



**AT SYSTEMATIZATION BERHAD**

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



Annual  
Report

20  
23





# TABLE OF CONTENTS

## **AT SYSTEMATIZATION**

- 02 Corporate Information
- 03 Corporate Structure
- 04 Financial Calendar
- 05 Group Financial Highlights
- 06 Abbreviations
- 07 Chairman's Statement

## **MANAGEMENT DISCUSSION AND ANALYSIS**

- 09 Management Discussion and Analysis

## **LEADERSHIP**

- 18 Profile of Directors
- 21 Profile of Key Senior Management

## **CORPORATE GOVERNANCE**

- 23 Sustainability Statement
- 34 Corporate Governance Overview Statement
- 45 Audit and Risk Management Committee Report
- 49 Statement on Risk Management and Internal Control
- 53 Additional Compliance Information

## **FINANCIALS**

- 55 Report and Financial Statements
- 176 List of Landed Properties

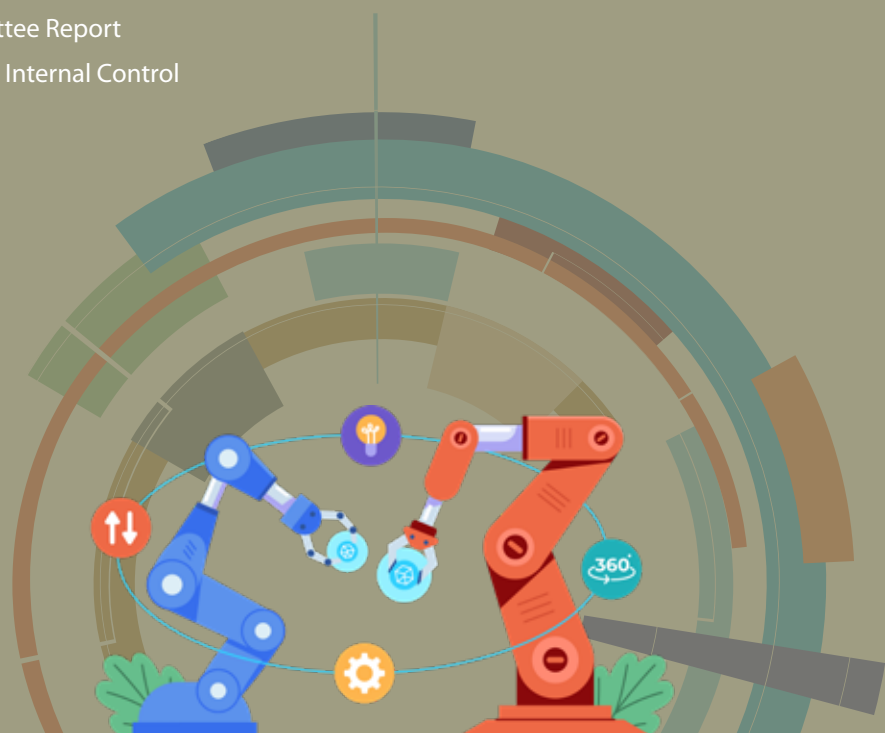
## **SHAREHOLDINGS INFORMATION**

- 178 Analysis of Shareholdings
- 180 Analysis of Warrant C Holdings

## **NOTICE OF ANNUAL GENERAL MEETING**

- 182 Notice of 19<sup>th</sup> Annual General Meeting
- 187 Administrative Guide for the 19<sup>th</sup> Annual General Meeting ("19<sup>th</sup> AGM")

Proxy Form





# 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**  
*Non-Independent Non-Executive Director  
(Re-designate w.e.f. 31 May 2023)*

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

**ONG POH LIN ABDULLAH**  
*Independent Non-Executive Director  
(Appointed w.e.f. 31 May 2023)*

## ▶ AUDIT AND RISK MANAGEMENT COMMITTEE

Tan Lay Chee (Chairman)  
Ong Poh Lin Abdullah (Member)  
Dr. Ch'ng Huck Khoon (Member)

## ▶ NOMINATING COMMITTEE

Tan Lay Chee (Chairman)  
Ong Poh Lin Abdullah (Member)  
Dr. Ch'ng Huck Khoon (Member)

## ▶ REMUNERATION COMMITTEE

Tan Lay Chee (Chairman)  
Ong Poh Lin Abdullah (Member)  
Dr. Ch'ng Huck Khoon (Member)

## ▶ COMPANY SECRETARIES

Wong Yuet Chyn (MAICSA 7047163)  
*(SSM Practising Certificate No. 202008002451)*  
Adeline Tang Koon Ling (LS 0009611)  
*(SSM Practising Certificate No. 202008002271)*

## ▶ REGISTERED OFFICE

1-10, Medan Perniagaan Pauh Jaya,  
Jalan Baru, 13700 Perai,  
Pulau Pinang, Malaysia.  
Tel: (604) -390 8009  
Fax: (604) -390 8009  
Email: infosec@wscs.com.my

## ▶ 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

Workshire Share Registration Sdn Bhd  
A3-3-8, Solaris Dutamas,  
No. 1, Jalan Dutamas 1,  
50480 Kuala Lumpur,  
Wilayah Persekutuan, Malaysia.  
Tel: (603) -6413 3271  
Fax: (603) -6413 3270  
Email: infosr@wscs.com.my

## ▶ AUDITORS

UHY Chartered Accountants (AF1411)  
Suite 11.05, Level 11,  
The Gardens South Tower,  
Mid Valley City, Lingkaran Syed Putra,  
59200 Kuala Lumpur.  
Tel: 03-2279 3088  
Fax: 03-2279 3099

## ▶ STOCK EXCHANGE LISTING

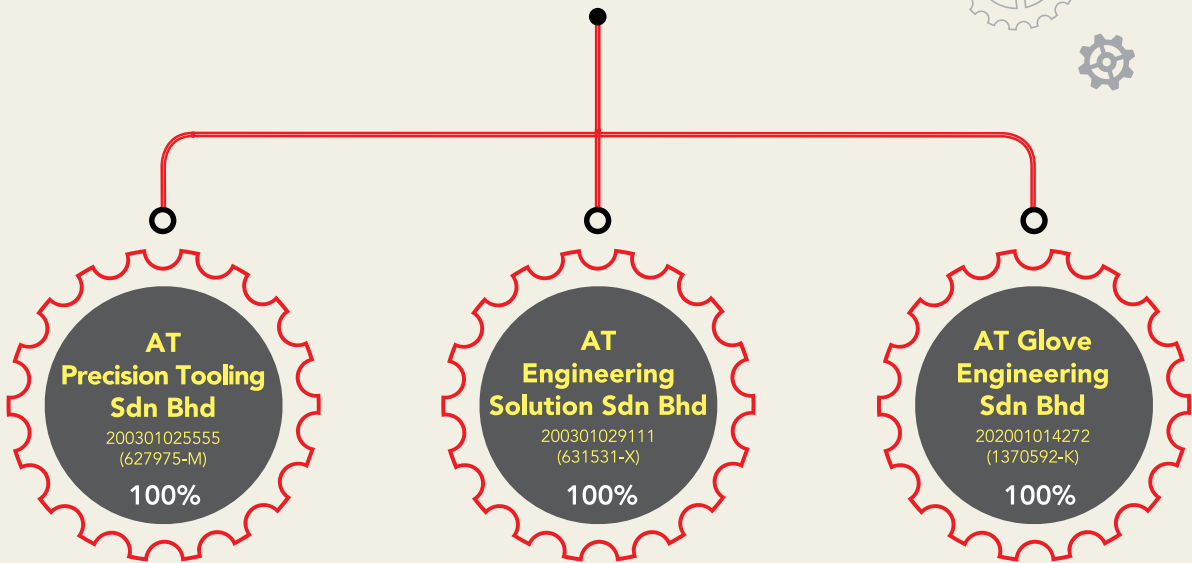
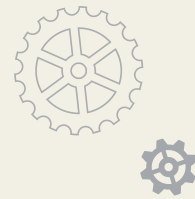
Bursa Malaysia Securities Berhad  
ACE Market  
Stock Name : AT  
Stock Code : 0072

# CORPORATE STRUCTURE



## AT SYSTEMATIZATION BERHAD

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



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

- Design and manufacture of industrial automation systems and machinery
- Renewable energy operator and producer
- Fabrication of sheet metal parts

- Manufacture and sale of gloves including medical gloves



- Fabrication of industrial and engineering parts





# FINANCIAL CALENDAR

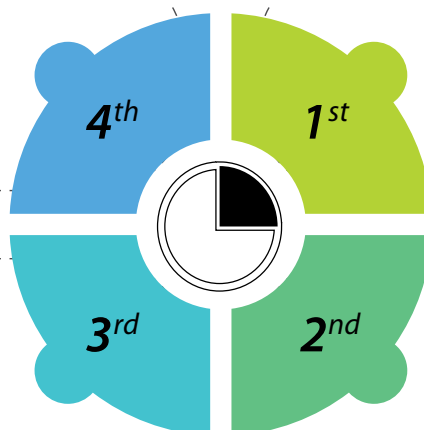
▶ **FINANCIAL YEAR** 1 April 2022 >>> 31 March 2023



## ▶ QUARTERLY RESULTS

**4<sup>th</sup> Quarter Ended  
31 March 2023**

Announced  
31 May 2023



**1<sup>st</sup> Quarter Ended  
30 June 2022**

Announced  
30 August 2022

**3<sup>rd</sup> Quarter Ended  
31 December 2022**

Announced  
27 February 2023

**2<sup>nd</sup> Quarter Ended  
30 September 2022**

Announced  
30 November 2022



## ▶ ANNUAL REPORT AND FINANCIAL STATEMENTS

>>> *Published 31 July 2023*



## ▶ 19<sup>th</sup> ANNUAL GENERAL MEETING

>>> *To be held on 26 September 2023*

## GROUP FINANCIAL HIGHLIGHTS

Financial Year Ended	31.3.2023 (12 months)	31.3.2022 (12 months) (Restated)	31.3.2021 (12 months)	31.3.2020 (12 months)	31.3.2019 (12 months)
<b>Key Operating Results (RM'000)</b>					
Revenue	60,798	78,133	30,927	19,770	20,613
Revenue growth	-22.19%	152.64%	56.43%	-4.09%	-10.71%
Gross (loss)/profit	(7,605)	623	4,769	1,371	963
(Loss)/Profit before interest and tax	(76,275)	(92,294)	(19,691)	(14,586)	(9,793)
Finance costs	(3,671)	(2,044)	(504)	(798)	(726)
Share of results in associates	(2,752)	(29,971)	(412)	-	-
(Loss)/Profit before tax	(82,698)	(124,309)	(20,607)	(15,384)	(10,519)
(Loss)/Profit for the year attributable to owners of the Company	(82,745)	(124,056)	(20,529)	(15,348)	(8,746)
<b>Other Key Data (RM'000)</b>					
Total assets	354,914	469,612	393,003	72,447	80,179
Total liabilities	97,636	132,397	23,233	23,784	19,455
Equity attributable to owners of the Company	257,278	337,215	369,770	48,662	61,559
<b>Share Information</b>					
Basic (loss)/earnings per share (sen)	(1.38)	(2.55)	(0.78)	(3.26)	(1.93)
Diluted basic (loss)/earnings per share (sen)	(1.38)	(2.55)	(0.78)	(3.26)	(1.93)
Net asset per share attributable to owners of the Company	4.29	5.71	8.74	9.75	13.26
Market capitalisation (RM'000)	30,003	118,104	401,765	12,475	25,525
<b>Financial Ratios</b>					
Gross (loss)/profit margin (%)	-12.51%	0.80%	15.42%	6.94%	4.67%
Current ratio	3.64	3.55	16.92	3.05	4.12
Quick ratio	1.15	1.52	9.76	1.13	2.71
Debt to equity ratio (%)	17.6%	23.7%	1.7%	31.0%	22.5%
Net debt to equity ratio (%)	N/A #	N/A #	N/A #	28.2%	18.1%

# 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:

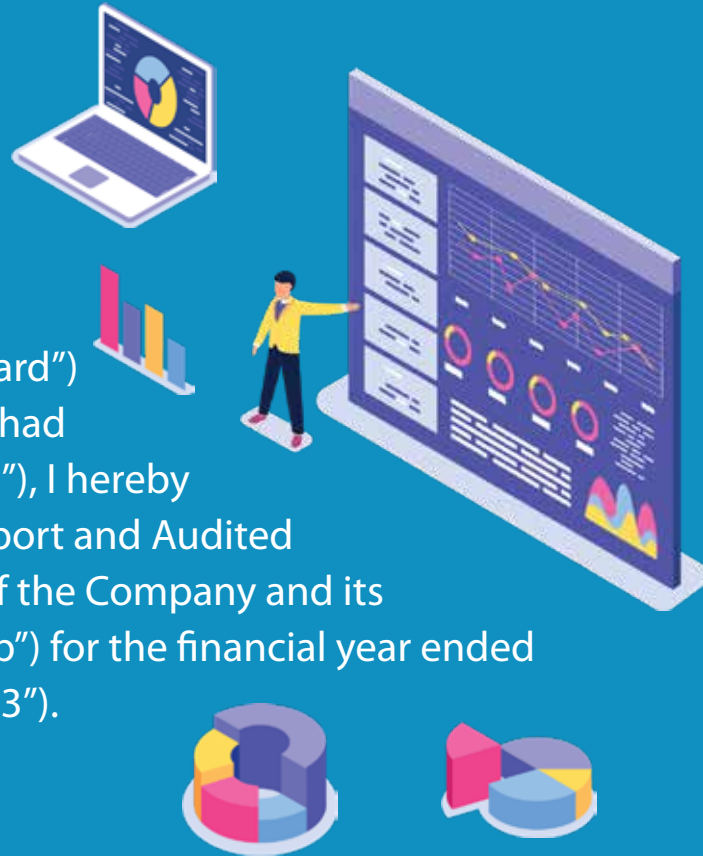
Abbreviations	Description
ACE LR	ACE Market Listing Requirements of Bursa Securities
Act	The Companies Act 2016
AGM	Annual General Meeting
AMLA	The Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001
ARMC	Audit and Risk Management Committee
ATP	AT Precision Tooling Sdn Bhd
ATES	AT Engineering Solution Sdn Bhd
ATGE	AT Glove Engineering 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
CCM	Companies Commission of Malaysia
COVID-19	Coronavirus Disease of 2019
DOE	Department of Environment
E&E	Electrical and Electronics
EGM	Extraordinary General Meeting
ESG	Environmental, Social and Governance
FDA	US Food and Drug Administration
FiT Programme	Feed-in Tariff Programme
FY2022	Financial year ended 31 March 2022
FY2023	Financial year ended 31 March 2023
GRI	Global Reporting Initiative
ISO	International Organization for Standardization
MCCG 2021 or the Code	Malaysian Code on Corporate Governance 2021
MFRS	Malaysian Financial Reporting Standard
QC	Quality Control
QMS	Quality Management System
Rieter	Rieter Machine Works Ltd. (also known as Maschinenfabrik Rieter AG)
SC	Securities Commission Malaysia
SDG	Sustainable Development Goals
SEDA Malaysia	Sustainable Energy Development Authority Malaysia
Solar PV Plant	Solar Photovoltaic Plant
TOR	Terms of Reference



# CHAIRMAN'S STATEMENT

*Dear  
Shareholders,*

On behalf of the Board of Directors of (the "Board") 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 2023 ("FY2023").



## Overview

The Malaysia's economy recorded a strong growth of 8.7% in 2022 (3.1% in 2021), driven by domestic demand and improved labour market in line with the transition to the endemic phase. Encouraging expansion in all economic sectors primarily the services and manufacturing have also contributed to the significant economic growth in 2022. Easing of COVID-19 restrictions in early 2022 helped to drive a rebound in private consumption whereas exports also posted strong growth, boosted by rising world commodity prices and growth in manufacturing exports. The Malaysian economy further expanded by 5.6% in Q1 2023 comparing favourably with regional growth such as Indonesia (5%), China (4.5%) and Vietnam (3.3%).

Notwithstanding this, Bank Negara Malaysia ("BNM") has shifted to monetary policy normalisation by gradually increasing the Overnight Policy Rate ("OPR") from the low of 1.75% to 2.75% in 2022 before another 25-bps hike in May 2023, bringing the OPR back to pre-pandemic levels of 3.00%. The rise in interest rates and financing costs have impacted the earnings of many business sectors.

## Financial Highlights

On a full year basis FY2023, Group's revenue registered at RM60.80 million, down by 22% as compared to RM78.13 million in the preceding FY2022. The primary reason for the decline in revenue was decrease in orders for the sale of medical gloves, attributed to both lower average selling prices and reduced demand from customers. However, the decrease in gloves revenue was partially mitigated by higher revenue generated from the fabrication and automation segment. Notably, there was an increase in orders from textile customers, as well as revenue from the design and assembly of vending machines.

In addition to experiencing decreased revenue, the Group continues to face challenges such as higher-cost environment due to supply chain pressures affecting the industry and inflation, the normalisation of glove demand,



## CHAIRMAN'S STATEMENT (cont'd)

and the impact of losses from associates. These factors, coupled with impairment losses on the Group's assets, have significantly impacted the Group's financial performance, resulting in a net loss for FY2023. Capitalising the fund-raising exercises in previous financial years, the Group has managed to maintain a reasonably healthy balance sheet. As of March 31, 2023, the Group's net gearing stands at 0.18 times. This solid financial position provides the Group with the necessary resilience to navigate future challenges.

### Outlook

The Malaysia's economic growth is projected to ease to 4%-5% in 2023 as slowing global growth is anticipated to weigh on exports while concern about rising costs of living and input costs is expected to lower the spending of households and businesses. Nevertheless, the easing of the COVID-19 restrictions in mainland China is expected to boost exports and restore global supply chain, which in turn curb inflation. Domestic demand, particularly private sector spending, will remain the anchor of growth for the Malaysian economy in 2023. Demand for industrial electronics is also expected to grow rapidly over the medium term, helped by major technological developments like 5G rollout and Industry 4.0 driving demand such as industrial automation and the Internet of Things.

Manufacturers within the industry are expected to experience on-going challenges such as instability in the supply chain, higher inflation, the need for sustainable production practices, and a shortage of skilled workforce. We remain cautious of the Group's outlook for the year ahead with prospects remaining uncertain in light of these challenges.

### Annual General Meeting

Despite the COVID-19 approaching an endemic, the Group shall continue to adhere to strict standard operating procedures and will maintain an online channel participation for this year's Annual General Meeting ("AGM") of the Company which has been scheduled on Tuesday, 26 September 2023 at 2.00 p.m. All shareholders are welcome to participate in our AGM in which the notice is enclosed in this annual report for your reference and guidance.

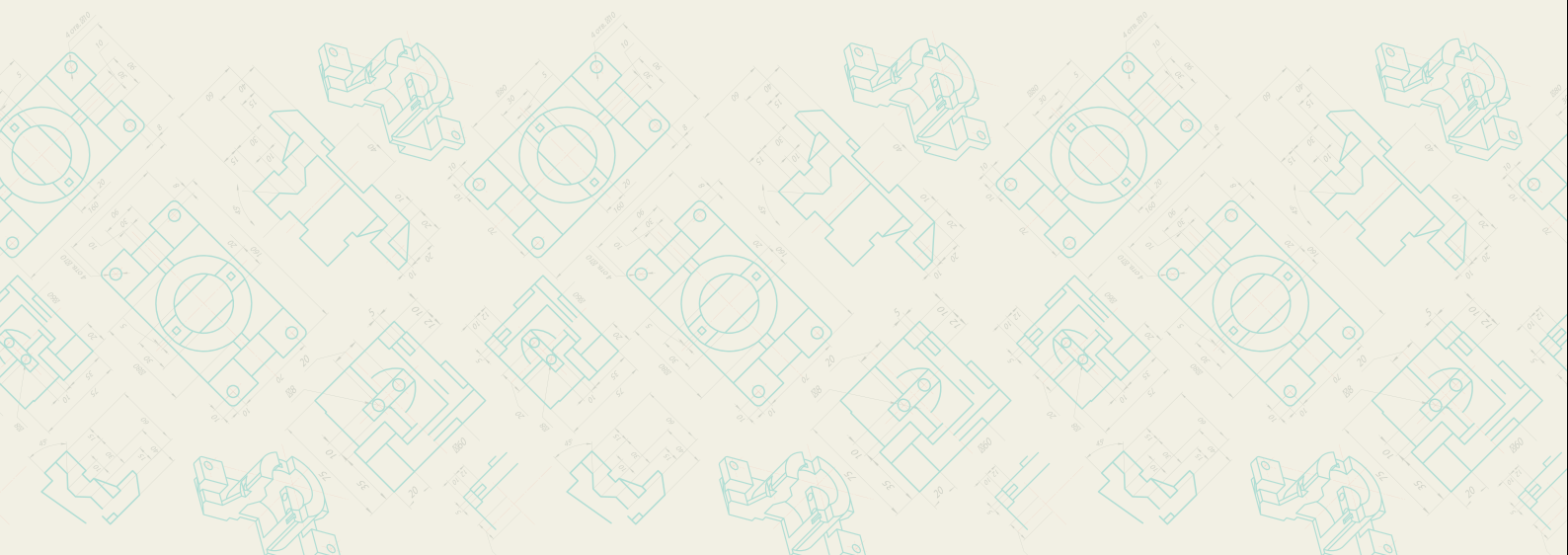
### Welcome to New Board Member

We extend a warm welcome to Madam Ong Poh Lin Abdullah to the Board and we believe her expertise and perspectives will contribute to the strength of the Group.

### Appreciations

On behalf of the Board, I would like to thank all our business partners, financiers, suppliers, relevant government authorities and regulators for their unwavering cooperation and trust in the Group over the years. My gratitude to fellow board members for their advice and support which have collectively helped the Group through the difficulties. Last but not least, my appreciation and heartfelt gratitude to our dedicated management team and employees for their contribution and commitments. The Board and I look forward to achieving greater height of success with the current leadership and add values to our shareholders.

Yours sincerely,  
Dato' Nik Ismail bin Dato' Nik Yusoff  
Chairman  
25 July 2023



# MANAGEMENT DISCUSSION AND ANALYSIS



## Business and Operations

AT Systematization Berhad (“ATS” or the “Group”) is an investment holding company mainly engaged in the provision of management services to its subsidiary companies.

The Group’s subsidiary companies are principally involved in the fabrication of industrial and engineering parts and sheet metal, as well as the design and manufacturing of industrial automation systems and machinery, collectively reported under the Fabrication and Automation segment. The Group owns and operates several 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.

The Group also has a footprint in the renewable energy sector, following the successful bid for renewable energy quota allocations from the Sustainable Energy Development Authority (“SEDA”) Malaysia and award of licenses to construct a solar photovoltaic (“PV”) plant under the Feed-in-Tariff (“FiT”) system, at the Group’s manufacturing plants in Penang. We established our maiden solar PV plant with capacity of 425kW in December 2015 and our second solar PV plant with capacity of 300kW in December 2016. We have also optimised our production facility layout for a more efficient production process and let out the excess area to earn recurring rental income. Both the solar renewable energy and property letting businesses are reported under the Renewable Energy and Property segment.

The Group ventured into the glove business in 2020, focusing on the manufacture and sale of medical gloves as reported under the Gloves segment. Our maiden glove manufacturing facility in Chemor, Perak commenced operations in January 2021. Phase 1 comprising six (6) glove dipping production lines and Phase 2 comprising four (4) glove dipping lines have all been completed as of end-March 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

### Objectives and Strategies

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

- To maintain sustainable growth in revenue and profits while minimizing environmental impact and maximizing value for shareholders;
- To adopt a continuous improvement approach towards quality and reliability of our products and services, ensuring that they meet and exceed our customer expectations while minimizing resource consumption and waste generation;
- To cultivate a highly skilled and committed workforce, fostering a culture of sustainability and manufacturing excellence. We trust, empower, and reward our employees, providing them with opportunities for growth and development while promoting responsible resource management and sustainable practices;
- To promote responsibility and respect when dealing with our business partners. We actively seek partnerships with suppliers and vendors who share our commitment to sustainability, ethical practices, and social responsibility.

The Group believes that sustainable growth is essential for business expansion and delivering sustainable returns to shareholders. To achieve this, the Group focuses on constant innovation and development of new revenue streams by expanding its product range and solutions for customers. In recent years, the Group has successfully entered the medical and healthcare industry, particularly in the field of medical gloves. This strategic penetration allows the Group to contribute to healthcare advancements while ensuring sustainable growth and maximizing shareholder value. The Group acknowledges the significance of delivering products and solutions that meet the evolving needs of the medical and healthcare sectors, and is dedicated to providing innovative and sustainable solutions to customers in these industries.

In addition to our focus on growth, we are dedicated to maintaining high standards of quality and customer satisfaction. ATS has obtained ISO 9001 and ISO 13485 certifications, which demonstrate our commitment to complying with industry standards for quality management systems and medical devices. We continuously strive to exceed customer expectations by providing faster responses, better support, and enhanced services to our valued customers.

Through these focus areas, we are confident in our capacity to build mutually beneficial business relationships with all our shareholders and stakeholders.

### 1. Review of Financial Results and Positions

#### I. Our Financial Performance for FY2023 ended 31 March 2023

The Group annual revenue for the financial year ended 31 March 2023 ("FY2023") reported at RM60.80 million which was 22% lower than RM78.13 million recorded in financial year ended 31 March 2022 ("FY2022"). The decrease in revenue was mainly due to lower orders from the sales of medical gloves, which were down by RM32.11 million during the period under review as a result of lower average selling price and lower demand from customers. However, the decrease in gloves revenue was offset with the increase in revenue from fabrication and automation segment which was up by RM14.80 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

The Group's loss before tax came to RM82.70 million during the year compared to the loss before tax of RM124.31 million a year earlier. Meanwhile, loss after tax stood at RM82.75 million in FY2023 against loss after tax of RM124.06 million reported in FY2022. The losses were mainly attributed from glove inventories written-down to net realisable value, higher finance costs, impairment loss on assets in glove business, net impairment loss on investment in associates and loss on dilution of interest in associate.

