358,863,033

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**(cont'd)

	Note	← Non-distributable →			Accumulated Losses RM	Total Equity RM
		Share Capital RM	Share Options Reserve RM	Warrants Reserve RM		
<b>As at 1 April 2019</b>		55,545,414	568,707	6,495,909	(41,152,352)	21,457,678
<b>Comprehensive loss</b>						
Loss for the financial year		-	-	-	(21,992,425)	(21,992,425)
<b>Total comprehensive loss for the financial year</b>		-	-	-	(21,992,425)	(21,992,425)
<b>Transactions with owners</b>						
Share options lapsed		-	(568,707)	-	106,684	(462,023)
Share-based payments		-	161,690	-	-	161,690
Exercise of share options		1,389,690	(161,690)	-	-	1,228,000
Expiry of of Warrants B		-	-	(6,495,909)	6,495,909	-
<b>Total transactions with owners</b>		1,389,690	(568,707)	(6,495,909)	6,602,593	927,667
<b>As at 31 March 2020</b>		56,935,104	-	-	(56,542,184)	392,920

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Group		Company	
		2021 RM	2020 RM (Restated)	2021 RM	2020 RM
<b>Cash flows from operating activities</b>					
(Loss)/profit before taxation		(20,606,175)	(15,384,340)	13,209,752	(21,993,915)
Adjustments for:-					
Depreciation of property, plant and equipment		3,513,806	4,350,102	56,562	129,404
Depreciation of right-of-use assets		1,709,134	171,714	79,412	-
(Gain)/loss on disposal of property, plant and equipment		(107,570)	(421,028)	226	-
Bad debts written off		45,560	-	-	-
Fair value loss on investment in quoted shares		10,014,433	1,066,587	-	-
Impairment loss on:					
- inventories		4,488	79,922	-	-
- receivables		93,371	5,925,096	-	5,742,357
- amount due from subsidiaries		-	-	-	1,746,096
- investment in subsidiaries		-	-	4,757,821	61,031,751
- investment in associate		6,722,627	-	-	-
- property, plant and equipment		1,085,819	1,315,617	-	-
- right-of-use assets		835,166	325,653	-	-
Gain on bargain purchase of investment in associate		(15,003,469)	-	-	-
Recovery of inventory		(57,233)	-	-	-
Reversal of impairment loss on:					
- receivables		(1,926,384)	(19,575)	(1,750,000)	-
- interest income from subsidiaries		-	-	-	837,223
- amount due from subsidiaries		-	-	(54,225)	(48,348,890)
- investment in subsidiaries		-	-	(17,390,464)	-
- property, plant and equipment		(959,599)	-	-	-
Distribution income on money market instruments		(633,301)	(3,244)	(633,301)	-
Interest income		(120,212)	(26,931)	(61,346)	(721)
Interest expenses		503,512	798,448	13,869	19,998
Share-based payment under SIS		13,429,978	161,690	144,750	31,275
Share of result of associate		411,670	-	-	-
Unrealised gain on foreign exchange, net		(878,387)	(40,203)	(854,391)	-
Operating loss before working capital changes carried forward		(1,922,766)	(1,700,492)	(2,481,335)	(805,422)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (cont'd)**

	Note	Group		Company	
		2021 RM	2020 RM (Restated)	2021 RM	2020 RM
Operating loss before working capital changes brought forward		(1,922,766)	(1,700,492)	(2,481,335)	(805,422)
Inventories		(9,096,909)	(1,179,559)	-	-
Receivables		(4,937,190)	2,170,418	1,844,090	(552,746)
Payables		8,714,750	3,064,416	(297,850)	204,140
Amount due by subsidiary companies		-	-	(63,999,227)	-
Cash (used in)/from operations		(7,242,115)	2,354,783	(64,934,322)	(1,154,028)
Tax refund		-	196,474	-	-
Tax paid		(56,175)	(111,519)	(52,500)	(71,528)
Net cash generated (used in)/from operating activities		(7,298,290)	2,439,738	(64,986,822)	(1,225,556)
<b>Cash flows from investing activities</b>					
Distribution income on money market instruments		633,301	3,244	633,301	-
Interest received		118,264	26,931	61,346	721
Investment in subsidiaries		-	-	(189,949,002)	-
Deposit paid		(4,400,000)	-	-	-
Proceeds from disposal of property, plant and equipment		223,000	3,391,500	3,000	-
Acquisition of non-controlling interest		-	(1)	-	-
Acquisition of associate		(32,999,761)	-	-	-
Purchase of marketable securities		(15,650,950)	-	-	-
Acquisition of property, plant and equipment		(95,842,994)	(4,796,342)	(232,389)	(8,000)
Acquisition of right-of-use assets		(14,992,256)	-	-	-
Net cash used in from investing activities		(162,911,396)	(1,374,668)	(189,483,744)	(7,279)


**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**(cont'd)

	Note	Group		Company	
		2021 RM	2020 RM (Restated)	2021 RM	2020 RM
<b>Cash flows from financing activities</b>					
Proceeds from private placements	19	159,492,258	-	159,492,258	-
Proceeds from rights issue,		34,691,167	-	34,691,167	-
Proceeds from share options		130,066,800	1,228,000	130,066,800	1,228,000
Proceeds from conversion of Warrants C		9,601,498	-	9,601,498	-
Share issuance expenses		(2,021,340)	-	(2,021,340)	-
Interest paid		(503,512)	(798,448)	(13,869)	(19,998)
Placement of deposits pledged with a licensed bank		-	(3,244)	-	-
Net repayment of finance lease liabilities		(1,680,989)	(1,602,458)	(37,634)	(31,796)
Net repayment of term loans		(10,664,649)	(1,182,807)	-	-
Net cash generated/(used in) from financing activities		318,981,233	(2,358,957)	331,778,880	1,176,206
<b>Net increase/(decrease) in cash and cash equivalents</b>		148,771,547	(1,293,887)	77,308,314	(56,629)
Effects of exchange rate changes on cash and cash equivalents		891,745	13,518	854,390	-
Cash and cash equivalents at beginning of the financial year		1,020,356	2,300,725	44,541	101,170
<b>Cash and cash equivalents at end of the financial year</b>		<u>150,683,648</u>	<u>1,020,356</u>	<u>78,207,245</u>	<u>44,541</u>
<b>Cash and cash equivalents comprise:</b>					
Deposits placed with a licensed bank		107,194	105,246	-	-
Cash and bank balances		97,410,328	1,287,080	24,933,925	44,541
Money market instruments		53,273,320	-	53,273,320	-
Bank overdraft		-	(266,724)	-	-
		150,790,842	1,125,602	78,207,245	44,541
Less: Deposits pledged with a licensed bank		(107,194)	(105,246)	-	-
		<u>150,683,648</u>	<u>1,020,356</u>	<u>78,207,245</u>	<u>44,541</u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 35, 1<sup>st</sup> Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Pulau Pinang.

The principal place of business of the Company is located at Lot 11.2, Level 11, Menara Lien Hoe, No. 8, Persiaran Tropicana, 47410 Petaling Jaya, Selangor.

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 11. There have been no significant changes in these activities during the financial year apart from the manufacturing and sale of medical gloves as disclosed in Note 11 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 August 2021.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Adoption of MFRS, amendments/improvements to MFRSs

On 1 April 2020, the Group and the Company adopted the following MFRSs and Amendments to MFRSs issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 January 2020:-

<b>MFRSs/Amendments to MFRSs</b>	<b>Effective for annual period beginning on or after</b>
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.2 Adoption of MFRS, amendments/improvements to MFRSs (cont'd)

On 1 April 2020, the Group and the Company adopted the following MFRSs and Amendments to MFRSs issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 January 2020:- (cont'd)

MFRSs/Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 16 Covid-19-Related Rent Concessions	1 June 2020*
Amendments to MFRS 4 Insurance Contracts	17 August 2020^
MFRS 101 Classification of Liabilities as Current or Non-current	17 August 2020^

\* Early adopted by the Company.

^ Effective immediately.

The adoption of the above MFRSs and Amendments to MFRSs does not have any significant effects on the financial statements upon their initial application.

#### 2.3 MFRSs, amendments/improvements to MFRSs that have been issued but are not yet effective

The Group and the Company have not adopted the following MFRSs and amendments to MFRSs that have been issued but not yet effective:-

MFRSs/Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform- Phase 2	1 January 2021
Amendment to MFRS 16 Covid 19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, plant and equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual improvements to MFRSs 2018-2020 – MFRS 1 and MFRS 9	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

### 2.3 MFRSs, amendments/improvements to MFRSs that have been issued but are not yet effective (cont'd)

MFRSs/Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 101 Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Disclosure of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between as Investor and its Associate or Joint Venture	Deferred

The adoption of these standards and amendments that have been issued but not yet effective are not expected to have a material impact to the financial statements of the Group and of the Company.

### 2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's and its subsidiaries' functional currency.

### 2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

### 2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

#### 3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

##### (a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:-

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

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

#### 3.1 Basis of consolidation (cont'd)

##### (a) Subsidiaries and business combination (cont'd)

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

##### (b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

##### (c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

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

#### 3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and investment in associate are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.15(b).

#### 3.3 Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

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

#### 3.4 Foreign currency transactions and operations

##### Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

#### 3.5 Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer. Revenue is recognised when the Group and the Company satisfied a performance obligation by transferring a promised goods or services to the customer, which is when a customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time.

##### (a) Goods sold

Revenue from the sale of goods is recognised at a point in time when the control of ownership has been transferred to the buyer and upon its acceptance.

##### (b) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

##### (c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

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

#### 3.5 Revenue and other income (cont'd)

##### (d) Management fees

Management fees are recognised when services are rendered.

##### (e) Sale of solar energy

The Group sells electricity generated through its self-constructed solar plant to electric utility company, Tenaga Nasional Berhad under 21-year renewable energy power purchase agreement. Revenue is recognised upon delivery of electricity by kilowatt-hour to the utility company's grid and acceptable by the utility company.

#### 3.6 Employee benefits

##### (a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Company and its subsidiaries.

##### (b) Defined contribution plans

As required by law, the Company and its subsidiaries contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

##### (c) Share-based payment transactions

###### Equity-settled share-based payment transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) when the options are exercised.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

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

#### 3.7 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### 3.8 Income tax

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

##### (a) Current tax

Current tax is the expected taxes payable on the taxable income for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

##### (b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

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

#### 3.8 Income tax (cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

#### 3.9 Earnings Per Ordinary Share ("EPS")

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held, if any.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, if any, for the effect of all dilutive potential ordinary shares, which comprise warrants and share options granted to the employees.

#### 3.10 Financial instruments

##### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

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

#### 3.10 Financial instruments (cont'd)

##### (i) Initial recognition and measurement (cont'd)

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

##### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:-

###### **Financial assets**

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### (a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3.15) where the effective interest rate is applied to the amortised cost.

##### (b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

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

#### 3.10 Financial instruments (cont'd)

##### (ii) Financial instrument categories and subsequent measurement (cont'd)

###### *Financial assets (cont'd)*

###### (b) Fair value through profit or loss (cont'd)

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognized in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 3.15).

###### *Financial liabilities*

The subsequent measurement of financial liabilities depends on their classification as follows:

###### (a) Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition. Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

###### (b) Amortised cost

Subsequent to initial recognition, other financial liabilities not measured at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Gains or losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

##### (iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee issued are initially measured at fair value. Subsequently, they are measured at the higher of:-

- (a) the amount of the loss allowance; and
- (b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

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

#### 3.10 Financial instruments (cont'd)

##### (iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:-

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Any changes in the fair value of the asset to be received during the period between the trade date and settlement date is accounted in the same way as it accounts for the acquired asset.

##### (v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the assets is not retained or substantially all of the risks and rewards of ownership of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, or cancelled or expired. A financial liability is also derecognized when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss.

#### 3.11 Property, plant and equipment

##### (a) Recognition and measurement

Property, plant and equipment (other than right-of-use assets and buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.7.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

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

#### 3.11 Property, plant and equipment (cont'd)

##### (a) Recognition and measurement (cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate items of property, plant and equipment.

Buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The revaluation reserve is transferred to retained earnings as the asset is used. The amount of revaluation reserve transferred is the difference between the depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

##### (b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

##### (c) Depreciation

Capital work-in-progress and building work-in-progress are not depreciated until such time when the asset is available for use.

Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:-

Buildings	2%
Solar photovoltaic plants	5%
Plant, machinery, tools and equipment	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	15% - 20%
Renovation	10%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

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

#### 3.11 Property, plant and equipment (cont'd)

##### (d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

#### 3.12 Leases

The Group and the Company have applied MFRS 16 using the modified retrospective approach.

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:-

- (i) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- (ii) the Group and the Company have the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- (iii) the Group and the Company have the right to direct the use of the asset. The Group and the Company have this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group and the Company have the right to direct the use of the asset if either:-
  - the Group and the Company have the right to operate the asset; or
  - the Group and the Company have designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

##### As a lessee

The Group and the Company recognise a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset (other than leasehold land under revaluation model) is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

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

#### 3.12 Leases (cont'd)

The lease terms of the right-of-use asset is as follows:-

Leasehold lands	33 to 90 years
Plant, machinery, tools and equipment	5 to 10 years
Motor vehicles	3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflect the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Leasehold lands under revaluation model are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the leasehold lands does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The revaluation reserve is transferred to retained earnings as the asset is used. The amount of revaluation reserve transferred is the difference between the depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Company's incremental borrowing rate. Generally, the Group and the Company use its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:-

- (a) fixed payments, including in-substance fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise, lease payments in an option renewal period of the Group and of the Company are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

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

#### 3.12 Leases (cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### 3.13 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:-

- raw materials: purchase costs on a first-in, first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in, first-out basis.

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

#### 3.14 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits, bank overdrafts, highly liquid investments with a maturity of three months or less, that are readily convertible to cash and are subject to an insignificant risk of changes in value.

#### 3.15 Impairment

##### (a) Financial Assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are probability weighted estimate credit losses.

The Group and the Company measure loss allowances on debt securities at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, and other debt securities for which credit risk has not increased significantly since initial recognition which are measured as 12-month expected credit loss.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

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

#### 3.15 Impairment (cont'd)

##### (a) Financial Assets (cont'd)

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is past due more than 180 days. The Group and the Company consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group or the Company in full, without recourse by the Group or the Company to actions such as realising security.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group or the Company is exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of asset is reduced through the use of an allowance account.

##### (b) Other assets

The carrying amounts of other assets (except for inventories, contract assets, deferred tax assets and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

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

#### 3.15 Impairment (cont'd)

##### (b) Other assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### 3.16 Share capital

##### Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### 3.17 Warrants reserve

The warrants issued are recognised in the statements of financial position as warrants reserve at fair value as at the date of issuance and credited to warrant reserve account which is non-distributable. The warrants reserve will be transferred to share capital account upon the exercise of warrants. The warrants reserve in relation to the unexercised warrants will be transferred to retained earnings account upon expiry of the exercise period of the warrants.

#### 3.18 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

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

#### 3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Executive Directors of the Group, who is responsible for allocating resources and assessing performance of the operating segments, have been identified as the chief operating decision makers that make strategic decisions.

#### 3.20 Fair value measurements

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

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

#### 3.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:-

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

#### 3.22 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

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

#### 3.22 Government grants (cont'd)

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Where the Group receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

#### 3.23 Related parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
  - a) controls, is controlled by, or is under common control with, the entity (this includes holding company, subsidiary companies and fellow subsidiary companies);
  - b) has an interest in the entity that gives it significant influence over the entity; or
  - c) has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venture;
- (iv) the party is a member of the key management personnel of the entity or its holding company;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and of the subsidiary companies either directly or indirectly. The key management personnel include directors of the Company and directors of the subsidiary companies.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

#### (a) Measurement of income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Company and its subsidiaries recognise liabilities for tax based on estimate of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known. The income tax expense of the Group and the Company are disclosed in Note 7.





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

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

#### (b) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.11, the Group and the Company review the residual values, depreciation rates and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 9.

