

INNOVATIVE
SOLUTIONS
TOWARDS A

DYNAMIC FUTURE



Annual Report
2020

D'nonce
TECHNOLOGY BHD
200001000687 / 503292-K
Your Dependable Partner

CONTENTS

002 Notice of Annual General Meeting

006 Corporate Structure

007 Corporate Information

008 Management Discussion
and Analysis

010 Sustainability Statement

015 Board of Directors

018 Key Senior Management

022 Statement on Risk Management
and Internal Control

025 Corporate Governance
Overview Statement

039 Additional Compliance Information

040 Directors' Responsibility Statement

041 Audit & Risk Management
Committee Report

045 Directors' Report

050 Directors' Statement

050 Statutory Declaration

051 Independent Auditors' Report

057 Statements of Financial Position

058 Statements of Comprehensive Income

060 Consolidated Statement of
Changes in Equity

062 Statement of Changes in Equity

063 Statements of Cash Flows

067 Notes to the Financial Statements

147 List of Properties Owned

149 Analysis of Shareholdings

151 Analysis of Warrant Holdings

ENCLOSED Proxy Form

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN the 20th Annual General Meeting (“**AGM**”) of D’nonce Technology Bhd (“**D’nonce**” or “**Company**”) will be held at Pinang Ballroom, Level 3, Jen Hotel, Magazine Road 10300 Georgetown Pulau Pinang on Friday, 9 October 2020 at 10.00 a.m. or at any adjournment thereof, for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial period from 1 January 2019 to 30 April 2020 together with the Reports of the Directors and of the Auditors thereon. **(Please refer to Note 9)**
2. To re-elect Mr. Lam Kwong Fai (Lin Guanghui), a Director who retires by rotation in accordance with Article 107 of the Constitution of the Company and being eligible, has offered himself for re-election. **Ordinary Resolution 1**
3. To re-elect Mr. Tho Yow Yin, a Director who retires in accordance with Article 114 of the Constitution of the Company and being eligible, has offered himself for re-election. **Ordinary Resolution 2**
4. To re-elect Dato’ Moktar Bin Mohd Noor, a Director who retires in accordance with Article 114 of the Constitution of the Company and being eligible, has offered himself for re-election. **Ordinary Resolution 3**
5. To re-elect Mr. Wan Kum Tho, a Director who retires in accordance with Article 114 of the Constitution of the Company and being eligible, has offered himself for re-election. **Ordinary Resolution 4**
6. To approve the payment of Directors’ Fees of up to RM1,000,000 for the period from the 20th AGM to the 21st AGM to be held in 2021. **Ordinary Resolution 5**
7. To approve the payment of Directors’ Benefits of up to RM120,000 for the period from the 20th AGM to the 21st AGM to be held in 2021. **Ordinary Resolution 6**
8. To re-appoint Messrs. Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following ordinary resolution:

9. **Authority to Issue Shares**
 “THAT, subject to the approvals of the regulatory authorities, the Board of Directors of the Company be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Board may deem fit, provided that the aggregate number of shares to be issued does not exceed 20% of the total number of issued shares of the Company. **Ordinary Resolution 8**

AND THAT the Board be and is hereby authorised to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares to be issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution.”

AND THAT, such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company.”

10. To transact any other business of which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act 2016.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

By Order of our Board

WONG YEE LIN (MIA 15898)
SSM PC No. 201908001793

HING POE PYNG (MAICSA 7053526)
SSM PC No. 202008001322

Joint Secretaries

Penang

Date: 28 August 2020

Notes:

1. A depositor whose name appears in the Record of Depositors on 5 October 2020 shall be regarded as a member entitled to attend and vote at the meeting or to appoint proxy to attend and vote on its behalf at the meeting.
2. A proxy may but need not be a member of the Company.
3. A member may appoint up to a maximum of two (2) proxies to attend and vote at a meeting of the Company.
4. Where the member appoints more than one (1) proxy, such appointment shall be invalid unless the member specified the proportion of his shareholdings to be represented by each proxy.
5. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Exempt Authorised Nominee") 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 an exempt authorised nominee may appoint in respect of each omnibus account it holds.

The Exempt Authorised Nominee is entitled to :

- (i) appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote instead of him at the meeting of members and that such proxy need not be a member; and
 - (ii) appoint more than one (1) proxy in relation to the meeting provided that the member specifies the proportion of his shareholdings to be represented by each proxy.
6. The proxy form shall be in writing under the hand of the member or his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
 7. To be valid the proxy form duly completed and signed must be deposited at the registered office of the Company at 51-8-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the AGM; or adjournment thereof, or in the case of a poll not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy form shall not be treated as valid. The duly completed proxy forms transmitted by facsimile or electronic mail will not be accepted.
 8. The lodging of a proxy form does not preclude a member from attending and voting in person at the AGM should the member subsequently decides to do so.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON ORDINARY BUSINESS:

9. Agenda 1 - Audited Financial Statements together with the Reports of the Directors and of the Auditors

Agenda 1 is meant for discussion only. The provisions of Section 340(1)(a) of the Companies Act, 2016 requires that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. Hence, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

10. Ordinary Resolution 6 - Directors' Benefits Payable To Directors

The proposed Ordinary Resolution 6, if passed, will enable the Company to pay the Non-Executive Directors' benefits pursuant to Section 230(1) of the Companies Act, 2016.