### II. Performance by Segment

The Group's segmental information is organised based on its main operating segments, which are as follows:

- Fabrication and automation – Fabrication of industrial and engineering parts and sheet metal; design and manufacturing of industrial automation systems and machinery
- Renewable energy and property – Renewable energy operator; property letting
- Gloves – Manufacturing and sale of medical grade nitrile gloves
- Others – Investment holding and provision of management services to subsidiaries, neither of which are of a sufficient size to be reported separately

	12 Months Ended 31 March 2023 (RM '000)	12 Months Ended 31 March 2022 (RM '000)	Changes (RM '000)	Variance (%)
<b>Segment Revenue</b>				
Fabrication and Automation	50,325	35,529	14,796	42
Renewable Energy and Property	712	732	(20)	(3)
Gloves	9,761	41,872	(32,111)	(77)
Others	-	-	-	-
<b>Total</b>	<b>60,798</b>	<b>78,133</b>	<b>(17,335)</b>	<b>(22)</b>

	12 Months Ended 31 March 2023 (RM '000)	12 Months Ended 31 March 2022 (RM '000)	Changes (RM '000)	Variance (%)
<b>Profit/(Loss) before tax</b>				
Fabrication and Automation	(8,445)	(22,225)	13,780	(62)
Renewable Energy and Property	689	317	372	117
Gloves	(56,305)	(47,150)	(9,155)	19
Others	(18,637)	(55,250)	36,613	(66)
<b>Total</b>	<b>(82,698)</b>	<b>(124,308)</b>	<b>41,610</b>	<b>(33)</b>





## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

### Fabrication and Automation

The fabrication and automation segment experienced a revenue growth of RM14.80 million, driven by the following factors:

- (i) Fabrication business: higher revenue mainly due to higher number of orders received from textile machines maker. However, this was partially offset by a decrease in orders from the contract manufacturers and disk drive manufacturer.
- (ii) Sheet metal and automation business: higher number of orders in relation to design and assembly jobs, in particular the delivery of snack and beverage vending machines as well as average 10% increase in selling price of vending machines.

Owing to the number of sub-segments within the fabrication and automation segment, we have provided a breakdown of segmental revenue as follows:

Segmental Revenue Breakdown	12 Months Ended 31 March 2023 (RM '000)	12 Months Ended 31 March 2022 (RM '000)
<b>Fabrication:</b>		
(i) Fabrication of customised parts	43,964	31,190
(ii) Servicing charges	120	127
<b>Sheet metal and automation:</b>		
(i) Sheet metal fabrication	880	1,309
(ii) Design and assembly	5,361	2,903

### Expansion in the Textile Market and Challenges in Semiconductor Industry

The Group took proactive measures in recent years to expand its reach and penetrate the textile market. Further to the Value Contract signed with Rieter Group in February 2022, the Group is currently producing aluminum profiles for Rieter's Card and Ringspin sector amounting to RM27.4 million (FY2022: RM12.9 million), corresponding to a production quantity of approximately 882 sets (FY2022: 556 sets) Ringspin crates and 2,851 pcs (FY2022: 0) card C80 profiles. The Group is currently in talks with Rieter to finalise the details of additional 16 new card profiles and 3 new flat rod profiles for a new model.

On the other hand, the Group witnessed a decline in sales from both contract manufacturers and disk drive manufacturers, primarily driven by a decrease in demand within the semiconductor and electronics industry. This decrease in demand can be attributed to the ongoing global chip shortage, which has caused disruptions in the supply chain for various companies. Furthermore, the restrictions on exports to China have resulted in the cancellation of orders and an accumulation of excess inventory. As a result, both the contract manufacturers and disk drive manufacturers have experienced reduced orders.

### Leveraging the Rising Demand for Vending Machines

Generally, there is an increasing demand for vending machines in Malaysia after the coronavirus lockdown and this can be attributed to their convenience, contactless transactions, hygiene and safety measures, variety of options, reduced staffing requirements, and alignment with the grab-and-go culture. The Group is leveraging the rising demand for vending machines, utilising their expertise in automation and sheet metal fabrication facilities to design and manufacture snack and beverage vending machines specifically catered to corporate customers. During FY2023, 220 units (FY2022: 120 units) of vending machines have been successfully delivered.

## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

Loss before tax in the fabrication and automation segment decreased by RM13.78 million primarily because there were no impairment losses recorded on property, plant, and equipment (compared to RM4.66 million in FY2022) and no impairment losses on right-of-use assets (compared to RM3.50 million in FY2022). In addition, there was lower mark-to-market loss on quoted shares of RM3.54 million (compared to RM3.78 million in FY2022) and lower fair value adjustment on share options of RM0.30 million (compared to RM5.80 million in FY2022).

Meanwhile, the segment saw an improvement in loss after tax which came in at RM8.44 million for the year in review, versus loss after tax of RM22.22 million reported in the corresponding period. This was mainly attributed to similar factors as above.

### Renewable Energy and Property

In the renewable energy and property segment, sales of solar energy to Tenaga Nasional Berhad remained consistent at RM0.71 million in FY2023 compared to RM0.73 million in FY2022. The segment achieved a profit before tax of RM0.69 million for the year, showing an increase from the RM0.32 million recorded in FY2022. This improvement can be attributed to the segment benefiting from additional rental income from a new tenant, as well as reduction in depreciation and overhead expenses.

### Gloves

The Group's glove segment experienced a decrease in revenue primarily attributed to reduced orders for medical gloves, resulting in a decline of RM32.11 million during the year. This decline can be attributed to lower average selling prices and decreased demand from customers.

The segment reported a loss before tax of RM56.31 million in FY2023, compared to a loss before tax of RM47.15 million in FY2022. This can primarily be attributed to a decrease in gross profit and gross profit margin, which was in line with a decline in sales volume and lower average selling prices of gloves. Additionally, higher depreciation expenses of RM7.09 million (compared to RM3.69 million in FY2022) impacted the segment's performance.

However, these negative factors were partially offset by lower inventory write-downs of RM19.3 million (compared to RM20.38 million in FY2022), a decrease in impairment loss on property, plant, and equipment of RM15.07 million (compared to RM19.84 million in FY2022), and a reduction in impairment loss on right-of-use assets of RM Nil million (compared to RM2.17 million in FY2022). There was no change in loss before and after tax recorded by the segment.

### Others

The Group's other segment experienced a loss before tax of RM18.64 million in FY2023, compared to a loss before tax of RM55.25 million in FY2022. This change was primarily driven by several factors, including a lower share of losses in associates amounting to RM2.75 million (compared to a share of losses in associates of RM31.12 million in FY2022). Additionally, there was a lower net impairment loss on investment in associates of RM6.89 million (compared to RM32.69 million in FY2022). However, these positive factors were offset by the absence of a gain on bargain purchase from investment in associates (which was RM16.25 million in FY2022) and a higher loss on dilution of interest in associates of RM6.10 million (compared to RM4.58 million in FY2022). These combined factors resulted in the segment reporting a loss before tax for FY2023.

### III. Liquidity and Capital Resources

As at 31 March 2023, the Group's cash and cash equivalents stood at RM26.40 million compared to RM39.55 million in the past corresponding year. This was due to the net effects of the following:

- a) Net cash generated of RM17.12 million from operating activities primarily attributable to lower repayments by the Group to its trade and other payables as compared to the corresponding period.



## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

- b) Net cash used in investing activities of RM23.56 million mainly due to net effects from:
- Interest income received of RM1.58 million;
  - Investment in quoted shares amounts to RM10.05 million, acquisition of additional industrial land costing RM9.33 million and acquisition of specialised machinery for fabrication of RM1.10million;
  - RM4.24 million incurred for completing the remaining works in the glove utilities areas, which includes electrical installations, TNB substation, waste water treatment plant and canteen;
  - For efficient handling of the Group's cash management, the Group has made placement with money market funds to yield better returns. The Group's distribution income from money market funds stood at RM0.11 million in FY2023;
- c) Net cash used in financing activities of RM5.62 million mainly due to:
- Proceeds from withdrawal of short-term fixed deposits of RM35.02 million;
  - Net repayment of the Group's term loans of RM36.80 million and interest expenses of RM3.54 million;
  - Proceeds raised from exercise of share options of RM1.72 million;
  - Net repayment of finance lease payables of RM2.02 million;

### IV. Financial Position and Gearing

The Group's total assets stood at RM354.91 million on 31 March 2023, decreased by 24% from RM469.61 million recorded on 31 March 2022. This was mainly due to the impairment of the Group's investment in associates, inventories as well as property, plant and equipment.

Total liabilities of the Group reduced to RM97.64 million in FY2023 from RM132.40 million a year ago. The decrease can be attributed to the Group's strategic allocation of funds towards the repayment of its borrowings.

As of March 31, 2023, the Group's debt-to-equity ratio, which measures its gearing position, stood at 17.6%, showing a decrease from 24.0% reported on March 31, 2022. This decline was primarily driven by a decrease in term loans and revolving credit. In FY2023, these loans amounted to RM38.4 million, compared to RM74.8 million in the previous year.

### V. Anticipated and Known Risks

#### 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

### 2. Business risks related to glove industry

Pursuant to the diversification into glove business, the Group may be subject to business risks inherent in the glove industry in which the Group has not been involved in the past. These include, amongst others, adverse changes in supply and demand conditions, competition from existing players and entry of new players, introduction of new legal and environmental framework, changes in certification/licencing jurisdiction, adverse development in global and regional trade policy and downturns in regional and/or national economies, changes in law and tax regulations, increase in labour cost as well as and changes in business and credit conditions.

The demand for gloves is dependent on various factors such as the growth in the healthcare services, increase in global industrial production activities and the incidence of the COVID-19 pandemic, where the need for personal protective equipment to curb the spread of infections has stoked the demand for gloves. The development of an effective vaccine and/or alternative forms of treatment is expected to reduce the number of COVID-19 cases, which may in turn affect the demand for gloves.

Notwithstanding the above, the Group seeks to mitigate these risks through several measures including keeping abreast with the latest development in the glove industry and general economic conditions; conduct thorough planning, budgetary control and product development; maintain global glove quality standards and adopt new technologies to increase productivity and maintain cost competitiveness; ensure compliance with rules, regulations, and policies, and adopt prudent financial management and monitor budgets. There can be no assurance that any changes to the abovementioned factors, which are beyond the control of the Group, will not adversely affect the Group's glove business segment.

### 3. Dependency on selected industries and key customers

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 contract manufacturers, hard-disk drive manufacturer and medical industry. In an effort to proactively address the concentration risk arising from the dependency on particular key industries, the Group continues to strive towards increasing our customer base by expanding the scope of solutions and range of products we can offer. One of the Group's efforts towards achieving this has been to enter into a strategic partnership with Rieter Group, the world's leading supplier of systems for short-staple fibre spinning. The successful partnership has led to notable favorable outcomes, driving the rise in fabrication job orders from the textile sector. Over the past three years, the textile industry has accounted for a significant portion of the Group's revenue, with FY2023 contributing 35.1%, FY2022 contributing 16.5%, and FY2021 contributing 10.9%. In recent years, the Group has also successfully diversified into the glove manufacturing business. The Group's glove manufacturing operations commenced towards the end of 2020 and has accounted for a major portion of the Group's revenue, with FY2021 contributing 26.2%, FY2022 accounted for over half of the Group's revenue (53.6%) and FY2023 contributing 12.5%.

Notwithstanding the above, any adverse development in the above-mentioned industries, or any adverse development in our relationship with the key customer or the business performance of the key customer, may adversely affect the Group's revenue and earnings.



## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

### 4. 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 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 programmes 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 implements programmes for talent acquisition as well as to retain existing staff. Such programmes implemented are incentives-based with the aim of rewarding 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.

### 5. Inconsistent production of solar energy

The amount of solar energy that can be produced by the Group's solar PV plants is dependent on the availability of sunlight, which in turn is dependent on various factors such as weather conditions that can be unpredictable 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 Group's solar PV plants, or that the solar PV plants will be able to generate a consistent amount of electricity all year round.

## VI. Share Price Performance

The share price of ATS closed at RM0.02 on 31 March 2023, giving the Group a total market capitalisation of RM30 million. Over the course of the cumulative 12 months, the share price of ATS reached a high of RM0.025 on 5 April 2022 and fell to a low of RM0.005 on 27 March 2023.

## VII. Dividend Policy

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

## VIII. Prospects

The manufacturing sector is projected to increase by 3.9% in 2023, owing to the expansion in all sub-sectors despite moderating economic activities. However, there are indications of a gradual moderation in the manufacturing sector, as businesses prepare for ongoing challenges in the months ahead. Malaysian manufacturers are particularly concerned about risks that could impede their recovery and growth in 2023. These risks include pressures on input costs, increased energy expenses, and fluctuations in the value of the Ringgit currency.

## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

The Group recorded annual revenue of RM50.33 million for FY2023, representing a significant 42% increase compared to FY2022's RM35.53 million. Moving forward, the Group will maintain a cautious approach to its manufacturing operations, prioritising operational efficiency to reduce costs and sustain its growth trajectory. In light of the unexpected earthquake in Turkey in February 2023, one of the Group's key customers, who operates in Turkey, is expected to postpone some of their orders. The Group is committed to closely collaborating with the customer to manage the necessary adjustments to the order and shipment processes. Notwithstanding this, as of to-date, the Group's unaudited revenue for 3 months ended June 2023 plus backlog orders to be delivered recorded at RM20.61 million, representing approximate 40.96% of the audited annual revenue achieved in FY2023. The Group expects the coming FY2024 annual revenue from this segment will be better than FY2023.

Since venturing into glove-making business in 2020, the Group has set up 10 production lines in its glove manufacturing plant at Chemor, Perak. The Group has also obtained relevant qualifications and certifications including CE marking certification, US FDA 510(k) certification and Halal certificate to be able to compete in the glove market. In the near term, the glove business outlook continues to be challenging in view of the normalisation of gloves demand, declining glove average selling prices and rising production cost structure. The Group has faced challenges in securing adequate number of orders from customers to sustain its operations. In view of this, the Group is scaling down its glove-making operation and currently exploring different possibilities for the future direction of the glove business. One option under consideration is leasing out the glove-making facilities to generate rental income.

The Group remains focused on our core business of fabrication of industrial and engineering parts as well as sheet metal and automation. Barring any unforeseen circumstances, the Group is cautiously optimistic of an improved financial performance in FY2024 and is committed to ensuring sustainable business growth in the coming years.

Yours sincerely,

**Choong Lee Aun**  
Managing Director  
25 July 2023



# PROFILE OF DIRECTORS

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

*Independent Non-Executive Chairman*

*Malaysian      Aged 76      Male*

Dato' Nik Ismail bin Dato' Nik Yusoff was appointed as an Independent Non-Executive Director and Chairman on 24 April 2015. He has ceased as a member of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee w.e.f. 31 May 2023.

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 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 56      Male*

Mr. Choong Lee Aun, was appointed to the Board on 4 December 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 D'nonce Technology Berhad as Executive Director.

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

*Executive Director*

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*Malaysian      Aged 48      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 Pasukhas Group Berhad, Advance Information Marketing Berhad, AE Multi Holdings Berhad and Trive Property Group Berhad as an 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

*Non-Independent Non-Executive Director*

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*Malaysian      Aged 53      Male*  
 .....

Dr. Ch'ng Huck Khoon was appointed to the Board on 28 June 2012. He has been re-designate to member of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee w.e.f. 31 May 2023.

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.

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*

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*Malaysian      Aged 44      Male*  
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Mr. Tan Lay Chee was appointed to the Board on 31 March 2020. He has been re-designate to Chairman 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.

### ONG POH LIN ABDULLAH

*Independent Non-Executive Director*

.....  
*Malaysian      Aged 36      Female*  
.....

Madam Ong Poh Lin Abdullah was appointed to the Board on 31 May 2023. She is also a member of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee.

Madam Ong Poh Lin Abdullah graduated from Universiti Tunku Abdul Rahman in 2011 with a Bachelor Degree of Engineering (Hons) Biomedical.

She started her career working in Universiti Tunku Abdul Rahman as research assistant in 2011. Subsequently, she joined IBG Manufacturing Sdn Bhd as Laboratory Consultant in 2014 and left in 2016. Currently, she is a Senior Admin Manager in Seakyin Holdings (M) Sdn Bhd, who responsible in managing and administrating the processing of invoices, organising and updating internal records accurately and timely as well as training and monitoring new teammates.

Madam Ong currently sits on the Board of Advance Information Marketing Berhad, AE Multi Holdings Berhad, Saudee Group Berhad and D'nonce Technology Bhd as an Independent and Non-Executive Director.

Madam Ong 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 2023 are as follows:-

### YONG MAN CHAI

*Chief Financial Officer*

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*Malaysian      Aged 45      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 fellow member of the Association of Chartered Accountants and a member of the Malaysian Institute of Accountants.

Mr. Yong currently sits on the Board of Trive Property Group Berhad as a 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.

### TAN BENG SONG

*General Manager – AT Precision Tooling Sdn Bhd*

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*Malaysian      Aged 50      Male*  
 .....

Mr. Tan Beng Song serves as General Manager of AT Precision Tooling Sdn Bhd ("ATP") since January 2016 and is responsible in overseeing the ATP operation. He is also the management representative of ATP under ISO 13485 and ISO 9001 Quality Management System.

Mr. Tan started his career as a Cad/Cam Engineer in a Taiwanese mold making company for 3 years since 1994. Subsequently, he joined a local listed company as a Toolroom Supervisor to manage a plastic mold making facility for 3 years in Senai, Johor. In year 2000, he started his managerial journey as an Engineering Manager in a plastic injection molding company for 6 years to manage new product introduction project and toolroom operations. In years 2006, he joined a Singapore listed company as a Factory Manager for 6 years in semiconductor industries. Thereafter, he joined a local listed company as Senior Operations Manager to manage overall company operations in aerospace and semiconductor components fabrication in year 2012 for 3 years.

Mr. Tan has over 28 years of experiences in metal fabrication for various industries, including plastic injection molding & mold making, semiconductor consumer products fabrication and medical & aerospace precision parts fabrication.





## PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

### **ENG CHING HOOI**

*General Manager – AT Engineering Solution Sdn Bhd*

*Malaysian*

*Aged 49*

*Male*

Mr. Eng Ching Hooi serves as General Manager of AT Engineering Solution Sdn Bhd (“ATES”) since April 2022 and is responsible in overseeing the ATES operation. He is also the management representative of ATES under ISO 9001 Quality Management System.

Mr. Eng holds a Diploma in Engineering from the Institute Technology Butterworth. He started his career as a Technician at LiteOn Sdn Bhd. He then joined Jean (M) Sdn Bhd as a Production Supervisor in 1998. In year 2002, he joined Agilent Technology (M) Sdn Bhd, first as an New Product Introduction Supervisor and then advanced to a Senior Supervisor. In 2007, he joined Ceedtec Technology Sdn Bhd. He was then promoted to Production Manager in year 2010.

Mr Eng has over 25 years of experience in driving the production and functional team to meet daily key performance indicators.

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 FY2023.





# SUSTAINABILITY STATEMENT



## INTRODUCTION

AT Systematization Berhad and its subsidiaries ("the Group") believes in conducting business responsibly and in an ethical manner by ensuring that sustainability is integrated across our business and that the Group continues to contribute to the sustainable development of our environment and community. The Group is pleased to present our Sustainability Statement for the financial year ended 31 March 2023 ("FY2023") which reflects the sustainability efforts undertaken by the Group in FY2023.

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 that ensure the integration of sustainability and Environmental, Social and Governance ("ESG") considerations into our business strategy and practices.

## SCOPE AND BASIS OF SCOPE

This Statement covers the Group's sustainability activities of our business operations in Malaysia, namely fabrication and automation segment, gloves manufacturing segment, renewable energy and property segments over which we have direct managerial control. We excluded our associated companies from our reporting scope.

## REPORTING FRAMEWORKS AND STANDARDS

This Statement has been developed and prepared in accordance with Bursa Malaysia's Listing Requirements with reference to Bursa Malaysia's Sustainability Reporting Guide (2<sup>nd</sup> Edition).



## SUSTAINABILITY STATEMENT



(cont'd)

### SUSTAINABILITY GOVERNANCE

The Group's sustainability governance structure is integrated into our corporate governance framework. As part of the Group's commitment to integrating sustainability throughout our organization, the responsibilities of our Board and its committees have been broadened to encompass sustainability elements. The Board of Directors is ultimately responsible for the Group's strategic direction on sustainability while being supported by the respective Board Committees and senior management. The senior management team work together to ensure that sustainability management is effectively handled by addressing its associated impacts, risks, and opportunities in an integrated manner that optimizes value creation.






### STAKEHOLDER ENGAGEMENT

As part of the Group's sustainability strategy, we continue to actively engage with our various stakeholders to determine matters of concern to them, to understand their expectations and requirements. The Group believes that engaging with stakeholders can bring continuous improvement and boost the chances of success of the Group in the long term. The engagement approach to key stakeholders is summarised as below:-

STAKEHOLDER GROUPS	ENGAGEMENT CHANNELS	AREAS OF INTEREST
<b>Employees</b> 	<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>
<b>Customers</b> 	<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
<b>Suppliers/Vendors</b> 	<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>
<b>Shareholders</b> 	<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 on Bursa Malaysia website</li> </ul>	<ul style="list-style-type: none"> <li>• Company's financial performance</li> <li>• Corporate governance</li> <li>• Regulatory compliance</li> <li>• Internal control and risk management</li> <li>• Business Strategy</li> </ul>
<b>Community</b> 	<ul style="list-style-type: none"> <li>• Community welfare and 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>
<b>Regulatory Authorities</b> 	<ul style="list-style-type: none"> <li>• Consultation sessions and 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 of permits and certifications</li> </ul>
<b>Financiers</b> 	<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 developments</li> <li>• Business strategy &amp; economic performance</li> </ul>



## SUSTAINABILITY STATEMENT (cont'd)

### SUSTAINABILITY MATTERS

The Group has identified and assessed sustainability matters which encompass a range of key areas that are crucial for our business operations and have significant implications for stakeholders. These matters are assessed based on their likelihood and potential impact, taking into consideration the economic, environmental, social and governance risks and opportunities, as well as their financial implications. These are discussed below.

#### Economic Sustainability

##### 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 undertaken to improve the efficiency and profitability of the Group. Through its businesses, the Group creates employment opportunities for Malaysians.

The Group constantly endeavours to extend market presence and expand our customer base by constantly improving the quality, reliability and efficiency of our products and services. 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 contributes to the business sustainability of the Group. It is crucial that the Group continues to be prepared and resilient against potential disruptions to our business strategies or operations. The Group is committed to achieving sustainable economic growth to enhance our shareholders' returns and deliver fair rewards to our employees.

The Group's economic performance is measured to ensure the economic sustainability of the Group, which is elaborated in the Management Discussion & Analysis section, as set out on Page 9 to Page 17 of this Annual Report.

##### Continuous Innovation for Sustainable Manufacturing

The Group constantly innovates and actively integrates new technologies into its operations to maintain competitive advantage and to ensure the Group's success in the market. We practice stringent quality control checks in our business operations as a reflection of our commitment to providing only the best-in-class products and services. The Group has invested in an industrial balancing machine which allows the balancing process to be implemented before setting up the Group's machineries. As a result, tool life has improved, and this contributed to significant reduction in tooling cost. The Group has also invested in a tool presetter machine which helps to reduce machines down time. The application of these advanced equipment has enabled the integration of tool condition monitoring and tool life prediction into the Group's business process. As a result, the Group has seen machine productivity improved, while also being better equipped to maintain the quality and integrity of machined parts, minimise material waste and reduce manufacturing cost.

To further prepare our engineering factory to move forward for Industry 4.0, the Group has invested in digital system to manage multiple revisions of the bill of material, alternate sources, alternate parts and real time inventory tracking. This has established a foundation towards a scalable digital supply chain management system. Our 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 production has increased the intensity of operations towards a trend of continuous improvement. The Group has also commenced an upskilling programme to train and equip operation floor personnel with the knowledge and skills to operate these new systems. More on the Group's upskilling efforts can be found in the Talent & Training section on Page 31 of this Sustainability Statement.

The above reflects the Group's commitment to continuously investing in technology and automation towards Industry 4.0, with the aim of propelling business growth and performance to the highest levels. The advent of Industry 4.0 and the Internet of Things has given rise to the development of various technologies such as Artificial

## SUSTAINABILITY STATEMENT (cont'd)

Intelligence and cloud computing, which have immense potential to strengthen and boost performance. The Group believes that further integration of such new technologies and automation would eventually produce products and services that are not only superior but are made in a sustainable and ethical manner. Therefore, the Group is committed to adopting and leveraging said innovations where applicable.

### Certification & Accreditation

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

AT Precision Tooling Sdn Bhd	
	ISO 9001 : 2015 Certified by BSI Certified since May 2015
	ISO 13485 : 2016 Certified by BSI Certified since November 2016
AT Engineering Solution Sdn Bhd	
	ISO 9001 : 2015 Certified by BSI Certified since August 2019
AT Glove Engineering Sdn Bhd	
 <p>ISO 9001 / ISO 13485 CERT NO: 110733</p> <p>QS 18042014 CB 15 MDQMS 15102014 CB 01</p>	ISO 9001 : 2015 Certified by KGS Certified since May 2021
 <p>ISO 9001 / ISO 13485 CERT NO: 110733</p> <p>QS 18042014 CB 15 MDQMS 15102014 CB 01</p>	ISO 13485 : 2016 Certified by KGS Certified since May 2021



**SUSTAINABILITY STATEMENT**  
 (cont'd)

AT Glove Engineering Sdn Bhd (Cont'd)	
	CE Certificate of Compliance Certified by EuropeCert Certified since January 2021
	Medical Device Registration Certified by Medical Device Authority Malaysia Certified since June 2021
	FDA Certificate of Registration Certified by U.S. Food and Drug Administration Certified since December 2021
	HALAL Certificate of Authentication Certified by Department of Islamic Development Malaysia (JAKIM) Certified since October 2022

**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. Concurrently, we maintain our strong adherence to risk management and fraud prevention by ensuring all procurement procedures are governed by best practice compliance and governance policies. All sourcing and procurement processes are conducted in strict adherence to these policies which are designed to detect fraud and/or corruption, and to enable procurement procedures to be carried out in an effective and transparent manner.

As a Malaysian company, the Group fully supports local suppliers who are capable in providing us with the best solutions in terms of quality, delivery and value, and thus enabled us to ship reliable products in a timely manner.

The number of Malaysian suppliers engaged this year decreased from 95% in FY2022 to 94% of total suppliers in FY2023. However, the value of orders given to Malaysian suppliers increased from 62% in FY2022 to 97% of total value in FY2023.

## SUSTAINABILITY STATEMENT

(cont'd)

### Environmental Sustainability

#### Waste Management




It is our duty to the present and future generations to minimise our environmental footprint and address the pressing issue of climate change. To this end, we comply with the Environment Quality Act 1974 and the Group's waste management system adheres to the requirements set by the Department of Environment ("DOE"). This system is implemented through various operational procedures to minimise waste generated. We have established designated working committees, namely ATP Environmental, Health & Safety Committee and ATGE Environment Performance Monitoring Committee that monitors our compliance with DOE requirements. In adherence to the DOE guidelines, we maintain a monthly reporting system through the eSWIS to track and document the generation and disposal of scheduled waste. An analysis of total waste generated is also conducted quarterly to control excessive waste production. To meet DOE requirements, we also send our effluent samples to external labs for regular testing. All chemicals used and waste materials such as coolants, hydraulic oil, zinc phosphates and other chemical compounds are safely disposed through a licensed waste transporter and contractor. The Group has also replaced thermal oil heaters with hot water boilers powered by the latest and environment- friendly technology, to reduce used oil waste. Further, we practice the reuse, reduce and recycle concept across our business operations.