#### (c) Revaluation and useful lives of property, plant and equipment

The Group and the Company carry its buildings at valuation model, with changes in fair values being recognised in other comprehensive income. The Group and the Company engage independent valuation specialists to determine the fair value of the buildings at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued buildings materially differ from the market values.

#### (d) Impairment of investment in subsidiaries/associate

The directors review the investments in subsidiaries/associate for impairment when there is an indication of impairment. This involves measuring the recoverable amount which includes fair value less costs to sell and valuation techniques. Valuation techniques include discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations associate to the detailed computation. The carrying amounts of the investment in subsidiaries/associate are disclosed in Note 11 and 12.

#### (e) Write-down of obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on the assessment of its estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories. The carrying amounts of the Group's inventories are disclosed in Note 14.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 5. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fabrication:				
(i) Fabrication of customised parts	19,666,204	17,955,571	-	-
(ii) Servicing charges	157,099	371,003	-	-
Sheet metal & automation:				
(i) Sheet metal fabrication	515,502	647,746	-	-
(ii) Design and assembly	1,738,200	-	-	-
Solar renewable energy	758,835	795,647	-	-
Gloves	8,091,595	-	-	-
Management fees	-	-	991,165	914,319
	<u>30,927,435</u>	<u>19,769,967</u>	<u>991,165</u>	<u>914,319</u>
Goods or services transferred at a point in time	<u>30,927,435</u>	<u>19,769,967</u>	<u>991,165</u>	<u>914,319</u>

#### 6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):-

	Group		Company	
	2021 RM	2020 RM (Restated)	2021 RM	2020 RM (Restated)
Auditors' remuneration:				
- current year	137,000	107,000	46,000	41,000
- under provision prior year	-	-	5,000	-
Bad debts written off	45,560	-	-	-
Depreciation of property, plant and equipment	3,513,806	4,350,102	56,562	129,404
Depreciation of right-of-use assets	1,709,134	171,714	79,412	-
(Gain)/loss on disposal of property, plant and equipment	(107,570)	(421,028)	226	-
Fair value loss on investment in quoted shares	10,014,433	1,066,587	-	-
Impairment loss:				
- inventories	4,488	79,922	-	-
- receivables	93,371	5,925,096	-	5,742,357
- amount due from subsidiaries	-	-	-	1,746,096
- property, plant and equipment	1,085,819	1,315,617	-	-
- right-of-use assets	835,166	325,653	-	-
- investment in subsidiaries	-	-	4,757,821	61,031,751
- investment in associate	6,722,627	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 6. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

(Loss)/profit before taxation is arrived at after charging/(crediting):- (cont'd)

	Group		Company	
	2021 RM	2020 RM (Restated)	2021 RM	2020 RM (Restated)
Reversal of impairment loss:				
- receivables	(1,926,384)	(19,575)	(1,750,000)	-
- interest income from subsidiaries	-	-	-	837,223
- amount due from subsidiaries	-	-	(54,225)	(48,348,890)
- investment in subsidiaries	-	-	(17,390,464)	-
- property, plant and equipment	(959,599)	-	-	-
Interest expenses on:				
- bank overdraft	2,834	21,224	-	-
- finance lease	320,569	196,533	13,869	19,998
- term loans	175,899	578,876	-	-
- others	4,210	1,815	-	-
Interest income from:				
- subsidiaries	-	-	-	(652)
- banks	(120,212)	(20,081)	(61,346)	(69)
- others	-	(6,850)	-	-
Distribution income on money market instruments	(633,301)	(3,244)	(633,301)	-
Gain on bargain purchase of investment in associate	(15,003,469)	-	-	-
Net loss/(gain) on foreign exchange:				
- realised	57,613	(320)	-	-
- unrealised	(878,387)	(40,203)	(854,391)	-
Personnel expenses (including key management personnel) (Note 6(a))				
- fees, salaries, bonuses and allowances	8,015,530	7,153,653	764,240	730,312
- contribution to defined contribution plan	826,128	675,391	86,499	78,113
Rental expenses:				
- premises	105,548	77,845	91,624	77,845
Rental income	(557,500)	(710,400)	-	-
Share-based payment under SIS	13,429,978	161,690	144,750	31,275

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 6. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

(Loss)/profit before taxation is arrived at after charging/(crediting):- (cont'd)

- (a) Included in personnel expenses are the aggregate amounts of remuneration received and receivable by the directors of the Group and of the Company during the financial year as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Directors of the Company</u>				
(i) Executive directors:				
- Salaries, bonuses and allowances	628,700	588,000	144,000	144,000
- Defined contribution plan	76,044	73,200	17,280	17,280
- Estimated monetary value of value of benefits-in-kind	34,780	34,897	28,450	28,450
	739,524	696,097	189,730	189,730
(ii) Non-executive directors:				
- Fees	156,000	145,000	156,000	145,000
- Allowances	-	500	-	500
	156,000	145,500	156,000	145,500
<u>Directors of the subsidiaries</u>				
- Salaries, bonuses and allowances	65,500	297,180	-	-
- Defined contribution plan	8,460	45,044	-	-
- Estimated monetary value of benefits-in-kind	3,300	10,246	-	-
	77,260	352,470	-	-
	972,784	1,194,067	345,730	335,230



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 7. TAXATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Current tax:-</b>				
Malaysian income tax				
- Current year	3,964	-	-	-
- Over provision in prior financial year	-	(1,490)	-	(1,490)
	3,964	(1,490)	-	(1,490)
<b>Deferred tax (Note 22):-</b>				
Reversal of temporary differences	(354,738)	-	-	-
Origination of temporary differences	273,859	-	-	-
	(80,879)	-	-	-
Total taxation recognised in profit or loss	(76,915)	(1,490)	-	(1,490)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

The reconciliation of the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(Loss)/profit before taxation	(20,606,175)	(15,384,340)	13,209,752	(21,993,915)
Tax at the Malaysian statutory income tax rate of 24% (2020: 24%)	(4,945,482)	(3,692,242)	3,170,340	(5,278,540)
Tax effect arising from:				
- non-deductible expenses	12,617,483	2,615,293	1,727,542	5,198,778
- non-taxable income	(8,588,737)	(97,624)	(4,963,771)	-
Deferred tax assets not recognised during the financial year	839,821	1,174,573	65,889	79,762
Over provision in prior financial year:				
- current tax	-	(1,490)	-	(1,490)
Total taxation recognised in profit or loss	(76,915)	(1,490)	-	(1,490)

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 7. TAXATION (CONT'D)

The Group and the Company have the following estimated unutilised tax losses and unabsorbed capital allowances available for set-off against future taxable profits:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unutilised tax losses	11,759,416	9,148,949	533,893	300,090
Unabsorbed capital allowances	33,048,551	22,439,027	267,816	179,864
	<u>44,807,967</u>	<u>31,587,976</u>	<u>801,709</u>	<u>479,954</u>

The comparative figures have been restated to reflect the actual unutilised tax losses and unabsorbed capital allowances carry forwards available to the Group and the Company.

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profits.

Any unutilised tax losses in a year of assessment ("YA") can only be allowed carried forward up to a maximum of 7 consecutive years of assessment effective from YA 2019.

#### 8. LOSS PER SHARE

Basic loss per share is calculated by dividing the Group's loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:-

	Group	
	2021	2021
Loss for the financial year attributable to owners of the Company (RM)	<u>(20,529,260)</u>	<u>(15,347,703)</u>
Weighted average number of ordinary shares in issue (unit)	<u>2,615,609,300</u>	<u>470,585,226</u>
Loss per share (sen):		
Basic and diluted	<u>(0.78)</u>	<u>(3.26)</u>

The diluted loss per share is equivalent to the basic loss per share as the Company does not have any dilutive potential ordinary shares during the financial year. The Company's warrants are anti-dilutive for the financial year under review.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 9. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM	Solar Photovoltaic Plants RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Capital Work-in Progress RM	Renovation RM	Total RM
<b>Cost/Valuation</b>								
As at 01.04.2020								
At cost	-	8,300,045	23,793,076	7,078,278	3,288,120	157,342	589,820	43,206,681
At valuation	13,150,000	-	-	-	-	-	-	13,150,000
Previously stated	13,150,000	8,300,045	23,793,076	7,078,278	3,288,120	157,342	589,820	56,356,681
Effect of adoption of MFRS 16	-	-	(8,186,108)	-	(2,681,969)	-	-	(10,868,077)
As at 01.04.2020								
At cost	-	8,300,045	15,606,968	7,078,278	606,151	157,342	589,820	32,338,604
At valuation	13,150,000	-	-	-	-	-	-	13,150,000
Restated	13,150,000	8,300,045	15,606,968	7,078,278	606,151	157,342	589,820	45,488,604
Additions	8,412,916	-	21,093,698	2,164,816	1,795,594	61,777,023	598,947	95,842,994
Disposals	-	-	-	(4,900)	(165,054)	-	-	(169,954)
Reclassification	157,342	-	-	-	-	(157,342)	-	-
Transfer *	-	-	3,047,562	-	165,054	-	-	3,212,616
As at 31.03.2021	21,720,258	8,300,045	39,748,228	9,238,194	2,401,745	61,777,023	1,188,767	144,374,260
Representing								
At cost	7,000,000	8,300,045	39,748,228	9,238,194	2,401,745	61,777,023	1,188,767	129,654,002
At valuation	14,720,258	-	-	-	-	-	-	14,720,258
	21,720,258	8,300,045	39,748,228	9,238,194	2,401,745	61,777,023	1,188,767	144,374,260

\* The asset previously acquired under hire purchase arrangements were reclassified from right-of-use assets as the lease liabilities for those assets have been fully settled during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Buildings RM	Solar Photovoltaic Plants RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Capital Work-in Progress RM	Renovation RM	Total RM
<b>Accumulated Depreciation</b>								
As at 01.04.2020	-	1,545,567	9,274,406	3,827,819	2,153,092	-	165,908	16,966,792
Previously stated	-	-	(1,811,600)	-	(1,622,760)	-	-	(3,434,360)
Effect of adoption of MFRS 16	-	1,545,567	7,462,806	3,827,819	530,332	-	165,908	13,532,432
Restated	360,309	415,002	1,779,236	676,243	175,090	-	107,926	3,513,806
Charge for the financial year	-	-	-	(1,674)	(127,426)	-	-	(129,100)
Disposals	-	-	1,454,194	-	99,032	-	-	1,553,226
Transfer *	360,309	1,960,569	10,696,236	4,502,388	677,028	-	273,834	18,470,364
As at 31.03.2021	-	1,315,617	-	-	-	-	-	1,315,617
<b>Accumulated Impairment loss</b>								
As at 01.04.2020	612,622	-	278,739	104,361	45,265	-	44,832	1,085,819
Charge for the financial year	-	(959,599)	-	-	-	-	-	(959,599)
Reversal	612,622	356,018	278,739	104,361	45,265	-	44,832	1,441,837
As at 31.03.2021								

\* The asset previously acquired under hire purchase arrangements were reclassified from right-of-use assets as the lease liabilities for those assets have been fully settled during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Buildings RM	Photovoltaic Plants RM	Solar Plants RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Capital Work-in Progress RM	Renovation RM	Total RM
Net Carrying Amount									
At cost	6,953,333	5,983,458	28,773,253	4,631,445	1,679,452	61,777,023	870,101	110,668,065	
At valuation	13,793,994	-	-	-	-	-	-	13,793,994	
As at 31.03.2021	20,747,327	5,983,458	28,773,253	4,631,445	1,679,452	61,777,023	870,101	124,462,059	

**NOTES TO THE FINANCIAL STATEMENTS**  
31 MARCH 2021 (cont'd)

**9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Group	Leasehold Lands RM	Buildings RM	Photovoltaic Plants RM	Solar Plants RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Capital Work-in Progress RM	Renovation RM	Total RM
<b>Cost/Valuation</b>										
As at 01.04.2019										
At cost	-	-	8,281,645	24,740,428	7,090,024	3,745,247	157,342	498,116	44,512,802	
At valuation	12,115,688	28,676,298	-	-	-	-	-	-	-	40,791,986
Additions	12,115,688	28,676,298	8,281,645	24,740,428	7,090,024	3,745,247	157,342	498,116	85,304,788	
Disposals	-	-	18,400	6,997,785	198,254	-	-	-	91,704	7,306,143
Revaluation	-	-	-	(8,155,137)	-	(457,127)	-	-	-	(8,612,264)
Elimination of accumulated depreciation on revaluation	2,080,530	-	-	-	-	-	-	-	-	2,080,530
Elimination of accumulated impairment loss on revaluation	(1,108,716)	(2,213,812)	-	-	-	-	-	-	-	(3,322,528)
Reclassification	(6,192,621)	-	-	-	-	-	-	-	-	(6,192,621)
Effect of adoption of MFRS 16	13,312,486	(13,312,486)	-	210,000	(210,000)	-	-	-	-	-
As at 31.03.2020	(20,207,367)	-	-	-	-	-	-	-	-	(20,207,367)
As at 31.03.2021	-	13,150,000	8,300,045	23,793,076	7,078,278	3,288,120	157,342	589,820	56,356,681	

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Leasehold Lands RM	Buildings RM	Photovoltaic Plants RM	Solar Plants RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Capital Work-in Progress RM	Renovation RM	Total RM
Representing										
At cost	-	-	8,300,045	23,793,076	7,078,278	3,288,120	157,342	589,820	43,206,681	
At valuation	-	13,150,000	-	-	-	-	-	-	13,150,000	
	-	13,150,000	8,300,045	23,793,076	7,078,278	3,288,120	157,342	589,820	56,356,681	
<b>Accumulated Depreciation</b>										
As at 01.04.2019	1,108,716	1,626,670	1,131,101	12,282,771	3,238,406	1,785,837	-	100,130	21,273,631	
Charge for the financial year	-	587,142	414,466	2,171,768	589,413	521,535	-	65,778	4,350,102	
Disposals	-	-	-	(5,180,133)	-	(154,280)	-	-	(5,334,413)	
Elimination of accumulated depreciation on revaluation	(1,108,716)	(2,213,812)	-	-	-	-	-	-	(3,322,528)	
As at 31.03.2020	-	-	1,545,567	9,274,406	3,827,819	2,153,092	-	165,908	16,966,792	

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**(cont'd)

**9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Group	Leasehold Lands RM	Buildings RM	Photovoltaic Plants RM	Solar Plants RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Capital Work-in Progress RM	Renovation RM	Total RM
<b>Accumulated Impairment loss</b>										
As at 01.04.2019	6,192,621	-	-	-	307,379	-	-	-	-	6,500,000
Charge for the financial year	-	-	1,315,617	-	-	-	-	-	-	1,315,617
Disposals	-	-	-	-	(307,379)	-	-	-	-	(307,379)
Elimination of accumulated impairment loss on revaluation	(6,192,621)	-	-	-	-	-	-	-	-	(6,192,621)
As at 31.03.2020	-	-	1,315,617	-	-	-	-	-	-	1,315,617
<b>Net Carrying Amount</b>										
At cost	-	-	5,438,861	14,518,670	3,250,459	1,135,028	157,342	423,912	24,924,272	
At valuation	-	13,150,000	-	-	-	-	-	-	-	13,150,000
As at 31.03.2020	-	13,150,000	5,438,861	14,518,670	3,250,459	1,135,028	157,342	423,912	38,074,272	



## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Motor Vehicles RM	Furniture, Fittings and Office Equipment RM	Total RM
<b>Company</b>			
<b>Cost</b>			
As at 01.04.2020, previously stated	487,204	403,742	890,946
Effect of adoption of MFRS 16	(397,057)	-	(397,057)
As at 01.04.2020, restated	90,147	403,742	493,889
Additions	-	232,389	232,389
Disposals	-	(4,900)	(4,900)
As at 31.03.2021	90,147	631,231	721,378
<b>Accumulated Depreciation</b>			
As at 01.04.2020, previously stated	233,217	189,013	422,230
Effect of adoption of MFRS 16	(178,676)	-	(178,676)
As at 01.04.2020, restated	54,541	189,013	243,554
Charge for the financial year	18,029	38,533	56,562
Disposals	-	(1,674)	(1,674)
As at 31.03.2021	72,570	225,872	298,442
<b>Net Carrying Amount</b>			
As at 31.03.2021	17,577	405,359	422,936
<b>Cost</b>			
As at 01.04.2019	487,204	395,742	882,946
Addition	-	8,000	8,000
As at 31.03.2020	487,204	403,742	890,946
<b>Accumulated Depreciation</b>			
As at 01.04.2019	135,776	157,050	292,826
Charge for the financial year	97,441	31,963	129,404
As at 31.03.2020	233,217	189,013	422,230
<b>Net Carrying Amount</b>			
As at 31.03.2020	253,987	214,729	468,716

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Certain buildings of the Group were revalued on 31 March 2020 based on the market values given by independent professional valuers using the market comparison method that makes reference to recent transactions and sales evidences involving other similar properties in the vicinity. The most significant input to this valuation approach is price per square feet of comparable properties. Had such buildings been carried at historical cost less accumulated depreciation, the carrying amounts that would have been recognised in the financial statements are as follows:-

	<b>2021 RM</b>	<b>Group 2020 RM</b>
Buildings	<u>28,358,964</u>	<u>27,425,795</u>

- (b) The carrying amounts of property, plant and equipment of the Group that have been pledged as securities for credit facilities granted to subsidiaries of the Group as disclosed in Note 21 are as follows:-

	<b>2021 RM</b>	<b>Group 2020 RM</b>
Buildings	<u>13,793,994</u>	<u>13,150,000</u>

- (c) The fair value hierarchy for the buildings of the Group are as follows:-

	<b>Level 1 RM</b>	<b>Level 2 RM</b>	<b>Level 3 RM</b>	<b>Total RM</b>
<b>Group</b>				
<b>31.03.2021</b>				
Buildings	<u>-</u>	<u>13,793,994</u>	<u>-</u>	<u>13,793,994</u>
<b>31.03.2020</b>				
Buildings	<u>-</u>	<u>13,150,000</u>	<u>-</u>	<u>13,150,000</u>

There were no transfers between Levels 1 and 2 fair value measurements during the financial year ended 31 March 2021 and in the previous financial year ended 31 March 2020.