The total amount of directors' benefits payable is estimated based on the number of the Non-Executive Directors as well as the number of meetings of the Board to be held from 20th AGM to the next AGM of the Company in 2021.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

11. Ordinary Resolution 8 - Authority to issue Shares

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to issue and allot shares up to an amount not exceeding 20% 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. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the last AGM.

The Directors are of the view that the proposed renewal of general mandate for issuance of shares and up to 20% of the total number of issued shares is in the best interest of the Company and its shareholders as this mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purposes of funding future investment(s), acquisition(s), operational expenditures and/or working capital.

VOTING BY POLL

12. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice are to be voted by poll.

NOTES ON ADMINISTRATIVE MATTERS

13. As a precautionary measure against the spread of Coronavirus (COVID-19), members are strongly encouraged to appoint the Chairman of the Meeting as proxy to vote in his stead.

14. If you are attending the AGM in person, we seek your co-operation and patience to queue for a compulsory body temperature screening and the use of hand sanitizers which will be made available at the AGM venue. The Company reserves the right to refuse entry to any person who is found unfit including but not limited to fever, cough, running nose and such other symptoms of COVID-19.

15. Participants are required to wear face mask at all times and are required to download MySejahtera mobile application and scan the QR code at the AGM venue for contact tracing, if required in the future by any relevant parties.

16. Participants who are under Investigation and/or Person under Surveillance of COVID-19 are not allowed to attend the AGM.

17. Participants are advised to visit www.mkn.gov.my for further information and/or latest updates, and to abide by the most current regulations at the time when deciding to attend the AGM in person.

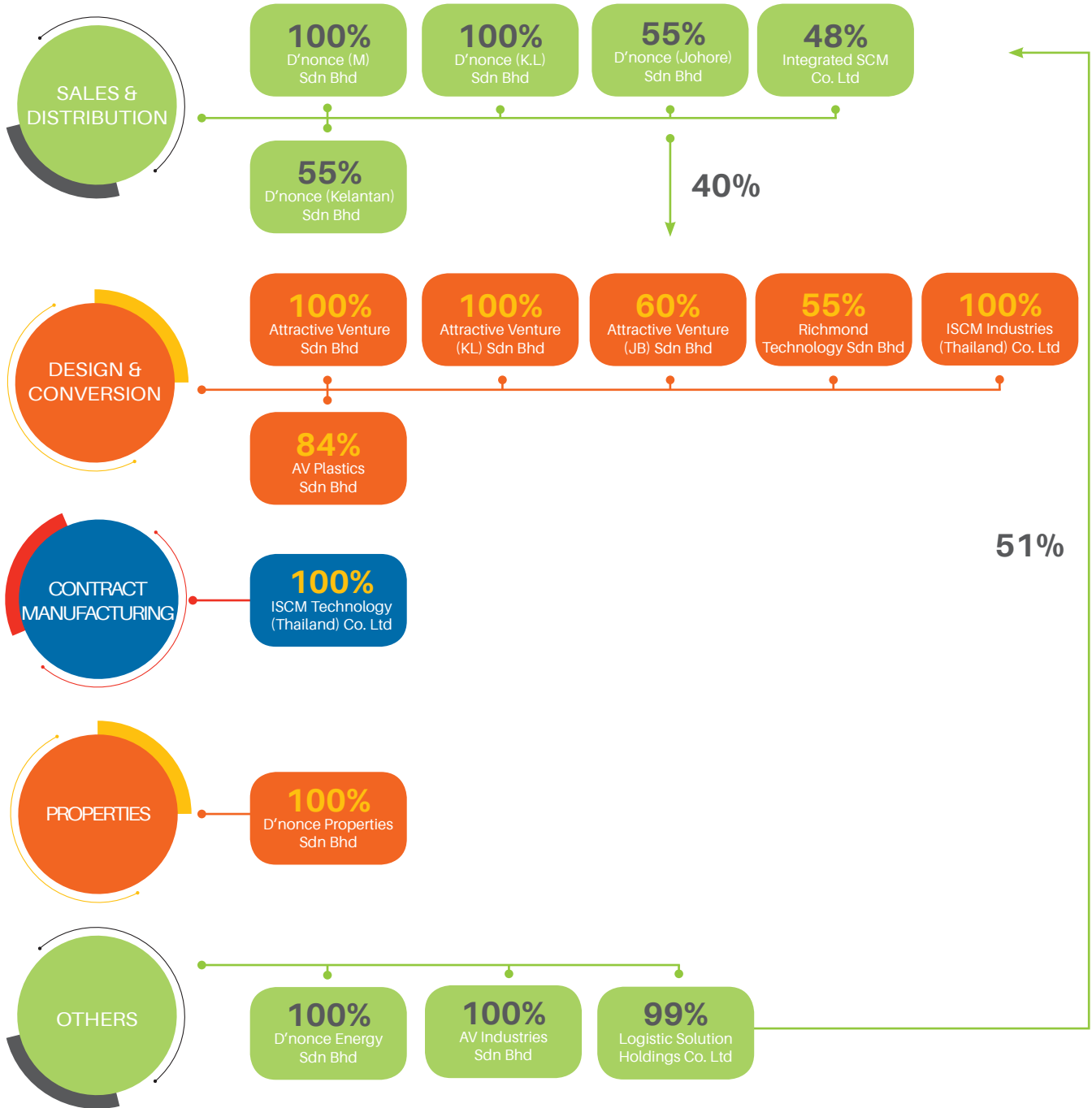
NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. No individuals are standing for election as Directors at the forthcoming 20th Annual General Meeting of the Company.
2. The profiles of the Directors who are standing for re-election as in Agenda 2, 3, 4 and 5 of the Notice of the 20th Annual General Meeting of the Company are set out in the Profiles of Directors' section of the Annual Report for the financial period ended 30 April 2020 issued on 28 August 2020 ("Annual Report 2020").
3. The details of the Directors' interests in the securities of the Company as at 7 August 2020 are set out in the Analysis of Shareholdings section of the Annual Report 2020.
4. The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the Explanatory Notes on the proposed Ordinary Resolution 8 as stated in the Notice of Annual General Meeting of the Company for the details.