#### Energy and Water Conservation

The Group undertakes efforts to improve the manufacturing processes and continuously reduce the consumption of energy and water resources within our factory. We employ deliberate measures such as rainwater harvesting and the utilisation of recycled water for general cleaning purposes, including floors and drainage systems, at our production facilities. Our manufacturing facilities have also been installed with transparent roofing and energy-saving lights to reduce energy consumption. We have implemented energy efficiency practices including using solar powered energy-saving devices and shutting down air conditioning 30 minutes before offices are closed. We have also installed a flow meter to monitor the usage of water and power inverters in certain machines.

#### Producing Green Energy via Solar Photovoltaic Plants

In line with the growing interest of renewable energy in Malaysia and towards creating a greener portfolio with sustainable capacity, the Group has ventured into the power generation and renewable energy business since year 2015. Currently, the Group is operating two (2) solar photovoltaic plants, with a capacity of 425kW at Plot 82 and 300kW at Plot 49 in Penang, respectively. These solar photovoltaic plants are built on the rooftop's areas of the Group's manufacturing plants. Harnessing the power of photovoltaic technology, these solar photovoltaic plants are equipped with photovoltaic modules, enabling them to generate clean energy for the national grid on an annual basis. Our contribution to the production of clean energy through these solar photovoltaic plants helps reduce dependence on non-renewable energy sources and supports the transition towards a low-carbon economy. During the year 2023, these plants continue to yield environmental benefits as summarised below:

	 Carbon Dioxide	=  Passenger Cars	=  Tree Seedlings
<b>PLOT 82</b> <i>Generated 536 MWh per year</i>	<b>468</b> metric tons avoidance per year	<b>102</b> taken off the road for 1 year	<b>8,841</b> grown for 10 year
<b>PLOT 49</b> <i>Generated 401 MWh per year</i>	<b>350</b> metric tons avoidance per year	<b>76</b> taken off the road for 1 year	<b>6,619</b> grown for 10 year





## SUSTAINABILITY STATEMENT (cont'd)

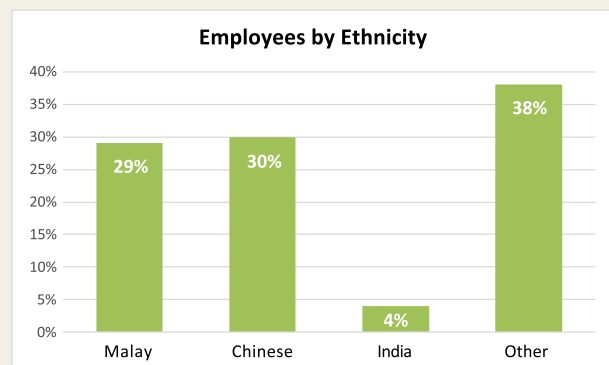
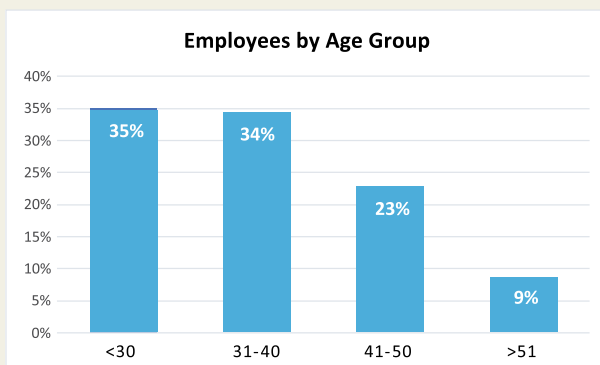
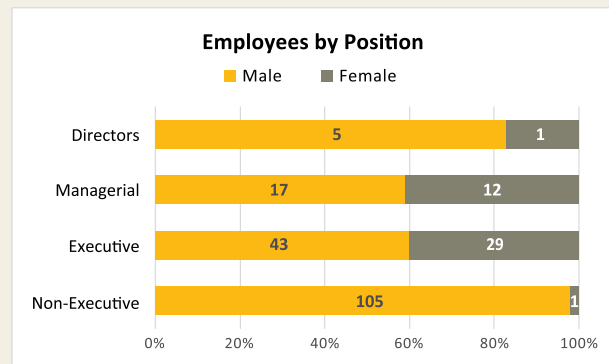
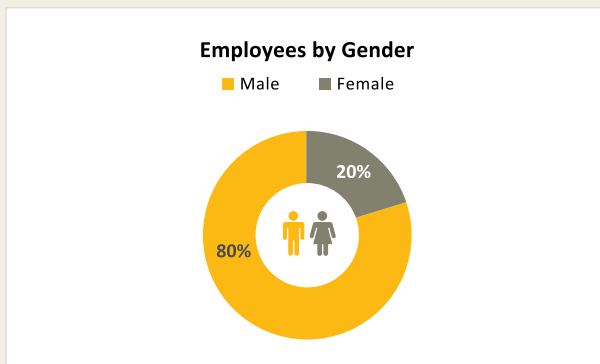
### Social Sustainability

#### Workforce Diversity

We highly appreciate the importance of our employees, recognising them as the foundation of our success. We firmly believe in a non-discriminatory approach during the recruitment process, where considerations such as ethnicity, gender, religion, or age do not influence the selection of potential candidates. Our sole focus is on evaluating candidates based on their competence, experience, and capabilities.

Our Group complies strictly with labour laws and code of employment practices. We are committed to eliminating 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 our employment agreement which clearly stipulates the terms of employment and compensation.

As of 31 March 2023, our Group's workforce comprised a total of 213 employees. The demographic breakdown of our employees is displayed below:





## SUSTAINABILITY STATEMENT

(cont'd)

### 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 the training and development of our employees so that they are able to excel in their given positions. This is especially true in our industry where technologies are constantly evolving, and we must change and upskill accordingly to ensure we are at the forefront of all advancements and therefore well equipped to serve our customers. We constantly upgrade our employees' skills, knowledge and experience through training and practical programmes, held both internally and externally. Training on the job is provided to equip our factory workers with the knowledge and skills essential to carrying out their responsibilities. We believe that enhancing an individual employee's competency levels will lead to an increase in productivity and further improve their quality of work and workplace. In turn, this will boost the Group's overall productivity and performance. Beyond profitability however, we also believe that providing employees with opportunities for career expansion and upskilling amid rapid technological advancements is key to their personal growth and wellbeing, and this in turn contributes to societal growth and development.

Our Group's employees have attended a total of 21 training sessions, with an estimated total of 1,027 training hours this financial year; an average of 3.7 hours of per employee. Listed below are some highlights of the various training programmes conducted during the FY2023:

#### Internal Training

Date	Topics
April 2022	<ul style="list-style-type: none"> <li>Understanding Measurement and Calibration System</li> </ul>
August 2022	<ul style="list-style-type: none"> <li>ISO 13485:2016 Standard Awareness Training</li> </ul>
December 2022	<ul style="list-style-type: none"> <li>Implementation of the Medical Device Regulation 2017/745 MDR for CE Marking Training Course</li> </ul>
January 2023	<ul style="list-style-type: none"> <li>Basic EiOS Training</li> <li>Internal Calibration Measuring Tape</li> </ul>
February 2023	<ul style="list-style-type: none"> <li>Production Part Approval Process (PPAP) / FA Report</li> </ul>

#### External Training

Date	Topics
April 2022	<ul style="list-style-type: none"> <li>Kursus Ejen Kastam (Eksekutif)</li> </ul>
May 2022	<ul style="list-style-type: none"> <li>Course for Certified Environmental Professional in Scrubber Operation (CePSO)</li> <li>Hasil – MEF Tax Webinar 2022 Building Sustainable Future</li> </ul>
June 2022	<ul style="list-style-type: none"> <li>Kursus Pemantapan Minda Dan Fizikal Dalam Cabaran Segmen Alam Sekitar Sempena Hari Alam Sekitar Sedunia 2022, Peringkat Negeri Perak</li> </ul>
September 2022	<ul style="list-style-type: none"> <li>Employment Amendment Act 2021 &amp; Guidelines For Human Resources Policies</li> <li>Mastercam Mill 3D</li> <li>Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems Biological Process</li> </ul>
October 2022	<ul style="list-style-type: none"> <li>LMW (Licensed Manufacturing Warehouse): Licensing, Facilitation and Compliance</li> <li>Employment Law &amp; Industrial Relations Masterclass</li> </ul>
February 2023	<ul style="list-style-type: none"> <li>Kursus Keselamatan Kebakaran Bagi Pasukan Tindakan Kecemasan</li> <li>ERT Training (Organisasi Keselamatan Kenakaran)</li> </ul>
March 2023	<ul style="list-style-type: none"> <li>Employment Law &amp; Industrial Relations Masterclass</li> <li>Tax Budget 2023</li> <li>GS1 Malaysia Webinar Program - Creative Problem Solving &amp; Decision Making</li> <li>Webinar on Business Presentation In PowerPoint</li> </ul>

## SUSTAINABILITY STATEMENT (cont'd)

### Occupational Health and Safety

Safety issues are always on top of the agenda at the staff meetings and serve as a key performance indicator in evaluating employees' performance. The Group via the health & safety committee at the subsidiary level oversees the Occupational Health and Safety Management System ("OHSAS") by reviewing the safety and health policy and making recommendations for any revision of such policies. Employees are required to wear personal protection equipment such as safety goggles, gloves, boots and face mask when entering high risk areas inside the factory to prevent the occurrence of any unsafe act or accident. Supervisors are required to monitor work practices performed by employees to ensure safety procedures are followed in accordance with the safety guides and manuals. These protocols ensure the reduction of incidents such as injuries and lost working days recorded. Medical surveillance is performed on employees who are likely to be exposed to occupational health hazards. Fire drills and safety training as well as risk awareness campaigns are conducted regularly to ensure that employees understand how to respond properly in the event of an emergency.

### Our Halal-Certified Gloves Promote Sustainability and Inclusion

We recognise the significance of producing halal-certified gloves as a sustainability matter. By obtaining halal certification for our glove production, we demonstrate our commitment to meeting the needs of diverse customer groups while respecting their religious beliefs and practices. This initiative aligns with our sustainability goals by fostering inclusivity and social responsibility. We actively engage with suppliers who provide halal-certified raw materials, ensuring the integrity of our glove manufacturing processes. Through employee training and awareness programs, we empower our workforce to handle and produce halal-certified gloves in compliance with strict halal standards. By offering halal-certified gloves, we expand our market reach and cater to the preferences of Muslim consumers, further enhancing our business sustainability.

### Community Engagement

Beyond integrating sustainability into our operations, we value the importance of enhancing connections with local communities to foster goodwill and promote community health and well-being. Our Group remains committed to fulfilling its role as a socially responsible company, aiming to make a positive impact on the community. As part of our commitment to serving and supporting the community, we contribute donations, sponsorships, and assistance to a wide range of charitable organizations, non-profit entities, government agencies, and individuals in need within our community. Throughout the year, the Group has provided sponsorships to various organizations, including Persatuan Penganut Dewa Arulmigu Om, Sekretarial Ragbi Polis Diraja Malaysia and The Selangor and Federal Territory Association for The Mentally Handicapped ("SAMH") Klang.



## SUSTAINABILITY STATEMENT

(cont'd)

### Governance Sustainability

#### Risk Management

The Group has integrated its risk management framework into its management systems, ensuring that responsibilities and accountability for implementing risk management processes and internal control systems are clearly defined. The Risk Management Group oversees the Group's risk management efforts, including sustainability risks, while the internal audit function regularly monitors and reviews the Group's internal control system. An effective risk governance and management framework not only safeguards our business operations, but also reinforces the confidence of our stakeholders.

#### 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 Conduct sets the behavioural standards and provides a communicable and understandable guide for all employees on ethical and compliance issues.

#### 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 as well as 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 conducting 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.

### CONCLUSION

As a responsible corporate citizen, the Group remains committed to driving sustainability across our business operations and workforce. We believe a business that is run sustainably and with best practice corporate governance principles will not only be beneficial to the environment and surrounding communities but also be able to deliver strong returns for our shareholders. We will therefore continue to integrate sustainability into all areas of operation while seeking new areas to be developed for long-term value creation.

This Statement has been approved by the Board on 25 July 2023.



# 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 2021 (“MCCG”) by the Group and should be read together with the Corporate Governance Report 2023 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 2023 (“FY2023”). Other than Practice 4.4, 5.9, 5.10 and 8.2, 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 six (6) Directors, comprising:

- (a) Three (3) Independent and Non-Executive Directors;
- (b) One (1) Non-Independent Non-Executive Director; and
- (c) Two (2) Executive Directors.

On 31 May 2023, Dr. Ch’ng Huck Khoon has been redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director and Madam Ong Poh Lin Abdullah has been appointed as an Independent Non-Executive Director on the same day.

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 an Independent Non-Executive 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The Independent 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 18 to Page 20 of this Annual Report.

### 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.

### Separation of position of Chairman and Managing Director

The Independent Non-Executive Chairman is responsible for running the Board and ensure all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board discussions. The Managing Director is responsible for the day-to-day management of the Group's business, which includes implementing the policies and decisions of the Board.

### Independence of Chairman from Board Committees

The Independent Non-Executive Chairman maintains independence from the Board Committees and is not a member of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee.

### 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.

### 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.



## **CORPORATE GOVERNANCE OVERVIEW STATEMENT**

(cont'd)

### **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.

### **Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy**

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).

### **Sustainability Policy**

The Sustainability Policy sets out the manner in which the Group conducts business with responsibility and in an ethical way to ensure promote sustainable economic and social development, contributing sustainability to communities and the environment. The Sustainability Policy is available at the Company's website at [www.atsys.com.my](http://www.atsys.com.my).

### **Directors' Fit and Proper Policy**

The Board had on 23 May 2022 adopted the Directors' Fit and Proper to ensure a formal, rigorous and transparent process for the appointment and re-election of directors of the Group. The Directors' Fit and Proper Policy is available at the Company's website at [www.atsys.com.my](http://www.atsys.com.my).



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### Board Meetings

There were four (4) Board Meetings held during the FY2023. 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:-

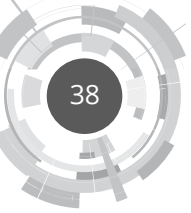
Name of Directors	Designation	No. of Meetings Attended	Percentage of Attendance (%)
<b>Dato' Nik Ismail bin Dato' Nik Yusoff</b>	Independent Non-Executive Chairman	4/4	100
<b>Choong Lee Aun</b>	Managing Director	4/4	100
<b>Mak Siew Wei</b>	Executive Director	4/4	100
<b>Dr. Ch'ng Huck Khoon</b>	Non Independent Non-Executive Director	4/4	100
<b>Tan Lay Chee</b>	Independent Non-Executive Director	4/4	100
<b>Ong Poh Lin Abdullah</b> <i>(Appointed w.e.f. 31 May 2023)</i>	Independent Non-Executive Director	-	-

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

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. 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.



## 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 FY2023 encompasses the following topics:-

Name of Directors	Topics
<b>Dato' Nik Ismail bin Dato' Nik Yusoff</b>	<ul style="list-style-type: none"><li>• AMLA, Market Misconduct and Compliance Requirements</li><li>• Steps to Develop and Implement an ESG Strategy</li><li>• KSY116: AMLA, Understand Anti-Bribery and Corruption</li></ul>
<b>Choong Lee Aun</b>	<ul style="list-style-type: none"><li>• Steps to Develop and Implement an ESG Strategy</li><li>• KSY116: AMLA, Understand Anti-Bribery and Corruption</li><li>• Performance Management System</li></ul>
<b>Mak Siew Wei</b>	<ul style="list-style-type: none"><li>• Ethics and Integrity - Bribery &amp; Corruption, Money Laundry and Management of Customer Information</li><li>• Prevention of Financial Crime and Market Misconduct under CMSA 2007</li><li>• Ethics and Corporate Liability - S17A MACC Act, Data &amp; Cyber Risk and AMLA</li><li>• Steps to Develop and Implement an ESG Strategy</li></ul>
<b>Dr. Ch'ng Huck Khoon</b>	<ul style="list-style-type: none"><li>• Introduction to sustainability reporting and the GRI Standards 2021 Update</li><li>• Reporting with GRI Standards 2021 Update</li><li>• Reporting on Human Rights with GRI Standards 2021 Update</li><li>• Integrating the SDGs into Sustainability Reporting</li><li>• Sustainable and Responsible Investment (SRI 2022) Preserving The Climate Through Sustainable Business And Living</li></ul>
<b>Tan Lay Chee</b>	<ul style="list-style-type: none"><li>• COMPANIES ACT 2016: Dealing with Common Issues</li><li>• Steps to Develop and Implement an ESG Strategy</li><li>• KSY116: AMLA, Understand Anti-Bribery and Corruption</li></ul>
<b>Ong Poh Lin Abdullah (Appointed on 31 May 2023)</b>	<ul style="list-style-type: none"><li>• Mandatory Accreditation Programme</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 Employees' Share Options Scheme Committee, 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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### Nominating Committee ("NC")

The NC was established on January 24, 2006 and comprises wholly of Non-Executive Directors, a majority of whom are independent. 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.

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 FY2023. The composition of NC are as follows:-

- Chairman : Tan Lay Chee (Independent Non-Executive Director)  
*(Appointed as chairman w.e.f. 31 May 2023)*
- Members : Dr. Ch'ng Huck Khoon (Non-Independent Non-Executive Director)  
*(Redesignated from chairman to member w.e.f. 31 May 2023)*
- : Ong Poh Lin Abdullah (Independent Non-Executive Director)  
*(Appointed as member w.e.f. 31 May 2023)*
- : Dato' Nik Ismail bin Dato' Nik Yusoff (Independent Non-Executive Director)  
*(Ceased as member w.e.f. 31 May 2023)*

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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### Tenure of Independent Directors

The Board noted the Practice 5.3 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. If the Board intends to retain an Independent Director beyond 9th year of appointment, it should justify and seek shareholders' approval at a general meeting through a two (2)-tier voting process as prescribed under the MCCG.

The Board does not have a policy which limits the tenure of an Independent Director to nine (9) years as it believes that the tenure of service is not a major factor to determine the independence of a Director. As at the date of this Statement, the Company does not have any Independent Director that has served for more than nine (9) years.

### Gender Diversity Policy

As at the date of this Statement, the Board has one (1) female Independent Non-Executive Director, which accounts for 16.67% of the Board members. Although the Group has yet to have a 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.

### Remuneration Committee ("RC")

The RC comprises wholly of Non-Executive Directors. The RC met twice during the FY2023. The composition of RC are as follows:-

- Chairman : Tan Lay Chee (Independent Non-Executive Director)  
*(Appointed as chairman w.e.f. 31 May 2023)*
- Members : Dr. Ch'ng Huck Khoon (Non-Independent Non-Executive Director)  
*(Redesignated from chairman to member w.e.f. 31 May 2023)*  
: Ong Poh Lin Abdullah (Independent Non-Executive Director)  
*(Appointed as member w.e.f. 31 May 2023)*  
Dato' Nik Ismail bin Dato' Nik Yusoff (Independent Non-Executive Director)  
*(Ceased as member w.e.f. 31 May 2023)*

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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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 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).

### Directors' Remuneration

The remuneration of the Directors of the Company for the FY2023, 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	75,000	-	9,000	-	84,000
Mak Siew Wei	75,000	-	9,000	7,200	91,200
Dr. Ch'ng Huck Khoon	-	48,000	-	-	48,000
Tan Lay Chee	-	42,000	-	-	42,000
<b>Sub-total</b>	<b>150,000</b>	<b>156,000</b>	<b>18,000</b>	<b>7,200</b>	<b>331,200</b>
<b>Subsidiaries</b>					
Choong Lee Aun	500,666	-	59,808	28,000	588,474
Mak Siew Wei	67,500	-	8,460	4,000	79,960
<b>Sub-total</b>	<b>568,166</b>	<b>-</b>	<b>68,268</b>	<b>32,000</b>	<b>668,434</b>
<b>Grand total</b>	<b>718,166</b>	<b>156,000</b>	<b>86,268</b>	<b>39,200</b>	<b>999,634</b>



## **CORPORATE GOVERNANCE OVERVIEW STATEMENT** (cont'd)

### **Remuneration of Senior Management**

The profile of the Senior Management personnel is disclosed in Page 21 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 8.2 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 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.

## **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 55 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.

Prior to the re-designation of Dr. Ch'ng Huck Khoon to Non-Independent Non-Executive Director and member of ARMC on 31 May 2023, the ARMC is chaired by Dr. Ch'ng Huck Khoon who is distinct from the Chairman of the Board. As at the date of this Statement, Mr. Tan Lay Chee is the Chairman of the ARMC. 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 FY2023, are set out in the ARMC Report on Page 45 to Page 48 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### 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. UHY 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.

## 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).



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### 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 18th AGM held on 23 September 2022. Barring unforeseen circumstances, all Directors shall be attending the forthcoming 19th 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 19th 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 on the same day. 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 19th AGM of the Company will be conducted on a virtual basis from the Broadcast Venue and online remote voting using the remote participation and voting platform which will facilitate participation and voting by shareholders at the meeting.

### KEY FOCUS AREA AND FUTURE PRIORITIES

The Board is fully committed to compliance with the requirements of MCCG. As part of our on-going efforts, we have seen an improvement in the level of women's participation on the Board since the appointment of Madam Ong Poh Lin Abdullah in May 2023. We will continue to strengthen our corporate governance practices by addressing any current departures from the relevant standards and providing transparent information about the implementation of these practices. Moving forward, our key focus areas will be to support capacity building on sustainability, enhance ESG leadership within the Group, ensure compliance with the Enhanced Mandatory Accreditation Programme, and improve transparency in sustainability practices through an enhanced sustainability reporting framework.

This Statement was approved by the Board on 25 July 2023.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## 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 2023 ("FY2023") 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:

**Tan Lay Chee** (Chairman)  
Independent Non-Executive Director  
(Appointed as chairman w.e.f. 31 May 2023)

**Dr. Ch'ng Huck Khoon** (Member)  
Non-Independent Non-Executive Director  
(Redesignated from chairman to member w.e.f. 31 May 2023)

**Ong Poh Lin Abdullah** (Member)  
Independent Non-Executive Director  
(Appointed as member w.e.f. 31 May 2023)

**Dato' Nik Ismail bin Dato' Nik Yusoff** (Member)  
Independent Non-Executive Director  
(Ceased as member w.e.f. 31 May 2023)

The members of the ARMC are Non-Executive Directors with a majority of them being Independent Directors. This satisfies the test of independence under ACE LR and meet the requirements of the MCCG.

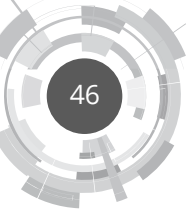
Mr. Tan Lay Chee, the Chairman, is an Independent Non-Executive Director and is a member of the Malaysian Institute of Accountants. The Company complies with Rules 15.10 and 15.09(1)(c)(i) respectively of the ACE LR.

The performance of the ARMC and each of its members were reviewed by the Board on 23 May 2023 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 which have been reviewed by the Nominating Committee, 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).

### MEETINGS

The ARMC held four (4) meetings during the FY2023. Details of attendance of ARMC Meetings were as below:-

Name of Directors	Designation	No. of Meetings Attended	Percentage of Attendance (%)
<b>Tan Lay Chee</b>	Chairman	4/4	100
<b>Dr. Ch'ng Huck Khoo</b>	Member	4/4	100
<b>Dato' Nik Ismail bin Dato' Nik Yusoff</b> <i>(Ceased as member w.e.f. 31 May 2023)</i>	Member	4/4	100
<b>Ong Poh Lin Abdullah</b> <i>(Appointed as member w.e.f. 31 May 2023)</i>	Member	-	-

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 Working Group to present the Risk Management report.

The External Auditors attended two (2) ARMC Meetings held during the FY2023. The External Auditors were encouraged to raise with the ARMC any matters they considered important to bring to the ARMC's attention. For FY2023, 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 ensured that there was communication and flow of information 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 2023

During the FY2023 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 2022, 30 September 2022, 31 December 2022 and 31 March 2023 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 2023 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 FY2023 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 FY2023 based on the business direction of the Group;
- Reviewed and adopted the risk-based internal audit plan for the FY2023, upon agreeing on the auditable areas and the timing of the audits;
- Reviewed the Internal Audit Reports for the FY2023 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 arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises the questions on management integrity, and the measures taken to resolve, eliminate or mitigate such conflicts.

#### 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 2023;
- Reviewed the disclosures in ARMC Report and Statement on Risk Management and Internal Control to be included in the Annual Report 2023.

#### 6. Employees' Share Option Scheme ("ESOS")

- Reviewed and verified options allocated and granted during the financial year pursuant to the Company's ESOS were in accordance with the allocation criteria approved by the ESOS Committee and in compliance with the By-Laws of the ESOS.



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

### 7. Risk Management

- Reviewed the Risk Management Reports for the FY2023 and assessed the report's findings and the management's responses and made the necessary recommendations to the Board of Directors for approval.
- Reviewed the Sustainability Statement for FY2023 and made the necessary recommendations to the Board of Directors for approval.

### 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 2023

During the FY2023, 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:-

- Information Technology ("IT") covering the evaluation of the Group's IT governance structure, IT asset & vendor management, the assessment of cybersecurity measures, data backup and recovery;
- Revenue and account receivables cycle of glove business covering accuracy of billing and invoicing processes, ageing analysis, credit risk assessment, compliance with customs procedures and sales tax;
- Subcontractor management for fabrication and automation business covering procurement process, vendor due diligence and contract management, purchase authorisation and approval, payment controls;
- Risk management covering the facilitation of identification of risks, assessment of the likelihood, impact of the risks identified as well as updating key risks for monitoring;

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 FY2023

Total costs incurred for the outsourced internal audit and risk management function of the Group for the FY2023 is RM32,800 (FY2022:RM39,200).

### 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 Overview Statement, Corporate Governance Report, ARMC Report, Statement on Risk Management and Internal Control together with other compliance disclosures.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 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 FY2023. 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 FY2023 and up to 25 July 2023, 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;
- Staff professionalism, industrial skill sets and job competency are progressively developed through broad based training and development programmes;

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

- 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)

### 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 was approved by the Board on 25 July 2023.





## 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 Private Placement

On 30 March 2022, TA Securities Holdings Berhad (“TA Securities”), on behalf of the Company announced that the Company proposes to undertake a proposed private placement of up to 643,161,500 new ordinary shares in ATS, representing 10% of the total number of issued shares of the Company (“Private Placement”). Bursa Securities has, vide its letter dated 11 April 2022, approved the listing and quotation of up to 643,161,500 Placement Shares to be issued pursuant to the Private Placement. On 19 October 2022, TA Securities, on behalf of the Company announced that Bursa Securities had, vide its letter dated 19 October 2022, resolved to grant the Company an extension of time until 10 April 2023 to implement the Private Placement.