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 10. RIGHT-OF-USE ASSETS

	Leasehold Land RM	Plant, machinery, tools and equipment RM	Motor Vehicles RM	Total RM
<b>Group</b>				
<b>Cost/valuation</b>				
As at 01.04.2020				
At cost	-	-	-	-
At valuation	20,207,367	-	-	20,207,367
Previously stated	20,207,367	-	-	20,207,367
Effect of adoption of MFRS 16	-	8,186,108	2,681,969	10,868,077
At cost	-	8,186,108	2,681,969	10,868,077
At valuation	20,207,367	-	-	20,207,367
Restated	20,207,367	8,186,108	2,681,969	31,075,444
Addition	14,886,000	2,915,000	761,564	18,562,564
Disposal	-	-	(350,943)	(350,943)
Adjustment on revaluation	(2,016,834)	-	-	(2,016,834)
Transfer*	-	(3,047,562)	(165,054)	(3,212,616)
	33,076,533	8,053,546	2,927,536	44,057,615
Representing				
At cost	14,886,000	8,053,546	2,927,536	25,867,082
At valuation	18,190,533	-	-	18,190,533
As at 31.03.2021	33,076,533	8,053,546	2,927,536	44,057,615

\* The asset previously acquired under hire purchase arrangements were reclassified from right-of-use assets as the lease liabilities for those assets have been fully settled during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021** (cont'd)

**10. RIGHT-OF-USE ASSETS (CONT'D)**

	Leasehold Land RM	Plant, machinery, tools and equipment RM	Motor Vehicles RM	Total RM
<b>Group</b>				
<b>Accumulated Depreciation</b>				
As at 01.04.2020, previously stated	171,714	-	-	171,714
Effect of adoption of MFRS 16	-	1,811,600	1,622,760	3,434,360
As at 01.04.2020, restated	171,714	1,811,600	1,622,760	3,606,074
Charge for the financial year	540,848	755,229	413,057	1,709,134
Disposal	-	-	(276,368)	(276,368)
Transfer*	-	(1,454,194)	(99,032)	(1,553,226)
As at 31.03.2021	712,562	1,112,635	1,660,417	3,485,614
<b>Accumulated impairment loss</b>				
As at 01.04.2020	325,653	-	-	325,653
Charge for the financial year	605,006	201,995	28,165	835,166
As at 31.03.2021	930,659	201,995	28,165	1,160,819
<b>Net Carrying Amount</b>				
As at 31.03.2021				
Representing				
At cost	14,848,323	6,738,916	1,238,954	22,826,193
At valuation	16,584,989	-	-	16,584,989
	31,433,312	6,738,916	1,238,954	39,411,182

\* The asset previously acquired under hire purchase arrangements were reclassified from right-of-use assets as the lease liabilities for these assets have been fully settled during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 10. RIGHT-OF-USE ASSETS (CONT'D)

	Leasehold Land RM	Plant, machinery, tools and equipment RM	Motor Vehicles RM	Total RM
<b>Group</b>				
<b>Valuation</b>				
As at 01.04.2019	-	-	-	-
Effect of adoption of MFRS 16	20,207,367	-	-	20,207,367
Addition	-	-	-	-
Disposal	-	-	-	-
As at 31.03.2020	20,207,367	-	-	20,207,367
<b>Accumulated Depreciation</b>				
As at 01.04.2019	-	-	-	-
Charge for the financial year	171,714	-	-	171,714
Disposal	-	-	-	-
As at 31.03.2020	171,714	-	-	171,714
<b>Accumulated impairment loss</b>				
As at 01.04.2019	-	-	-	-
Charge for the financial year	325,653	-	-	325,653
Disposal	-	-	-	-
As at 31.03.2020	325,653	-	-	325,653
<b>Net Carrying Amount</b>				
As at 31.03.2020	19,710,000	-	-	19,710,000

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021** (cont'd)

**10. RIGHT-OF-USE ASSETS (CONT'D)**

- (a) Certain leasehold lands were revalued on 31 March 2020 based on the market values given by independent professional valuers using the comparison method that makes reference to recent transactions and sales evidences involving other similar properties in the vicinity. The most significant input to this valuation approach is price per square feet of comparable properties. Had such leasehold lands been carried at historical cost less accumulated depreciation, the carrying amounts that would have been recognised in the financial statements are as follows:-

	<b>2021</b>	<b>Group</b>
	<b>RM</b>	<b>2020</b>
		<b>RM</b>
Leasehold lands	<u>4,812,958</u>	<u>4,944,250</u>

- (b) The carrying amount of right-of-use assets that have been pledged as securities for banking facilities granted to certain subsidiaries as disclosed in Note 21 to the financial statements are as follows:-

	<b>2021</b>	<b>Group</b>
	<b>RM</b>	<b>2020</b>
		<b>RM</b>
Leasehold lands	<u>16,584,989</u>	<u>19,710,000</u>

- (c) During the financial year, the Group acquired right-of-use assets as follows:-

	<b>2021</b>	<b>Group</b>
	<b>RM</b>	<b>2020</b>
		<b>RM</b>
Cash payments	14,992,256	-
Finance lease arrangement	3,491,500	-
Lease liabilities	78,808	-
	<u>18,562,564</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 10. RIGHT-OF-USE ASSETS (CONT'D)

	Motor Vehicles RM	Total RM
<b>Company</b>		
<b>Cost</b>		
As at 01.04.2020, previously stated	-	-
Effect of adoption of MFRS 16	397,057	397,057
As at 01.04.2020, restated	397,057	397,057
Additions	-	-
As at 31.03.2021	397,057	397,057
<b>Accumulated Depreciation</b>		
As at 01.04.2020, previously stated	-	-
Effect of adoption of MFRS 16	178,676	178,676
As at 01.04.2020, restated	178,676	178,676
Charge for the financial year	79,412	79,412
As at 31.03.2021	258,088	258,088
<b>Net Carrying Amount</b>		
As at 31.03.2021	138,969	138,969
<b>Company</b>		
<b>Cost</b>		
As at 01.04.2019	-	-
Addition	-	-
As at 31.03.2020	-	-
<b>Accumulated Depreciation</b>		
As at 01.04.2019	-	-
Charge for the financial year	-	-
As at 31.03.2020	-	-
<b>Net Carrying Amount</b>		
As at 31.03.2020	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 11. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	RM	RM
Unquoted shares, at cost		
At beginning of the financial year	66,231,756	7,712,364
Additional investments in subsidiaries	189,949,002	58,851,000
Share options granted to subsidiaries pursuant to SIS	13,285,228	130,415
Expiry of share options granted to subsidiaries	-	(462,023)
At end of the financial year	269,465,986	66,231,756
Less: Accumulated impairment losses	(53,599,108)	(66,231,751)
	215,866,878	5

The particulars of subsidiaries are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2021	2020
AT Engineering Solution Sdn. Bhd.	Malaysia	Design and manufacture of industrial automation systems and machinery; renewable energy operator and producer	100%	100%
AT Precision Tooling Sdn. Bhd.	Malaysia	Fabrication of industrial and engineering parts; renewable energy operator and producer	100%	100%
AT Glove Engineering Sdn. Bhd.	Malaysia	Manufacture and sale of gloves including medical gloves	100%	0%
Yellow Choice Sdn. Bhd.	Malaysia	Dormant	100%	100%
<b>Subsidiary of AT Precision Tooling Sdn. Bhd.</b>				
AT Technology Solution Sdn. Bhd.	Malaysia	Fabrication of industrial and engineering parts	100%	100%

#### ***Incorporation of subsidiary during the financial year***

On 15 June 2020, the Company has subscribed 2 ordinary share of RM 1.00 in AT Glove Engineering Sdn. Bhd. ("ATGE") for cash consideration of RM2.00, representing 100% of the issued and paid up capital of ATGE. ATGE is a private limited company incorporated in Malaysia and the subscription has no financial effect to the Group.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:-

	AT Technology Solution Sdn. Bhd. RM
<b>2020</b>	
NCI percentage of ownership interest and voting interest	0%
Carrying amount of NCI	-
Loss allocated to NCI	<u>(35,147)</u>

### 12. INVESTMENT IN ASSOCIATE

	Group	
	2021	2020
	RM	RM
Quoted shares in Malaysia, at cost	34,151,674	-
Share of post-acquisition reserves	(2,162,517)	-
Bargain purchase	15,003,469	-
	<u>46,992,626</u>	-
Less: Accumulated impairment losses	(6,722,627)	-
At end of the financial year	<u>40,269,999</u>	-
Market value of interest in associate:		
- Quoted shares	32,395,185	-
- Quoted warrants	7,874,814	-
	<u>40,269,999</u>	-

(a) Investment in associate is measured at cost less impairment losses, if any, and accounted for using the equity method in the consolidated financial statements.

(b) The financial year end of the associate company is 31 July. The most recent available financial statements of the associate is used by the Group in applying the equity method. The Group's share of results of associates is based on the unaudited financial statements made up to 31 March 2021.

The particulars of the associate company are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2021	2020
*Trive Property Group Berhad	Malaysia	Investment Holding	29.3%	0%

\*Not audited by Messrs. ONG & WONG.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 12. INVESTMENT IN ASSOCIATE (CONT'D)

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

	<b>2021 RM</b>
<b>As at 31 March</b>	
<b>Assets and liabilities</b>	
Non-current assets	122,257,277
Current assets	48,190,443
Current liabilities	<u>(10,063,335)</u>
Net assets	<u>160,384,385</u>
<b>For the financial year ended 31 March</b>	
<b>Results</b>	
Revenue	4,201,237
Cost of sales	(3,107,700)
Other income	58,110
Selling and distribution expenses	(18,468)
Administrative expense	(4,840,546)
Finance cost	<u>(3,827,872)</u>
Loss before tax	(7,535,239)
Non-controlling interest	<u>1,940,942</u>
Loss for the financial year	(5,594,297)
Other comprehensive loss	<u>(3,989,989)</u>
Total comprehensive loss for the financial year	<u>(9,584,286)</u>
Share of loss of associate during the year	(411,670)
Gain on bargain purchase of investment in associate	<u>15,003,469</u>
	<u>14,591,799</u>
Share of other comprehensive (loss)/income during the year	<u>(1,750,848)</u>

Reconciliation of summarised financial information of the associate to the carrying amount of interest in associate is as follows:-

	<b>31.03.2021 RM</b>
Net assets	160,384,385
Proportion of ownership interest held by the Group	<u>29.30%</u>
Equity attributable to the Group	46,992,625
Impairment loss	<u>(6,722,627)</u>
	<u>40,269,998</u>

The Group does not have any capital commitment of contingent liabilities in relation to its interest in the associate as at 31 March 2021.





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 13. MARKETABLE SECURITIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fair value through profit or loss				
Quoted shares, in Malaysia	<u>6,617,777</u>	<u>2,133,173</u>	<u>-</u>	<u>-</u>

### 14. INVENTORIES

	Group	
	2021 RM	2020 RM
<b>At cost:</b>		
Raw materials	4,200,834	1,123,381
Work-in-progress	1,954,213	1,988,898
Finished goods	<u>6,436,923</u>	<u>325,548</u>
	12,591,970	3,437,827
Allowance for slow moving inventories	<u>(191,594)</u>	<u>(187,106)</u>
	<u>12,400,376</u>	<u>3,250,721</u>

During the financial year, inventories of the Group recognised as cost of sales amounted to RM11,386,880 (2020: RM8,227,497).

During the financial year, the inventories impaired and recognised as expenses amounted to RM4,488 (2020: RM79,922).

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 15. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables	5,850,878	5,131,320	-	-
Less: Accumulated impairment losses	(98,865)	(229,271)	-	-
Trade receivables, net	5,752,013	4,902,049	-	-
Other receivables:				
- Subsidiaries	-	-	65,739,852	1,746,096
- Third parties	8,409,331	10,330,361	8,141,926	9,885,926
	8,409,331	10,330,361	73,881,778	11,632,022
Less: Accumulated impairment losses				
- Subsidiaries	-	-	(1,691,871)	(1,746,096)
- Third parties	(8,235,319)	(9,937,926)	(8,135,926)	(9,885,926)
	(8,235,319)	(9,937,926)	(9,827,797)	(11,632,022)
Other receivables, net	174,012	392,435	64,053,981	-
Deposits	6,466,931	1,627,453	97,089	38,089
Prepayments	6,520,092	878,725	403,423	562,512
	<u>18,913,048</u>	<u>7,800,662</u>	<u>64,554,493</u>	<u>600,601</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 15. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The foreign currency exposure profile of receivables, deposits and prepayments of the Group is as follows:-

	2021 RM	Group 2020 RM
United States Dollar	4,341,276	503,321

##### (a) Trade receivables

###### (i) Credit term

The Group's normal trade credit term extended to customers ranged from 30 to 90 days (2020: 30 to 90 days).