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Independent Non-Executive Chairman
Lim Siang Kai

Executive Director /Chief Executive Officer
Tho Yow Yin

Independent Non-Executive Director
Lam Kwong Fai (Lin GuangHui)
Chong Kim Teck
Dato' Moktar Bin Mohd Noor
Wan Kum Tho

AUDIT AND RISK MANAGEMENT COMMITTEE

Lam Kwong Fai (Lin GuangHui) (Chairman)
Lim Siang Kai
Chong Kim Teck
Wan Kum Tho

NOMINATION COMMITTEE

Chong Kim Teck (Chairman)
Lim Siang Kai
Lam Kwong Fai (Lin GuangHui)
Wan Kum Tho

REMUNERATION COMMITTEE

Wan Kum Tho (Chairman)
Lim Siang Kai
Lam Kwong Fai (Lin GuangHui)
Chong Kim Teck

EMPLOYEE SHARE OPTION SCHEME COMMITTEE

Chong Kim Teck (Chairman)
Lim Siang Kai
Lam Kwong Fai (Lin GuangHui)

COMPANY SECRETARIES

Wong Yee Lin (MIA 15898)
SSM PC No. 201908001793
Hing Poe Pyng (MAICSA 7053526)
SSM PC No. 202008001322

PRINCIPAL PLACE OF BUSINESS

51-14-B&C Menara BHL
Jalan Sultan Ahmad Shah
10050 Georgetown, Penang
Tel No.: (604) 228 1198
Fax No.: (604) 228 3016
Website: www.dnoncetech.com

REGISTERED OFFICE

51-8-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Tel No.: (604) 373 6616
Fax No.: (604) 373 6615

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya, Selangor
Tel No.:(603) 7784 3922
Fax No.:(603) 7784 1988

PRINCIPAL BANKERS

Public Bank Berhad
87 Lebuah Bishop
10200 Georgetown, Penang

Malayan Banking Berhad
Suite 9-03, 9th Floor
Plaza MWE
No 8 Lebuah Farquhar
10200 Georgetown Penang

CIMB Thai Bank Public Company Limited
239/8 Niphat-Uthit 3 Road
Hatyai, Songkhla 90110
Thailand

AUDITORS

Grant Thornton (AF:0042)
Level 5, Menara BHL
Jalan Sultan Ahmad Shah
10050 Georgetown, Penang
Tel No.: (604) 228 7828
Fax No.: (604) 228 9828

SOLICITORS

Zaid Ibrahim & Co
Advocates & Solicitors
51-22-B&C Menara BHL
Jalan Sultan Ahmad Shah
10050 Georgetown, Penang

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: DNONCE
Stock Code: 7114
Warrant: DNONCE WA
Stock Code: 7114WA

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS OVERVIEW

D'nonce Technology Bhd. ("D'nonce") is a company listed on the Main Market of Bursa Malaysia Securities Berhad, for a total of 20 years since 2001. Having established roots in Malaysia since 1989, today, the Group is proud to have sixteen (16) subsidiaries, both manufacturing and trading under its wings that are, among others, located throughout Malaysia namely Penang, Selangor, Kelantan and Johor and beyond the Malaysian shore to Thailand namely Songkhla and Ayutthaya.