The Company completed the Private Placement subsequently on 3 April 2023. A total of 600,062,000 new ordinary shares has been listed and cash proceeds of RM5.46 million was raised. Summary of the utilisation of proceeds up to the date of this Report are as follows: -

	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Estimated timeframe for the utilisation of proceeds
Repayment of bank borrowings	5,460	5,460	-	Within 12 months
Working capital	-	-	-	Within 12 months
<b>Total</b>	<b>5,460</b>	<b>5,460</b>	-	

### 2.0 EMPLOYEES' SHARE OPTION SCHEME

#### 2.1 Employees' Share Option Scheme

The Group implemented 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. The information in relation to the ESOS is 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 Senior Management
Outstanding as at 1 April 2022	-	-
Granted	95,412,500	19,506,250
Vested	95,412,500	19,506,250
Exercised	(95,412,500)	(19,506,250)
Lapsed	-	-
Outstanding as at 31 March 2023	-	-



## 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 ESOS during the financial year and since its commencement up to the financial year ended 31 March 2023 are set out below:-

Directors and senior management	Percentage of options (%)	
	During the financial year	Since commencement up to 31 March 2023
<b>(i) Aggregate maximum allocation</b>	80.00%	80.00%
<b>(ii) Actual options granted</b>	20.44%	25.67%

- (c) No options were granted to the Non-Executive Directors under the ESOS since its commencement up to the financial year ended 31 March 2023.

### 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 2023 are as follows:-

	Group (RM'000)	Company (RM'000)
Audit fees	155	41
Non-audit fees	5	5
<b>Total</b>	<b>160</b>	<b>46</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 2023.



# REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023



56	Statements of Directors' Responsibility
57	Directors' Report
64	Statements of Profit or Loss and Other Comprehensive Income
66	Statements of Financial Position
68	Consolidated Statement of Changes in Equity
70	Statement of Changes in Equity
72	Statements of Cash Flows
75	Notes to the Financial Statements
168	Statement by Directors
169	Statutory Declaration
170	Independent Auditors' Report to the Members





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

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 2023 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

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 2023.

### 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.

### RESULTS

	Group RM	Company RM
Loss for the financial year	<u>(82,745,163)</u>	<u>(2,929,551)</u>
Attributable to:-		
Owners of the Company	<u>(82,745,163)</u>	<u>(2,929,551)</u>
	<u>(82,745,163)</u>	<u>(2,929,551)</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.

### 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 adequate allowance had been made for doubtful debts and there were no bad debts to be written off.

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.



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

### **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.

### **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.

## DIRECTORS' REPORT (cont'd)

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 95,412,500 new ordinary shares pursuant to the options exercised under the Employees' Share Option Scheme at exercise prices RM0.018 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 issued 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 Employees' Share Option Scheme.

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

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.

The movements of options over unissued shares of the Company granted under ESOS during the financial year are disclosed in Note 21.4 to the financial statements.

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

### 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 2023, 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  
Ong Poh Lin Abdullah (Appointed on 31.05.2023)

\* 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 31.03.2023
	As at 01.04.2022	Addition	Disposal	
<b>Interest in the Company</b>				
<b>Direct Interest</b>				
Mak Siew Wei	453,645,666	-	-	453,645,666
Dato' Nik Ismail bin Dato' Nik Yusoff	700,000	-	-	700,000

	Number of Warrants C			As at 31.03.2023
	As at 01.04.2022	Addition	Disposal	
<b>Direct Interest</b>				
Mak Siew Wei	260,100,000	-	-	260,100,000

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 ESOS.

**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 RM3,000,000 and RM10,080 respectively. No indemnity was given to or insurance effected for auditors of the Company.

**DIRECTORS' REMUNERATION**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Directors of the Company</u>				
(i) Executive directors:				
- Salaries, bonuses and allowances	718,166	600,000	150,000	156,000
- Defined contribution plan	86,268	72,655	18,000	18,720
- Estimated monetary value of benefits-in-kind	39,200	42,794	7,200	8,971
	<u>843,634</u>	<u>715,449</u>	<u>175,200</u>	<u>183,691</u>
(ii) Non-executive directors:				
- Fees	156,000	156,000	156,000	156,000
- Allowances	-	-	-	-
	<u>156,000</u>	<u>156,000</u>	<u>156,000</u>	<u>156,000</u>



## DIRECTORS' REPORT (cont'd)

### DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<u>Directors of the subsidiaries</u>				
- Salaries, bonuses and allowances	67,500	60,000	-	-
- Defined contribution plan	8,460	7,855	-	-
- Estimated monetary value of benefits-in-kind	17,400	17,400	-	-
	<u>93,360</u>	<u>85,255</u>	<u>-</u>	<u>-</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.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 31 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 32 to the financial statements.

### AUDITORS' REMUNERATION

The details of auditors' remuneration of the Group and of the Company for the financial year ended 31 March 2023 as follows:

	Group	Company
	RM	RM
Auditors' remuneration:		
- Statutory audit	155,100	41,000
- Non-statutory audit	5,000	5,000
	<u>160,100</u>	<u>46,000</u>



## DIRECTORS' REPORT (cont'd)

### AUDITORS

The auditors, Messrs. UHY, 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: 25 July 2023



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Group		Company	
	Note	2023 RM	2022 RM (Restated)	2023 RM	2022 RM (Restated)
Revenue	5	60,798,062	78,132,972	1,560,000	1,565,831
Cost of sales		(68,403,507)	(77,509,541)	-	-
<b>Gross (loss)/profit</b>		(7,605,445)	623,431	1,560,000	1,565,831
Other income		3,468,485	26,409,298	1,706,881	2,787,822
Administrative and general expenses		(19,705,230)	(36,577,835)	(3,301,198)	(5,288,531)
Selling and distribution expenses		(133,253)	(263,204)	-	-
		(19,838,483)	(36,841,039)	(3,301,198)	(5,288,531)
Net (loss)/gain of impairment on financial instruments		(3,671,887)	85,178	-	3,875,210
Other expenses		(48,627,739)	(81,419,074)	(1)	(89,340,717)
Loss from operation		(76,275,069)	(91,142,206)	(34,318)	(86,400,385)
Finance costs		(3,670,828)	(2,043,743)	(2,863,630)	(1,490,030)
Share of results of associates		(2,752,355)	(31,122,184)	-	-
Loss before taxation	6	(82,698,252)	(124,308,133)	(2,897,948)	(87,890,415)
Taxation	7	(46,911)	252,175	(31,603)	-
<b>Loss for the financial year</b>		<u>(82,745,163)</u>	<u>(124,055,958)</u>	<u>(2,929,551)</u>	<u>(87,890,415)</u>
<b>Loss for the financial year attributable to:-</b>					
Owners of the Company		(82,745,163)	(124,055,958)	(2,929,551)	(87,890,415)
		<u>(82,745,163)</u>	<u>(124,055,958)</u>	<u>(2,929,551)</u>	<u>(87,890,415)</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 2023 (cont'd)

	Note	Group		Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM (Restated)
<b>Loss for the financial year</b>		(82,745,163)	(124,055,958)	(2,929,551)	(87,890,415)
<b>Other comprehensive income:</b>					
<b>Item that will not be reclassified subsequently to profit or loss</b>					
Revaluation decrease in right-of-use assets		-	-	-	-
<b>Item that may be reclassified subsequently to profit or loss</b>					
Share of other comprehensive income of associates		789,408	6,010,050	-	-
<b>Total comprehensive loss for the financial year</b>		<u>(81,955,755)</u>	<u>(118,045,908)</u>	<u>(2,929,551)</u>	<u>(87,890,415)</u>
<b>Total comprehensive loss for the financial year attributable to:-</b>					
Owners of the Company		<u>(81,955,755)</u>	<u>(118,045,908)</u>	<u>(2,929,551)</u>	<u>(87,890,415)</u>
		<u>(81,955,755)</u>	<u>(118,045,908)</u>	<u>(2,929,551)</u>	<u>(87,890,415)</u>
<b>Loss per share attributable to the owners of the Company (sen)</b>					
Basic and diluted	8	<u>(1.38)</u>	<u>(2.55)</u>		

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



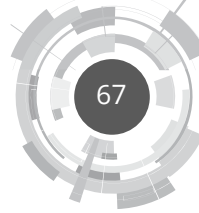
# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		Group		Company	
Note	2023 RM	2022 RM (Restated)	2023 RM	2022 RM	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	123,764,997	143,324,440	321,848	376,506
Right-of-use assets	10	25,971,984	33,286,971	1	59,559
Investment in subsidiaries	11	-	-	264,837,105	264,536,174
Investment in associates	12	88,681,994	103,631,909	54,314,400	54,314,400
Marketable securities	13	11,565,474	5,056,000	-	-
Receivables, deposits and prepayments	15	4,325,200	-	-	-
		<u>254,309,649</u>	<u>285,299,320</u>	<u>319,473,354</u>	<u>319,286,639</u>
<b>Current assets</b>					
Inventories	14	9,302,721	40,519,542	-	-
Receivables, deposits and prepayments	15	11,990,877	35,041,569	13,342,189	6,388,234
Tax assets	16	251,899	197,456	218,825	170,038
Money market instruments	17	21,097,320	16,038,467	21,097,320	16,038,467
Cash and bank balances	18	39,325,946	92,516,127	31,806,024	80,131,022
		81,968,763	184,313,161	66,464,358	102,727,761
Assets held for sale	19	18,635,527	-	-	-
		<u>100,604,290</u>	<u>184,313,161</u>	<u>66,464,358</u>	<u>102,727,761</u>
<b>TOTAL ASSETS</b>		<u><u>354,913,939</u></u>	<u><u>469,612,481</u></u>	<u><u>385,937,712</u></u>	<u><u>422,014,400</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 2023 (cont'd)

	Note	Group		Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	20	480,443,830	478,425,474	480,443,830	478,425,474
Other reserves	21	16,117,655	15,328,247	9,261,308	9,261,308
Accumulated losses		(239,283,394)	(156,538,231)	(134,152,398)	(131,222,847)
<b>Total equity</b>		<b>257,278,091</b>	<b>337,215,490</b>	<b>355,552,740</b>	<b>356,463,935</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	22	10,340,472	10,876,565	84,242	-
Deferred tax liabilities	23	-	-	-	-
		10,340,472	10,876,565	84,242	-
<b>Current liabilities</b>					
Loans and borrowings	22	34,782,364	69,085,637	30,174,935	65,344,751
Payables, deposits received and accruals	24	52,028,245	50,480,459	125,795	205,714
Contract liabilities	25	484,767	1,953,576	-	-
Tax liabilities		-	754	-	-
		87,295,376	121,520,426	30,300,730	65,550,465
<b>Total liabilities</b>		<b>97,635,848</b>	<b>132,396,991</b>	<b>30,384,972</b>	<b>65,550,465</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>354,913,939</b>	<b>469,612,481</b>	<b>385,937,712</b>	<b>422,014,400</b>

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 2023

Group	Note	Non-distributable Share					Translation Reserve RM	Accumulated Losses RM	Total Equity RM
		Share Capital RM	Options Reserve RM	Revaluation Reserve RM	Warrants Reserve RM	Options Reserve RM			
<b>As at 1 April 2022 (Restated)</b>		478,425,474	295,542	5,343,714	9,261,382	427,609	(156,538,231)	337,215,490	
<b>Comprehensive loss</b>		-	-	-	-	-	(82,745,163)	(82,745,163)	
Loss for the financial year		-	-	-	-	-	-	-	
Share of other comprehensive income of associates		-	(260,112)	285,900	-	763,620	-	789,408	
<b>Total comprehensive loss for the financial year</b>		-	(260,112)	285,900	-	763,620	(82,745,163)	(81,955,755)	
<b>Transactions with owners</b>									
Exercise of share options		2,018,356	(300,932)	-	-	-	-	1,717,424	
Share-based payments		-	300,932	-	-	-	-	300,932	
<b>Total transactions with owners</b>		2,018,356	-	-	-	-	-	2,018,356	
<b>As at 31 March 2023</b>		480,443,830	35,430	5,629,614	9,261,382	1,191,229	(239,283,394)	257,278,091	

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (cont'd)

Group	Note	Non-distributable Share					Translation Reserve RM	Accumulated Losses RM	Total Equity
		Share Capital RM	Options Reserve RM	Revaluation Reserve RM	Warrants Reserve RM				
<b>As at 1 April 2021</b>		392,934,157	-	-	9,261,308	-	(32,425,384)	369,770,081	
<b>Comprehensive loss</b>									
Loss for the financial year		-	-	-	-	-	(127,932,123)	(127,932,123)	
Share of other comprehensive income of associates		-	295,542	5,343,714	74	427,609	(56,889)	6,010,050	
Prior year adjustment	35(b)	-	-	-	-	-	3,876,165	3,876,165	
<b>Total comprehensive loss for the financial year (Restated)</b>		-	295,542	5,343,714	74	427,609	(124,112,847)	(118,045,908)	
<b>Transactions with owners</b>									
Exercise of share options		85,491,317	(6,050,958)	-	-	-	-	79,440,359	
Share-based payments		-	6,050,958	-	-	-	-	6,050,958	
<b>Total transactions with owners</b>		85,491,317	-	-	-	-	-	85,491,317	
<b>As at 31 March 2022 (Restated)</b>		478,425,474	295,542	5,343,714	9,261,382	427,609	(156,538,231)	337,215,490	

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 2023

Company	Non-distributable				Total Equity RM
	Share Capital RM	Share Options Reserve RM	Warrants Reserve RM	Accumulated Losses RM	
<b>As at 1 April 2022</b>	478,425,474	-	9,261,308	(131,222,847)	356,463,935
<b>Comprehensive loss</b>					
Loss for the financial year	-	-	-	(2,929,551)	(2,929,551)
<b>Total comprehensive loss for the financial year</b>	-	-	-	(2,929,551)	(2,929,551)
<b>Transactions with owners</b>					
Exercise of share options	2,018,356	(300,932)	-	-	1,717,424
Share-based payments	-	300,932	-	-	300,932
<b>Total transactions with owners</b>	2,018,356	-	-	-	2,018,356
<b>As at 31 March 2023</b>	480,443,830	-	9,261,308	(134,152,398)	355,552,740

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (cont'd)

	Non-distributable				Total Equity RM
	Share Capital RM	Share Options Reserve RM	Warrants Reserve RM	Accumulated Losses RM	
<b>As at 1 April 2021</b>	392,934,157	-	9,261,308	(43,332,432)	358,863,033
<b>Comprehensive loss</b>					
Loss for the financial year	-	-	-	(87,890,415)	(87,890,415)
<b>Total comprehensive loss for the financial year</b>	-	-	-	(87,890,415)	(87,890,415)
<b>Transactions with owners</b>					
Exercise of share options	85,491,317	(6,050,958)	-	-	79,440,359
Share-based payments	-	6,050,958	-	-	6,050,958
<b>Total transactions with owners</b>	85,491,317	-	-	-	85,491,317
<b>As at 31 March 2022</b>	478,425,474	-	9,261,308	(131,222,847)	356,463,935

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 2023

	Note	Group		Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM
<b>Cash flows from operating activities</b>					
(Loss)/profit before taxation		(82,698,252)	(124,308,133)	(2,897,948)	(87,890,415)
Adjustments for:-					
Depreciation of property, plant and equipment		10,200,064	6,858,482	59,082	73,014
Depreciation of right-of-use assets		1,926,594	2,016,939	59,558	79,410
(Gain)/loss on disposal of property, plant and equipment		-	(1,304)	-	(1,259)
Property, plant and equipment written off		135,014	123,505	-	-
Fair value loss on investment in quoted shares		3,540,369	3,783,818	-	-
Inventories written down		19,295,338	20,376,460	-	-
Allowance for slow moving inventories		-	219,467	-	-
Impairment loss on:					
- receivables		329,653	57,764	-	-
- investment in subsidiaries		-	-	-	68,632,181
- investment in associates		7,789,392	40,621,390	-	20,459,056
- property, plant and equipment		15,065,935	24,495,795	-	-
- right-of-use assets		-	5,667,272	-	-
Gain on bargain purchase of investment in associates		-	(16,247,916)	-	-
Reversal of impairment loss on:					
- receivables		(123,335)	(3,926,760)	-	(3,875,210)
- amount due from subsidiaries		-	-	-	(1,691,871)
- investment in associates		(903,767)	(7,927,592)	-	-
- property, plant and equipment		(20,883)	-	-	-
Loss on strike off of a subsidiary		-	-	1	-
Distribution income on money market instruments		(105,451)	(330,406)	(105,451)	(330,406)
Interest income		(1,641,365)	(855,372)	(1,551,040)	(825,547)
Interest expenses		3,670,828	2,043,743	2,863,630	1,490,029
Share-based payment under ESOS		300,932	6,050,958	-	249,480
Share of result of associates		2,752,355	31,122,184	-	-
Loss on dilution of interest in associates		6,101,343	4,584,838	-	-
Unrealised loss/(gain) on foreign exchange, net		1,024,461	(18,125)	992,744	77,129
Operating loss before working capital changes carried forward		(13,360,775)	(5,592,993)	(579,424)	(3,554,409)

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (cont'd)

	Note	Group		Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM
Operating loss before working capital changes brought forward		(13,360,775)	(5,592,993)	(579,424)	(3,554,409)
Inventories		11,921,483	(48,715,093)	-	-
Receivables		18,489,841	(6,265,856)	5,119,236	(1,826,915)
Payables		74,237	35,666,159	(79,919)	49,409
Amount due to/(by) subsidiary companies		-	-	(12,073,191)	65,501,927
Cash generated from/(used in) operations		17,124,786	(24,907,783)	(7,613,298)	60,170,012
Tax refund		45,500	13,043	45,500	-
Tax paid		(147,608)	(93,732)	(125,890)	(72,038)
Net cash from/(used in) operating activities		17,022,678	(24,988,472)	(7,693,688)	60,097,974
<b>Cash flows from investing activities</b>					
Distribution income on money market instruments		105,451	330,406	105,451	330,406
Interest received		1,577,009	767,577	1,486,684	737,752
Investment in subsidiaries		-	-	-	(111,499,998)
Deposit paid		-	(6,000,000)	-	-
Proceeds from disposal of property, plant and equipment		-	2,875	-	2,500
Investment in associates		-	(106,390,516)	-	(74,773,456)
Purchase of marketable securities		(10,049,843)	(5,336,289)	-	-
Acquisition of property, plant and equipment		(5,864,506)	(50,341,734)	(4,424)	(27,826)
Acquisition of right-of-use assets		(9,328,000)	-	-	-
Net cash (used in)/from investing activities		(23,559,889)	(166,967,681)	1,587,711	(185,230,622)





## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (cont'd)

Note	Group		Company	
	2023 RM	2022 RM (Restated)	2023 RM	2022 RM
<b>Cash flows from financing activities</b>				
Proceeds from share options	1,717,424	79,440,359	1,717,424	79,440,358
Interest paid	(3,535,203)	(2,043,743)	(2,728,005)	(1,490,029)
Placement of deposits pledged with licensed banks	-	(68,511,959)	-	(65,000,000)
Upliftment of deposits pledged with licensed bank	35,020,661	-	35,087,795	-
Net repayment of lease liabilities	(2,017,999)	(1,681,536)	(43,829)	(43,475)
Net repayment of term loans and revolving credit	(36,802,232)	(1,494,886)	(35,177,370)	-
Drawdown of term loan and revolving credit	-	75,088,900	-	65,177,370
Net cash (used in)/from financing activities	(5,617,349)	80,797,135	(1,143,985)	78,084,224
<b>Net (decrease)/increase in cash and cash equivalents</b>	(12,154,560)	(111,159,018)	(7,249,962)	(47,048,424)
Effects of exchange rate changes on cash and cash equivalents	(990,388)	24,421	(992,744)	(77,127)
Cash and cash equivalents at beginning of the financial year	39,549,051	150,683,648	31,081,694	78,207,245
<b>Cash and cash equivalents at end of the financial year</b>	<u>26,404,103</u>	<u>39,549,051</u>	<u>22,838,988</u>	<u>31,081,694</u>
<b>Cash and cash equivalents comprise:</b>				
Deposits placed with licensed banks	33,750,643	68,706,948	30,064,356	65,087,795
Cash and bank balances	5,575,303	23,809,179	1,741,668	15,043,227
Money market instruments	21,097,320	16,038,467	21,097,320	16,038,467
Bank overdraft	(268,520)	(298,595)	-	-
	60,154,746	108,255,999	52,903,344	96,169,489
Less: Deposits pledged with licensed banks	(33,750,643)	(68,706,948)	(30,064,356)	(65,087,795)
	<u>26,404,103</u>	<u>39,549,051</u>	<u>22,838,988</u>	<u>31,081,694</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 2023

## 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 A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur Wilayah Persekutuan, Malaysia.

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 no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 July 2023.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

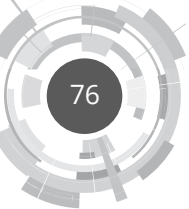
The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 2.3 MFRSs, Amendments to MFRSs and Issue Committees ("IC") Interpretation that have been issued but are not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 -Comparative Information	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition 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 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further noticed

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.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 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.

### 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

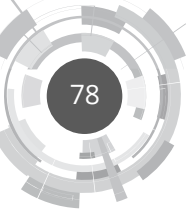
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

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

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

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

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

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

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.

#### 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).



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 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 2023 (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

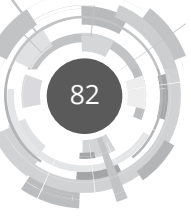
Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer. Revenue is recognised when the Group and the Company satisfied a performance obligation by transferring a promised goods or services to the customer, which 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) Contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

##### (b) 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

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

**(c) 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.

**(d) Interest income**

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

**(e) Management fees**

Management fees are recognised when services are rendered.

**(f) 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 3.6 Employee benefits (cont'd)

##### (c) Share-based payment transactions (cont'd)

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.

#### 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

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

##### (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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 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.

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.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (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)

###### (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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (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 liabilities (cont'd)*

###### (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.

##### (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.





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

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

##### (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 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.

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 under revaluation model 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

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

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

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	7% - 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.

##### (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.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 3.12 Leases

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.

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
Factory	3 years

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 3.12 Leases (cont'd)

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.

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.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 3.12 Leases (cont'd)

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 an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 3.15 Impairment (cont'd)

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

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

##### (b) Other assets

The carrying amounts of other assets (except for inventories 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.

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.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 3.16 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment are not depreciated once classified as held for sale.

#### 3.17 Contract assets and liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of engineering contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Company has received the consideration or has billed the customer. In the case of engineering contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include down payments received from customers and other deferred income where the Company has billed or has collected the payment before the goods are delivered or services are provided to the customers. Contract liabilities are recognised as revenue when the Company satisfies its performance obligation under the contract.

#### 3.18 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.

#### 3.19 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 3.20 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.

#### 3.21 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.

#### 3.22 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.

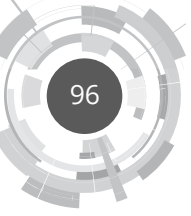
For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 3.23 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.

#### 3.24 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 3.25 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) 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### (a) Taxes (Cont'd)

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses, capital allowances and other deductible temporary differences can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Assumptions about generation of future taxable profits depend on the Group's estimate of projected future cash flows. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unused tax losses, unabsorbed capital allowances and unutilised temporary differences that remain unrecognised.

#### (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 buildings and right-of-use assets

The Group and the Company carry its buildings and right-of-use assets 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 and right-of-use assets 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 and associates

The directors review the investments in subsidiaries and associates 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 to the detailed computation. The carrying amounts of the investment in subsidiaries are disclosed in Note 11 and investment in associates are disclosed in Note 12.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### (e) Impairment of non-financial assets

The Group assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

For certain non-financial assets, fair value less cost to sell is determined based on estimates prepared by independent expert. The fair value is estimated based on comparison of market transacted price for similar assets, and where necessary, adjusted for age, usage and conditions of the assets and expectation of future market outlook of the industry due to the uncertainty of the future economic condition.

#### (f) 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.

#### (g) Provision for expected credit loss of financial assets at amortised cost

The Group uses a provision matrix to calculate expected credit loss for trade receivables.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. Information about the expected credit loss is disclosed in Note 15.