###### (ii) Ageing analysis

The ageing analysis of the trade receivables of the Group is as follows:-

	2021 RM	Group 2020 RM
Neither past due nor impaired	3,620,460	4,558,713
1 to 30 days past due but not impaired	1,160,601	331,503
31 to 120 days past due but not impaired	496,504	10,111
More than 121 days past due but not impaired	474,448	1,722
	2,131,553	343,336
Impaired	98,865	229,271
	5,850,878	5,131,320

##### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with long term relationship and good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

##### Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are creditworthy debtors who, by past trade practices, have paid after the expiry of the trade credit terms and the Group is currently still in active trading with the debtors. The Group does not anticipate recovery problems in respect of these debtors.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**(cont'd)**15. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)****(a) Trade receivables (cont'd)****(ii) Ageing analysis (cont'd)**Receivables that are impaired

The trade receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:-

	2021 RM	Group	2020 RM
At beginning of the financial year	229,271		66,107
Charge for the financial year:	-		
- Individually assessed	41,000		182,739
- Collectively assessed	4,978		-
Reversal of impairment loss:			
- Individually assessed	(176,384)		-
- Collectively assessed	-		(19,575)
At end of the financial year	<u>98,865</u>		<u>229,271</u>

**(b) Other receivables**

- (i) Amounts owing by subsidiaries are unsecured, bear interest at a rate of 3% (2020: 3%) per annum and is repayable on demand in cash.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 15. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

#### (b) Other receivables (cont'd)

(ii) The movements in allowance for impairment loss of other receivables are as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At beginning of the financial year	9,937,926	4,195,569	11,632,022	52,492,459
Charge for the financial year:				
- other receivables	47,393	5,742,357	-	5,742,357
- amount due from subsidiaries	-	-	-	1,746,096
Reversal of impairment loss:				
- other receivables	(1,750,000)	-	(1,750,000)	-
- amount due from subsidiaries	-	-	(54,225)	(48,348,890)
At end of the financial year	<u>8,235,319</u>	<u>9,937,926</u>	<u>9,827,797</u>	<u>11,632,022</u>

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

### 16. TAX ASSETS

Income tax which is recoverable in future from tax authorities.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 17. MONEY MARKET INSTRUMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short term fund	53,273,320	-	53,273,320	-

Short term fund represents investment in unit trust funds that invest only in very low risk, highly liquid short-term money market instruments, including placement with Shariah-compliant deposits with licensed financial institutions.

The currency exposure profile of the Group's money market instruments is as follows:-

	Group	
	2021 RM	2020 RM
Australia Dollar	15,813,487	-

#### 18. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits placed with a licensed bank	107,194	105,246	-	-
Cash and bank balances	97,410,328	1,287,080	24,933,925	44,541
	<u>97,517,522</u>	<u>1,392,326</u>	<u>24,933,925</u>	<u>44,541</u>

The deposits placed with a licensed bank earns interest at 1.50% (2020: 2.55%) per annum and are pledged with a licensed bank for term loan III granted to the Group as mentioned in Note 21(c).

The currency exposure profile of the Group's cash and bank balances is as follows:-

	Group	
	2021 RM	2020 RM
Singapore Dollar	938	14,464
United States Dollar	2,083,947	283,140
Others	346	350



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 19. SHARE CAPITAL

	Group/Company			
	2021		2020	
	Number of shares Unit	Amount RM	Number of shares Unit	Amount RM
<b>Ordinary shares Issued and fully paid:</b>				
At beginning of the financial year	498,983,308	56,935,104	464,083,308	55,545,414
Issuance of shares :				
- Rights issue	991,176,200	20,013,334	-	-
- Warrants C conversion	274,328,500	15,018,023	-	-
- Private placements	1,336,548,600	159,492,258	-	-
- Exercise of share options	1,128,065,000	143,496,778	34,900,000	1,389,690
Share issuance expenses	-	(2,021,340)	-	-
At end of the financial year	<u>4,229,101,608</u>	<u>392,934,157</u>	<u>498,983,308</u>	<u>56,935,104</u>

During the financial year, the Company issued:-

- (i) 991,176,200 new ordinary shares ("Right Shares") pursuant to the renounceable rights issue on the basis of 4 Rights Shares for every 2 existing ordinary shares held in the Company ("Right Issue") at an issue price of RM0.035 per Right Share for cash;
- (ii) 274,328,500 new ordinary shares at an exercise price of RM0.035 pursuant to the exercise of Warrants C;
- (iii) 1,336,548,600 new ordinary shares pursuant to private placements at issue price ranging from RM 0.063 to RM 0.18; and
- (iv) 1,128,065,000 options exercised under the SIS at exercise prices ranging from RM 0.075 to RM 0.24 per ordinary share for cash.

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

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual interests.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 20. OTHER RESERVES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Warrants reserve	20.1	9,261,308	-	9,261,308	-
Revaluation reserve	20.2	-	1,931,686	-	-
Share option reserve	20.3	-	-	-	-
		<u>9,261,308</u>	<u>1,931,686</u>	<u>9,261,308</u>	<u>-</u>

##### 20.1 Warrants reserve

The warrants reserve is in respect of Warrants C, which was listed on 22 May 2020.

The movement of the Warrants during the financial year are as follows:-

	Number of Warrants over ordinary shares			
	As at 01.04.2020	Issued	Converted	As at 31.03.2021
Warrants expiring 17 May 2025	<u>-</u>	<u>743,382,150</u>	<u>(274,328,500)</u>	<u>469,053,650</u>

##### 20.2 Revaluation reserve

	Group	
	2021 RM	2020 RM
At beginning of the financial year	1,931,686	-
Recognised in other comprehensive income	(1,872,242)	1,931,686
Realisation of revaluation reserve	<u>(59,444)</u>	<u>-</u>
At end of the financial year	<u>-</u>	<u>1,931,686</u>
Revaluation reserve consist of as follows:		
- Properties, plant and equipment	-	-
- Right-of-use assets	<u>-</u>	<u>1,931,686</u>
	<u>-</u>	<u>1,931,686</u>

Revaluation reserve represents the surplus on revaluation of leasehold lands and buildings, net of tax, and are not available for distribution to the shareholders by way of dividends.





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 20. OTHER RESERVES (CONT'D)

#### 20.3 Share option reserve

The Group operates an equity-settled share options pursuant to the Company's Share Issuance Scheme ("SIS"). The share option reserve represents the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the equity-settled share options, and is reduced by the expiry or exercise of the share options.

#### SIS

On 26 June 2014, the Company obtained approval from the shareholders at the Extraordinary General Meeting for the issuance of share options under SIS of not exceeding in aggregate thirty percent (30%) of the Company's total issued share capital at any point of time during the duration of the SIS. The SIS shall be allocated to any eligible employees of the Company and its subsidiaries who fulfilled the eligibility criteria for participation in the SIS.

Each SIS option entitles the eligible employees to subscribe for such number of ordinary shares in the Company pursuant to an offer duly accepted by the eligible employees at the exercise price to be determined by the SIS Committee at its discretion based on the 5-day weighted average market price (5D-VWAMP) of the Company's shares as quoted in Bursa Securities, immediately prior to the date of offer made by the SIS Committee with a discount of not more than 10%, if deemed appropriate.

The SIS shall be valid for a duration of five years from the effective date of the SIS, and may upon the recommendation of the SIS Committee, be extended for a further five years.

The movements in the Company's SIS are as follows:-

Date of offer	Exercise price	Number of options over ordinary shares				As at 31.03.2021 '000
		As at 01.04.2020 '000	Granted '000	Lapsed '000	Exercised '000	
20 July, 2020	RM 0.075	-	368,970	(327,095)	(41,875)	-
22 July, 2020	RM 0.075	-	337,155	-	(337,155)	-
18 August, 2020	RM 0.090	-	123,080	-	(123,080)	-
14 September, 2020	RM 0.080	-	6,825	(4,000)	(2,825)	-
19 October, 2020	RM 0.095	-	160,800	(160,800)	-	-
26 October, 2020	RM 0.085	-	235,800	-	(235,800)	-
6 November, 2020	RM 0.120	-	70,750	-	(70,750)	-
11 November, 2020	RM 0.240	-	21,220	-	(21,220)	-
16 November, 2020	RM 0.260	-	6,370	-	(6,370)	-
9 December, 2020	RM 0.190	-	161,570	(153,570)	(8,000)	-
11 December, 2020	RM 0.190	-	153,570	-	(153,570)	-
15 December, 2020	RM 0.180	-	53,970	-	(53,970)	-
28 December, 2020	RM 0.205	-	52,660	-	(52,660)	-
31 December, 2020	RM 0.185	-	15,990	-	(15,990)	-
5 January, 2021	RM 0.185	-	4,800	-	(4,800)	-
		-	1,773,530	(645,465)	(1,128,065)	-

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 20. OTHER RESERVES (CONT'D)

##### 20.3 Share option reserve (cont'd)

###### SIS (CONT'D)

The fair value of the share options granted under the SIS is estimated at the grant date using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the instruments were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:-

<b>SIS</b>	<b>Granted on 20 July, 2020</b>	<b>Granted on 22 July, 2020</b>	<b>Granted on 18 August, 2020</b>	<b>Granted on 14 September, 2020</b>
Fair value of share options at the grant date	0.0010	0.0052	0.0106	0.0102
Expected option tenure (days)	30	30	30	30
Share price on grant date (RM)	0.075	0.080	0.100	0.090
Exercise price (RM)	0.075	0.075	0.090	0.080
Expected volatility (%)	10.00	10.00	30.00	5.00
Expected dividends (%)	-	-	-	-
Risk free interest rate (%)	3.290	3.290	2.632	2.632
<b>SIS</b>	<b>Granted on 26 October, 2020</b>	<b>Granted on 6 November, 2020</b>	<b>Granted on 11 November, 2020</b>	<b>Granted on 16 November, 2020</b>
Fair value of share options at the grant date	0.0000#	0.0215	0.0468	0.0240
Expected option tenure (days)	30	30	30	30
Share price on grant date (RM)	0.080	0.120	0.270	0.260
Exercise price (RM)	0.085	0.120	0.240	0.260
Expected volatility (%)	5.00	157.00	100.00	80.00
Expected dividends (%)	-	-	-	-
Risk free interest rate (%)	2.632	2.632	2.667	2.657

# Fair value of share options on grant date is approximately RM 0.00000001.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 20. OTHER RESERVES (CONT'D)

#### 20.3 Share option reserve (cont'd)

##### SIS (CONT'D)

SIS	Granted on 9 December, 2020	Granted on 11 December, 2020	Granted on 15 December, 2020	Granted on 28 December, 2020
Fair value of share options at the grant date	0.0293	0.0244	0.0342	0.0266
Expected option tenure (days)	30	30	30	30
Share price on grant date (RM)	0.190	0.190	0.180	0.200
Exercise price (RM)	0.190	0.190	0.180	0.205
Expected volatility (%)	135.00	112.00	167.00	169.00
Expected dividends (%)	-	-	-	-
Risk free interest rate (%)	2.746	2.738	2.744	2.665

SIS	Granted on 31 December, 2020	Granted on 5 January, 2021
Fair value of share options at the grant date	0.0207	0.0151
Expected option tenure (days)	30	30
Share price on grant date (RM)	0.185	0.175
Exercise price (RM)	0.185	0.185
Expected volatility (%)	136.00	135.00
Expected dividends (%)	-	-
Risk free interest rate (%)	2.646	2.580

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. No other features of the option was incorporated into the measurement of fair value.

During the financial year, share option expenses of RM 13,429,978 (2020: RM161,690) and RM144,750 (2020: RM31,275) had been recognised in the Group and in the Company respectively as share-based payment.

**NOTES TO THE FINANCIAL STATEMENTS**  
31 MARCH 2021 (cont'd)

**21. LOANS AND BORROWINGS**

	Note	Group 2021 RM	2020 RM	Company 2021 RM	2020 RM
<b>Non-current liabilities:</b>					
<b>Secured</b>					
Term loan I	(a)	-	1,482,702	-	-
Term loan II	(b)	-	2,283,394	-	-
Term loan III	(c)	-	5,487,078	-	-
Term loan IV	(d)	867,153	1,019,122	-	-
Finance lease liabilities	(e)	3,366,192	1,983,817	167,381	210,855
		<u>4,233,345</u>	<u>12,256,113</u>	<u>167,381</u>	<u>210,855</u>
<b>Unsecured</b>					
Lease liabilities	(g)	46,708	-	-	-
		<u>4,280,053</u>	<u>12,256,113</u>	<u>167,381</u>	<u>210,855</u>
<b>Current liabilities:</b>					
<b>Secured</b>					
Term loan I	(a)	-	215,317	-	-
Term loan II	(b)	-	422,390	-	-
Term loan III	(c)	-	638,185	-	-
Term loan IV	(d)	339,613	323,227	-	-
Finance lease liabilities	(e)	1,547,122	1,111,227	43,475	37,635
Bank overdraft	(f)	-	266,724	-	-
		<u>1,886,735</u>	<u>2,977,070</u>	<u>43,475</u>	<u>37,635</u>
<b>Unsecured</b>					
Lease liabilities	(g)	24,341	-	-	-
		<u>1,911,076</u>	<u>2,977,070</u>	<u>43,475</u>	<u>37,635</u>
<b>Total loans and borrowings</b>		<u><u>6,191,129</u></u>	<u><u>15,233,183</u></u>	<u><u>210,856</u></u>	<u><u>248,490</u></u>
Term loans		1,206,766	11,871,415	-	-
Finance lease liabilities		4,913,314	3,095,044	210,856	248,490
Lease liabilities		71,049	-	-	-
Bank overdraft		-	266,724	-	-
		<u><u>6,191,129</u></u>	<u><u>15,233,183</u></u>	<u><u>210,856</u></u>	<u><u>248,490</u></u>



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 21. LOANS AND BORROWINGS (CONT'D)

#### (a) Term loan I

The term loan I bears interest at a rate of 3.70% to 4.45% (2020: 3.95% to 4.95%) per annum and is repayable over a period of 15 years by 180 equal monthly instalments of RM23,259 commencing upon full disbursement of the facility or the first day of the 37<sup>th</sup> month from the date of first drawdown, whichever is earlier.

The term loan I is secured by:-

- (i) fixed legal charge over the property, plant and equipment and right-of-use assets of the Group (Note 9 & 10); and
- (ii) corporate guarantee by the Company.

#### (b) Term loan II

The term loan II bears interest at a rate of 4.20% to 4.95% (2020: 4.45% to 5.45%) per annum and is repayable over a period of 10 years by 120 equal monthly instalments of RM44,598 commencing upon full disbursement of the facility or the first day of the 37<sup>th</sup> month from the date of first drawdown, whichever is earlier.

The term loan II is secured by:-

- (i) fixed legal charge over the property, plant and equipment and right-of-use assets of the Group (Note 9 & 10); and
- (ii) corporate guarantee by the Company.

#### (c) Term loan III

The term loan III bears interest at a rate of 4.10% to 4.85% (2020: 4.85% to 5.60%) per annum and is repayable over a period of 10 years by 120 equal monthly instalments of RM74,740 commencing upon full disbursement of the facility or the first day of the 37<sup>th</sup> month from the date of first drawdown, whichever is earlier. The amount has been fully paid during the year 2021.

The term loan III is secured by:-

- (i) fixed legal charge over the property, plant and equipment and right-of-use assets of the Group (Note 9 & 10);
- (ii) fixed deposit (Note 18) of the Group;
- (iii) rental proceeds derived from the property, plant and equipment and right-of-use assets of the Group (Note 9 & 10); and
- (iv) corporate guarantee by the Company.

#### (d) Term loan IV

The term loan IV bears interest at a rate of 4.05% to 5.19% (2020: 4.42% to 5.19%) per annum and is repayable over a period of 4 years by 48 equal monthly instalments of RM31,854 commencing upon full disbursement of the facility.

The term loan IV is secured by:-

- (i) fixed legal charge over the property, plant and equipment and right-of-use assets of the Group (Note 9 & 10); and
- (ii) corporate guarantee by the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 21. LOANS AND BORROWINGS (CONT'D)

##### (e) Finance lease liabilities

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Gross instalment payments	5,392,523	3,398,888	221,115	272,619
Less: Future finance charges	(479,209)	(303,844)	(10,259)	(24,129)
Total present value of finance lease liabilities	<u>4,913,314</u>	<u>3,095,044</u>	<u>210,856</u>	<u>248,490</u>
<b>Current</b>				
Payable within 1 year				
Gross instalment payments	1,796,719	1,264,806	51,504	51,504
Less: Future finance charges	(249,597)	(153,579)	(8,029)	(13,869)
Present value of finance lease liabilities	1,547,122	1,111,227	43,475	37,635
<b>Non-current</b>				
Payable after 1 year but not later than 2 years				
Gross instalment payments	1,794,132	890,427	169,611	221,115
Less: Future finance charges	(149,781)	(94,924)	(2,230)	(10,260)
Present value of finance lease liabilities	1,644,351	795,503	167,381	210,855
Payable after 2 years but not later than 5 years				
Gross instalment payments	1,710,617	1,243,655	-	-
Less: Future finance charges	(76,284)	(55,341)	-	-
Present value of finance lease liabilities	1,634,333	1,188,314	-	-
Payable later than 5 years				
Gross instalment payments	91,055	-	-	-
Less: Future finance charges	(3,547)	-	-	-
Present value of finance lease liabilities	87,508	-	-	-
Total present value of finance lease liabilities	<u>4,913,314</u>	<u>3,095,044</u>	<u>210,856</u>	<u>248,490</u>
Analysed as:-				
Payable within 1 year	1,547,122	1,111,227	43,475	37,635
Payable after 1 year	3,366,192	1,983,817	167,381	210,855
	<u>4,913,314</u>	<u>3,095,044</u>	<u>210,856</u>	<u>248,490</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 21. LOANS AND BORROWINGS (CONT'D)

#### (e) Finance lease liabilities (cont'd)

The finance lease liabilities of the Group bear effective interest at rates ranging from 2.16% to 4.79% (2020: 2.48% to 6.76%) per annum and secured by corporate guarantee by the Company.