The Group has a diverse range of business operations categorised into three (3) segments, namely Supply of packaging and polymer engineering solutions, Integrated Supply Chain Services and Contract manufacturing.

Supply of packaging and polymer engineering solutions refers to the end-to-end packaging solutions to the industrial and commercial customers as well as end consumers which entail technical designing, evaluating, quality products and producing various types of packages, ranging from paper to plastics. Our customers are diversified into various industries, mainly in healthcare, electrical and electronics, food and others.

The Integrated supply chain products and services segment is supported by more than 25 years of experience in managing supply chain for customers through the provision of vendor-managed inventory services for them to maximise customer value and to achieve a sustainable competitive advantage and alleviate risks associated with purchasing of materials and delivering products and services.

The vertically integrated contract manufacturing services help our customers to save their cost of capital on facility and equipment. The customers also save on labour costs, which include wages, training and benefits.

REVIEW OF FINANCIAL RESULTS

For the financial period from 1 January 2019 to 30 April 2020 ("FY2020") a tenure of 16 months, the Group achieved revenue of RM228.6 million as compared to RM269.7 million for the financial period 1 September 2017 to 31 December 2018 ("FY2018"). The RM41.1 million decrease in revenue or 15.2% reduction in FY2020 as compared to FY2018 is mainly due to the cessation of a major Just-In-Time (JIT)-Hub business for some of our subsidiaries. Nevertheless, we are focusing our strategies to increase our market share in other industries such as the healthcare industry.

The profit before tax ("PBT") and profit after tax ("PAT") for FY2020 were RM2.40 million and RM0.73 million respectively as compared to RM5.1 million and RM2.8 million in FY2018 respectively. The reduction in profit before tax of RM2.7 million or 52.9% in FY2020 as compared to FY2018 is primarily due to increase in professional fees of RM3.5 million incurred in FY2020, as compared to RM1.2 million in FY2018 and a RM0.45 million in revaluation loss in properties in FY2020. Excluding these one off expenses, the performance in FY2020 was comparable to FY2018 which is reflective of the Group's strategy of focusing on cost optimization, margin expansion and efficiency improvements.

For the financial period FY2020, the Group has also adopted the revaluation model for all its land and buildings. Pursuant to the revaluation model applied for the Group's lands and building, a revaluation surplus of RM20.8 million (net of deferred tax) has been recognised in the other comprehensive income.

The Group's borrowings has further decreased from RM65.1 million to RM48.5 million in FY2020 following the gradual settlement of the term loan facilities, while the Group's shareholders' equity rose to RM115.8 million from RM89.4 million previously on higher retained earnings, the issuance of shares pursuant to ESOS, conversion of warrants and revaluation reserve upon the recognition of the revaluation surplus above. The Group's effort in reducing the reliance on borrowings has shown positive results whereby the gearing ratio was lower at 0.13 in FY2020 as compared to 0.26 over the comparative period.

The Group's basic earnings per share as at FY2020 was 0.23 sen (FY2018: 1.32 sen).

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

RISK MANAGEMENT

Competition Risk

The market for the packaging sector remains competitive. To maintain our competitiveness in this sector and to meet the expectation to be a market leader, the Group has reinforced its positioning in the industrial packaging sector by focusing on innovating to fit customers' requirements and applying new technology for product improvements and productivity. We are also exporting to overseas market. Quality and services are the key focus to ensure that our end products continue to meet or exceed industry's specification.

Foreign Currency Risks

The Group's manufacturing activities and performance spans over several countries. Our revenue are denominated in Thai Baht, Ringgit Malaysia, Singapore dollar and United States dollar. Similarly our raw material cost are spread over a few currencies, as such our risk is naturally diversified.

Furthermore the foreign currency risk is partially managed through a natural hedge between the sales and purchases in the same currencies, and the remaining being monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

FUTURE OUTLOOK AND PROSPECTS

Moving forward, we anticipate that the uncertainties in the domestic and global business environment to persist in 2020, with the Coronavirus (COVID-19) pandemic. The Group, however has increased its involvement in the healthcare sector with a major part of its earnings derived from it. We are also implementing various measures to manage the uncertainties and the potential impact, and also be prepared for any opportunities brought on by the current situation.