#### (h) Share-based payment

The Group measures the cost of equity-settled transactions with employees by reference to their fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 21.4.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 5. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fabrication:				
(i) Fabrication of customised parts	43,964,346	31,190,083	-	-
(ii) Servicing charges	119,537	126,527	-	-
Sheet metal & automation:				
(i) Sheet metal fabrication	880,440	1,309,465	-	-
(ii) Design and assembly	5,360,920	2,903,485	-	-
Solar renewable energy	711,480	731,858	-	-
Gloves	9,761,339	41,871,554	-	-
Management fees	-	-	1,560,000	1,565,831
	<u>60,798,062</u>	<u>78,132,972</u>	<u>1,560,000</u>	<u>1,565,831</u>
Goods or services transferred:				
- at a point in time	55,437,142	75,229,487	1,560,000	1,565,831
- over time	5,360,920	2,903,485	-	-
	<u>60,798,062</u>	<u>78,132,972</u>	<u>1,560,000</u>	<u>1,565,831</u>

### 6. LOSS BEFORE TAXATION

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

	Group		Company	
	2023 RM	2022 RM (Restated)	2023 RM	2022 RM
Auditors' remuneration:				
- current year	153,000	145,000	46,000	54,000
- under provision prior year	7,100	8,100	-	1,000
Depreciation of property, plant and equipment	10,200,064	6,858,482	59,082	73,014
Depreciation of right-of-use assets	1,926,594	2,016,939	59,558	79,410
(Gain)/loss on disposal of property, plant and equipment	-	(1,304)	-	(1,259)
Fair value loss on investment in quoted shares	3,540,369	3,783,818	-	-
Inventories written down	19,295,338	20,376,460	-	-
Allowance for slow moving inventories	-	219,467	-	-
Impairment loss:				
- receivables	329,653	57,764	-	-
- property, plant and equipment	15,065,935	24,495,795	-	-
- right-of-use assets	-	5,667,272	-	-
- investment in subsidiaries	-	-	-	68,632,181
- investment in associates	7,789,392	40,621,390	-	20,459,056

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

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

	Group		Company	
	2023 RM	2022 RM (Restated)	2023 RM	2022 RM
Reversal of impairment loss:				
- receivables	(123,335)	(3,926,760)	-	(3,875,210)
- amount due from subsidiaries	-	-	-	(1,691,871)
- investment in associates	(903,767)	(7,927,592)	-	-
- property, plant and equipment	(20,883)	-	-	-
Property, plant and equipment written off	135,014	123,505	-	-
Loss on strike off of a subsidiary	-	-	1	-
Interest expenses on:				
- bank overdraft	17,671	407	-	-
- lease liabilities	346,662	280,337	3,027	8,030
- term loans and revolving credit	3,253,336	1,699,199	2,860,603	1,482,000
- others	53,159	63,800	-	-
Interest income from:				
- banks	(1,627,755)	(843,500)	(1,252,211)	(813,675)
- non banks	(13,610)	(11,872)	(298,829)	(11,872)
Distribution income on money market instruments	(105,451)	(330,406)	(105,451)	(330,406)
Gain on bargain purchase of investment in associates	-	(16,247,916)	-	-
Loss on dilution of interest in associates	6,101,343	4,584,838	-	-
Net loss/(gain) on foreign exchange:				
- realised	(32,008)	(115,171)	(45,190)	-
- unrealised	1,024,461	(18,125)	992,744	77,129
Personnel expenses (including key management personnel) (Note 6(a))				
- fees, salaries, bonuses and allowances	13,708,367	19,547,003	902,830	930,350
- contribution to defined contribution plan	1,449,575	1,554,321	110,291	106,644
Lease expenses relating to short-term leases:				
- premises	207,726	558,713	59,426	90,576
- equipments	270,757	2,367,183	-	-
Rental income	(639,376)	(693,200)	-	-
Share-based payment under ESOS	300,932	6,050,958	-	249,480



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (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	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Directors of the Company</u>				
(i) Executive directors:				
- Salaries, bonuses and allowances	718,166	600,000	150,000	156,000
- Defined contribution plan	86,268	72,655	18,000	18,720
- Estimated monetary value of benefits-in-kind	39,200	42,794	7,200	8,971
	<u>843,634</u>	<u>715,449</u>	<u>175,200</u>	<u>183,691</u>
(ii) Non-executive directors:				
- Fees	156,000	156,000	156,000	156,000
- Allowances	-	-	-	-
	<u>156,000</u>	<u>156,000</u>	<u>156,000</u>	<u>156,000</u>
<u>Directors of the subsidiaries</u>				
- Salaries, bonuses and allowances	67,500	60,000	-	-
- Defined contribution plan	8,460	7,855	-	-
- Estimated monetary value of benefits-in-kind	17,400	17,400	-	-
	<u>93,360</u>	<u>85,255</u>	<u>-</u>	<u>-</u>
	<u>1,092,994</u>	<u>956,704</u>	<u>331,200</u>	<u>339,691</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

## 7. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Current tax:-</b>				
Malaysian income tax				
- Current year	15,308	19,684	-	-
- Under provision in prior financial year	31,603	2,000	31,603	-
	46,911	21,684	31,603	-
<b>Deferred tax (Note 22):-</b>				
Origination and reversal of temporary differences				
	-	(273,859)	-	-
	-	(273,859)	-	-
Total taxation recognised in profit or loss	46,911	(252,175)	31,603	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 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	
	2023 RM	2022 RM (Restated)	2023 RM	2022 RM
(Loss)/profit before taxation	(82,698,252)	(124,308,133)	(2,897,948)	(87,890,415)
Tax at the Malaysian statutory income tax rate of 24% (2022: 24%)	(19,847,580)	(29,833,952)	(695,508)	(21,093,700)
Non-deductible expenses	15,424,210	26,876,254	775,785	22,123,296
Non-taxable income	(4,013,778)	(6,906,903)	(29,040)	(1,345,172)
Deferred tax assets not recognised during the financial year	7,843,128	2,418,408	-	315,576
Utilisation of deferred tax not recognised previously	(51,237)	(917)	(51,237)	-
Effect of share of results of associates	660,565	7,192,935	-	-
Under provision of income tax in prior financial year	31,603	2,000	31,603	-
Total taxation recognised in profit or loss	46,911	(252,175)	31,603	-





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 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:-

	2023	Group 2022 (Restated)
Loss for the financial year attributable to owners of the Company (RM)	<u>(82,745,163)</u>	<u>(124,055,958)</u>
Weighted average number of ordinary shares in issue (unit)	<u>6,000,621,899</u>	<u>4,867,644,652</u>
Loss per share (sen):		
Basic and diluted	<u>(1.38)</u>	<u>(2.55)</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 2023 (cont'd)

## 9. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM	Photovoltaic Plants RM	Solar Machinery, Tools and Equipment RM	Plant, Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Capital Work-in Progress RM	Renovation RM	Total RM
<b>Cost/Valuation</b>								
As at 01.04.2022								
At cost	46,364,852	8,498,545	102,429,422	12,855,787	2,709,850	5,427,450	1,662,412	179,948,318
At valuation	14,720,258	-	-	-	-	-	-	14,720,258
Additions	61,085,110	8,498,545	102,429,422	12,855,787	2,709,850	5,427,450	1,662,412	194,668,576
Written off	265,665 (136,946)	-	1,155,430	164,754	15,540	4,239,497	23,620	5,864,506 (136,946)
Reclassification	4,633,093	-	3,672,978	235,042	-	(8,541,113)	-	-
Transfer from/(to) right-of-use assets	-	-	(266,800)	-	1,649,183	-	-	1,382,383
As at 31.03.2023	65,846,922	8,498,545	106,991,030	13,255,583	4,374,573	1,125,834	1,686,032	201,778,519
Representing								
At cost	51,126,665	8,498,545	106,991,030	13,255,583	4,374,573	1,125,834	1,686,032	187,058,262
At valuation	14,720,257	-	-	-	-	-	-	14,720,257
	65,846,922	8,498,545	106,991,030	13,255,583	4,374,573	1,125,834	1,686,032	201,778,519



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

Group	Buildings RM	Photovoltaic Plants RM	Solar Machinery, Tools and Equipment 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 01.04.2022	816,818	2,363,560	14,902,439	5,703,041	1,197,230	-	423,416	25,406,504	
Charge for the financial year	1,058,738	407,126	7,019,810	1,079,951	501,487	-	132,952	10,200,064	
Disposals	-	-	-	-	-	-	-	-	
Written off	(1,932)	-	-	-	-	-	-	(1,932)	
Transfer from / (to) right-of-use assets	-	-	(11,117)	-	1,484,306	-	-	1,473,189	
As at 31.03.2023	1,873,624	2,770,686	21,911,132	6,782,992	3,183,023	-	556,368	37,077,825	
<b>Accumulated Impairment loss</b>									
As at 01.04.2022	9,984,367	356,018	13,838,513	1,189,623	316,105	-	253,006	25,937,632	
Charge for the financial year	-	-	14,392,430	673,505	-	-	-	15,065,935	
Reversal	(20,883)	-	-	-	-	-	-	(20,883)	
Transfer from/(to) right-of-use assets	-	-	(48,516)	-	1,529	-	-	(46,987)	
As at 31.03.2023	9,963,484	356,018	28,182,427	1,863,128	317,634	-	253,006	40,935,697	
<b>Net Carrying Amount</b>									
At cost	43,109,885	5,371,841	56,897,471	4,609,463	873,916	1,125,834	876,658	112,865,068	
At valuation	10,899,929	-	-	-	-	-	-	10,899,929	
As at 31.03.2023	54,009,814	5,371,841	56,897,471	4,609,463	873,916	1,125,834	876,658	123,764,997	

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

Group	Buildings RM	Photovoltaic Plants RM	Solar Machinery, Tools and Equipment 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 01.04.2021									
At cost	7,000,000	8,300,045	39,748,228	9,238,194	2,401,745	1,188,767	129,654,002		
At valuation	14,720,258	-	-	-	-	-	14,720,258		
Additions	21,720,258	8,300,045	39,748,228	9,238,194	2,401,745	1,188,767	144,374,260		
Disposals	22,454	198,500	1,357,128	332,138	194,100	473,645	50,341,734		
Written off	-	-	(330)	-	(5,726)	-	(6,056)		
Reclassification	-	-	(161,093)	-	-	-	(161,093)		
Transfer from right-of-use assets	39,342,398	-	61,485,489	3,285,455	-	(104,113,342)	-		
As at 31.03.2022	61,085,110	8,498,545	102,429,422	12,855,787	2,709,850	1,662,412	194,668,576		
Representing									
At cost	46,364,852	8,498,545	102,429,422	12,855,787	2,709,850	1,662,412	179,948,318		
At valuation	14,720,258	-	-	-	-	-	14,720,258		
As at 31.03.2023	61,085,110	8,498,545	102,429,422	12,855,787	2,709,850	1,662,412	194,668,576		



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

Group	Buildings	Solar Photovoltaic Plants	Plant, Machinery, Tools and Equipment	Furniture, Fittings and Office Equipment	Motor Vehicles	Capital Work-in Progress	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Accumulated Depreciation</b>								
As at 01.04.2021	360,309	1,960,569	10,696,236	4,502,388	677,028	-	273,834	18,470,364
Charge for the financial year	456,509	402,991	4,243,791	1,200,653	404,956	-	149,582	6,858,482
Disposals	-	-	-	-	(4,485)	-	-	(4,485)
Written off	-	-	(37,588)	-	-	-	-	(37,588)
Transfer from right-of-use assets	-	-	-	-	119,731	-	-	119,731
As at 31.03.2022	816,818	2,363,560	14,902,439	5,703,041	1,197,230	-	423,416	25,406,504
<b>Accumulated Impairment loss</b>								
As at 01.04.2021	612,622	356,018	278,739	104,361	45,265	-	44,832	1,441,837
Charge for the financial year	9,371,745	-	13,559,774	1,085,262	270,840	-	208,174	24,495,795
As at 31.03.2022	9,984,367	356,018	13,838,513	1,189,623	316,105	-	253,006	25,937,632
<b>Net Carrying Amount</b>								
At cost	39,119,927	5,778,967	73,688,470	5,963,123	1,196,515	5,427,450	985,990	132,160,442
At valuation	11,163,998	-	-	-	-	-	-	11,163,998
As at 31.03.2022	50,283,925	5,778,967	73,688,470	5,963,123	1,196,515	5,427,450	985,990	143,324,440

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (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 01.04.2022	98,521	644,957	743,478
Addition	-	4,424	4,424
As at 31.03.2023	98,521	649,381	747,902
<b>Accumulated Depreciation</b>			
As at 01.04.2022	85,361	281,611	366,972
Charge for the financial year	2,820	56,262	59,082
As at 31.03.2023	88,181	337,873	426,054
<b>Net Carrying Amount</b>			
As at 31.03.2023	10,340	311,508	321,848
<b>Company</b>			
<b>Cost</b>			
As at 01.04.2021	90,147	631,231	721,378
Addition	14,100	13,726	27,826
Disposals	(5,726)	-	(5,726)
As at 31.03.2022	98,521	644,957	743,478
<b>Accumulated Depreciation</b>			
As at 01.04.2021	72,570	225,872	298,442
Charge for the financial year	17,275	55,739	73,014
Disposals	(4,484)	-	(4,484)
As at 31.03.2022	85,361	281,611	366,972
<b>Net Carrying Amount</b>			
As at 31.03.2022	13,160	363,346	376,506



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (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 and accumulated impairment losses, the carrying amounts that would have been recognised in the financial statements are as follows:-

	Group	
	2023 RM	2022 RM
Buildings	<u>10,899,929</u>	<u>11,163,998</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 22 are as follows:-

	Group	
	2023 RM	2022 RM
Buildings	<u>10,899,929</u>	<u>11,163,998</u>

- (c) During the financial year, the acquisition of the Group's and the Company's property, plant and equipment were satisfied as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash payments	<u>5,864,506</u>	<u>50,341,734</u>	<u>4,424</u>	<u>27,826</u>

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>Group</b>				
<b>31.03.2023</b>				
Buildings	<u>-</u>	<u>10,899,929</u>	<u>-</u>	<u>10,899,929</u>
<b>31.03.2022</b>				
Buildings	<u>-</u>	<u>11,163,998</u>	<u>-</u>	<u>11,163,998</u>

There were no transfers between Levels 1 and 2 fair value measurements during the financial year ended 31 March 2023 and in the previous financial year ended 31 March 2022.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### (e) Impairment loss

During the financial year, the Group carried out impairment reviews on its non-financial assets with indication of impairments, in view of the loss-making performance of cash-generating units. As a result, the Group recorded impairment losses net of reversal of RM15,045,052 (2022: RM24,495,795) for property, plant and equipment and RM Nil (2022: RM5,667,272) for right-of-use assets (Note 10) during the financial year. The impairment losses were in respect of the following assets:

- (i) Assets of the fabrication and automation business  
RM Nil (2022: RM4,655,736) for property, plant and equipment and RM Nil (2022: RM3,495,946) for right-of-use assets (Note 10).
- (ii) Assets of the glove business  
RM15,045,052 (2022: RM19,840,059) for property, plant and equipment and RM NIL (2022: RM2,171,326) for right-of-use assets (Note 10).

During the financial year, the recoverable amounts of plant, machinery, tools and equipment and furniture, fittings and office equipment in glove business is determined based on the higher of fair value less cost to sell and value-in-use. The estimates of fair value have been determined with reference to an independent valuer on the basis of recent transacted market value. In order to determine the fair value of the stated property, plant and equipment, the Group used a valuation technique in which all significant inputs were based on observable datas.

In previous financial year, the recoverable amounts are determined based on value-in-use method by discounting the future cash flows generated from the continuing use of the assets in the cash-generating units. The Group use a range of assumptions including prices, volumes and anticipated annual revenue growth rate ranging from 0% to 8%. The projected cash flows were discounted using pre-tax discount rates ranging between 13.50% to 20.45%.





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 10. RIGHT-OF-USE ASSETS

	Leasehold Land RM	Plant, machinery, tools and equipment RM	Motor Vehicles RM	Factory RM	Total RM
<b>Group</b>					
<b>Cost/valuation</b>					
As at 01.04.2022					
At cost	14,886,000	9,613,546	2,807,805	-	27,307,351
At valuation	18,190,533	-	-	-	18,190,533
	33,076,533	9,613,546	2,807,805	-	45,497,884
Additions	9,328,000	1,590,000	159,896	2,125,419	13,203,315
Disposal	-	-	-	-	-
Transfer to asset held for sale (Note 19)	(20,484,000)	-	-	-	(20,484,000)
Transfer from/(to) property, plant and equipment	-	266,800	(1,649,183)	-	(1,382,383)
	21,920,533	11,470,346	1,318,518	2,125,419	36,834,816
Representing					
At cost	3,730,000	11,470,346	1,318,518	2,125,419	18,644,283
At valuation	18,190,533	-	-	-	18,190,533
As at 31.03.2023	21,920,533	11,470,346	1,318,518	2,125,419	36,834,816
<b>Accumulated Depreciation</b>					
As at 01.04.2022					
	1,382,095	2,005,707	1,995,020	-	5,382,822
Charge for the financial year	580,192	1,012,025	216,298	118,079	1,926,594
Transfer to asset held for sale (Note 19)	(229,927)	-	-	-	(229,927)
Transfer from/(to) property, plant and equipment	-	11,117	(1,484,306)	-	(1,473,189)
As at 31.03.2023	1,732,360	3,028,849	727,012	118,079	5,606,300
<b>Accumulated impairment loss</b>					
As at 01.04.2022					
	5,269,594	1,426,825	131,672	-	6,828,091
Transfer to asset held for sale (Note 19)	(1,618,546)	-	-	-	(1,618,546)
Transfer from/(to) property, plant and equipment	-	48,516	(1,529)	-	46,987
As at 31.03.2023	3,651,048	1,475,341	130,143	-	5,256,532
<b>Net Carrying Amount</b>					
Representing					
At cost	2,957,047	6,966,156	461,363	2,007,340	12,391,906
At valuation	13,580,078	-	-	-	13,580,078
As at 31.03.2023	16,537,125	6,966,156	461,363	2,007,340	25,971,984

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (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>Cost/valuation</b>				
As at 01.04.2021				
At cost	14,886,000	8,053,546	2,927,536	25,867,082
At valuation	18,190,533	-	-	18,190,533
	33,076,533	8,053,546	2,927,536	44,057,615
Additions	-	1,560,000	-	1,560,000
Transfer from/(to) property, plant and equipment	-	-	(119,731)	(119,731)
	33,076,533	9,613,546	2,807,805	45,497,884
Representing				
At cost	14,886,000	9,613,546	2,807,805	27,307,351
At valuation	18,190,533	-	-	18,190,533
As at 31.03.2022	33,076,533	9,613,546	2,807,805	45,497,884
<b>Accumulated Depreciation</b>				
As at 01.04.2021	712,562	1,112,635	1,660,417	3,485,614
Charge for the financial year	669,533	893,072	454,334	2,016,939
Transfer from/(to) property, plant and equipment	-	-	(119,731)	(119,731)
As at 31.03.2022	1,382,095	2,005,707	1,995,020	5,382,822
<b>Accumulated impairment loss</b>				
As at 01.04.2021	930,659	201,995	28,165	1,160,819
Charge for the financial year	4,338,935	1,224,830	103,507	5,667,272
As at 31.03.2022	5,269,594	1,426,825	131,672	6,828,091
<b>Net Carrying Amount</b>				
Representing				
At cost	12,467,663	6,181,014	681,113	19,329,790
At valuation	13,957,181	-	-	13,957,181
As at 31.03.2022	26,424,844	6,181,014	681,113	33,286,971



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

	<b>Motor Vehicles RM</b>	<b>Total RM</b>
<b>Company</b>		
<b>Cost</b>		
As at 01.04.2022/31.03.2023	397,057	397,057
<b>Accumulated Depreciation</b>		
As at 01.04.2022	337,498	337,498
Charge for the financial year	59,558	59,558
As at 31.03.2023	397,056	397,056
<b>Net Carrying Amount</b>		
As at 31.03.2023	1	1
<b>Company</b>		
<b>Cost</b>		
As at 01.04.2021/31.03.2022	397,057	397,057
<b>Accumulated Depreciation</b>		
As at 01.04.2021	258,088	258,088
Charge for the financial year	79,410	79,410
As at 31.03.2022	337,498	337,498
<b>Net Carrying Amount</b>		
As at 31.03.2022	59,559	59,559

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (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 and accumulated impairment losses, the carrying amounts that would have been recognised in the financial statements are as follows:-

	2023 RM	Group	2022 RM
Leasehold lands	13,580,078		13,957,181

- (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 22 to the financial statements are as follows:-

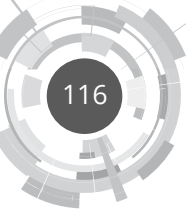
	2023 RM	Group	2022 RM
Leasehold lands	13,580,078		13,957,181

- (c) During the financial year, the acquisition of the Group's right-of-use assets were satisfied as follows:-

	2023 RM	Group	2022 RM
Cash payments	9,328,000		-
Lease liabilities	3,875,315		1,560,000
	13,203,315		1,560,000

- (d) Impairment loss

In previous financial year, the right-of-use assets of the Group are tested for impairment and the key assumptions are set out in Note 9(e).



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 11. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost		
At beginning of the financial year	386,767,463	269,465,986
Additional investments in subsidiaries	-	111,499,998
Strike off of a subsidiary	(121,000)	-
Share options granted to subsidiaries pursuant to ESOS	300,932	5,801,479
At end of the financial year	386,947,395	386,767,463
Less: Accumulated impairment losses	(122,110,290)	(122,231,289)
	<u>264,837,105</u>	<u>264,536,174</u>

Movements in the allowance for impairment losses of subsidiary companies are as follows:

	Company	
	2023 RM	2022 RM
At 1 April	122,231,289	53,599,108
Impairment losses recognised	-	68,632,181
Strike off of a subsidiary	(120,999)	-
At 31 March	<u>122,110,290</u>	<u>122,231,289</u>

(a) In previous financial year, the Company subscribed for additional:

- (i) 41,500,000 ordinary shares in AT Precision Tooling Sdn. Bhd. ("ATP") by way of capitalising of the intercompany balances payable by ATP to the Company;
- (ii) 69,999,998 ordinary shares in AT Glove Engineering Sdn. Bhd. ("ATGE") by way of capitalisation of the intercompany balances payable ATGE to the Company.

(b) Impairment of investment in subsidiaries

In previous financial year, the Company has assessed the recoverability of its investment due to losses reported by certain subsidiaries, which indicated the existence of an impairment.

The Company has concluded that there is impairment require to reduce the carrying amount of the investments as the carrying amount are currently higher than their estimated recoverable amount. The recoverable amount of the investment is estimated based on the fair value less cost to sell, which is determined based on the net assets value of its subsidiary. A total impairment loss of RM68,632,181 were made.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

The particulars of subsidiaries are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2023	2022
AT Engineering Solution Sdn. Bhd.	Malaysia	Design and manufacture of industrial automation systems and machinery; renewable energy operator and producer; fabrication of sheet metal parts	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%	100%
Yellow Choice Sdn. Bhd. #	Malaysia	Dormant (De-registered)	-	100%
<b>Subsidiary of AT Precision Tooling Sdn. Bhd.</b>				
AT Technology Solution Sdn. Bhd.	Malaysia	Fabrication of industrial and engineering parts	100%	100%

All the above subsidiaries are audited by Messrs. UHY, other than as indicated below:

# Yellow Choice Sdn. Bhd. was struck off effective 26 April 2022 and not audited by Messrs. UHY.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 12. INVESTMENT IN ASSOCIATES

	2023	Group		Company	
	2023 RM	2022 RM Restated	2021 RM Restated	2023 RM	2022 RM
Quoted shares in Malaysia, at cost	143,656,438	143,656,438	34,151,674	74,773,456	74,773,456
Share of post-acquisition results and reserves	(24,134,096)	(22,171,149)	2,940,985	-	-
Loss on dilution	(10,686,181)	(4,584,838)	-	-	-
Bargain purchase	31,251,385	31,251,385	15,003,469	-	-
	140,087,546	148,151,836	52,096,128	74,773,456	74,773,456
Less: Accumulated impairment losses	(51,405,552)	(44,519,927)	(11,826,129)	(20,459,056)	(20,459,056)
At end of the financial year	88,681,994	103,631,909	40,269,999	54,314,400	54,314,400
Market value of interest in associates:					
- Quoted shares	50,137,333	65,676,270	65,676,270	17,251,500	26,155,500
- Quoted warrants	4,000,258	7,125,538	7,125,538	-	-
	54,137,592	72,801,808	72,801,808	17,251,500	26,155,500

The movement in allowance for impairment loss of investment in associates are as follows:

	2023	Group		Company	
	2023 RM	2022 RM Restated	2021 RM Restated	2023 RM	2022 RM
At beginning of financial year	44,519,927	11,826,129	-	20,459,056	-
Charge for the financial year	7,789,392	40,621,390	11,826,129	-	20,459,056
Reversal of impairment loss	(903,767)	(7,927,592)	-	-	-
At end of financial year	51,405,552	44,519,927	11,826,129	20,459,056	20,459,056

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

The particulars of the associate companies are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Principal Activities	
			2023	2022
D'nonce Technology Berhad ("D'nonce") *	Malaysia	Investment Holding	25.62%	29.62%
<b>Held through subsidiaries:-</b>				
Trive Property Group Berhad ("Trive") *	Malaysia	Investment Holding	25.68%	25.68%
AE Multi Holdings Berhad ("AEM")	Malaysia	Investment Holding	31.34%	31.34%

\* Audited by firms of auditors other than Messrs UHY.

- (a) Investment in associates is measured at cost less impairment losses, if any, and accounted for using the equity method in the consolidated financial statements.
- (b) Trive has a different financial year end from the Group. In applying the equity method of accounting, the audited financial statements of Trive for the financial year ended 31 July 2022 have been used and appropriate adjustments have been made for the effects of significant transaction between 31 July 2022 and 31 March 2023.
- (c) During the financial year, Trive and D'nonce changed this accounting policies for the measurement of investment properties from cost model to fair value model. The impact of the changes were accounted for retrospectively, in accordance with Malaysian Financial Reporting Standards 108 Accounting Policies, Changes in Accounting Estimates and Errors. The effects of the restatement are disclosed in Note 35(b).
- (d) Acquisition and changes of interest in associates:-

**D'nonce Technology Berhad ("D'nonce")**

During the financial year, Pursuant to the issuance of new ordinary shares arising from the private placement exercise in D'nonce, the Company's equity interest in D'nonce has decreased from 29.62% to 25.62%. This gave rise to a loss on dilution of interest of RM6,101,343 as disclosed in Note 6.

In previous financial year, the Company:

- (i) On 10 September 2021, the Company announced that it has entered into a share sale agreement ("SSA") with Blackstream Investments Pte. Ltd. And Scoria Pte. Ltd. (collectively, the "Vendors") for the proposed acquisition of 81.2 million shares in D'nonce Technology Berhad ("D'nonce") ("Sale Shares") held by the Vendors, representing approximately 25.93% equity interest in D'nonce, for an aggregate consideration of RM64.96 million at RM0.80 per Sale Share.





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

- (d) Acquisition and changes of interest in associates:-(cont'd)

#### **D'nonce Technology Berhad ("D'nonce") (Cont'd)**

In previous financial year, the Company: (Cont'd)

The Sale Shares were subsequently transferred to the Company on 13 September 2021 by way of direct business transactions and the proposed acquisition was completed on even date. The said acquisition has resulted in a premium of acquisition of RM 27,937,254.

- (ii) Pursuant to the issuance of new ordinary shares arising from the private placement exercise in D'nonce, the Company's equity interest in D'nonce has decreased from 25.93% to 22.00%. This gave rise to a loss on dilution of interest of RM1,544,873 as disclosed in Note 6.
- (iii) From December 2021 to February 2022, the Company further acquired interest in D'nonce from open market in stages, for a total cash consideration of RM9,742,199. The said acquisition has resulted in an increase of interest in D'nonce from 22.00% to 29.62%. This gave rise to a bargain purchase on acquisition of RM2,856,516 as disclosed in Note 6.

#### **AE Multi Holdings Berhad ("AEM")**

In previous financial year, the Group announced that its wholly-owned subsidiary, AT Precision Tooling Sdn. Bhd. has subscribed 600,080,000 new ordinary shares of AEM 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 AEM.

The Rights Shares were listed on the Main Market of Bursa Malaysia Securities Berhad on 20 August 2021. Upon listing of Rights Shares, the Group holds 31.34% of the total enlarged issued and paid-up share capital of AEM. The said acquisition has resulted in a bargain purchase on acquisition of RM13,391,400.

#### **Trive Property Group Berhad ("Trive")**

In previous financial year, the Company:

- (i) Pursuant to the issuance of new ordinary shares arising from the private placement exercise in Trive, the Group's equity interest in Trive decreased from 29.30% to 24.42%. This gave rise to a loss on dilution of interest of RM3,039,965 as disclosed in Note 6.
- (ii) During the month of January 2022, the Group further acquired interest in Trive from open market in stages, for a total cash consideration of RM1,612,276. The said acquisition has resulted in an increase of interest in Trive from 24.42% to 25.68%. This gave rise to a premium of acquisition RM312,739.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

(e) Impairment of investment in associates:-

The Group assessed whether there are any indications of impairment during the year under review. In doing this, management considered the business environments and performance of its associates. Management has considered the drop in market values of quoted shares and/or warrants in certain associates as well as results reported by certain associates as impairment indications.

**(i) Trive**

As at 31 March 2023 and 31 March 2022, the fair value of the Group's investment in quoted shares and warrants of Trive are based on Level 1 of the fair value hierarchy. The recoverable amount, being the market value of these Group's interest, representing its fair value as at 31 March 2023, is RM24,466,749 (2022: RM28,586,984).

In current financial year 31 March 2023, the recoverable amount is lower than its carrying value, hence an impairment loss of RM7,789,392 was recognised.