#### (f) Bank overdraft

The bank overdraft bears interest at a rate of 6.10% to 6.85% (2020: 6.35% to 7.35%) per annum.

The bank overdraft is secured by:-

- (i) fixed legal charge over the property, plant and equipment and right-of-use assets of the Group (Note 9 & 10); and
- (ii) corporate guarantee by the Company.

#### (g) Lease liability

The lease liability bears discounted rate of 0.56% (2020:Nil) per annum.

### 22. DEFERRED TAX LIABILITIES

	2021 RM	Group 2020 RM
At beginning of the financial year	499,328	350,485
Recognised in profit or loss	(80,879)	-
Recognised in other comprehensive income	(144,590)	148,843
At end of the financial year	<u>273,859</u>	<u>499,328</u>
Deferred tax liabilities in respect of revaluation of:		
- right-of-use assets	<u>273,859</u>	<u>499,328</u>

The estimated amount of temporary differences for which no deferred tax assets is recognised in the financial statements are as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Taxable temporary differences of property, plant and equipment	(16,867,295)	(4,625,421)	(65,481)	(18,262)
Unabsorbed capital allowances	33,048,552	5,385,365	267,816	114,468
Unutilised reinvestment allowances	15,470,388	3,141,075	-	-
Unutilised tax losses	11,759,416	2,195,748	533,893	-
	<u>43,411,061</u>	<u>6,096,767</u>	<u>736,228</u>	<u>96,206</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

### 23. PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables	4,117,517	5,173,013	-	-
Other payables:				
Third parties	8,961,933	396,980	5,322	29,682
Director	-	33,270	-	33,270
Subsidiaries	-	-	58,328	63,799
Deposits received	2,037,636	1,574,410	-	23,910
Accruals	1,650,825	874,387	150,982	367,292
	<u>12,650,394</u>	<u>2,879,047</u>	<u>214,632</u>	<u>517,953</u>
	<u>16,767,911</u>	<u>8,052,060</u>	<u>214,632</u>	<u>517,953</u>

The foreign currency exposure profile of payables, deposits received and accruals of the Group is as follows:-

	Group	
	2021 RM	2020 RM
Renminbi	6,326	-
United States Dollar	15,584	10,571
Swiss Franc	-	<u>14,240</u>

#### (a) Trade payables

Trade payables are unsecured, interest-free and the normal trade credit terms granted to the Group ranged from 30 to 90 days (2020: 30 to 90 days).

#### (b) Other payables

The other payables owing to third parties mainly consist of sundry payables for operating expenses which are generally due within 14 to 90 days (2020: 14 to 90 days).

Amount due to director and subsidiaries are unsecured, interest free and repayable on demand.





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 24. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:-

- (i) Fair value through profit or loss;
- (ii) Financial assets at amortised cost; and
- (iii) Financial liabilities at amortised cost.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Financial assets at fair value through profit or loss</b>				
Marketable securities	6,617,777	2,133,173	-	-
<b>Financial assets at amortised cost</b>				
Receivables and deposits, net of prepayments	12,392,956	6,921,937	64,151,070	38,089
Cash and bank balances	97,517,522	1,392,326	24,933,925	44,541
	<u>109,910,478</u>	<u>8,314,263</u>	<u>89,084,995</u>	<u>82,630</u>
<b>Financial liabilities at amortised cost</b>				
Payables, deposits received and accruals	16,767,911	8,052,060	214,632	517,953
Finance lease liabilities	4,913,314	3,095,044	210,856	248,490
Lease liability	71,049	-	-	-
Term loans	1,206,766	11,871,415	-	-
Bank overdraft	-	266,724	-	-
	<u>22,959,040</u>	<u>23,285,243</u>	<u>425,488</u>	<u>766,443</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 24. FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk.

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst minimising the potential adverse impacts of financial risks on their financial position, performance and cash flows. The Group and the Company operate within clearly defined guidelines that are approved by the Board of Directors. It is, and has been throughout the current financial year and previous financial year, the Group's and Company's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below:-

##### (i) Credit risk

###### Trade and other receivables

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at the end of the reporting year, the maximum exposure to credit risk arising from trade and other receivables is represented by their carrying amounts in the statements of financial position.

The carrying amount of trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 15. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. A significant portion of these trade receivables are regular customers that have been transacting with the Group and the Company. Management has taken reasonable steps to ensure that trade receivables are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that the Group and the Company will not be able to collect all amounts due.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

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#### 24. FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial risk management (cont'd)

###### (i) Credit risk (cont'd)

###### Trade and other receivables (cont'd)

The Group and the Company monitor the results of the subsidiaries and related companies in determining the recoverability of these intercompany balances.

###### Credit risk concentration profile

As at 31 March 2021, there were 2 (2020: 2) major customers that accounted for 10% or more of the Group's total trade receivables and the total outstanding balances due from these major customers amounted to RM2,701,765 (2020: RM3,583,774).

###### Inter-company balances

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries on monthly basis. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances are not regarded as overdue and are repayable on demand. As at the end of the reporting year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

###### Other financial assets

For other financial assets (including other investments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

###### Financial guarantees

The Company is exposed to credit risk in relation to financial guarantees given to financial institutions for credit facilities, and to suppliers for credit term granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risk amounted to approximately RM5,633,000 (2020: RM13,732,000), representing the outstanding financing facilities of the subsidiaries as at the end of the reporting period. At the reporting date, there was no indication that any subsidiaries would default on repayment.

The financial guarantees have not been recognised as it is unlikely the subsidiaries will default within the guarantee period.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

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#### 24. FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial risk management (cont'd)

##### (ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 24. FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial risk management (cont'd)

##### (ii) Liquidity risk (cont'd)

##### Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:-

	Carrying amount RM	Contractual Undiscounted Cash Flows					Total RM
		On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM		
<b>2021</b>							
<b>Group</b>							
<b>Financial liabilities:</b>							
Payables, deposits received and accruals	16,767,911	16,767,911	-	-	-	-	16,767,911
Finance lease liabilities	4,913,314	1,796,719	1,794,132	1,710,617	91,055	5,392,523	
Lease liabilities	71,049	28,200	28,200	21,150	-	77,550	
Term loans	1,206,766	382,248	382,248	382,248	146,715	1,293,459	
	<u>22,959,040</u>	<u>18,975,078</u>	<u>2,204,580</u>	<u>2,114,015</u>	<u>237,770</u>	<u>23,531,443</u>	

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 24. FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial risk management (cont'd)

##### (ii) Liquidity risk (cont'd)

##### Maturity analysis (cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:- (cont'd)

	Carrying amount RM	Contractual Undiscounted Cash Flows					Total RM
		On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM	Total RM	
<b>2021</b>							
<b>Company</b>							
<b>Financial liabilities:</b>							
Payables, deposits received and accruals	214,632	214,632	-	-	-	214,632	
Finance lease liabilities	210,856	51,504	169,611	-	-	221,115	
	<u>425,488</u>	<u>266,136</u>	<u>169,611</u>	<u>-</u>	<u>-</u>	<u>435,747</u>	

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 24. FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial risk management (cont'd)

##### (ii) Liquidity risk (cont'd)

##### Maturity analysis (cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:- (cont'd)

	Carrying amount RM	Contractual Undiscounted Cash Flows					Total RM
		On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM		
<b>2020</b>							
<b>Group</b>							
<b>Financial liabilities:</b>							
Payables, deposits received and accruals	8,052,060	8,052,060	-	-	-	-	8,052,060
Finance lease payables	3,095,044	1,264,806	890,427	1,243,655	-	-	3,398,888
Term loans	11,871,415	2,084,352	2,084,352	5,818,846	3,980,343	-	13,967,893
Bank overdraft	266,724	266,724	-	-	-	-	266,724
	<u>23,285,243</u>	<u>11,667,942</u>	<u>2,974,779</u>	<u>7,062,501</u>	<u>3,980,343</u>	<u>-</u>	<u>25,685,565</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 24. FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial risk management (cont'd)

##### (ii) Liquidity risk (cont'd)

##### Maturity analysis (cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:- (cont'd)

	Carrying amount RM	Contractual Undiscounted Cash Flows					Total RM
		On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM		
<b>2020</b>							
<b>Company</b>							
<b>Financial liabilities:</b>							
Payables, deposits received and accruals	517,953	517,953	-	-	-	-	517,953
Finance lease liabilities	248,490	51,504	221,115	-	-	-	272,619
	<u>766,443</u>	<u>569,457</u>	<u>221,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,572</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 24. FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial risk management (cont'd)

##### (ii) Liquidity risk (cont'd)

##### Maturity analysis (cont'd)

The maturity analysis of the Company's financial guarantees based on the maximum amount that can be called for under the financial guarantee contracts are as follows:-

	Maximum amount RM	Contractual Undiscounted Cash Flows					Total RM
		On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM		
<b>2021</b>							
<b>Company</b>							
Financial guarantee contracts	22,219,509	694,185	1,890,143	7,781,091	11,854,090	22,219,509	
<b>2020</b>							
<b>Company</b>							
Financial guarantee contracts	22,828,921	4,189,369	1,390,688	7,981,058	9,267,806	22,828,921	

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 24. FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial risk management (cont'd)

##### (iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The functional currency within the Group is Ringgit Malaysia ("RM") whereas the major foreign currency transacted is United States Dollar ("USD"), Singapore Dollar ("SGD") and Australia Dollar ("AUD").

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of the reporting year, such foreign currency balances amounted to RM 2,085,231 (2020: RM297,954) for the Group.

##### Sensitivity analysis for foreign currency risk

The following demonstrates the sensitivity of the Group's profit or loss after tax and equity to a 10% strengthening in the USD, SGD and AUD against the RM, with all other variables held constant and based on the financial assets and liabilities that are exposed to foreign currency risk as at the end of the reporting period:-

		2021	2020
		RM	RM
		Effect on profit or loss for the financial year and equity	
USD	-strengthened by 10% (2020:10%)	487,133	58,968
	-weakened by 10% (2020:10%)	(487,133)	(58,968)
SGD	-strengthened by 10% (2020:10%)	71	1,099
	-weakened by 10% (2020:10%)	(71)	(1,099)
AUD	-strengthened by 10% (2020:10%)	1,201,825	-
	-weakened by 10% (2020:10%)	(1,201,825)	-

##### (iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments would fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities. Interest bearing financial assets includes bank balances with licensed banks, deposits placed with a licensed bank and amount owing by subsidiaries. Interest bearing financial liabilities includes finance lease liabilities, lease liabilities, term loans and bank overdraft.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 24. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (cont'd)

##### (iv) Interest rate risk (cont'd)

The term loans of RM1,206,766 (2020: RM11,871,415) and bank overdraft of RM Nil (2020: RM266,724) at floating rates expose the Group to cash flow interest rate risk whilst finance lease payables of RM4,913,314 (2020: RM3,095,044) and lease liabilities of RM71,049 (2020: RM Nil) at fixed rates expose the Group to fair value interest rate risk.

The Group adopts a strategy of mixing fixed and floating rate borrowings to minimise exposure to interest rate risk. The Group also reviews its debt portfolio to ensure favourable rates are obtained.

##### Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis point higher/lower and all other variables held constant, the Group's profit or loss after tax and equity would increase/decrease by RM568,419 (2020: RM46,125) as a result of exposure to floating rate deposits, money market instruments and borrowings.

##### (v) Equity price risk

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia Securities Berhad. These instruments are classified as fair value through profit or loss financial assets. The Group does not have exposure to commodity price risk.

##### Sensitivity analysis for equity price risk

A 10% increase in the market price of the investment as at the end of the reporting period would have increased the Group's profit or loss after tax and equity by RM661,777 (2020: RM213,317). A 10% decrease in market price would have had equal but opposite effect on equity.

#### (c) Fair value measurement

The fair value of the following classes of financial assets and liabilities are as follows:-

##### (i) Cash and cash equivalents, receivables and payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial assets and liabilities.

##### (ii) Term loans

The carrying amounts of current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of floating rate term loans approximate fair values as the loans will be re-priced to market interest rate on or near reporting date.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021** (cont'd)**24. FINANCIAL INSTRUMENTS (CONT'D)****(c) Fair value measurement (cont'd)****(iii) Finance lease liabilities**

The fair value of finance lease liabilities is estimated using discounted cash flow analysis, based on current lending rate for similar type of lease arrangements.

The carrying amounts of the Group's and of the Company's financial assets and liabilities at reporting date approximate their fair values except as follows:-

	<b>Carrying Amount RM</b>	<b>Group Fair Value RM</b>
<b>2021</b>		
<b>Financial Liabilities</b>		
Finance lease liabilities	<u>4,913,314</u>	<u>5,392,523</u>
<b>2020</b>		
<b>Financial Liabilities</b>		
Finance lease liabilities	<u>3,095,044</u>	<u>3,398,888</u>

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the end of the financial year.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 24. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Fair value measurement (cont'd)

The following table provides the fair value measurement hierarchy of the Group's financial instruments:-

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>2021</b>										
<b>Financial assets at fair value through profit or loss</b>										
- Quoted investment	6,617,777	-	-	6,617,777	-	-	-	-	6,617,777	6,617,777
- Money market instruments	53,273,320	-	-	53,273,320	-	-	-	-	53,273,320	53,273,320
<b>2020</b>										
<b>Financial assets at fair value through profit or loss</b>										
- Quoted investment	2,133,173	-	-	2,133,173	-	-	-	-	2,133,173	2,133,173

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 24. FINANCIAL INSTRUMENTS (CONT'D)

##### (c) Fair value measurement (cont'd)

The following table provides the fair value measurement hierarchy of the Company's financial instruments:-

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Company</b>										
<b>2021</b>										
<b>Financial assets at fair value through profit or loss</b>										
- Money market instruments	-	-	-	53,273,320	-	-	-	-	53,273,320	53,273,320

During the financial year ended 31 March 2021 and 31 March 2020, there was no transfer of financial instruments between fair value measurement hierarchy.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 25. CAPITAL COMMITMENT

	2021 RM	Group 2020 RM
Contracted but not provided for:-		
(i) Capital expenditure for the Group's glove business	34,216,871	-
(ii) Conditional voluntary take-over offer by the Group to acquire all the ordinary shares in Asdion Berhad for a cash offer price of RM0.50 per Offer Share, as disclosed in Note 29 (d).	63,948,400	-
(iii) Capital expenditure for the Group's project business	1,560,000	2,915,000
	<u>99,725,271</u>	<u>2,915,000</u>

### 26. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group and Company arising from the financing activities, including both cash and non-cash changes as follows:-

	At 01.04.2020 RM	Net Cash Flows RM	Non-cash Changes RM	At 31.03.2021 RM
<b>Group</b>				
Term loans	11,871,415	(10,664,649)	-	1,206,766
Finance lease liabilities	3,095,044	(1,754,210)	3,572,480	4,913,314
Lease liabilities	-	(9,400)	80,449	71,049
Bank overdraft	266,724	(266,724)	-	-
	<u>15,233,183</u>	<u>(12,694,983)</u>	<u>3,652,929</u>	<u>6,191,129</u>

#### Company

Finance lease liabilities	<u>248,490</u>	<u>(37,634)</u>	-	<u>210,856</u>
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	At 01.04.2019 RM	Net Cash Flows RM	Non-cash Changes RM	At 31.03.2020 RM
<b>Group</b>				
Term loans	11,666,222	(1,182,807)	1,388,000	11,871,415
Finance lease liabilities	3,145,701	(1,602,458)	1,551,801	3,095,044
Bank overdraft	264,365	2,359	-	266,724
	<u>15,076,288</u>	<u>(2,782,906)</u>	<u>2,939,801</u>	<u>15,233,183</u>

#### Company

Finance lease liabilities	<u>280,286</u>	<u>(31,796)</u>	-	<u>248,490</u>
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Non-cash changes represent drawdown of term loans, drawdown of facilities for acquisition of property, plant and equipment through term loan and lease financing.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 27. RELATED PARTIES

##### (a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or to the Company if the Group or the Company has the ability to directly or indirectly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have a related party relationship with its subsidiaries, related parties and key management personnel. Related parties refer to companies or enterprise in which certain directors of the Company or persons connected to them have substantial financial interests.