The Group has been strategically investing in new machines over the past few years, which has enabled the Group to establish a strong performance in its industry and market in the short and longer-term future, in spite of the COVID-19 situation.

With its nearly three decades of industry experience, the Group's future plan is to become a fully integrated global manufacturing company. This is to be achieved by expanding its reach in the local and overseas market and establishing more vertical integration that can enhance the Group's machinery and equipment capabilities. The Group has secured additional factory space and will be investing in additional machines over the next few years to improve productivity and optimisation of our manpower. The Group will also be wary of impacts from higher labour costs, competition from other similar companies and unfavourable foreign currency fluctuation and will take proactive measures to minimise the risks. The Group has also initiated steps to enhance its operational efficiencies and effectiveness in parallel with strengthening its plans on risk management and financial prudence.

The Group expects the road ahead to be challenging and we remain optimistic in the pursuit of our goals and cost efficiencies with the right strategy and resources. The Group remains committed to deliver long-term value for our shareholders through sustainability and stability of its businesses.

DIVIDEND POLICY

The Board of Directors has not approved any dividend payout policy as at the date of this Annual Report.

SUSTAINABILITY STATEMENT

Sustainability is an integral part of the business operations of the D'nonce Group. The Group will continue to place emphasis in ensuring responsible and sustainable business practices as well as adhering to the highest level of its corporate sustainable development throughout the Group in economic, environmental and social considerations.

Sustainability Governance

The Board of Directors ("Board") is responsible to promote and ensure that sustainability excellence is embedded in the Group's vision, core values and business philosophies. The implementation is headed by the Chief Executive Officer as well as the key management personnel, and are involved in the supervision of the sustainable practices and operations.

Our sustainability approach focuses on key material aspects (social, environment and economic) highlighted by our internal and external stakeholders. These aspects are influenced by the way we manage our daily operations. Respective management approach is developed and carried out to best serve our customers, safeguarding the environment and also to encourage for long term business growth. The rules and practices that govern our sustainability initiatives are built on the basis of transparency, fairness and accountability.

Practicing good principles corporate governance which are embedded in our policies and procedures is crucial and material for an effective and efficient fulfilment of our sustainability responsibilities. The Group is further committed to its development and conservation by prioritising conscientious development and management base on Economic, Environmental and Social ("EES") perspectives.

This Sustainability Statement has been prepared based on Bursa Malaysia's Sustainability Reporting Guides and its accompanying toolkits in response to the Listing Requirements on sustainability reporting.

Good Corporate Governance and Business Practices

The Group operates its business with sound practices and good corporate governance to ensure its responsibility and reliability are to all stakeholders. It also views the compliance of laws, rules and regulations are equally important in which the Group believes these are part of the important elements of a sustainable business operation in the long term.

The Group have an independent internal and external audit team that gives the Board assurance that the risk management and internal control system operating adequately, efficiently and effectively. There are also well define job description and responsibilities for each department accompanied with a lean management reporting structure which enabling faster communication and decision making.

Stakeholder Engagement

We believe that maintaining a good degree of communication and understanding with all our internal and external stakeholders involved is highly essential in our journey to be a good corporate governance and reputable sustainable business entity. The Group has continued to engage them via multiple communication channels / activities as below:-

Stakeholders	Sustainability Topics	Types of Engagement
Customers	<ul style="list-style-type: none"> Product quality & Improvement Sustaining long term relationship Competitive pricing 	<ul style="list-style-type: none"> Customers engagement & review Regular on-site visits to customers
Employees	<ul style="list-style-type: none"> Health & safety improvement Working condition & welfare Career development & training Successor planning 	<ul style="list-style-type: none"> Social events with employees Appraisal and performance review Training & development Formal meeting and discussion
Shareholders & Investors	<ul style="list-style-type: none"> Business performance Operation in compliance with applicable laws and regulations 	<ul style="list-style-type: none"> Interim results Annual Reports Corporate website announcement Annual General Meeting and other meeting Press releases
Suppliers	<ul style="list-style-type: none"> Product quality Timely delivery of raw materials Fair procurement price 	<ul style="list-style-type: none"> Supplier selection via pre-Qualification Evaluation of suppliers Relationship management
Government & Regulators	<ul style="list-style-type: none"> Compliances Rules and regulations 	<ul style="list-style-type: none"> Participating in program organised by government bodies Site visit and meeting
Community	<ul style="list-style-type: none"> Sharing, educating & caring for environment, community & employees 	<ul style="list-style-type: none"> Volunteering programmes Social responsibility programmes

SUSTAINABILITY STATEMENT (CONT'D)

Materiality Assessment Process

Our material issues that shape our strategies and business decisions are not limited to the Group's financial performance, but also economic, environmental and social impact. Our materiality process follows the guidelines provided by the Bursa Malaysia and the GRI Standards, which define materials issues are those if:-

- i) Reflect an organisation's significant EES impacts; or
- ii) Substantively influence the assessment and decisions of stakeholders.