In previous financial year 31 March 2022, the recoverable amount is higher than its carrying value, hence a reversal of impairment loss of RM7,927,592 was recognised.

**(ii) AEM**

As at 31 March 2023 and 31 March 2022, the fair value of the Group's investment in quoted shares and warrants of AEM are based on Level 1 of the fair value hierarchy. The recoverable amount, being the market value of these Group's interest, representing its fair value as at 31 March 2023, is RM12,419,343 (2022: RM18,059,324).

In current financial year 31 March 2023, the recoverable amount is higher than its carrying value, hence a reversal of impairment loss of RM903,767 was recognised.

In current financial year 31 March 2022, the recoverable amount is lower than its carrying value, hence an impairment loss of RM12,652,370 was recognised.

**(iii) D'nonce**

As at 31 March 2023 and 31 March 2022, the market value of the Group's interest in quoted shares of D'nonce is RM17,251,500 (2021: RM26,155,500). The market value of these Group's interest is below its carrying value as at 31 March 2023 and 31 March 2022.

D'nonce has been reporting profit for the past financial years and current reporting year. The Group is of the view that the carrying value of the investment in D'nonce should not be impacted by the fluctuation of the share price of D'nonce.

The Group has estimated the fair value less cost to sell based on the valuation techniques prepared by independent valuer. Arising from this, the Group has provided for an impairment loss of RM Nil (2022: RM 27,969,020).



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

The summarised financial information of the associates are as follows:-

<b>Group 2023</b>	<b>Trive RM</b>	<b>AEM RM</b>	<b>D'nonce RM</b>	<b>Total RM</b>
<b>Assets and liabilities</b>				
Non-current assets	95,675,884	38,564,673	151,846,658	286,087,215
Current assets	60,784,812	126,332,929	137,492,030	324,609,771
Non-current liabilities	(2,725,591)	(1,519,095)	(34,308,091)	(38,552,777)
Current liabilities	(14,163,690)	(86,250,864)	(47,010,838)	(147,425,392)
Non-controlling interest	-	-	(5,725,975)	(5,725,975)
Net assets	<u>139,571,415</u>	<u>77,127,643</u>	<u>202,293,784</u>	<u>418,992,842</u>
<b>Results:</b>				
Revenue	10,786,811	109,260,773	174,861,115	290,120,923
Profit/(loss) for the financial year	16,380,291	(21,366,106)	65,063	348,132
Total comprehensive income/(loss) for the financial year	<u>14,287,306</u>	<u>(20,734,271)</u>	<u>2,067,373</u>	<u>2,981,235</u>
Share of results of associates during the year	3,929,779	(6,652,057)	(30,077)	2,351,147
Loss on dilution of interest in associates	-	-	(6,101,343)	(6,101,343)
Gain on bargain purchase	-	-	-	-
	<u>3,929,779</u>	<u>(6,652,057)</u>	<u>(6,131,420)</u>	<u>(8,853,698)</u>
Share of other comprehensive income/ (loss) during the year	<u>(260,622)</u>	<u>108,308</u>	<u>941,722</u>	<u>789,408</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

The summarised financial information of the associates are as follows:

Group 2022	Trive RM	AEM RM	D'nonce RM	Total RM
<b>Assets and liabilities</b>				
Non-current assets	88,962,900	52,537,710	120,817,002	262,317,612
Current assets	51,477,131	149,065,160	137,951,863	338,494,154
Non-current liabilities	-	(1,427,302)	(25,224,715)	(26,652,017)
Current liabilities	(15,156,613)	(102,164,734)	(35,915,984)	(153,237,331)
Non-controlling interest	-	-	(5,131,993)	(5,131,993)
Net assets	<u>125,283,418</u>	<u>98,010,834</u>	<u>192,496,173</u>	<u>415,790,425</u>
<b>Results:</b>				
Revenue	10,546,912	137,116,068	166,406,010	314,068,990
Profit/(loss) for the financial year	(54,348,518)	(57,416,619)	8,462,233	5,394,132
Total comprehensive income/(loss) for the financial year	<u>(46,332,013)</u>	<u>(57,750,439)</u>	<u>24,131,729</u>	<u>12,713,303</u>
Share of results of associates during the year	(13,367,682)	(16,549,903)	3,898,903	(26,018,682)
Loss on dilution of interest in associates	(3,039,965)	-	(1,544,873)	(4,584,838)
Gain on bargain purchase	-	13,391,400	2,856,516	16,247,916
	<u>(16,407,647)</u>	<u>(3,158,503)</u>	<u>5,210,546</u>	<u>(14,355,604)</u>
Share of other comprehensive income/(loss) during the year	<u>288,266</u>	<u>751,167</u>	<u>4,970,617</u>	<u>6,010,050</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

Reconciliation of summarised financial information of the associates to the carrying amount of interest in associates are as follows:-

<b>Group 2023</b>	<b>Trive RM</b>	<b>AEM RM</b>	<b>D'nonce RM</b>
<b>Reconciliation of net assets/(liabilities) to carrying amount:</b>			
Net assets	139,571,415	77,127,643	202,293,784
Proportion of ownership interest held by the Group	25.680%	31.335%	25.620%
Equity attributable to the Group	35,841,939	24,167,947	51,827,667
Impairment loss	(11,687,929)	(11,748,603)	(27,969,020)
Goodwill on acquisition	312,739	-	27,937,254
Carrying amount in the statement of financial position	<u>24,466,749</u>	<u>12,419,344</u>	<u>51,795,901</u>
Market value of associates	<u>24,466,749</u>	<u>12,419,343</u>	<u>17,251,500</u>
<b>Group 2022</b>	<b>Trive RM (Restated)</b>	<b>AEM RM</b>	<b>D'nonce RM (Restated)</b>
<b>Reconciliation of net assets/(liabilities) to carrying amount:</b>			
Net assets	125,283,418	98,010,834	192,496,173
Proportion of ownership interest held by the Group	25.680%	31.335%	29.620%
Equity attributable to the Group	32,172,782	30,711,695	57,017,366
Impairment loss	(3,898,537)	(12,652,370)	(27,969,020)
Goodwill on acquisition	312,739	-	27,937,254
Carrying amount in the statement of financial position	<u>28,586,984</u>	<u>18,059,325</u>	<u>56,985,600</u>
Market value of associates	<u>28,586,984</u>	<u>18,059,324</u>	<u>26,155,500</u>

The Group does not have any capital commitment of contingent liabilities in relation to its interest in the associates as at 31 March 2023.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

## 13. MARKETABLE SECURITIES

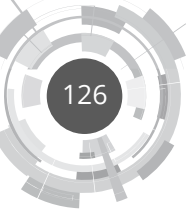
	2023 RM	Group 2022 RM
<b>Fair value through profit or loss</b>		
Quoted shares, in Malaysia	11,565,474	5,056,000

## 14. INVENTORIES

	2023 RM	Group 2022 RM
<b>At cost:</b>		
Raw materials	2,453,029	15,909,776
Work-in-progress	3,608,779	5,116,050
Finished goods	1,285,525	1,738,387
	7,347,333	22,764,213
Allowance for slow moving inventories	(411,061)	(411,061)
	6,936,272	22,353,152
<b>At net realisable value:</b>		
Finished goods	2,366,449	18,166,390

During the financial year, the cost of inventories of the Group recognised as expense in cost of sales amounted to RM55,814,705 (2022: RM26,246,616).

During the financial year, the inventories written down to net realisable value was RM19,295,338 (2022: RM20,595,927).



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 15. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-Current</b>				
Deposit	4,400,000	-	-	-
Less: Accumulated impairment losses	(74,800)	-	-	-
	<u>4,325,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Current</b>				
Trade receivables	7,489,632	7,697,555	1,054,597	179,597
Less: Accumulated impairment losses	(236,596)	(105,078)	-	-
Trade receivables, net	<u>7,253,036</u>	<u>7,592,477</u>	<u>1,054,597</u>	<u>179,597</u>
Other receivables:				
- Subsidiaries	-	-	12,073,191	-
- Third parties	2,228,206	2,366,761	1,785,084	1,789,934
	<u>2,228,206</u>	<u>2,366,761</u>	<u>13,858,275</u>	<u>1,789,934</u>
Less: Accumulated impairment losses				
- Subsidiaries	-	-	-	-
- Third parties	(1,879,477)	(1,879,477)	(1,780,084)	(1,780,084)
	<u>(1,879,477)</u>	<u>(1,879,477)</u>	<u>(1,780,084)</u>	<u>(1,780,084)</u>
Other receivables, net	<u>348,729</u>	<u>487,284</u>	<u>12,078,191</u>	<u>9,850</u>
Deposits	3,128,888	22,454,970	51,219	6,047,239
Prepayments	1,260,224	4,506,838	158,182	151,548
	<u>11,990,877</u>	<u>35,041,569</u>	<u>13,342,189</u>	<u>6,388,234</u>
	<u><u>16,316,077</u></u>	<u><u>35,041,569</u></u>	<u><u>13,342,189</u></u>	<u><u>6,388,234</u></u>

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

	Group	
	2023 RM	2022 RM
United States Dollar	<u>2,386,760</u>	<u>2,657,320</u>

#### (a) Trade receivables

##### (i) Credit term

The Group's normal trade credit term extended to customers ranged from 30 to 90 days (2022: 30 to 90 days).

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

## (a) Trade receivables (Cont'd)

## (ii) Ageing analysis

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

	2023 RM	Group 2022 RM
Neither past due nor impaired	6,987,405	7,054,332
1 to 30 days past due but not impaired	162,936	251,533
31 to 120 days past due but not impaired	95,195	286,612
More than 121 days past due but not impaired	7,500	-
	265,631	538,145
Impaired	236,596	105,078
	<u>7,489,632</u>	<u>7,697,555</u>

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.

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:-

	2023 RM	Group 2022 RM
At beginning of the financial year	105,078	98,865
Charge for the financial year:		
- Individually assessed	206,174	93,251
- Collectively assessed	48,679	15,077
Reversal of impairment loss:		
- Individually assessed	(86,459)	(83,115)
- Collectively assessed	(36,876)	(19,000)
At end of the financial year	<u>236,596</u>	<u>105,078</u>





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### (b) Other receivables

- (i) Amounts owing by subsidiaries are unsecured, bear interest at a rate of 0% (2022: 3%) per annum and is repayable on demand in cash.
- (ii) Included in deposits of the Group are:-
- a) Deposit and advancement of RM4,325,200 (2022: RM4,400,000) paid in relation to the Share Sale Agreement ("SSA") for the proposed acquisition of the entire issued share capital of Pearl Glove (Malaysia) Sdn Bhd ("PGSB"). Due to the non-fulfilment of the condition precedent of the SSA, the Group had on 11 November 2020 issued notice of termination to the vendors and requested for the refund of such deposit and advancement. On 31 December 2020, a civil suit was commenced by the Group against the vendors of PGSB, as disclosed in Note 33.
- b) Refundable deposit of RM1,254,625 (2022: RM1,200,000) paid in relation to the proposed acquisition of machineries for the fabrication business of the Group.
- c) Refundable deposit of RM Nil (2022: RM9,000,000) paid for the acquisition of leasehold industrial lands. During the financial year, approval letter in relation to the purchase and transfer of the said lands obtained from Pejabat Pengarah Tanah dan Galian Negeri Perak ("PPTGP"). Accordingly, the condition precedents have been fulfilled and acquisition was deemed completed and unconditional.
- d) Refundable deposit of RM Nil (2022: RM6,000,000) paid in relation of a proposed acquisition of a flatted factory. During the financial year, the Company has terminated the proposed acquisition and accordingly, full sum of deposit was refunded to the Group.
- (iii) The movements in allowance for impairment loss of other receivables are as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning of the financial year	1,879,477	8,235,319	1,780,084	9,827,797
Charge for the financial year:				
- other receivables	-	-	-	-
- deposits	74,800	-	-	-
Reversal of impairment loss:				
- other receivables	-	(3,875,210)	-	(3,875,210)
- amount due from subsidiaries	-	-	-	(1,691,871)
Written off	-	(2,480,632)	-	(2,480,632)
At end of the financial year	<u>1,954,277</u>	<u>1,879,477</u>	<u>1,780,084</u>	<u>1,780,084</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.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

**16. TAX ASSETS**

Income tax which is recoverable in future from tax authorities.

**17. MONEY MARKET INSTRUMENTS**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short term fund	<u>21,097,320</u>	<u>16,038,467</u>	<u>21,097,320</u>	<u>16,038,467</u>

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	
	2023 RM	2022 RM
Australia Dollar	<u>15,364,615</u>	<u>16,038,467</u>

**18. CASH AND BANK BALANCES**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deposits placed with licensed banks	33,750,643	68,706,948	30,064,356	65,087,795
Cash and bank balances	<u>5,575,303</u>	<u>23,809,179</u>	<u>1,741,668</u>	<u>15,043,227</u>
	<u>39,325,946</u>	<u>92,516,127</u>	<u>31,806,024</u>	<u>80,131,022</u>

The deposits placed with licensed banks earn interest at 1.50% to 2.70% (2022: 1.50% to 1.85%) per annum and are pledged with licensed banks for term loan and revolving credit facilities granted to the Group as mentioned in Note 22.

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

	Group	
	2023 RM	2022 RM
Singapore Dollar	737	788
United States Dollar	667,819	4,150,331
Others	<u>329</u>	<u>340</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 19. ASSETS HELD FOR SALE

	2023 RM	Group 2022 RM
Leasehold land held for sale	18,635,527	-

During the financial year, the management of AT Glove Engineering Sdn. Bhd. ("ATGE"), a wholly-owned subsidiary approved to dispose three pieces of leasehold lands and ATGE is actively looking for purchasers.

### 20. SHARE CAPITAL

	Group/Company			
	2023		2022	
	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	5,905,209,399	478,425,474	4,229,101,608	392,934,157
Issuance of shares:				
- Exercise of share options	95,412,500	2,018,356	1,676,107,791	85,491,317
At end of the financial year	<u>6,000,621,899</u>	<u>480,443,830</u>	<u>5,905,209,399</u>	<u>478,425,474</u>

During the financial year, the Company issued 95,412,500 new ordinary shares pursuant to the options exercised under the ESOS at exercise prices ranging from RM0.018 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.

### 21. OTHER RESERVES

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Warrants reserve	21.1	9,261,382	9,261,382	9,261,308	9,261,308
Revaluation reserve	21.2	5,629,614	5,343,714	-	-
Translation reserve	21.3	1,191,229	427,609	-	-
Share option reserve	21.4	35,430	295,542	-	-
		<u>16,117,655</u>	<u>15,328,247</u>	<u>9,261,308</u>	<u>9,261,308</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

**21. OTHER RESERVES (CONT'D)****21.1 Warrants reserve**

Included in the the warrants reserve mainly are is in respect of the Company's Warrants C, which was listed on 22 May 2020.

The main features of the Warrants C are as follow:-

	<b>Tenure year</b>	<b>Issued date</b>	<b>Expiry date</b>	<b>Exercise price</b>
Warrants C	5	22-May-20	17-May-25	RM 0.035

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

	<b>Number of Warrants over ordinary shares</b>			<b>As at 31.03.2023</b>
	<b>As at 01.04.2022</b>	<b>Issued</b>	<b>Converted</b>	
Warrants C	469,053,650	-	-	469,053,650

	<b>Number of Warrants over ordinary shares</b>			<b>As at 31.03.2022</b>
	<b>As at 01.04.2021</b>	<b>Issued</b>	<b>Converted</b>	
Warrants C	469,053,650	-	-	469,053,650

**21.2 Revaluation reserve**

Revaluation reserves represents the surplus on revaluation of the Group's interest in freehold lands, leasehold lands, and buildings, net of tax, and share of associates' revaluation reserve, and are not available for distribution to the shareholders by way of dividends.

**21.3 Translation reserve**

This is in respect of the Group's share of associates' translation reserve.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

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

#### 21.4 Share option reserve

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Company's ESOS	-	-	-	-
Share of associates' option reserve	35,430	295,542	-	-
	<u>35,430</u>	<u>295,542</u>	<u>-</u>	<u>-</u>

The Group operates an equity-settled share options pursuant to the Company's Employees' Share Option Scheme ("ESOS"). 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.

#### **ESOS**

On 12 April 2021, the Company obtained approval from the shareholders at the Extraordinary General Meeting for the issuance of share options under ESOS 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 ESOS with effect from 20 April 2021. The ESOS shall be allocated to any eligible employees of the Company and its subsidiaries who fulfilled the eligibility criteria for participation in the ESOS.

Each ESOS 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 ESOS 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 ESOS Committee with a discount of not more than 10%, if deemed appropriate.

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

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

## 21. OTHER RESERVES (CONT'D)

## 21.4 Share option reserve

**ESOS (Cont'd)**

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

Date of offer	Exercise price	Number of options over ordinary shares				As at 30.03.2023 '000
		As at 01.04.2022 '000	Granted '000	Lapsed '000	Exercised '000	
8 April, 2022	RM0.018	-	95,412	-	(95,412)	-
		-	95,412	-	(95,412)	-

The fair value of the share options granted under the ESOS 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:-

ESOS	Granted on 8 April, 2022
Fair value of share options at the grant date	0.0032
Option tenure (days)	8
Share price on grant date (RM)	0.020
Exercise price (RM)	0.018
Expected volatility (%)	178.20
Expected dividends (%)	-
Risk free interest rate (%)	1.780

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 300,932 (2022: RM 6,050,958) had been recognised in the Group and in the Company respectively as share-based payment.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 22. LOANS AND BORROWINGS

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current liabilities:</b>					
<b>Secured</b>					
Term loan I	(a)	927,430	1,148,929	-	-
Term loan II	(b)	1,260,063	1,694,166	-	-
Term loan III	(c)	3,970,638	4,608,261	-	-
Term loan IV	(d)	150,501	511,712	-	-
Lease liabilities	(h)	2,725,030	2,892,810	84,242	-
		<u>9,033,662</u>	<u>10,855,878</u>	<u>84,242</u>	<u>-</u>
<b>Unsecured</b>					
Lease liability	(g)	1,306,810	20,687	-	-
		<u>10,340,472</u>	<u>10,876,565</u>	<u>84,242</u>	<u>-</u>
<b>Current liabilities:</b>					
<b>Secured</b>					
Term loan I	(a)	229,526	231,911	-	-
Term loan II	(b)	441,186	430,158	-	-
Term loan III	(c)	655,132	644,300	-	-
Term loan IV	(d)	364,072	353,973	-	-
Revolving credit	(e)	30,135,625	65,177,370	30,135,625	65,177,370
Lease liabilities	(h)	1,965,338	1,923,309	39,310	167,381
Bank overdraft	(f)	268,520	298,595	-	-
		<u>34,059,399</u>	<u>69,059,616</u>	<u>30,174,935</u>	<u>65,344,751</u>
<b>Unsecured</b>					
Lease liability	(g)	722,965	26,021	-	-
		<u>34,782,364</u>	<u>69,085,637</u>	<u>30,174,935</u>	<u>65,344,751</u>
<b>Total loans and borrowings</b>		<u><u>45,122,836</u></u>	<u><u>79,962,202</u></u>	<u><u>30,259,177</u></u>	<u><u>65,344,751</u></u>
Term loans		7,998,548	9,623,410	-	-
Revolving credit		30,135,625	65,177,370	30,135,625	65,177,370
Lease liabilities		6,720,143	4,862,827	123,552	167,381
Bank overdraft		268,520	298,595	-	-
		<u>45,122,836</u>	<u>79,962,202</u>	<u>30,259,177</u>	<u>65,344,751</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 22. LOANS AND BORROWINGS (CONT'D)

#### (a) Term loan I

The term loan I bears interest at a rate of 3.70% to 4.95% (2022: 3.70%) 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 5.45% (2022: 4.20%) 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 5.10% (2022: 4.10%) 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 of the Group (Note 18) ;
- (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.

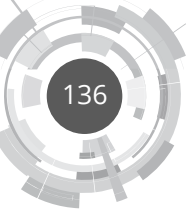
#### (d) Term loan IV

The term loan IV bears interest at a rate of 4.01% to 5.19% (2022: 4.01% to 4.05%) 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 2023 (cont'd)

### 22. LOANS AND BORROWINGS (CONT'D)

#### (e) Revolving credit

The revolving credit is rolled-over on 180-days basis and bears interest at rate of 4.15% to 5.69% (2022: 4.15%) per annum. The interest rates are fixed at the date of each drawdown and might be revised at the commencement of each roll-over period. The revolving credit facility is secured by the fixed deposit of the Company as disclosed in Note 18.

#### (f) Bank overdraft

The bank overdraft bears interest at a rate of 6.10% to 7.35% (2022: 6.10%) 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) Unsecured Lease liability and Lease Liabilities

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unsecured lease liabilities	2,029,775	46,708	-	-
Secured lease liabilities	4,690,368	4,816,119	123,552	167,381
	<u>6,720,143</u>	<u>4,862,827</u>	<u>123,552</u>	<u>167,381</u>

The unsecured lease liability bear discounted rate of 3.15% to 6.90% (2022: 6.90%) per annum.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning of the financial year	4,862,827	4,984,363	167,381	210,856
Additions	3,875,315	1,560,000	-	-
Interest expenses	346,662	280,337	3,027	8,030
Interest payment	(346,662)	(280,337)	(3,027)	(8,030)
Payment of principal	(2,017,999)	(1,681,536)	(43,829)	(43,475)
At end of the financial year	<u>6,720,143</u>	<u>4,862,827</u>	<u>123,552</u>	<u>167,381</u>

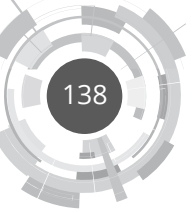
## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

## 22. LOANS AND BORROWINGS (CONT'D)

## (g) Unsecured Lease liability and Lease Liabilities (Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Gross instalment payments	7,208,354	5,318,254	137,501	169,611
Less: Future finance charges	(488,211)	(455,428)	(13,949)	(2,230)
Total present value of lease liabilities	<u>6,720,143</u>	<u>4,862,826</u>	<u>123,552</u>	<u>167,381</u>
<b>Current</b>				
Payable within 1 year				
Gross instalment payments	2,935,101	2,187,373	47,148	169,611
Less: Future finance charges	(246,798)	(238,044)	(7,838)	(2,230)
Present value of finance lease liabilities	2,688,303	1,949,329	39,310	167,381
<b>Non-current</b>				
Payable after 1 year but not later than 2 years				
Gross instalment payments	2,019,475	1,703,793	47,148	-
Less: Future finance charges	(148,106)	(125,171)	(4,650)	-
Present value of finance lease liabilities	1,871,369	1,578,622	42,498	-
Payable after 2 years but not later than 5 years				
Gross instalment payments	2,253,778	1,381,562	43,205	-
Less: Future finance charges	(93,307)	(91,291)	(1,461)	-
Present value of finance lease liabilities	2,160,471	1,290,271	41,744	-
Payable later than 5 years				
Gross instalment payments	-	45,526	-	-
Less: Future finance charges	-	(922)	-	-
Present value of finance lease liabilities	-	44,604	-	-
Total present value of finance lease liabilities	<u>6,720,143</u>	<u>4,862,826</u>	<u>123,552</u>	<u>167,381</u>
Analysed as:-				
Payable within 1 year	2,688,303	1,949,329	39,310	167,381
Payable after 1 year	4,031,840	2,913,497	84,242	-
	<u>6,720,143</u>	<u>4,862,826</u>	<u>123,552</u>	<u>167,381</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 22. LOANS AND BORROWINGS (CONT'D)

#### (g) Unsecured Lease liability and Lease Liabilities (Cont'd)

The lease liabilities of the Group bear effective interest at rates ranging from 2.16% to 4.79% (2022: 2.16% to 4.79%) per annum and secured by corporate guarantee by the Company.

### 23. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:-

	2023 RM	Group 2022 RM
At beginning of the financial year	-	273,859
Recognised in profit or loss	-	(273,859)
At end of the financial year	-	-
Deferred tax liabilities are in respect of taxable temporary differences of property, plant and equipment	-	-

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

**23. DEFERRED TAX LIABILITIES (CONT'D)**

Based on existing tax legislation:-

- (i) The unutilised tax losses can be carried forward for 10 (2022:10) consecutive year of assessment ("YA") immediately following that YA.
- (ii) The unabsorbed capital allowance, unabsorbed investment tax allowances and unutilised increased export allowance does not expire under current tax legislation.

The unutilised tax losses will expire in the following years of assessment:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Year of Assessment:				
2033	28,892,088	-	-	-
2032	2,909,807	2,909,807	-	213,488
2031	1,902,958	1,902,958	-	-
2030	2,223,673	2,223,673	-	-
2029	2,911,962	2,911,962	-	-
2028	3,845,061	3,845,061	-	-
	<u>42,685,549</u>	<u>13,793,461</u>	<u>-</u>	<u>213,488</u>

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised before they expire.

The estimated amount of temporary differences for which no deferred tax assets is recognised in the financial statements are as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unabsorbed capital allowances	27,276,758	23,611,253	-	-
Unutilised reinvestment allowances	18,577,861	18,455,754	-	-
Unutilised tax losses	42,685,549	13,793,461	-	213,488
	<u>88,540,168</u>	<u>55,860,468</u>	<u>-</u>	<u>213,488</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 24. PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables	5,802,697	7,382,328	-	-
Other payables:				
Third parties	10,132,262	5,640,450	5,323	120,448
Deposits received	32,042,924	35,813,873	-	-
Accruals	4,050,362	1,643,808	120,472	85,266
	<u>46,225,548</u>	<u>43,098,131</u>	<u>125,795</u>	<u>205,714</u>
	<u>52,028,245</u>	<u>50,480,459</u>	<u>125,795</u>	<u>205,714</u>

The foreign currency exposure profile of payables, deposits received and accruals of the Group is as follows:-

	2023 RM	2022 RM
United States Dollar	<u>2,146,666</u>	<u>2,768,953</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 (2022: 30 to 90 days).

#### (b) Other payables

- (i) Amounts owing to third parties mainly consist of sundry payables for operating expenses and payable for construction of power substation and structural works for waste water treatment plant, canteen and building works, which are generally due within 14 to 90 days (2022: 14 to 90 days).

Included herein is a balance amount of RM3,400,000, being compensation payable to supplier for the early termination before contract due.

- (ii) Amounts owing to subsidiaries were unsecured, interest free and repayable on demand.

- (iii) Included in deposits received of the Group is refundable deposit of RM29,967,829 received for glove orders from the customers.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

## 25. CONTRACT LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Contract liabilities relating to contract works	484,767	1,953,576	-	-

(i) The contract liabilities represent the time differences in revenue recognition and the milestone billings in respect of the contract projects.