##### (b) Significant related party transactions

	Company	
	2021 RM	2020 RM
<b>Received or receivable from subsidiaries:</b>		
- Management fee income	991,165	914,319
- Interest income	-	652
- Reversal of interest income	-	(837,223)
	-	(837,223)

##### Transaction with other related parties

Name of related parties	Relationship
Seacera Group Berhad	Holding company of Seacera Porcelain Sdn. Bhd.
Asiabio Capital Sdn. Bhd.	A major shareholder of AT Systematization Berhad and Seacera Group Berhad.

Details of transactions entered into during the financial year are as follows:-

	Group	
	2021 RM	2020 RM
- Acquisition of leasehold land from Seacera Porcelain Sdn. Bhd.	10,500,000	-

##### (c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. These include directors of the Company and directors of the subsidiaries of the Group.

The remuneration of members of key management are disclosed in Note 6(a).





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 28. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a healthy capital ratio in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group and the Company may return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year ended 31 March 2021 and 31 March 2020.

Pursuant to the requirements of Guidance Note No. 3 of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the share 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 year ended 31 March 2021.

The Group is not subject to any other externally imposed capital requirements.

The Group and the Company monitor capital using a gearing ratio, which is total external borrowings divided by total equity. The gearing ratio as at 31 March 2021 and 31 March 2020, which are within the Group's and Company's objectives of capital management are as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total external borrowings	<u>6,120,080</u>	<u>15,233,183</u>	<u>210,856</u>	<u>248,490</u>
Total equity	<u>369,770,081</u>	<u>48,662,070</u>	<u>358,863,033</u>	<u>392,920</u>
Gearing ratio	<u>0.02</u>	<u>0.31</u>	<u>0.00</u>	<u>0.63</u>

### 29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 22 May 2020, on behalf of the Board of Directors, Mercury Securities Sdn Bhd ("Mercury Securities") announced that the Company completed the Rights Issue with Warrants following the listing and quotation of 991,176,200 new ordinary shares of RM0.035 each together with 743,382,150 Warrants C on the ACE Market of Bursa Securities on even date. Proceeds of RM34.69 million were raised under the Rights Issue with Warrants.
- (b) On 10 August 2020, on behalf of the Board of Directors, Mercury Securities announced that the Company proposed to undertake a private placement of up to 795,924,000 new ordinary shares in the Company, representing 30% of the total number of issued shares of the Company, to independent third-party investor(s) to be identified later at an issue price to be determined later ("Private Placement I").

Bursa Securities has, vide its letter dated 25 August 2020, approved the listing and quotation of up to 795,924,000 placement shares to be issued pursuant to the Private Placement I.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (b) During the financial period under review, the Company has implemented the Private Placement I in stages. Up to the completion date of 10 November 2020, a total of 679,970,000 new ordinary shares has been listed and cash proceeds of RM45.71 million was raised.
- (c) On 17 November 2020, on behalf of the Board of Directors, Mercury Securities announced that the Company proposed to undertake a private placement of up to 750,044,000 new ordinary shares in the Company, representing 20% of the enlarged total number of issued shares of the Company, to independent third party investor(s) to be identified later and at an issue price to be determined later ("Private Placement II").

Bursa Securities has, vide its letter dated 25 November 2020, approved the listing and quotation of up to 750,044,000 placement shares to be issued pursuant to the Private Placement II.

During the financial period under review, the Company has implemented the Private Placement II in stages. Up to the completion date of 16 December 2020, a total of 656,578,600 new ordinary shares has been listed and cash proceeds of RM113.78 million was raised.

- (d) On 11 March 2021, Mercury Securities Sdn Bhd ("Mercury Securities") has announced that, on behalf of AT Engineering Solution Sdn Bhd ("ATES" or the "Offeror"), Mercury Securities had served the notice of the Offer on the board of directors of Asdion ("Asdion Board") in accordance with Paragraph 9.10(1)(b)(i) of the Rules on Takeovers, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia ("Rules"), informing the Asdion Board of the Offeror's intention to undertake a conditional voluntary take-over offer to acquire all the ordinary shares in Asdion which are not held by the Offeror ("Offer Share") for a cash offer price of RM0.50 per Offer Share ("Offer").

The Offer will be made to each of the holders of the Offer Shares ("Holders") equally and in respect of all of their Offer Shares.

The Offer will be conditional upon the Offeror having received, on or before the close of the Offer, valid acceptances in respect of the Offer Shares (provided that such acceptances are not, where permitted, subsequently withdrawn), which would result in the Offeror holding more than 50% of the voting shares in Asdion (including Asdion Shares that have already been acquired, held or entitled to be acquired or held by the Offeror) ("Acceptance Condition"). The Acceptance Condition shall be fulfilled on or before the close of the Offer and in any event, shall be fulfilled no later than the 60th day from the date of despatch of the offer document to the Holders, failing which the Offer shall lapse and the Offer will cease to be capable of further acceptances and all acceptances shall be returned to Holders who accepted the Offer and the Offeror will thereafter cease to be bound by any such prior acceptances of the Offer.

On 31 March 2021, the Group submitted an application to the Securities Commission Malaysia for an extension of time to despatch the offer document.

On 1 April 2021, the Securities Commission Malaysia has approved the extension of time for the Offer Document to be despatched within 7 market days (i.e. by 12 April 2021) or until such time that the Securities Commission Malaysia has notified that it has no further comments on the offer document, whichever is later.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (d) On 28 April 2021, the Group announced that ATES has received a letter from Asdion dated 27 April 2021 on its intention to obtain shareholders' approval to proceed with the proposed settlement of debts owing to certain creditors of Asdion ("Proposed Debt Settlement") and proposed placement exercise of up to 20% of the issued share capital of Asdion ("Proposed Placement"), which were announced on 11 January 2021 and 9 February 2021 respectively. In accordance with Paragraph 16.01(2) of the Rules, the Proposed Debt Settlement and Proposed Placement are actions or decisions that will effectively result in the Offer being frustrated. Accordingly, in the event that the shareholders of Asdion approve either one of the two (2) proposals, i.e. either the Proposed Debt Settlement and/or the Proposed Placement, ATES will make an application to the Securities Commission Malaysia for its consent to withdraw the Offer.

Based on the outcome of Asdion's extraordinary general meeting held on 11 August 2021, both the Proposed Debt Settlement and Proposed Placement have been approved by the shareholders of Asdion.

On behalf of the Board of Directors, Mercury Securities has announced that an application has been submitted on 11 August 2021 to seek the written consent of the Securities Commission Malaysia to withdraw the Offer. The application of withdrawal of Offer is now pending Securities Commission's decision.

- (e) On 12 March 2021, on behalf of the Board of Directors, Mercury Securities has announced that the Company proposes to establish an Employees' Share Option Scheme ("ESOS") involving up to 30% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees.

Bursa Securities had, vide its letter dated 19 March 2021, approved the ESOS. The ESOS was subsequently approved by the shareholders in an Extraordinary General Meeting dated 12 April 2021.

On 20 April 2021, Mercury Securities, on behalf of the Company announced that the effective date for the implementation of the ESOS is 20 April 2021, being the date on which the Company is in full compliance with all relevant requirements including Rule 6.44(1) of the Listing Requirements.

- (f) The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO, which has been further extended until the conditions set by the Government of Malaysia for the various phases of the National Recovery Plan are achieved.

Overall, there is no significant impact arising from the COVID-19 pandemic to the Group at this juncture.

Based on the assessment of the Group and the Company, the judgements and assumptions used in the preparation of the financial statements for the financial year ended 31 March 2021 have been impacted by the COVID-19 pandemic. The Group and the Company will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group and the Company for the financial year ending 31 March 2022.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Group and the Company will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic. Nevertheless, with the Group's past focus on cost efficiency and strong cash position, the Group expects to sustain its operational and financial performance for the financial year ending 31 March 2022.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 30. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

- (a) On 10 June 2020, the Company has announced that it has signed a Letter of Intent with Aaron Khoo Teng Soon, a representative of the shareholders of Pearl Glove (Malaysia) Sdn. Bhd. ("PGSB") with the intention of acquiring the entire business of PGSB.

On 26 June 2020, the Company has further announced that AT Glove Engineering Sdn. Bhd. ("AGESB"), a wholly-owned subsidiary of the Company, had on even date entered into a Share Sale Agreement ("SSA") with the Vendors, namely Hai Hong Capital Sdn. Bhd., P'ng Sim Guan, P'ng Lai Heng, Hai Hong Holdings Sdn. Bhd. and Aaron Khoo Teng Soon (collectively referred to as the "Vendors") for the proposed acquisition by AGESB of the entire equity interest in PGSB, for a total purchase consideration of RM22 million to be satisfied entirely by cash ("Proposed Acquisition"). AGESB has on even date paid a deposit and advances totalling RM4.4 million.

The Proposed Acquisition is subject to several conditions precedent being obtained / fulfilled or waived (as the case may be) by the day falling 30 days from the date of the SSA, or such later date as the parties may mutually agree upon.

- (i) On 30 July 2020, the Company announced that AGESB and the Vendors ("the Parties") have mutually agreed to extend the period to fulfil the conditions precedent as stated in Appendix I – Salient Terms of the SSA ("Conditions Precedent") for a period of two (2) months from 27 July 2020 as the Parties have yet to obtain/fulfil the Conditions Precedent;
- (ii) On 25 September 2020, the Company announced that the Parties have mutually agreed to extend the cut-off date for a period of two (2) weeks from 27 September 2020 as the Parties have yet to obtain/fulfil the Conditions Precedent;
- (iii) On 12 October 2020, the Company announced that the Parties have mutually agreed to extend the cut-off date for a period of one (1) month to facilitate further discussion by the Parties.
- (iv) On 11 November 2020, the Company announced that AGESB, upon reviewing the due diligence reports provided by the professional advisers appointed by AGESB in relation to the due diligence exercise conducted on PGSB, its business, assets, legal and financial position ("Due Diligence Exercise"), determined that the board of directors of AGESB is not satisfied with the outcome and findings of the Due Diligence Exercise. Due to the non-fulfilment of the conditions precedent under the SSA, AGESB has on even date issued a notice of termination to the Vendors, and requested for the refund of the deposit and advancement.

Following the above, a civil suit was commenced by AGESB ("as Plaintiff") against the Vendors ("as Defendants") on 31 December 2020 at the High Court of Malaya, Kuala Lumpur. The civil suit was subsequently transferred to the High Court of Penang following an application made by the Defendants which was heard on 11 March 2021 at the High Court of Malaya, Kuala Lumpur. The High Court of Penang has fixed the matter for case management on 1 July 2021.

The High Court of Penang subsequently has fixed another date for case management on 25 August 2021 for Parties to update the Court on compliance with pre-trial directions.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 30. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONT'D)

- (b) On 20 August 2021, the Group has announced that its wholly-owned subsidiary, AT Precision Tooling Sdn. Bhd. ("ATP") has subscribed 600,080,000 new ordinary shares of AE Multi Holdings Berhad ("AEMHB") via the subscription of rights and excess shares at an issue price of RM0.05 each ("Rights Shares") for a total cash consideration of RM 30,004,000 pursuant to Rights Issue with Warrants of AEMHB.

The Rights Shares were listed on the Main Market of Bursa Malaysia Securities Berhad on 20 August 2021. Upon listing of Rights Shares, ATP holds 31.34% of the total enlarged issued and paid-up share capital of AEMHB.

### 31. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on a similar basis to that for internal reporting. The Group's chief operation decision maker reviews the decision on resource allocation and assesses the performance of the reportable segment.

#### (a) Operating segments

The reportable operating segments are as follows:-

Fabrication and automation	Fabrication of industrial and engineering parts; Design and manufacturing of industrial automation systems and machinery.
Renewable energy and property	Renewable energy operator and property letting.
Gloves	Manufacturing and sale of medical grade nitrile gloves.
Others	Investment holding and provision of management services, neither which are of a sufficient size to be reported separately.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 31. SEGMENT INFORMATION (CONT'D)

##### (a) Operating segments (cont'd)

Reconciliations of reportable segment revenue to the corresponding amounts of the Group are as follows:-

	2021 RM	Group 2020 RM
Revenue		
Total revenue for reportable segments	32,006,025	20,684,286
Elimination of inter-segmental revenue	<u>(1,078,590)</u>	<u>(914,319)</u>
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	<u>30,927,435</u>	<u>19,769,967</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 31. SEGMENT INFORMATION (CONT'D)

##### (a) Operating segments (cont'd)

	Fabrication and automation RM	Renewable energy and property RM	Gloves RM	Others RM	Adjustments and eliminations RM	Total RM
<b>2021</b>						
<b>Revenue</b>						
External revenue	22,077,005	758,835	8,091,595	-	-	30,927,435
Inter-segment revenue	-	-	-	1,078,590	(1,078,590)	-
Total revenue	22,077,005	758,835	8,091,595	1,078,590	(1,078,590)	30,927,435
<b>Results</b>						
Interest income	21,257	37,015	594	61,346	-	120,212
Finance costs	(480,184)	(7,287)	(2,172)	(13,869)	-	(503,512)
Share of result in associate	-	-	-	(411,670)	-	(411,670)
Segment (loss)/profit	(28,564,928)	1,073,134	325,950	6,636,584	-	(20,529,260)
Other material non-cash items:						
- Bad debts written off	(45,560)	-	-	-	-	(45,560)
- Depreciation of property, plant and equipment	(2,366,057)	(709,179)	(302,596)	(135,974)	-	(3,513,806)
- Depreciation of right-of-use assets	(1,709,134)	-	-	-	-	(1,709,134)
- Unrealised gain on foreign exchange, net	23,934	-	62	854,391	-	878,387
- Fair value loss on investment in quoted shares	(10,014,433)	-	-	-	-	(10,014,433)
- Reversal of impairment loss on receivables	1,926,384	-	-	-	-	1,926,384
- Impairment loss on receivables	-	(93,371)	-	-	-	(93,371)

**NOTES TO THE FINANCIAL STATEMENTS**  
31 MARCH 2021 (cont'd)

**31. SEGMENT INFORMATION (CONT'D)**

**(a) Operating segments (cont'd)**

	Fabrication and automation RM	Renewable energy and property RM	Gloves RM	Others RM	Adjustments and eliminations RM	Total RM
<b>2021</b>						
<b>Results</b>						
Other material non-cash items: (cont'd)						
- Reversal of impairment loss on property, plant and equipment	-	959,599	-	-	-	959,599
- Impairment loss of property, plant and equipment	(1,085,819)	-	-	-	-	(1,085,819)
- Impairment loss of right-of-use assets	(835,166)	-	-	-	-	(835,166)
- Impairment loss of investment in associate	-	-	-	(6,722,627)	-	(6,722,627)
- Impairment loss on inventories	(4,488)	-	-	-	-	(4,488)
- Gain on disposal of property, plant and equipment	107,344	-	-	226	-	107,570
- Gain on bargain purchase from investment in associate	-	-	-	15,003,469	-	15,003,469
- Share-based payments	(13,285,228)	-	-	(144,750)	-	(13,429,978)





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 31. SEGMENT INFORMATION (CONT'D)

#### (a) Operating segments (cont'd)

	Fabrication and automation RM	Renewable energy and property RM	Gloves RM	Others RM	Adjustments and eliminations RM	Total RM
<b>2020</b>						
<b>Revenue</b>						
External revenue	18,974,320	795,647	-	-	-	19,769,967
Inter-segment revenue	-	-	-	914,319	(914,319)	-
<b>Results</b>						
Interest income	186,757	6,850	-	(837,385)	670,709	26,931
Finance costs	(91,310)	(17,315)	-	(19,998)	(669,825)	(798,448)
Segment loss	(12,250,044)	(1,305,732)	-	(1,826,190)	(884)	(15,382,850)
Other material non-cash items:						
- Depreciation of property, plant and equipment	(3,143,658)	(1,077,040)	-	(129,404)	-	(4,350,102)
- Depreciation of right-of-use assets	(171,714)	-	-	-	-	(171,714)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2021**(cont'd)

**31. SEGMENT INFORMATION (CONT'D)**

**(a) Operating segments (cont'd)**

	Fabrication and automation RM	Renewable energy and property RM	Gloves RM	Others RM	Adjustments and eliminations RM	Total RM
<b>2020</b>						
<b>Results</b>						
Other material non-cash items: (cont'd)						
- Unrealised gain on foreign exchange, net	40,203	-	-	-	-	40,203
- Fair value loss on investment in quoted shares	(1,066,587)	-	-	-	-	(1,066,587)
- Reversal of impairment loss on receivables	19,575	-	-	-	-	19,575
- Impairment loss on receivables	(5,925,096)	-	-	-	-	(5,925,096)
- Impairment loss on inventories	(79,922)	-	-	-	-	(79,922)
- Impairment loss of property, plant and equipment	-	(1,315,617)	-	-	-	(1,315,617)
- Gain on disposal of property, plant and equipment	421,028	-	-	-	-	421,028
- Share-based payment	(130,414)	-	-	(31,275)	-	(161,690)
Impairment loss on right-of-use assets	(325,653)	-	-	-	-	(325,653)



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (cont'd)

### 31. SEGMENT INFORMATION (CONT'D)

#### (b) Geographical information

The Group's operations, assets and liabilities are in Malaysia, hence no geographical segment is presented.