Material Sustainability Matters

ECONOMIC

Sustainable Business Growth

As sustainability is an integral part of our way of doing business, our strategy is to ensure that there is a sustainable business growth, profitability and dividend payment to shareholders over a long term rather than short term view on operation and profitability.

In line with this practice, the Group continues to invest in new machines, equipment and other resources in order to maintain its competitive and efficiency in its business operations; as well as producing quality products to meet the customers' stringent requirements. For the financial period ended 2020, the Group invested a total of RM5.4 million in new property, plant and equipment, and has committed to another RM6.2 million investments.

Corporate Governance and Compliance

The Group strives to comply with the best practices of good governance, guided by the Malaysian Code on Corporate Governance, throughout its operations. In achieving this, the Group has established standard operating policies and procedures, levels of authority and guidelines for recruitment and human capital development. These policies, procedures and guidelines are subject to regular reviews and changes have been communicated to all staff levels across the organisation.

Code of Ethics and Conduct

We are committed to ensure that the highest standards of good corporate governance and ethical conduct is practised in the group in the way as we conduct our business matters. We have our Employee Handbook - Code of Conduct which outlines the codes of conduct components such as compliances with laws, rules and regulations in the workplace, protection of Company's property and professionalism in all business practices which promotes integrity and ethical behaviour in all aspect of the Group's operations.

Whistleblowing Policy and Procedures

The Whistle Blowing Policy adopted by the Board serves to provide an effective mechanism for employees and other stakeholders of the Group to raise concerns regarding any illegal conduct or malpractice. The policy also allows such concerns to be raised without being subject to victimisation, harassment or discriminatory treatment and ensures that such concerns are properly channelled to the right party for further investigation.

Commitment to Quality

The Group has the policies, procedures and best practices in place to deliver products and services of outstanding quality. Furthermore, regular reviews, process improvements and quality control assessments are ensuring that our processes remain in compliance and are continually enhanced.

In order to ensure that our manufacturing operations are always adhere to the best practices of the industry and uphold a consistent quality standard of our products, we have obtained ISO 9001:2015 Quality Management System Certification which testified our consistency in delivering high quality products and ensuring safety of products for usage and ISO 14001:2015 Environmental Management System Certification.

SUSTAINABILITY STATEMENT (CONT'D)

Customer Satisfaction

Customer satisfaction and engagement are identified as one of the most important issues in the market place across all our divisions. Knowing exactly what customers expect from us will improve our bottom line and strengthen our products and reputation in the long run.

ENVIRONMENTAL

The Group recognises the importance of protecting the environment where we operate. Hence, we ensure that our business operations are environmentally responsible and that the adequate steps are taken to protect and effectively manage any potential risks that may adversely impact the surrounding environment.

We understand that waste production is an inevitable part of our business's manufacturing process. The Group is committed to minimise the quantity of waste generated from the manufacturing divisions through proper recycling and disposal processes.

The Group strive to minimise the environmental impacts of our operations by continually seeking efficient use of our resources. Machines and equipment usage are scheduled to minimise energy consumption. Energy efficient air conditioners and lighting bulbs are installed to replace the old units which consumed higher energy. Lighting and air conditioning are swift off whenever they are not in use.

The Group also complies with all applicable laws and regulations as well as other requirements and continually improve the environment, health and safety at our workplace through management commitment, employee empowerment and process control.

SOCIAL

The Group recognises the importance of human capital as the valuable machinery behind our growth and sustainability. We are guided by high performance culture based on mentoring, performance and delivery, evaluating our values of innovation, loyalty, integrity and professionalism, which are reflected in our daily practices. We also believe in providing equal opportunity in recruitment, career development, promotion, training and reward for all employees regardless of age, gender, race, ethnicity, religion or disability.

We are committed to conduct our business in a manner that protects health, safety and security for our employees, suppliers and the community around us.

Workplace

In order to ensure we strive to bring out the best from our employees; we have provide a safe, conducive, healthy and comfortable working environment for our employees. Some of the initiatives undertaken by the Group are as follows:-

- a) The setting up of the Occupational Safety and Health Committees to initiate various health and safety programmes to ensure employees' awareness in work place.
- b) Employees working in the production areas are required to put on their safety tools (personal protection equipment, PPE) at all times to avoid injuries in the event of accidents in their respective workplace;
- c) Ensuring the working place is free from any form of physical and verbal abuses;
- d) Introduction of Whistle Blowing Policy for employees to report on any issues they encounter from either their superiors as well as the subordinates;
- e) Encourage employees' involvement in the innovation and creative processes; and
- f) Respect for human rights.