(ii) The significant changes to contract liabilities during the financial year:-

	Group	
	2023 RM	2022 RM
At beginning of the financial year	1,953,576	-
Revenue recognised in profit or loss during the financial year	(2,728,809)	(1,540,285)
Billing to customers during the financial year	1,260,000	3,493,861
At end of the financial year	484,767	1,953,576



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 26. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Financial assets at fair value through profit or loss</b>				
Marketable securities	11,565,474	5,056,000	-	-
<b>Financial assets at amortised cost</b>				
Receivables and deposits, net of prepayments	15,055,853	30,534,731	13,184,007	6,236,686
Cash and bank balances	39,325,946	92,516,127	31,806,024	80,131,022
	<u>54,381,799</u>	<u>123,050,858</u>	<u>44,990,031</u>	<u>86,367,708</u>
<b>Financial liabilities at amortised cost</b>				
Payables, deposits received and accruals	52,028,245	50,480,459	125,795	205,714
Contract liabilities	484,767	1,953,576	-	-
Lease liabilities	6,720,143	4,862,827	123,552	167,381
Term loans	7,998,548	9,623,410	-	-
Revolving credit	30,135,625	65,177,370	30,135,625	65,177,370
Bank overdraft	268,520	298,595	-	-
	<u>97,635,848</u>	<u>132,396,237</u>	<u>30,384,972</u>	<u>65,550,465</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 26. 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 2023 (cont'd)

### 26. 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 2023, there were 2 (2022: 3) 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 RM5,253,194 (2022: RM6,013,575).

###### 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 granted to subsidiaries and to certain suppliers for credit term granted to subsidiaries. The maximum exposure to credit risk in relation to the financial guarantees given amounted to approximately RM13,171,993 (2022: RM14,570,743) as at the end the reporting period, representing the outstanding banking facilities with the financial institutions and trade payables with certain trade suppliers by the subsidiaries as at the end of financial year.

The Company monitors the results of the subsidiaries and their repayment on an on-going basis. 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 2023 (cont'd)

### 26. 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 2023 (cont'd)

### 26. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (cont'd)

##### (ii) Liquidity risk (cont'd)

###### Maturity analysis

The maturity analysis of the Group'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>2023</b>							
<b>Group</b>							
<b>Financial liabilities:</b>							
Payables, deposits received and accruals	52,028,245	52,028,245	-	-	-	-	52,028,245
Contract liabilities	484,767	484,767	-	-	-	-	484,767
Lease liabilities	6,720,143	2,935,101	2,019,475	2,253,778	-	-	7,208,354
Term loans	7,998,548	2,056,692	1,826,847	4,189,436	1,008,660	-	9,081,635
Revolving credit	30,135,625	30,135,625	-	-	-	-	30,135,625
Bank overdraft	268,520	268,520	-	-	-	-	268,520
	<u>97,635,848</u>	<u>87,908,950</u>	<u>3,846,322</u>	<u>6,443,214</u>	<u>1,008,660</u>	<u>-</u>	<u>99,207,146</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

## 26. 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 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>2022</b>							
<b>Group</b>							
<b>Financial liabilities:</b>							
Payables, deposits received and accruals	50,480,459	50,480,459	-	-	-	-	50,480,459
Contract liabilities	1,953,576	1,953,576	-	-	-	-	1,953,576
Lease liabilities	4,862,827	2,159,173	1,682,643	1,381,562	45,526	5,268,904	
Term loans	9,623,410	2,020,224	2,020,224	1,782,618	5,013,029	10,836,095	
Revolving credit	65,177,370	65,177,370	-	-	-	-	65,177,370
Bank overdraft	298,595	298,595	-	-	-	-	298,595
	<u>132,396,237</u>	<u>122,089,397</u>	<u>3,702,867</u>	<u>3,164,180</u>	<u>5,058,555</u>	<u>134,014,999</u>	



**NOTES TO THE FINANCIAL STATEMENTS**  
 31 MARCH 2023 (cont'd)

**26. 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 showing the remaining maturities 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>2023</b>							
<b>Company</b>							
<b>Financial liabilities:</b>							
Payables, deposits received and accruals	125,795	125,795	-	-	-	125,795	
Lease liabilities	123,552	47,148	47,148	43,205	-	137,501	
Revolving credit	30,135,625	30,135,625	-	-	-	30,135,625	
	<u>30,384,972</u>	<u>30,308,568</u>	<u>47,148</u>	<u>43,205</u>	<u>-</u>	<u>30,398,921</u>	
<b>2022</b>							
<b>Company</b>							
<b>Financial liabilities:</b>							
Payables, deposits received and accruals	205,714	205,714	-	-	-	205,714	
Lease liabilities	167,381	169,611	-	-	-	169,611	
Revolving credit	65,177,370	65,177,370	-	-	-	65,177,370	
	<u>65,550,465</u>	<u>65,552,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,552,695</u>	

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 26. 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>2023</b>						
<b>Company</b>						
Financial guarantee contracts	13,171,993	4,222,573	2,664,218	6,285,202	-	13,171,993
<b>2022</b>						
<b>Company</b>						
Financial guarantee contracts	14,570,743	3,714,865	3,286,594	6,564,352	1,004,933	14,570,743



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 26. 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 RM668,885 (2022: RM4,151,459) 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:-

		2023 RM	2022 RM
		<b>Effect on profit or loss for the financial year and equity</b>	
USD	-strengthened by 10% (2022:10%)	69,001	306,941
	-weakened by 10% (2022:10%)	(69,001)	(306,941)
SGD	-strengthened by 10% (2022:10%)	56	60
	-weakened by 10% (2022:10%)	(56)	(60)
AUD	-strengthened by 10% (2022:10%)	1,167,711	1,218,923
	-weakened by 10% (2022:10%)	(1,167,711)	(1,218,923)

##### (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 lease liabilities, revolving credit, term loans and bank overdraft.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 26. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (cont'd)

##### (iv) Interest rate risk (cont'd)

The term loans of RM7,998,548 (2022: RM9,623,410), revolving credit of RM30,135,625 (2022: RM65,177,370) and bank overdraft of RM268,520 (2022: RM298,595) at floating rates expose the Group to cash flow interest rate risk whilst lease liabilities of RM6,720,143 (2022: RM4,862,827) 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 RM83,678 (2022: RM127,130) 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 RM1,156,547 (2022: RM505,600). 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, payables, revolving credit and bank overdraft

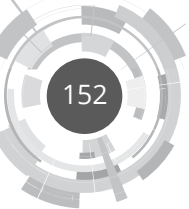
The carrying amounts approximate fair values due to the relatively short term maturity of these financial assets and liabilities.

##### (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 2023 (cont'd)

### 26. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Fair value measurement (cont'd)

##### (iii) 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>2023</b>		
<b>Financial Liabilities</b>		
Lease liabilities	<u>6,720,143</u>	<u>6,977,402</u>
<b>2022</b>		
<b>Financial Liabilities</b>		
Lease liabilities	<u>4,862,827</u>	<u>5,222,812</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

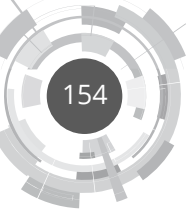
31 MARCH 2023 (cont'd)

## 26. 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	Level 1	Level 2	Level 3		
2023	RM	RM	RM	RM	RM	RM	RM	RM
Financial assets at fair value through profit or loss								
- Quoted investment	11,565,474	-	-	-	-	-	-	11,565,474
- Money market instruments								
	<u>21,097,320</u>							<u>21,097,320</u>
2022								
Financial assets at fair value through profit or loss								
- Quoted investment	5,056,000	-	-	-	-	-	-	5,056,000
- Money market instruments								
	<u>16,038,467</u>							<u>16,038,467</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 26. 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:-

Company	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	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Company 2023</b>								
<b>Financial assets at fair value through profit or loss</b>								
- Money market instruments	21,097,320	-	-	-	-	-	21,097,320	21,097,320
<b>Company 2022</b>								
<b>Financial assets at fair value through profit or loss</b>								
- Money market instruments	16,038,467	-	-	-	-	-	16,038,467	16,038,467

During the financial year ended 31 March 2023 and 31 March 2022, there was no transfer of financial instruments between fair value measurement hierarchy.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

## 27. CAPITAL COMMITMENT

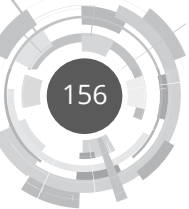
	2023 RM	Group 2022 RM
Contracted but not provided for:-		
(i) Capital expenditure for the Group's glove business	3,939,650	6,721,914
(ii) Capital expenditure for the Group's fabrication business	3,370,000	8,929,000
	<u>7,309,650</u>	<u>15,650,914</u>

## 28. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group and of the Company arising from the financing activities, including both cash and non-cash changes as follows:-

	As at 01.04.2022 RM	Net Cash Flows RM	Non-cash Changes RM	As at 31.03.2023 RM
<b>Group</b>				
Term loans	9,623,410	(1,624,862)	-	7,998,548
Revolving credit	65,177,370	(35,041,745)	-	30,135,625
Lease liabilities	4,862,827	(2,017,999)	3,875,315	6,720,143
	<u>79,663,607</u>	<u>(38,684,606)</u>	<u>3,875,315</u>	<u>44,854,316</u>
<b>Company</b>				
Revolving credit	65,177,370	(35,041,745)	-	30,135,625
Lease liabilities	167,381	(43,829)	-	123,552
	<u>65,344,751</u>	<u>(35,085,574)</u>	<u>-</u>	<u>30,259,177</u>
	As at 01.04.2021 RM	Net Cash Flows RM	Non-cash Changes RM	As at 31.03.2022 RM
<b>Group</b>				
Term loans	1,206,766	8,416,644	-	9,623,410
Revolving credit	-	65,177,370	-	65,177,370
Lease liabilities	4,984,363	(1,681,536)	1,560,000	4,862,827
	<u>6,191,129</u>	<u>71,912,478</u>	<u>1,560,000</u>	<u>79,663,607</u>
<b>Company</b>				
Revolving credit	-	65,177,370	-	65,177,370
Lease liabilities	210,856	(43,475)	-	167,381
	<u>210,856</u>	<u>65,133,895</u>	<u>-</u>	<u>65,344,751</u>

Non-cash changes represent drawdown of term loans, drawdown of facilities for acquisition of property, plant and equipment through loans and lease financing.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 29. 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	
	2023 RM	2022 RM
<b>Received or receivable from subsidiaries:</b>		
- Management fee income	1,560,000	1,565,831
	Group	
	2023 RM	2022 RM
<b>Received or receivable from associates:</b>		
- Sales	103,278	327,300
- Rental income	220,000	180,000
- Purchase	-	3,196,117

#### (c) Compensation of key management personnel

Key management personnel are the persons who have authorities and responsibilities for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. This includes any Director, whether executive or otherwise, of the Group and the Company.

The remuneration of members of key management during the financial year are as follows:-

	Group	
	2023 RM	2022 RM
- Salaries, bonuses and allowances	1,675,776	1,448,856
- Defined contribution plan	215,313	187,233
	1,891,089	1,636,089

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 30. 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.

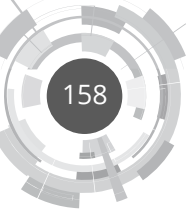
The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group and the Company may return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year ended 31 March 2023 and 31 March 2022.

Pursuant to the requirements of Guidance Note 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 of the issued and paid-up capital (excluding treasury shares). The Company has complied with this requirement for the financial year ended 31 March 2023.

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 2023 and 31 March 2022, which are within the Group's and Company's objectives of capital management are as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total external borrowings	<u>45,122,836</u>	<u>79,962,202</u>	<u>30,259,177</u>	<u>65,344,751</u>
Total equity	<u>257,278,091</u>	<u>337,215,490</u>	<u>355,552,740</u>	<u>356,463,935</u>
Gearing ratio	<u>0.18</u>	<u>0.24</u>	<u>0.09</u>	<u>0.18</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 30 March 2022, TA Securities Holdings Berhad ("TA Securities"), on behalf of the Company announced that the Company proposes to undertake a proposed private placement of up to 643,161,500 new ordinary shares in ATS, representing 10% 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").

Bursa Securities has, vide its letter dated 11 April 2022, approved the listing and quotation of up to 643,161,500 Placement Shares to be issued pursuant to the Private Placement.

On 19 October 2022, TA Securities, on behalf of the Company announced that Bursa Securities had, vide its letter dated 19 October 2022, resolved to grant the Company an extension of time until 10 April 2023 to implement the Private Placement.

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

- (a) Subsequent to the significant event stated in Note 31(a), the Company completed the Private Placement subsequently on 3 April 2023. A total of 600,062,000 new ordinary shares has been listed and cash proceeds of RM5,460,000 was raised.
- (b) On 5 April 2023, the Company has offered options to eligible employees under its ESOS. The number of options offered is 208,300,000 units with exercise price of RM0.009 each.
- (c) On 13 April 2023, the Company increased its issued and paid up share capital through the issuance of 185,420,000 new ordinary shares pursuant to the exercise of ESOS at exercise price of RM0.009 per ordinary share.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 33. MATERIAL LITIGATION

On 26 June 2020, AT Glove Engineering Sdn. Bhd. ("AGESB"), a wholly-owned subsidiary of the Group entered into a Share Sale Agreement ("SSA") with Hai Hong Capital Sdn Bhd, P'ng Sim Guan, P'ng Lai Heng, Hai Hong Holdings Sdn Bhd and Aaron Khoo Teng Soon (collectively the "Vendors") for the acquisition by AGESB of the entire issued share capital of Pearl Glove (Malaysia) Sdn Bhd ("PGSB"), for a total purchase consideration of RM22 million to be satisfied entirely by cash ("Proposed Acquisition"). Pursuant to the SSA, AGESB had paid a deposit and advances totalling RM4,400,000.

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.

Subsequently,

- (i) On 30 July 2020, the Group 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 Group 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 Group 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 Group 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.

Accordingly, AGESB has on even date issued a notice of termination to the Vendors to terminate the SSA in accordance with the terms and conditions stated in the SSA, and requested for the refund of the deposit and advancement of RM4,400,000. The Vendors have yet to refund the deposit and advancement to the Group.

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 initially fixed the trial for the case from 5 December 2022 to 7 December 2022. The trial dates for the case were subsequently changed to 12 August 2024 to 14 August 2024 by the High Court of Penang.





## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 34. 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.

Reconciliations of reportable segment revenue to the corresponding amounts of the Group are as follows:-

	2023 RM	Group	2022 RM
<b>Revenue</b>			
Total revenue for reportable segments	62,358,062		79,698,803
Elimination of inter-segmental revenue	(1,560,000)		(1,565,831)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	<u>60,798,062</u>		<u>78,132,972</u>

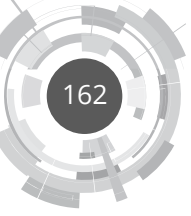
## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

## 34. SEGMENT INFORMATION (CONT'D)

## (a) Operating segments (cont'd)

	Fabrication and automation RM	Renewable and energy property RM	Gloves RM	Others RM	Adjustments and eliminations RM	Total RM
<b>2023</b>						
<b>Revenue</b>						
External revenue	50,325,243	711,480	9,761,339	-	-	60,798,062
Inter-segment revenue	-	-	-	1,560,000	(1,560,000)	-
Total revenue	<u>50,325,243</u>	<u>711,480</u>	<u>9,761,339</u>	<u>1,560,000</u>	<u>(1,560,000)</u>	<u>60,798,062</u>
<b>Results</b>						
Interest income	22,525	-	67,800	1,551,040	-	1,641,365
Finance costs	(753,669)	-	(53,529)	(2,863,630)	-	(3,670,828)
Share of result in associates	-	-	-	(2,752,355)	-	(2,752,355)
Segment (loss)/profit	<u>(8,459,985)</u>	<u>689,271</u>	<u>(56,305,576)</u>	<u>(18,668,873)</u>	<u>-</u>	<u>(82,745,163)</u>
Other material non-cash items:						
- Inventories written down	-	-	(19,295,338)	-	-	(19,295,338)
- Depreciation of property, plant and equipment	(2,871,725)	(435,590)	(6,833,667)	(59,082)	-	(10,200,064)
- Depreciation of right-of-use assets	(1,453,362)	(153,874)	(259,800)	(59,558)	-	(1,926,594)
- Unrealised loss on foreign exchange, net	(31,849)	-	132	(992,744)	-	(1,024,461)
- Fair value loss on investment in quoted shares	(3,540,369)	-	-	-	-	(3,540,369)
- Reversal of impairment loss on receivables	123,335	-	-	-	-	123,335
- Reversal of impairment loss on investment in associate	-	-	-	903,767	-	903,767
- Reversal of impairment loss on property, plant and equipment	-	-	20,883	-	-	20,883



**NOTES TO THE FINANCIAL STATEMENTS**

31 MARCH 2023 (cont'd)

**34. 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>Results</b>						
Other material non-cash items: (cont'd)						
- Impairment loss on receivables	(254,853)	-	(74,800)	-	-	(329,653)
- Impairment loss of property, plant and equipment	-	-	(15,065,935)	-	-	(15,065,935)
- Impairment loss of right-of-use assets	-	-	-	-	-	-
- Impairment loss of investment in associates	-	-	-	(7,789,392)	-	(7,789,392)
- Share-based payments	(300,932)	-	-	-	-	(300,932)
- Loss on dilution of interest in associates	-	-	-	(6,101,343)	-	(6,101,343)

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

## 34. 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>2022</b>						
<b>Revenue</b>						
External revenue	35,529,561	731,857	41,871,554	-	-	78,132,972
Inter-segment revenue	-	-	-	1,565,831	(1,565,831)	-
Total revenue	<u>35,529,561</u>	<u>731,857</u>	<u>41,871,554</u>	<u>1,565,831</u>	<u>(1,565,831)</u>	<u>78,132,972</u>
<b>Results</b>						
Interest income	29,399	-	426	825,547	-	855,372
Finance costs	(486,810)	(353)	(66,551)	(1,490,029)	-	(2,043,743)
Share of result in associates	-	-	-	(31,122,189)	-	(31,122,189)
Segment (loss)/profit	<u>(22,246,530)</u>	<u>317,205</u>	<u>(46,876,353)</u>	<u>(55,250,280)</u>	<u>-</u>	<u>(124,055,958)</u>
Other material non-cash items:						
- Inventories written down	-	-	(20,376,460)	-	-	(20,376,460)
- Depreciation of property, plant and equipment	(2,948,937)	(448,446)	(3,388,085)	(73,014)	-	(6,858,482)
- Depreciation of right-of-use assets	(1,500,949)	(136,538)	(300,042)	(79,410)	-	(2,016,939)
- Unrealised gain on foreign exchange, net	95,316	-	(62)	(77,129)	-	18,125
- Fair value loss on investment in quoted shares	(3,783,818)	-	-	-	-	(3,783,818)
- Reversal of impairment loss on receivables	2,601,550	-	-	1,325,210	-	3,926,760
- Reversal of impairment loss on property, plant and equipment	-	-	-	-	-	-
- Reversal of impairment loss on investment in associate	-	-	-	7,927,592	-	7,927,592



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 34. 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>Results</b>						
Other material non-cash items: (cont'd)						
- Impairment loss on receivables	(57,764)	-	-	-	-	(57,764)
- Impairment loss of property, plant and equipment	(4,655,736)	-	(19,840,059)	-	-	(24,495,795)
- Impairment loss of right-of-use assets	(3,495,946)	-	(2,171,326)	-	-	(5,667,272)
- Impairment loss of investment in associates	-	-	-	(40,621,390)	-	(40,621,390)
- Gain on disposal of property, plant and equipment	-	-	45	1,259	-	1,304
- Gain on bargain purchase from investment in associates	-	-	-	16,247,916	-	16,247,916
- Share-based payments	(5,801,478)	-	-	(249,480)	-	(6,050,958)
- Allowance for slow moving inventories	(219,467)	-	-	-	-	(219,467)
- Loss on dilution of interest in associates	-	-	-	(4,584,838)	-	(4,584,838)

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

## 34. 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:-

	2023 RM	Group 2022 RM
Malaysia	33,102,650	64,657,894
India	22,711,650	10,138,220
China	4,730,845	2,774,151
Switzerland	3,995	221,547
United Kingdom	2,400	216,852
Australia	15,006	93,379
USA	3,954	2,100
Europe	12,528	-
Thailand	215,034	-
Others	-	28,829
	<u>60,798,062</u>	<u>78,132,972</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:-

	RM	%
<b>2023</b>		
<b>Fabrication and automation</b>		
Customer A	22,711,650	37%
Customer B	<u>10,833,749</u>	<u>18%</u>
<b>2022</b>		
<b>Fabrication and automation</b>		
Customer A	11,619,785	15%
Customer B	<u>10,138,220</u>	<u>13%</u>
<b>Glove</b>		
Customer A	13,000,000	17%
Customer B	<u>10,939,327</u>	<u>14%</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

### 35. COMPARATIVE FIGURE

#### (a) Reclassification of account

The following comparative items in the statement of profit or loss and other comprehensive income have been reclassified to conform to current year's presentation.

	As previously stated RM	Reclassification RM	As reclassified RM
<b>2022</b>			
<b>Group</b>			
Administrative and general expenses	(36,635,599)	57,764	(36,577,835)
Other expenses	(85,149,547)	3,783,818	(81,365,729)
Other income	29,131,093	(3,926,760)	25,204,333
Net (loss)/gain of impairment on financial instruments	-	85,718	85,718
<b>Company</b>			
Other income	6,663,032	(3,875,210)	2,787,822
Net (loss)/gain of impairment on financial instruments	-	3,875,210	3,875,210

#### (b) Prior year adjustments

During the financial year, as disclosed in Note 12, the Group has restated its prior year Financial Statements as a result of changes in accounting policy adopted by the associates. The associates changed the accounting policy for the measurement of investment properties from cost model to fair value model. The restatement was accounted for retrospectively in accordance with Malaysia Financial Reporting Standards 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

##### (i) Trive

As at 1 April 2021, the adoption of the fair value model resulted that Trive recorded a fair value gain on investment property amounted to RM19,873,449. Accordingly, the group's share of result has increased by RM5,103,502, from share of loss of RM2,162,517 to share of profit of RM2,940,985. However, due to the indication of impairment of its investment, management has assessed the recoverable amount of its investment and is of the opinion that the recoverable amount of its investment in Trive is RM40,269,999. Consequently, a further impairment of RM5,103,502 has been recognised to profit or loss, due to increase in share of result which arises from the fair value gain that resulted from the change in accounting policy as mentioned above. Accordingly, the accumulated loss increased from RM6,722,672 to RM11,826,129 and there is no impact to the retained earnings of the Group and of the Company.

In 2022, there is no changes in the fair value of the investment property of Trive. The recoverable amount of investment in associate, being the market value of Trive, is higher than its carrying value. Accordingly, a further reversal of impairment loss of RM1,204,965 had been recorded, due to the increase in the accumulated impairment loss to RM11,826,129 as mentioned above. The increase in the reversal of impairment loss had been restated retrospectively and the effect is disclosed as per below.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023 (cont'd)

## 35. COMPARATIVE FIGURE (CONT'D)

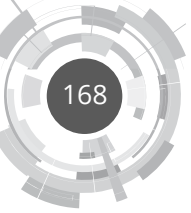
## (ii) D'nonce

As at 31 March 2022, the adoption of the fair value model resulted that D'nonce recorded a fair value gain on investment property amounted to RM9,820,726. Accordingly, the share of results from D'nonce increased for RM2,724,545. However, due to the indication of impairment of its investment, management has assessed the recoverable amount of its investment and a further impairment of RM53,345 has been recognised to profit or loss. The increase in the shares of result and further of impairment loss had been restated retrospectively and the effect is disclosed as per below.

The disclosure set out below explain how the impact of the prior year adjustments has affected the financial position, financial performance and cash flows of the Group.

	As previously stated RM	Prior year adjustment RM	As restated RM
<b>2022</b>			
<b>Group</b>			
<b>Statement of Profit or Loss and Other Comprehensive Income</b>			
Other income	25,204,333	1,204,965	26,409,298
Other expenses	(81,365,729)	(53,345)	(81,419,074)
Shares of results of associates	<u>(33,846,729)</u>	<u>2,724,545</u>	<u>(31,122,184)</u>
<b>Statement of Financial Position</b>			
Accumulated losses	(160,414,396)	3,876,165	(156,538,231)
Investment in associates	<u>99,755,744</u>	<u>3,876,165</u>	<u>103,631,909</u>





# STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

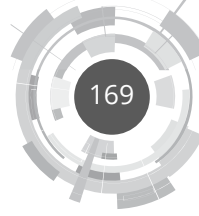
We, **CHOONG LEE AUN** and **MAK SIEW WEI**, being two of the directors of AT Systematization Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements of the Group and of the Company are drawn up in accordance with the Malaysian Financial Reporting Standards, 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 position of the Group and of the Company as at 31 March 2023 and of their financial performance and the 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: 25 July 2023



# STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

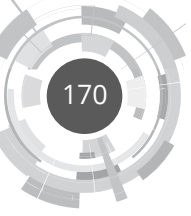
I, **YONG MAN CHAI**, (MIA CA: 27475) being the officer primarily responsible for the financial management of AT Systematization Berhad, do solemnly and sincerely declare that the financial statements of the Group and of the Company are to the best of my knowledge and belief, correct and I make this 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 25 July 2023.

Before me,

Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AT SYSTEMATIZATION BERHAD

## 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 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 64 to 167.

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 2023 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AT SYSTEMATIZATION BERHAD (cont'd)

### Key Audit Matters (cont'd)

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.

Key Audit Matter	How we addressed the key audit matters
<p><b>Impairment of property, plant and equipment ("PPE") for gloves segment</b></p> <p>As at 31 March 2023, the carrying amount of PPE for gloves segment of the Group is RM98,009,428 (2022: RM115,390,237), it represented 27.61% (2022 : 23.82%) of group total assets.</p> <p>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.</p> <p>The impairment review was significant in this respect due to the assessment process is complex and is based on assumptions that are highly judgmental.</p> <p>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 RM15,045,052 was recognised in the profit or loss.</p>	<p>We have obtained an understanding of the management control process in respect of the determination of the net realisable value of the inventories and evaluated the design and implementation of the relevant controls.</p> <p>We evaluated the independent consultant's competency, capability and objectivity.</p> <p>We reviewed the valuation methodologies and key assumptions adopted by the independent consultant, and assessed whether such methodologies are consistent with those used in the industry.</p> <p>We interviewed the consultant, discussed and challenged the key assumptions of the basis applied based on our knowledge of the industry.</p> <p>We tested the accuracy of the underlying model to assess whether the processes are applied to the correct input data and the outputs are mapped accurately.</p> <p>We tested management's sensitivity analysis in relation to the key inputs to the impairment test model, as well as performing our own sensitivity analysis which include changes to key assumption</p>



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AT SYSTEMATIZATION BERHAD (cont'd)

### Key Audit Matters (cont'd)

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.