Segment revenue based on geographical location of the Group's customers is as follows:-

	2021 RM	Group 2020 RM
Malaysia	26,367,818	16,399,008
Singapore	7,500	139,929
Switzerland	3,007,982	2,003,130
United Kingdom	905,038	1,019,117
Thailand	20,758	-
USA	-	168,767
China	167,933	-
India	184,973	-
Hungary	263,841	-
Others	1,592	40,016
	<u>30,927,435</u>	<u>19,769,967</u>

#### (c) Major customer information

The following details relate to major customers with revenue equal or more than 10% of the Group's total revenue:-

	Revenue RM	Percentage of total revenue %
<b>2021</b>		
<b>Fabrication and automation</b>		
Customer A	11,222,750	36%
Customer B	<u>3,007,985</u>	<u>10%</u>
<b>Glove</b>		
Customer A	<u>3,031,700</u>	<u>10%</u>
<b>2020</b>		
<b>Fabrication and automation</b>		
Customer A	9,183,911	46%
Customer B	3,589,456	18%
Customer C	<u>2,003,130</u>	<u>10%</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 31 MARCH 2021 (cont'd)

#### 32. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

<b>Group</b> <b>Year Ended 31 March 2020</b>	<b>As previously reported RM</b>	<b>Reclassification RM</b>	<b>As restated RM</b>
<u>Statement of profit and loss</u>			
Administrative and general expenses	(16,986,223)	8,611,904	(8,374,319)
Other expenses	-	(8,611,904)	(8,611,904)

<b>Company</b> <b>Year Ended 31 March 2020</b>	<b>As previously reported RM</b>	<b>Reclassification RM</b>	<b>As restated RM</b>
<u>Statement of profit and loss</u>			
Other income	2,281	48,348,890	48,351,171
Administrative and general expenses	(22,890,517)	20,202,589	(2,687,928)
Other expenses	-	(68,551,479)	(68,551,479)



## STATEMENT BY DIRECTORS

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

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We, **CHOONG LEE AUN** and **MAK SIEW WEI**, being two of the directors of AT Systematization Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 66 to 163 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 March 2021 and of their financial performance and cash flows for the financial year then ended.

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

.....  
**CHOONG LEE AUN**  
Director

.....  
**MAK SIEW WEI**  
Director

Date: 27 August 2021



# STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

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I, **YONG MAN CHAI**, (MIA CA: 27475) being the officer primarily responsible for the financial management of AT Systematization Berhad, do solemnly and sincerely declare that the financial statements as set out on pages 66 to 163 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.

.....  
**YONG MAN CHAI**

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory  
on 27 August 2021.

Before me,

**KAPT (B) JASNI BIN YUSOFF**  
Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AT SYSTEMATIZATION BERHAD

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## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of AT Systematization Berhad, which comprise the statements of financial position as at 31 March 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 66 to 163.

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 31 March 2021 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and of the Company. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AT SYSTEMATIZATION BERHAD (cont'd)

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### **Impairment of property, plant and equipment ("PPE") (Note 9 to the financial statements)**

As at 31 March 2021, the carrying amount of PPE of the Group is RM 124,462,059 (2020 : RM 38,074,272), it represented 31.67% (2020 : 52.55%) of group total assets.

The Group is required to assess at each reporting date whether there is any indication that the PPE may be impaired. If such indication exists, the Group shall estimate the recoverable amount of the PPE, which is the higher of fair value less cost to sell or value-in-use.

The impairment review was significant in this respect due to the assessment process is complex and is based on assumptions that are highly judgmental.

During the financial year, an independent consultant was engaged by the management to perform impairment review on its PPE, an impairment loss in respect of PPE amounting to RM 1,085,819 was recognised in the profit or loss.

### **How we addressed the key audit matters**

We evaluated the independent consultant's competency, capability and objectivity.

We also reviewed the report issued by the independent consultant, we found that the approach applied by the independent consultant was in accordance with MFRS 136: Impairment of Assets, and it is suitable for impairment review.

We noted that the independent consultant has considered the relevant input in respect of the projected cash flow from different segment of the Group.

We also discussed with the management and independent consultant any matters apart from impairment loss to be highlighted to us.

### **Information Other Than the Financial Statements and Auditors' Report Thereon**

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AT SYSTEMATIZATION BERHAD (cont'd)**

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### **Responsibilities of the Directors for the Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AT SYSTEMATIZATION BERHAD (cont'd)

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AT SYSTEMATIZATION BERHAD (cont'd)**

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### **Other Matters**

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

**ONG & WONG**

AF: 0241

Chartered Accountants

**ONG KONG LAI**

00494/06/2022 J

Chartered Accountant

Kuala Lumpur,  
Date: 27 August 2021

## LIST OF LANDED PROPERTIES

Postal Address/ Location of the Property	Description/ Existing Use	Tenure & Date of Expiry of Lease/ Approximate Age of Building	Land Area/ Built-up Area (sq.ft.)	Net Carrying Amount as at 31 March 2021	Date of Revaluation/ Acquisition
Plot 49, Hilir Sungai Keluang 2, Taman Perindustrian, Bayan Lepas Fasa 4, 11990, Pulau Pinang.  (H.S. (D) 8750 [H.S.(D) 18966], PN 2998, Lot 12340, Mukim 12, Daerah Barat Daya, Pulau Pinang)	The subject site is erected with:  (i) a double storey detached factory cum office block  (ii) a double storey detached factory cum office block	60 years lease expiring on 18 October 2055  23 Years  6 Years	56,166/ 37,954	8,357,025	31 March 2020 (Date of valuation)
Plot 82, Lintang Bayan Lepas Fasa 4 Taman Perindustrian Bayan Lepas Mk. 12, Pulau Pinang.  (H.S (D) No.16415, P.T. No. 5057, Mukim 12, Daerah Barat Daya, Pulau Pinang)	The subject site is erected with:  (i) a double storey factory attached to:  (ii) a 3 storey office block and a double storey production building  (iii) a double storey factory	60 years lease expiring on 22 January 2062  20 Years  15 Years  2 Years	109,426/ 89,845	22,021,958	31 March 2020 (Date of valuation)



## LIST OF LANDED PROPERTIES (cont'd)

Postal Address/ Location of the Property	Description/ Existing Use	Tenure & Date of Expiry of Lease/ Approximate Age of Building	Land Area/ Built-up Area (sq.ft.)	Net Carrying Amount as at 31 March 2021	Date of Revaluation/ Acquisition
No. 9, Jalan Chepor, 11/7 Kawasan Perusahaan Seramik Chepor, 31200 Chemor, Perak.	The subject site is erected with:	33 years lease expiring on 26 October 2053 for both	Land Area: (i) Lot 207448 - 100,309 (ii) Lot 207449 - 74,185	10,645,656	23 October 2020 (Date of acquisition)
(H.S. (D) 29242, (PN 115509 ) Lot 207448, Mukim Hulu Kinta, Daerah Kinta, Perak)	(i) two single storey factory	7 years	Built-up Area: 76,400		
(H.S.(D) 28643, (PN 115510 ) Lot 207449, Mukim Hulu Kinta, Daerah Kinta, Perak)	(ii) a single storey office building, a single storey warehouse, toilet and guard house	7 years	11,876		
Kawasan Perindustrian Kamunting, Mukim Asam Kumbang, District of Larut & Matang, Perak Darul Redzuan.	Land for factory	99 years lease expiring on 14 June 2111	783,324	11,156,000	26 March 2021 (Date of acquisition)
(H.S. (D) 29242, (PN 380411), Lot 313646, Mukim Asam Kumbang, Daerah, Larut & Matang, Perak)					

## ANALYSIS OF SHAREHOLDINGS

Class of Equity Securities	:	Ordinary Shares
Number of Ordinary Shares	:	4,494,101,608
Number of holders of Ordinary Shares	:	31,941
Voting Rights	:	One vote per Share

### DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100	886	40,826	0.00
100 – 1,000	1,472	841,144	0.02
1,001 – 10,000	7,196	48,185,675	1.07
10,001 – 100,000	16,064	724,265,323	16.12
100,001 – 224,705,079	6,323	3,720,768,640	82.79
224,705,080 and above	-	-	-
<b>Total</b>	<b>31,941</b>	<b>4,494,101,608</b>	<b>100.00</b>

### DIRECTORS' SHAREHOLDING

(As per the Register of Directors' Shareholdings)

Name	Direct Shareholding	%	Indirect Shareholding	%
Dato' Nik Ismail bin Dato' Nik Yusoff	700,000	0.02	-	-
Dr. Ch'ng Huck Khoon	-	-	-	-
Mak Siew Wei	453,645,666*	10.09	-	-
Choong Lee Aun	-	-	-	-
Tan Lay Chee	-	-	-	-

\* Held through nominee company

### SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholders)

Name	Direct Shareholding	%	Indirect Shareholding	%
Mak Siew Wei	453,645,666*	10.09	-	-
Asiabio Capital Sdn. Bhd.	421,600,000	9.38	-	-
Fintec Global Berhad	-	-	421,600,000**	9.38

\* Held through nominee company

\*\* Deemed interest by virtue of its wholly-owned subsidiary's substantial shareholding in the Company

**ANALYSIS OF SHAREHOLDINGS** (cont'd)**THIRTY LARGEST SECURITIES HOLDERS**

No.	Name	Shareholdings	%
1	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR LAZARUS CORPORATE FINANCE PTY LTD	93,000,000	2.07
2	SITI MUNAJAT BINTI MD GHAZALI	85,000,000	1.90
3	YEAT SEW CHUONG	65,084,700	1.45
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN	62,400,000	1.39
5	YAP SU LING	50,000,000	1.11
6	LEONG WYE KEONG	33,300,000	0.74
7	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOH CHOY PIAU (M&A)	28,394,100	0.63
8	WANG YEN LIANG	27,500,000	0.61
9	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KUEK ENG MONG	27,000,000	0.60
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN (SS2/PIV)	27,000,000	0.60
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN (7000778)	23,500,000	0.52
12	AZMAN BIN SUTAN AMAN	21,118,100	0.47
13	GOH BOON SOO @ GOH YANG ENG	16,000,000	0.36
14	TAN KONG HAN	16,000,000	0.36
15	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM TECK HUAT	14,400,000	0.32
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR MUTHUKUMAR A/L AYARPADDE (PW-M00144) (550548)	13,430,000	0.30
17	ANG YOKE CHING	13,096,600	0.29
18	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SYED HIZAM ALSAGOFF (E-PDG)	13,000,000	0.29
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA PING TEOW (6000654)	12,050,000	0.27
20	LAI YEE LING	12,000,000	0.27
21	HU XIN	11,500,000	0.26
22	YAP CHENG HOE	11,400,000	0.25
23	HO HENG CHUAN	10,900,000	0.24
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD COLLIN HII CHING TYN	10,771,500	0.24
25	KUA HOCK LAI	10,550,000	0.23
26	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHING TECK KEE (CHI3219C)	10,000,000	0.22
27	KONG SIEW YIN	10,000,000	0.22
28	SHAFII BIN RASDI	10,000,000	0.22
29	LEE CHEE KUEN	9,816,000	0.22
30	ELAINE TAN YI YING	9,500,000	0.21
	<b>TOTAL</b>	<b>757,711,000</b>	<b>16.86</b>

## ANALYSIS OF WARRANT C HOLDINGS

Class of Securities	:	Warrants C
Number of warrants	:	469,053,650
Number of warrant holder	:	2,701
Exercise price of Warrant C	:	RM0.035
Exercise Period of Warrant C	:	18 May 2020 to 17 May 2025
Exercise Rights	:	Each Warrants C entitles the holder to subscribe for one new ordinary share in the Company during the Exercise Period
Voting Rights in the meeting of warrant holder	:	One vote per warrant holder

### DISTRIBUTION SCHEDULE OF WARRANTS C HOLDERS

Size of Holdings	No. of Holders	No. of Warrants	%
Less than 100	10	455	0.00
100 – 1,000	118	64,150	0.01
1,001 – 10,000	542	3,642,348	0.78
10,001 – 100,000	1,358	63,378,398	13.51
100,001 – 23,452,681	673	401,968,299	85.70
23,452,682 and above	-	-	-
<b>Total</b>	<b>2,701</b>	<b>469,053,650</b>	<b>100.00</b>

### DIRECTORS' WARRANTS C HOLDING

(As per the Register of Directors' Warrants C Holdings)

Name	Direct No. of Warrants held	%	Indirect No. of Warrants held	%
Dato' Nik Ismail bin Dato' Nik Yusoff	-	-	-	-
Dr. Ch'ng Huck Khoon	-	-	-	-
Mak Siew Wei	260,100,000*	55.45	-	-
Choong Lee Aun	-	-	-	-
Tan Lay Chee	-	-	-	-