Employees' Welfare

The Group provide equal opportunities for employment advancement particularly in an effort to build long and lasting relationship between the employer and employees. Various human resources initiatives have been introduced to ensure that the employees' well-being is taken care of:-

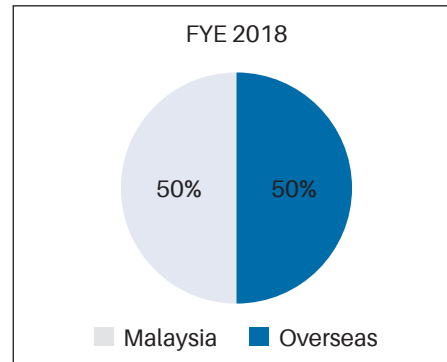
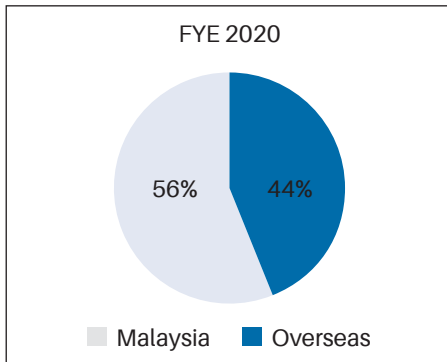
- a) Medical benefits, group hospitalisation and insurance coverage;
- b) Employees share option scheme ("ESOS") was implemented to instil sense of ownership amongst the staff.
- c) Observance of the 5-day work week and observance all major public holidays.

SUSTAINABILITY STATEMENT (CONT'D)

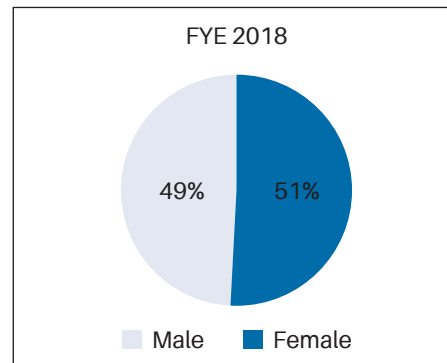
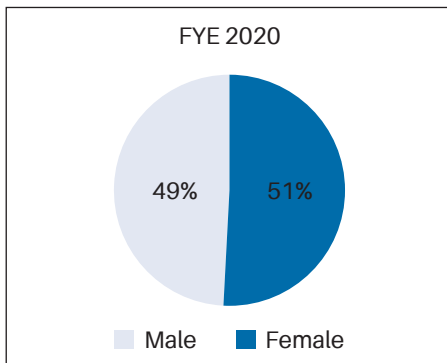
The Group strongly believe in equal opportunity at work, embraces diversity and is against any and all forms of discrimination.

The graphs below highlights the employee diversity in the Group for FY2020 and FY2018.

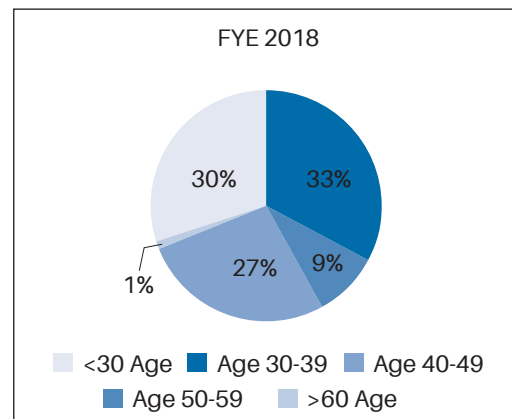
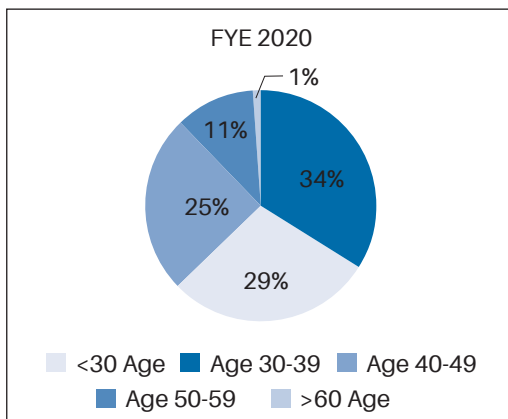
EMPLOYMENT DIVERSIFICATION IN MALAYSIA AND OVERSEAS