Key Audit Matter	How we addressed the key audit matters
<p><b>Valuation of inventories</b></p> <p>In accordance to accounting policies, inventories are measured at lower of cost and net realisable value.</p> <p>The management applied significant judgement and estimation in determining the net realisable value as the net realisable value of the Group's inventories are dependent on the constant changes in the market demand and the assumptions are based on latest available market</p> <p>As at 31 March 2023, the Group's had written down the inventories which amounted to RM19,295,338 (2022: RM20,376,460) to net realisable value, and this amount had been recorded in profit or loss.</p>	<p>We have obtained an understanding of the management control process in respect of the determination of the net realisable value of the inventories and evaluated the design and implementation of the relevant controls.</p> <p>We have tested the accuracy of the aging of inventories by testing the age profile of the inventory balances to the respective goods received notes.</p> <p>We have evaluated the Group's inventory net realisable values for finished goods as at 31 March 2023 by comparing the carrying value of the inventories to sales made to external customers subsequent to financial period end.</p> <p>We have tested management's assessment on the net realisable value by comparing it to the recent transacted price and taking into consideration the estimation selling costs and market sentiments.</p>

### 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)

### 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.

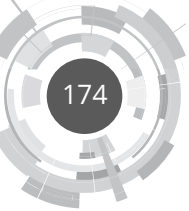
Those charged with governance are responsible for overseeing the Group's financial reporting process.

### 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)

### 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)

### Other Matters

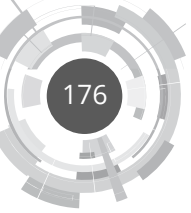
- (a) The financial statements of the Company for the financial year ended 31 March 2022 were audited by another auditors and are presented here merely for comparative purposes. The report issued by the predecessor auditors, which was dated 27 July 2022, expressed an unmodified opinion.
- (b) This report for the audited financial statement for the financial year ended 31 March 2023 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.

UHY  
AF: 1411  
Chartered Accountants

OOI CHI YEE  
03684/08/2024 (J)  
Chartered Accountant

Kuala Lumpur,  
Date:



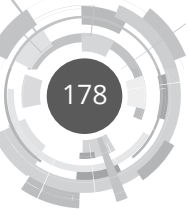


## LIST OF LANDED PROPERTIES

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 2022	Date of Revaluation/ Acquisition
Plot 49, Hilir Sungai Keluang 2, Taman Perindustrian, Bayan Lepas Fasa 4, 11900, 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  25 Years  8 Years	56,166/ 37,954	6,543,670	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  (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  22 Years  17 Years  4 Years	109,426/ 89,845	17,936,337	31 March 2020 (Date of valuation)
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	46,006,932	23 October 2020 (Date of acquisition)

## 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 2022	Date of Revaluation/ Acquisition
(H.S. (D) 29242, (PN 115509 ) Lot 207448, Mukim Hulu Kinta, Daerah Kinta, Perak)	(i) two single storey factory	9 years	Built-up Area: 76,400		31 March 2022 (Date of completion)
	(ii) a four storey office building	1 year	4,962		
(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	9 years	11,876		
Kawasan Perindustrian Kamunting, Mukim Asam Kumbang, District of Larut & Matang, Perak Darul Redzuan.	Land for factory				
(H.S. (D) 29242, (PN 380411), Lot 313646, Mukim Asam Kumbang, Daerah, Larut & Matang, Perak)		99 years lease expiring on 14 June 2111	783,324	9,307,527	26 March 2021 (Date of acquisition)
(H.S. (D) 29243, (PN 380412), Lot 313647, Mukim Asam Kumbang, Daerah, Larut & Matang, Perak)		99 years lease expiring on 14 June 2111	569,846	7,776,720	1 March 2023 (Date of acquisition)
(H.S. (D) 31938, Lot PT 24244, Mukim Asam Kumbang, Daerah, Larut & Matang, Perak)		99 years lease expiring on 22 July 2113	114,615	1,551,280	1 March 2023 (Date of acquisition)



# ANALYSIS OF SHAREHOLDINGS

## AS AT 13 JULY 2023

Class of Equity Securities	:	Ordinary Shares
Number of Ordinary Shares	:	6,786,103,899
Number of holders of Ordinary Shares	:	30,902
Voting Rights	:	One vote per Share

### DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100	887	40,708	0.00
100 – 1,000	1,396	790,400	0.01
1,001 – 10,000	6,380	42,555,613	0.63
10,001 – 100,000	14,480	670,551,455	9.88
100,001 – <5% of issued shares	7,758	5,438,183,723	80.14
5% and above of issued shares	1	633,982,000	9.34
<b>Total</b>	<b>30,902</b>	<b>6,786,103,899</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	0.01	-	-
Dr. Ch'ng Huck Khoon	-	-	-	-
Mak Siew Wei	453,645,666*	6.68	-	-
Choong Lee Aun	-	-	-	-
Tan Lay Chee	-	-	-	-
Ong Poh Lin Abdullah	-	-	-	-

\* Held through nominee company

### SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholdings)

Name	Direct Shareholding	%	Indirect Shareholding	%
Mak Siew Wei	453,645,666*	6.68	-	-

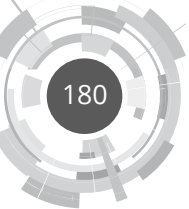
\* Held through nominee company

## ANALYSIS OF SHAREHOLDINGS

AS AT 13 JULY 2023 (cont'd)

## THIRTY LARGEST SECURITIES HOLDERS

No.	Name	Shareholdings	%
1	M & A Nominee (Tempatan) Sdn Bhd Exempt an for Sanston Financial Group Limited (Account client)	633,982,000	9.34
2	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yeat Sew Chuong	112,357,600	1.66
3	Azman Bin Sutan Aman	90,000,000	1.33
4	Siti Munajat Binti Md Ghazali	85,000,000	1.25
5	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Soh Choh Piau (M&A)	74,444,100	1.10
6	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ta Kin Yan	62,400,000	0.92
7	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kuek Eng Mong	47,000,000	0.69
8	Leong Wye Keong	33,300,000	0.49
9	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kho Chong Yau (E-TSA)	31,400,000	0.46
10	Gan Wee Yong	30,000,000	0.44
11	Wang Yen Liang	27,500,000	0.40
12	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kong Han (SS2/PIV)	27,000,000	0.40
13	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ta Kin Yan (7000778)	23,500,000	0.35
14	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	20,648,000	0.30
15	Yue Fook Cheong	20,000,000	0.29
16	Shafi Bin Rasdi	17,000,000	0.25
17	SC Advance Rubber Sdn Bhd	16,455,000	0.24
18	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Muthukumar A/L Ayarpadde (PW-M00144) (550548)	16,333,400	0.24
19	Lee Chee Kuen	16,016,000	0.24
20	Goh Boon Soo @ Goh Yang Eng	16,000,000	0.24
21	Tan Kong Han	16,000,000	0.24
22	Jagdeep Singh A/L Balbir Singh	15,521,000	0.23
23	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Lee Phay Chian	15,000,000	0.22
24	Yap Su Ling	15,000,000	0.22
25	Felicia Ong Man Ling	14,849,900	0.22
26	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Teck Huat	14,400,000	0.21
27	Teng Pok Sang @ Teng Fook Sang	14,020,000	0.21
28	Adenan Bin Awang	13,463,800	0.20
29	Vincent Wong Zhi Shen	12,500,000	0.18
30	Hu Xin	11,500,000	0.17
	<b>TOTAL</b>	<b>1,542,590,800</b>	<b>22.73</b>



# ANALYSIS OF WARRANTS C HOLDINGS

AS AT 13 JULY 2023

Class of Securities	:	Warrants C
Number of warrants	:	469,053,650
Number of warrant holder	:	2,458
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	11	505	0.00
100 – 1,000	111	60,100	0.01
1,001 – 10,000	476	3,213,748	0.69
10,001 – 100,000	1,158	52,341,998	11.16
100,001 – < 5% of issued warrants	623	413,437,299	88.14
5% and above of issued warrants	-	-	-
<b>Total</b>	<b>2,379</b>	<b>469,053,650</b>	<b>100.00</b>

## DIRECTORS' WARRANTS C HOLDING

(As per the Register of Directors' Warrants C Holdings)

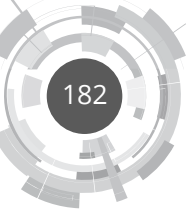
Name	Direct No. of Warrants held	%	Indirect No. of Warrants held	%
Dato' Nik Ismail Bin Dato' Nik Yusoff	-	-	-	-
Dr. Ch'ng Huck Khoon	-	-	-	-
Mak Siew Wei	260,100,000	55.45	-	-
Choong Lee Aun	-	-	-	-
Tan Lay Chee	-	-	-	-
Ong Poh Lin Abdullah	-	-	-	-

## ANALYSIS OF WARRANTS C HOLDINGS

AS AT 13 JULY 2023 (cont'd)

### THIRTY LARGEST WARRANTS C HOLDERS

No.	Name	No. of Warrants	%
1	Maybank Nominees (Tempatan) Sdn Bhd Derrick Chin Sze Leong	21,200,000	4.52
2	Tan Kong Han	10,377,800	2.21
3	Selamat Bin Goon	9,800,000	2.09
4	Maybank Nominees (Tempatan) Sdn Bhd Hwong Giin Shing	9,650,000	2.06
5	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Teck Huat	7,607,500	1.62
6	Faizal Bin Zakaria	6,999,900	1.49
7	W Mohd Sharif Bin Wan Muda	6,800,000	1.45
8	Kua Hock Lai	5,865,100	1.25
9	Aw Peng Meng	5,500,000	1.17
10	Cheong Wai Hong	5,000,000	1.07
11	Ng Yem Seong	4,500,000	0.96
12	Lee Kok Guan	4,463,000	0.95
13	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kok Guan (100317)	4,289,999	0.91
14	Hu Xin	4,118,300	0.88
15	Teo Lian Teng	4,000,000	0.85
16	Tan Kim Hong	3,988,000	0.85
17	Lee Koon Weng	3,602,000	0.77
18	Adenan Bin Awang	3,515,000	0.75
19	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Wai Sum (7005166)	3,250,000	0.69
20	Hon Wee Mien	3,140,700	0.67
21	Ho Heng Chuan	3,100,000	0.66
22	Ting Mee Tai	3,000,000	0.64
23	Wong Yit Lee	3,000,000	0.64
24	Yau Hong Sing	2,800,000	0.60
25	Yeoh Thiam Poh	2,756,200	0.59
26	Gan Hwa Kok @ Gan Hwa Ann	2,700,000	0.58
27	Norzaidee Bin Zainal Abidin	2,575,000	0.55
28	Khor Hock Yeam	2,500,000	0.53
28	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kong Han (SS2/PIV)	2,500,000	0.53
30	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koh Ah Hai (E-TSA)	2,430,000	0.52
<b>TOTAL</b>		<b>155,028,499</b>	<b>33.05</b>



# NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be conducted on a virtual basis from the Broadcast Venue at Lot 4.1, Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan and online remote voting using the remote participation and voting platform on Tuesday, 26 September 2023 at 2.00 p.m. for the following purposes :

## AGENDA

1. To receive the Audited Financial Statements for the year ended 31 March 2023 together with the Directors' and Auditors' Reports thereon. (Please refer to Note 4)
2. To approve the payment of Directors' fees of up to RM260,000.00 for the financial year ending 31 March 2024 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 27 September 2023 until the next Annual General Meeting of the Company. Ordinary Resolution 2
4. To re-elect the following Directors retiring under the respective provisions of the Constitution of the Company, and who, being eligible offer themselves for re-election:-
  - (i) Dato' Nik Ismail Bin Dato' Nik Yusoff Clause 131 Ordinary Resolution 3
  - (ii) Mr. Tan Lay Chee Clause 131 Ordinary Resolution 4
  - (iii) Madam Ong Poh Lin Abdullah Clause 136 Ordinary Resolution 5
5. To re-appoint Messrs. UHY as Auditors of the Company and to authorize the Board of Directors to fix their remuneration. Ordinary Resolution 6

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolutions:-

6. Power to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 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.

AND THAT pursuant to Section 85 of the Act read together with Clause 14 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Act."

## NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (cont'd)

7. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

ADELINE TANG KOON LING  
(LS 0009611)  
(SSM PRACTISING CERTIFICATE NO. 202008002271)

WONG YUET CHYN  
(MAICSA 7047163)  
(SSM PRACTISING CERTIFICATE NO. 202008002451)  
Company Secretaries

Date : 31 July 2023  
Penang

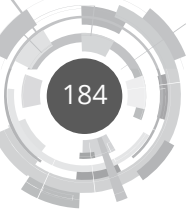
### NOTES:

1. (a) The Nineteenth Annual General Meeting ("AGM") will be conducted on a 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.
- (b) The Broadcast Venue is strictly for the purpose of compliance with Section 327(2) of the Act and Clause 79 of the Constitution of the Company which require the Chairman of the Meeting to be present at the main venue of the Meeting. Members/proxies will not be allowed to be physically present at the Broadcast Venue.

### **2. 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.





## NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (cont'd)

- (5) 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 Share Registrar's office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W. P. Kuala Lumpur or fax to 03-6413 3271 or email to [infosr@wscs.com.my](mailto:infosr@wscs.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.

### **3. Members entitled to attend the Nineteenth AGM**

For the purpose of determining a member who shall be entitled to attend the Nineteenth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 81(b) of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 18 September 2023. Only a Depositor whose name appears in the Record of Depositors as at 18 September 2023 shall be regarded as a member entitled to attend and vote or to appoint a proxy or proxies to attend and vote at the Nineteenth Annual General Meeting.

### **4. Audited Financial Statements for the financial year ended 31 March 2023**

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.

### **5. Ordinary Resolution No. 1 – Proposed payment of Directors' fees**

Pursuant to Section 230(1) of the Companies Act, the Company shall at every AGM approve the fees of the Directors of the Company and its subsidiaries. The Directors' fees payable to the Directors have been reviewed by the Remuneration Committee and the Board of Directors of the Company. The Directors' fees are in accordance with the remuneration framework of the Group. 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 AGM for additional fees to meet the shortfall.

### **6. 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 and Board Committee meetings for the period from 27 September 2023 until the next AGM. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

## NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (cont'd)

### **7. Ordinary Resolutions No. 3 and 4 - Re-election of Director who retires in accordance with Clause 131 of the Constitution of the Company**

Clause 131 of the Constitution of the Company provides that an election of directors shall take place each year. 1/3 of the directors for the time being shall retire from office at each AGM but shall be eligible for re-election at the said meeting. If the total number of the directors is not 3 or a multiple of 3, the number nearest to 1/3 will retire. The Directors to retire in every year shall be those who have been longest in office since their last election.

Dato' Nik Ismail Bin Dato' Nik Yusoff and Mr. Tan Lay Chee who will be retiring and offering themselves for re-election at the Nineteenth AGM were evaluated by the Nominating Committee and the Board. Based on the evaluation outcome, the Nominating Committee and the Board were of the view that their performances were satisfactory and recommended their re-election for shareholders' approval.

### **8. Ordinary Resolution No. 5 - Re-election of Director who retires in accordance with Clause 136 of the Constitution of the Company**

Clause 136 of the Constitution of the Company provides that any Director appointed to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

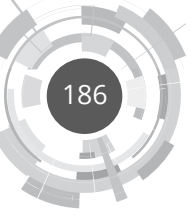
Madam Ong Poh Lin Abdullah was newly appointed to the Board on 31 May 2023 and will be retiring and offering herself for re-election at the Nineteenth AGM.

### **9. 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.

By approving the issuance and allotment of shares pursuant to Sections 75 and 76 of the Companies Act 2016 and the Constitution of the Company, the shareholders having agreed to irrevocably waive their statutory pre-emptive rights pursuant to Section 85 of the Companies Act 2016 read together with Clause 14 of the Constitution of the Company, which will result in a dilution to their shareholding percentage in the Company.

As at the date of this notice, 600,062,000 new shares have been issued pursuant to the general mandate to issue and allot shares granted to the Directors at the Eighteenth AGM held on 23 September 2022 which will lapse at the conclusion of the Nineteenth AGM.



## NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (cont'd)

### Personal Data Privacy

By registering for the meeting via remote participation and electronic voting and/or submitting an instrument appointing proxy(ies) and/or representatives to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the AGM; (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereof); and (c) for the Company's (or its agents') compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively "the Purpose"); (ii) warrants that he/she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes; and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Note: The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act, 2010.

## ADMINISTRATIVE GUIDE FOR THE 19<sup>TH</sup> ANNUAL GENERAL MEETING (“19<sup>TH</sup> AGM”)

Date	Time	Broadcast Venue
Tuesday, 26th September 2023	2.00 p.m.	Broadcast Venue at Lot 4.1, 4th Floor Menara Lien Hoe, No. 8, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya, Selangor Darul Ehsan

### MODE OF MEETING

The 19<sup>th</sup> AGM will be conducted entirely through live streaming from the Broadcast Venue.

The Broadcast Venue is strictly for the purpose of complying with Section 327 (2) of the Companies Act 2016 which stipulates that the Chairman of the Meeting shall be at the main venue of the AGM. Shareholders of the Company (**Members**) are **NOT REQUIRED** to be physically present **NOR ADMITTED** at the Broadcast Venue on the day of the AGM.

Members whose names appear on the General Meeting Record of Depositors on 19 September 2023 shall be eligible to participate in the 19<sup>th</sup> AGM remotely by using the Remote Participation and Voting (**RPV**) Facilities as per the details set out below.

### RPV

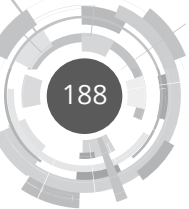
The 19<sup>th</sup> AGM will be conducted entirely through live streaming and online remote voting. Members are encouraged to participate the 19<sup>th</sup> AGM by using the RPV Facilities. With the RPV Facilities, Members may exercise their rights to participate (including to pose any questions to the Board of Directors (**Board**) and the Management of the Company) and vote at the 19<sup>th</sup> AGM.

**Individual Members** are strongly encouraged to take advantage of RPV Facilities to participate and vote remotely at the 19<sup>th</sup> AGM.

If an Individual Members is unable to participate the 19<sup>th</sup> AGM, he/she is encouraged to appoint proxy(ies) or the Chairman of the Meeting to participate on his/her behalf and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

**Corporate Members** (through Corporate Representative(s) or appointed proxy(ies) are also strongly advised to participate and vote remotely at the 19<sup>th</sup> AGM by using the RPV Facilities. Corporate Members who wish to participate and vote remotely at the 19<sup>th</sup> AGM will be required to provide the following documents to the Share Registrar's office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W. P. Kuala Lumpur no later than **Sunday, 24 September 2023 at 2.00 p.m.:**

- i. Certificate of Appointment of its Corporate Representative or Form of Proxy under the Seal of the Corporation;
- ii. Copy of the Corporate Representative's or Proxy's MyKad (front and back) / Passport; and
- iii. Corporate Representative's or Proxy's email address and mobile phone number.



## ADMINISTRATIVE GUIDE FOR THE 19<sup>TH</sup> ANNUAL GENERAL MEETING (“19<sup>TH</sup> AGM”) (cont'd)


If a Corporate Member (through Corporate Representative(s) or appointed proxy(ies)) is unable to participate the 19<sup>th</sup> AGM, the Corporate Member is encouraged to appoint the Chairman of the Meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

In respect of **Members** who is an **Authorised Nominee and Exempt Authorised Nominee (Nominee Company)**, the beneficial owners of the shares under a Nominee Company's CDS account are also strongly advised to participate and vote remotely at the 19<sup>th</sup> AGM using RPV Facilities. Beneficial owner, who wish to participate and vote remotely at the 19<sup>th</sup> AGM, can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the 19<sup>th</sup> AGM. Nominee Company will be required to provide the following documents to the Share Registrar's office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W. P. Kuala Lumpur not later than **Sunday, 24 September 2023 at 2.00 p.m.:**

- i. Form of Proxy under the Seal of the Nominee Company;
- ii. Copy of the Proxy's MyKad (front and back) / Passport; and
- iii. Proxy's email address and mobile phone number.

If a beneficial owner is unable to participate in the 19<sup>th</sup> AGM, it is encouraged to request its Nominee Company to appoint the Chairman of the Meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

The procedures for the RPV Facilities in respect of the live streaming and remote voting at the 19<sup>th</sup> AGM are as follows:

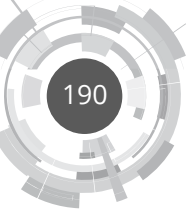
Procedures	Action
<b>Before the AGM</b>	
1. Register as participant for the 19 <sup>th</sup> AGM 	<ul style="list-style-type: none"><li>• Using your computer, access the registration website at <a href="http://rebrand.ly/AT-AGM">http://rebrand.ly/AT-AGM</a></li><li>• If you are using mobile devices, you can also scan the QR provided on the left to access the registration page.</li><li>• Click <b>Register</b> and enter your email followed by <b>Next</b> to fill in your details to register for the 19<sup>th</sup> 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>
2. Submit your online registration	<ul style="list-style-type: none"><li>• Members, who wish to participate and vote remotely at the 19<sup>th</sup> AGM via RPV Facilities, are required to register prior to the Meeting. The registration will open from <b>2.00 p.m.</b> on <b>Monday, 31 July 2023</b> and close at <b>2.00 p.m.</b> on <b>Sunday, 24 September 2023</b>.</li><li>• Clicking on the link mentioned in item 1 will redirect you to the 19<sup>th</sup> AGM event page. Click on the <b>Register</b> link for the online registration form.</li></ul>

## ADMINISTRATIVE GUIDE FOR THE 19<sup>TH</sup> ANNUAL GENERAL MEETING (“19<sup>TH</sup> AGM”) (cont'd)

Procedures	Action
<b>Before the AGM</b>	
	<ul style="list-style-type: none"> <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 Declaration.</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 with the General Meeting Record of Depositors of the Company as at <b>19 September 2023</b>, the system will send you an email to notify you if your registration is approved or rejected after <b>18 September 2023</b>.</li> <li>If your registration is rejected, you can contact the Company's Poll Administrator for clarifications or to appeal.</li> </ul>
<b>On the day of AGM</b>	
3.	<p>Attending 19<sup>th</sup> AGM</p> <ul style="list-style-type: none"> <li>Two reminder emails will be sent to your inbox. First email will be sent one day before the date of the 19<sup>th</sup> AGM, while the second email will be sent 1 hour before the commencement of the 19<sup>th</sup> AGM session.</li> <li>Click <b>Join Event</b> in the reminder email to participate the RPV.</li> </ul>
4.	<p>Participate with live video</p> <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 in your questions. The Chairman/Board will try to respond to the relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email.</li> <li>The whole 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.	<p>Online Remote Voting</p> <ul style="list-style-type: none"> <li>The Chairman will announce the commencement of the voting session and the duration allowed at the 19<sup>th</sup> 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.	<p>End of RPV Facility</p> <p>Upon the announcement by the Chairman on the closure of the 19<sup>th</sup> AGM, the live session will end.</p>

### APPOINTMENT OF PROXY

Members, who appoint proxy(ies) to participate via RPV Facilities in the 19<sup>th</sup> AGM, shall deposit the completed duly executed Form of Proxy at Share Registrar's office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W. P. Kuala Lumpur or fax to 03-6413 3271 or email to [infosr@wscs.com.my](mailto:infosr@wscs.com.my) not later than **Sunday, 24 September 2023 at 2.00 p.m.**



## ADMINISTRATIVE GUIDE FOR THE 19<sup>TH</sup> ANNUAL GENERAL MEETING (“19<sup>TH</sup> AGM”)(cont’d)

Please note that if an Individual Member has submitted his/her Form of Proxy prior to the 19<sup>th</sup> AGM and subsequently decides to personally participate in the 19<sup>th</sup> AGM via RPV Facilities, the Individual Member shall inform Share Registrar using the contact details as set out below to revoke the appointment of his/her proxy(ies) not later than **Sunday, 24 September 2023 at 2.00 p.m.**

### POLL VOTING

The voting at the 19<sup>th</sup> AGM will be conducted by poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Workshire Share Registration Sdn Bhd as Poll Administrator to conduct the poll by way of electronic means and Symphony Corporate Services Sdn Bhd as Scrutineers to verify the poll results.

The Scrutineers will verify the poll results and the Chairman will declare whether the resolutions are duly passed or otherwise.

### NO RECORDING OR PHOTOGRAPHY

Strictly **NO recording or photography** of the proceedings of the 19<sup>th</sup> 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 to the Members or Proxy(ies) who participate in the 19<sup>th</sup> AGM.

### ENQUIRY

If you have any enquiry prior to the meeting, please contact the following officers during the office hours from 9.00 a.m. to 5.30 p.m. on Mondays to Fridays (except public holidays) at:

For registration, logging in and system related:

#### **InsHub Sdn. Bhd.**

Name: Ms. Eris/ Ms Jey  
Telephone: 03-7688 1013  
Email: vgm@mlabs.com

For Proxy and other matters:

#### **Workshire Share Registration Sdn Bhd**

Name: Mr. Vemalan / Mr. Tee Yee Loon  
Telephone: 03-6413 3271  
Email: infosr@wscs.com.my



# AT SYSTEMATIZATION BERHAD

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

# PROXY FORM

<b>CDS Account No.</b>	
<b>No. of Shares held</b>	

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)

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or failing whom, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be conducted on a virtual basis from the Broadcast Venue at Lot 4.1, Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan and online remote voting using the remote participation and voting platform on Tuesday, 26 September 2023 at 2.00 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 2024 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 27 September 2023 until the next Annual General Meeting of the Company.		
	To re-elect the following Directors retiring under the respective provisions of the Constitution of the Company, and who, being eligible offer themselves for re-election:-		
3.	Dato' Nik Ismail Bin Dato' Nik Yusoff	Clause 131	
4.	Mr. Tan Lay Chee	Clause 131	
5.	Madam Ong Poh Lin Abdullah	Clause 136	
6.	To re-appoint Messrs. UHY as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.		
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....., 2023.





Notes:-

- (1) Only a Depositor whose name appear in the Record of Depositors as at 18 September 2023 shall be regarded as a member entitled to attend and vote or to appoint a proxy or proxies to attend and vote at the Nineteenth Annual General Meeting.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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 Share Registrar's office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W. P. Kuala Lumpur or fax to 03-6413 3270 or email to [infosr@wscs.com.my](mailto:infosr@wscs.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 Nineteenth Annual General Meeting will be conducted on a virtual basis at the Broadcast Venue. Members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.

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Stamp

The Share Registrar of  
**AT SYSTEMATIZATION BERHAD**  
c/o Workshire Share Registration Sdn Bhd  
A3-3-8, Solaris Dutamas,  
No. 1, Jalan Dutamas 1,  
50480 Kuala Lumpur,  
W. P. Kuala Lumpur

Please fold across the line and close

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## AT SYSTEMATIZATION BERHAD

Registration No. 200401006297 (644800-X)

Lot 11.2, Level 11, Menara Lien Hoe, No. 8, Persiaran Tropicana  
Tropicana Golf & Country Resort, 47410 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

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 +603 7887 8331

 [info@atsys.com.my](mailto:info@atsys.com.my)

  
[www.atsys.com.my](http://www.atsys.com.my)