\* Held through nominee company





## ANALYSIS OF WARRANT C HOLDINGS (cont'd)

### THIRTY LARGEST WARRANTS C HOLDERS

No.	Name	No. of Warrants	%
1	TAN KONG HAN	10,377,800	2.21
2	SELAMAT BIN GOON	9,800,000	2.09
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD HWONG GIIN SHING	9,650,000	2.06
4	KUA HOCK LAI	7,950,000	1.69
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD DERRICK CHIN SZE LEONG	7,630,000	1.63
6	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM TECK HUAT	7,607,500	1.62
7	W MOHD SHARIF BIN WAN MUDA	5,500,000	1.17
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KOK GUAN (100317)	4,289,999	0.91
9	HU XIN	4,118,300	0.88
10	YEOH THIAM POH	4,100,000	0.87
11	AW PENG MENG	4,000,000	0.85
12	LEE KOON WENG	3,602,000	0.77
13	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA EN TET JOSEPH	3,300,000	0.70
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WAI SUM (7005166)	3,250,000	0.69
15	HON WEE MIEN	3,140,700	0.67
16	HO HENG CHUAN	3,100,000	0.66
17	TING MEE TAI	3,000,000	0.64
18	WONG YIT LEE	3,000,000	0.64
19	YAU HONG SING	2,800,000	0.60
20	GAN HWA KOK @ GAN HWA ANN	2,700,000	0.58
21	TAN SIEW HEONG	2,690,000	0.57
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH AH HAI (E-TSA)	2,680,000	0.57
23	MAIMUNAH BINTI MOHAMED	2,619,000	0.56
24	LEE KOK GUAN	2,608,000	0.56
25	NORZAIDEE BIN ZAINAL ABIDIN	2,575,000	0.55
26	LIM KEAN GHEE	2,560,000	0.55
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN (SS2/PIV)	2,500,000	0.53
28	TAN KIM HONG	2,400,000	0.51
29	BADARIAH BINTI MAHFOZ	2,300,000	0.49
30	AZIZ BIN ISMAIL	2,200,000	0.47
	<b>TOTAL</b>	<b>128,048,299</b>	<b>27.29</b>

# NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be conducted on a fully virtual basis from the Broadcast Venue at Level 18, Menara Lien Hoe, No. 8, Persiraran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 September 2021 at 1.00 p.m. for the following purposes:-

## AGENDA

- |                                                                                                                                                                                                                  |                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| 1. To receive the Audited Financial Statements for the year ended 31 March 2021 together with the Directors' and Auditors' Reports thereon.                                                                      | (Please refer to Note 1) |
| 2. To approve the payment of Directors' fees of up to RM260,000.00 for the financial year ending 31 March 2022 to the Directors of the Company and its subsidiaries.                                             | Ordinary Resolution 1    |
| 3. To approve the payment of benefits other than Directors' fees of up to RM28,000.00 to the Non-Executive Directors of the Company from 30 September 2021 until the next Annual General Meeting of the Company. | Ordinary Resolution 2    |
| 4. To re-elect Dato' Nik Ismail bin Dato' Nik Yusoff retiring under Clause 131 of the Company's Constitution and who, being eligible, offers himself for re-election.                                            | Ordinary Resolution 3    |
| 5. To re-elect Choong Lee Aun retiring under Clause 131 of the Company's Constitution and who, being eligible, offers himself for re-election.                                                                   | Ordinary Resolution 4    |
| 6. To re-appoint Messrs. Ong & Wong as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.                                                                                | Ordinary Resolution 5    |

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:-

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 7. <u>Continuation in Office as an Independent Non-Executive Director</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Ordinary Resolution 6 |
| "THAT authority be and is hereby given to Dr. Ch'ng Huck Khoon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company".                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                       |
| 8. <u>Power to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Ordinary Resolution 7 |
| "THAT subject always to the Companies Act 2016 ("Act"), Constitution of the Company and approvals of the relevant regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company from time to time at such price, 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 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier." |                       |
| 9. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                       |



## NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING (cont'd)

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By Order of the Board

LIM KIM TECK  
(SSM PRACTISING CERTIFICATE NO. 202008002059)  
(MAICSA 7010844)

ADELINE TANG KOON LING  
(SSM PRACTISING CERTIFICATE NO. 202008002271)  
(LS 0009611)  
Company Secretaries

Date : 30 August 2021  
Penang

### NOTES:

**1. Audited Financial Statements for the financial year ended 31 March 2021**

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

**2. Ordinary Resolution No. 1 – Proposed payment of Directors' fees**

The proposed Ordinary Resolution 1 is to facilitate the payment of Directors fees on current year basis. In the event the Directors' fees proposed is insufficient, the Board will seek the approval from the shareholders at the next Annual General Meeting for additional fees to meet the shortfall.

**3. Ordinary Resolution No. 2 – Proposed payment of Directors' benefits (excluding Directors' fees)**

The Directors' benefits (excluding Directors' fees) comprises the allowances and other benefits. The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board's and Board Committees' meetings for the period from 30 September 2021 until the next Annual General Meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

**4. Ordinary Resolution No. 6 – Continuation in Office as an Independent Non-Executive Director**

Pursuant to the Malaysian Code on Corporate Governance, the Board is making a recommendation and will seek shareholders' approval to retain Dr. Ch'ng Huck Khoon, who has served as Independent Non-Executive Director of the Company for a cumulative terms of more than nine (9) years, as an Independent Non-Executive Director of the Company.

Dr. Ch'ng Huck Khoon has served as an Independent Non-Executive Director of the Company for 10 years. The Board has carried out an assessment of Dr. Ch'ng Huck Khoon and determined that he has met the independence guidelines as set out in Chapter 1 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad as well as the criteria of independence recognised by the Board. The Board has determined that Dr. Ch'ng Huck Khoon is able to bring objective and independent judgement to the Board and recommended him to continue to act as an Independent Non-Executive Director of the Company.

## NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING (cont'd)

### 5. Ordinary Resolution No. 7 - Proposed power to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed resolution, if passed, will grant a renewed general mandate ("Renewed Mandate") and empower the Directors of the Company to issue and allot shares up to an amount not exceeding 10% (ten per centum) of the total number of issued shares of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. The Renewed Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, capital expenditure, working capital and/or acquisitions. In order to avoid any delay and costs involved in convening a general meeting, it is considered appropriate to seek shareholders' approval for a Renewed Mandate. This Renewed Mandate, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

As at the date of this notice, 656,578,600 new shares in the Company have been issued pursuant to the general mandate to issue and allot shares granted to the Directors at the Sixteenth Annual General Meeting held on 28 September 2020 which will lapse at the conclusion of the Seventeenth Annual General Meeting.

### 6. Appointment of Proxy

- (1) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without restriction as to the qualification of the proxy.
- (2) Subject to Paragraph (3) below, a member entitled to attend and vote is entitled to appoint two (2) or more proxies to attend and vote instead of him. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- (3) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 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.
- (4) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
- (5) The instrument appointing a proxy and the power of attorney or other authority (if any), which is signed or a notorially certified copy thereof, must be deposited with the Poll Administrator's office at ShareWorks Sdn Bhd, No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or by electronic means through [ir@shareworks.com.my](mailto:ir@shareworks.com.my) not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- (6) Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, all the resolutions set out above will be put to vote by way of poll.
- (7) The Seventeenth Annual General Meeting will be conducted on a fully virtual basis from the Broadcast Venue. Members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.

### 7. Members entitled to attend the Seventeenth Annual General Meeting

Only a Depositor whose name appears in the Record of Depositors as at 22 September 2021 shall be regarded as a member entitled to attend, speak and vote or to appoint a proxy or proxies to attend, speak and vote at the Seventeenth Annual General Meeting.



# ADMINISTRATIVE GUIDE FOR THE SEVENTEENTH ANNUAL GENERAL MEETING

Date	Time	Broadcast Venue
29 September 2021	1.00 p.m	Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan  17 <sup>th</sup> Annual General Meeting ("AGM") is hosted virtually at <a href="https://rebrand.ly/AT-AGM">https://rebrand.ly/AT-AGM</a> operated by Mlabs Research Sdn Bhd

## **MODE OF MEETING**

In light of the Covid-19 pandemic and as part of the safety measures, the AGM will be conducted on a fully virtual basis through live streaming from the Broadcast Venue.

Shareholders of the Company ("**Shareholders**") are **NOT REQUIRED** to be physically present **NOR ADMITTED** at the Broadcast Venue on the day of the AGM. Shareholders will have to register to attend the AGM remotely by using the Remote Participation and Voting ("**RPV**") Facilities, the details as set out below:

## **RPV**

- The AGM will be conducted entirely through live streaming and online remote voting. Should you wish to attend the AGM, you will be required to do so by registering yourself using the RPV Platform in accordance with the instructions set out under Section 4 below.

With the RPV Platform, you may exercise your rights as a Shareholder to participate (including to pose questions to the Board of Directors ("**Board**")) and vote at the AGM.

- If a shareholder is unable to attend the AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.
- For proxies or corporate representatives/authorised nominees/exempt authorised nominees who wishes to use the RPV Platform at the AGM, please ensure the duly executed proxy forms or the original certificate of appointment of its corporate representative are submitted to ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or by electronic means through [ir@shareworks.com.my](mailto:ir@shareworks.com.my) not later than 1.00 p.m. on 27 September 2021.
- The procedures for the RPV in respect of the live streaming and remote voting at the AGM are as follows:

Procedures	Action
<b>Before AGM</b>	
1. Register as participant in Virtual AGM	<ul style="list-style-type: none"> <li>Using your computer, access the registration website at <a href="https://rebrand.ly/AT-AGM">https://rebrand.ly/AT-AGM</a></li> <li>Click on the <b>Register</b> link to register for the AGM session.</li> <li>Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification.</li> <li>The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Refer to the tutorial guide posted on the same page for assistance.</li> </ul>

**ADMINISTRATIVE GUIDE FOR THE SEVENTEENTH ANNUAL GENERAL MEETING** (cont'd)

Procedures		Action
2.	Submit your online registration	<ul style="list-style-type: none"> <li>Shareholders who wish to participate and vote remotely at the AGM via RPV Facilities are required to register prior to the meeting. The registration will be open from 5.00 p.m. on 30 August 2021 and the registration will close on 1.00 p.m. on 27 September 2021.</li> <li>Clicking on the link mentioned in item 1 will redirect you to the AGM event page. Click on the <b>Register</b> link for the online registration form.</li> <li>Complete your particulars in the registration page. Your name <b>MUST</b> match your CDS account name (not applicable for proxy).</li> <li>Insert your CDS account number(s) and indicate the number of shares you hold.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declarations.</li> <li>Please ensure all information given is accurate before you click <b>Submit</b> to register your remote participation. Failure to do so will result in your registration being rejected.</li> <li>System will send an email to notify that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors of the Company as at 22 September 2021, the system will send you an email to notify you if your registration is approved or rejected after 23 September 2021.</li> <li>If your registration is rejected, you can contact the Company's Poll Administrator or the Company for clarifications or to appeal.</li> </ul>
<b>On the day of AGM</b>		
3.	Attending Virtual AGM	<ul style="list-style-type: none"> <li>Two reminder emails will be sent to your inbox. First is one day before the AGM day, while the 2<sup>nd</sup> will be sent 1 hour before the AGM session.</li> <li>Click <b>Join Event</b> in the reminder email to participate the RPV.</li> </ul>
4.	Participate with live video	<ul style="list-style-type: none"> <li>You will be given a short brief about the system.</li> <li>Your microphone is muted throughout the whole session.</li> <li>If you have any questions for the Chairman/Board, you may use the <b>Q&amp;A panel</b> to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email.</li> <li>The session will be recorded.</li> <li>Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.</li> </ul>
5	Online Remote Voting	<ul style="list-style-type: none"> <li>The Chairman will announce the commencement of the Voting session and the duration allowed at the respective AGM.</li> <li>The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given stipulated time frame.</li> <li>Click on the <b>Submit</b> button when you have completed.</li> <li>Votes cannot be changed once it is submitted.</li> </ul>
6.	End of remote participation	Upon the announcement by the Chairman on the closure of the AGM, the live session will end.



## ADMINISTRATIVE GUIDE FOR THE SEVENTEENTH ANNUAL GENERAL MEETING (cont'd)

### **REVOCAION OF PROXY**

Please note that if a Shareholder has submitted his/her Form of Proxy prior to the AGM and subsequently decides to personally attend and participate in the AGM via RPV Platform, the Shareholder must contact ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur to revoke the appointment of his/her proxy no later than 1.00 p.m. on 27 September 2021.

### **POLL VOTING**

The voting at the AGM will be conducted by poll in accordance with Paragraph 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The Company has appointed ShareWorks Sdn Bhd as Poll Administrator to conduct the poll by way of electronic means and Sharepolls Sdn Bhd as Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting. The Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed or otherwise.

The results of the voting for all resolutions will be announced at the AGM and on Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com)

### **NO RECORDING OR PHOTOGRAPHY**

Strictly NO recording or photography of the proceedings of the AGM is allowed.

### **NO BREAKFAST/LUNCH PACKS, DOOR GIFTS OR FOOD VOUCHERS**

There will be no distribution of breakfast / lunch packs, door gifts or food vouchers,

### **ENQUIRY**

If you have any enquiry prior to the meeting, please contact the following officers during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

For registration, logging in  
and system related matters:

#### **Mlabs Research Sdn. Bhd.**

Name : Mr. Bryan / Mr. Hong  
Telephone : 03-7688 1013  
Email : [vgm@mlabs.com](mailto:vgm@mlabs.com)

For Proxy and other matters:

#### **ShareWorks Sdn. Bhd.**

Name : Mdm Fong / Mr Fong  
Telephone : 03-6201 1120  
Email : [ir@shareworks.com.my](mailto:ir@shareworks.com.my)





# PROXY FORM

## AT SYSTEMATIZATION BERHAD

Registration No. 200401006297 (644800-X)  
(Incorporated in Malaysia)

CDS Account No.	
No. of Shares held	

I/We, ..... Tel. No.: .....  
[Full name in block and NRIC No. / Registration No.]

of .....  
[Address]

being a member/members of AT Systematization Berhad, hereby appoint:-

Full Name (in block)	NRIC/Passport/Registration No.	Proportion of Shareholdings	
		No. of Shares	%
and/or (delete as appropriate)			

or failing whom, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company to be conducted on a fully virtual basis from the Broadcast Venue at Level 18, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 September 2021 at 1.00 p.m. or any adjournment thereof, and to vote as indicated below:-

RESOLUTION		FOR	AGAINST
1.	To approve the payment of Directors' fees of up to RM260,000.00 for the financial year ending 31 March 2022 to the Directors of the Company and its subsidiaries.		
2.	To approve the payment of benefits other than Director's fees of up to RM28,000 to the Non-Executive Directors of the Company from 30 September 2021 until the next Annual General Meeting of the Company.		
3.	To re-elect Dato' Nik Ismail Bin Dato' Nik Yusoff retiring under Clause 131 of the Constitution of the Company and who being eligible, offers himself for re-election.		
4.	To re-elect Choong Lee Aun retiring under Clause 131 of the Constitution of the Company and who being eligible, offers himself for re-election.		
5.	To re-appoint Messrs. Ong & Wong as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.		
6.	To authorise Dr. Ch'ng Huck Khoon to continue to act as an Independent Non-Executive Director of the Company.		
7.	To empower the Director's to issue and allot shares up to 10% of the total number of issued shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016.		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signature of Shareholder(s) / Common Seal

Dated this ..... day of....., 2021.

### Notes:-

- Only a Depositor whose name appear in the Record of Depositors as at 22 September 2021 shall be regarded as a member entitled to attend, speak and vote or to appoint a proxy or proxies to attend, speak and vote at the Seventeenth Annual General Meeting.
- A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without restriction as to the qualification of the proxy.
- Subject to Paragraph (4) below, a member entitled to attend and vote is entitled to appoint two (2) or more proxies to attend and vote instead of him. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 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 appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.





- (6) *The instrument appointing a proxy and the power of attorney or other authority (if any), which is signed or a notarially certified copy thereof, must be deposited with the Poll Administrator's office at ShareWorks Sdn Bhd, No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or by electronic means through [ir@shareworks.com.my](mailto:ir@shareworks.com.my) not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
- (7) *Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, all the resolutions set out above will be put to vote by way of poll.*
- (8) *The Seventeenth Annual General Meeting will be conducted on a fully virtual basis from the Broadcast Venue. The members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.*

*Please fold across the line and close*

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Stamp

The Poll Administrator  
**AT SYSTEMATIZATION BERHAD**  
No. 2-1, Jalan Sri Hartamas 8,  
Sri Hartamas,  
50480 Kuala Lumpur

*Please fold across the line and close*

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[www.atsys.com.my](http://www.atsys.com.my)

**AT SYSTEMATIZATION BERHAD**

Registration No. 200401006297 (644800-X)

Lot 11.2, Level 11, Menara Lien Hoe, No. 8, Persiaran Tropicana  
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