EMPLOYMENT DIVERSIFICATION IN TERMS OF GENDER

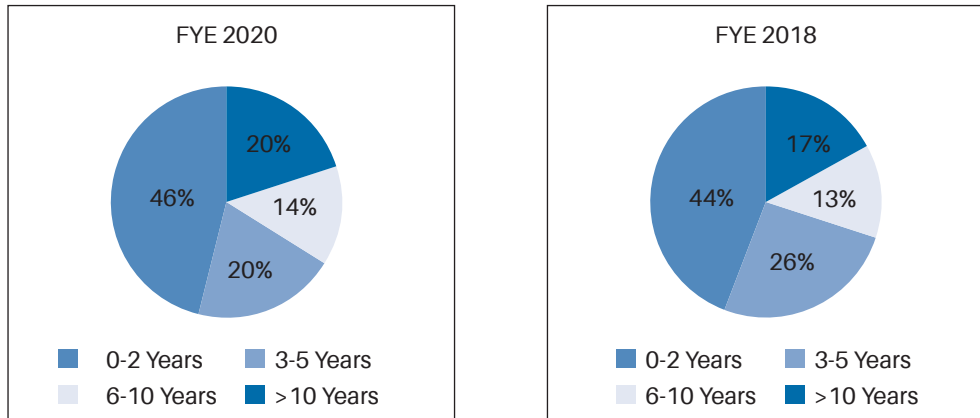


EMPLOYMENT DIVERSIFICATION IN TERMS OF AGE GROUP



SUSTAINABILITY STATEMENT (CONT'D)

EMPLOYMENT DIVERSIFICATION IN TERMS OF LENGTH OF SERVICES



Training and Development

Employees are a vital component of the Group's business. Employee's performance, commitment, skills and loyalty to the job are crucial not only in achieving the Group's goals and objective but most importantly for its long term survivability and sustainability. Therefore, the Group continues to build and upgrade its employees' skills & knowledge through the efforts of:-

- Internal or external Training workshops (technical / soft management skills)
- Evaluation of staff performance during confirmation stage
- New production workers are given onsite training by supervisor in handling machinery

In terms of nurturing future leaders and successor planning, we have numerous approaches and plans in place to cultivate and train the right talents in the right position through on job training and programmes accordingly.

Social Contributions and & Community Activities

As a responsible corporate citizen, The Group believes the way to build a great and enduring company is to strike a balance between profitability and fulfilling its social responsibilities. We have always encouraged our management and staff to be involved in welfare work and charity and we are pleased that the spirit is very much alive within our Group.

During the financial period FY2020 and up until the report date, the Group had:-

- Donated to the government COVID-19 fund, which was set up to assist vulnerable groups affected by the Pandemic.
- Distributed face masks and shields to schools in Thailand.

Moving Forward

The Board recognises that embedding sustainability into the Group's business is a continuous and evolving practice in which the Board will continue strive to enhance in order to achieve the Group's long term sustainable growth.

BOARD OF DIRECTORS

Lim Siang Kai

Aged 64, Singaporean, Male

Non-Independent Non-Executive Chairman
Member of Audit and Risk Management,
Nomination, Remuneration and Employee
Share Option Scheme (“ESOS”) Committees.

Mr Lim Siang Kai was appointed to the Board of D’nonce Technology Bhd. on 12 June 2019. He was subsequently appointed as the Chairman of the Board, member of the Audit and Risk Management, Nomination, Remuneration and ESOS Committees on 12 July 2019.

Mr Lim Siang Kai holds a Bachelor of Arts degree and a Bachelor of Social Sciences (Honours) degree from the National University of Singapore obtained in 1980 and 1981 respectively. He also has a Master of Arts in Economics degree from University of Canterbury, New Zealand, that he obtained in 1984.

Mr Lim is currently the Independent Director of several listed companies in Singapore and Hong Kong namely ISDN Holdings Limited, Beijing Gas Blue Sky Power Holdings Limited, Joyas International Holdings Limited and Samurai 2K Aerosol Limited. He is also a Director in Blackstream Investment Pte Ltd, a substantial Shareholder of the Company. Prior to that, Mr Lim held various positions in banks, financial services companies and a fund management company. Mr Lim had over 30 years of experience in Securities, Private and Investment Banking and Fund Management Industries.

Mr Lim Siang Kai has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. Mr Lim does not hold any directorship in any other public companies and listed companies.

Tho Yow Yin

Aged 63, Malaysian, Male

Executive Director / Chief Executive Officer

Mr Tho Yow Yin was appointed to the Board of D’nonce Technology Bhd. on 12 July 2019. Subsequently, he was appointed as the Chief Executive Officer on 22 July 2019.

Mr Tho Yow Yin holds a Bachelor of Science (Honours) degree in Mechanical Engineering with specialization in Management from Glasgow University, UK and a qualification in Financial Technology from Saïd Business School, Oxford University.

He has 36 years of experience in the oil and gas industry both upstream and downstream, while working for Mobil Oil and later Exxon Mobil. He has in the course of his career been posted to overseas assignments in the Philippines, United States, Singapore and Hong Kong. Some of Mr Tho’s previous appointments include being a director in Mobil Oil Malaysia Sdn. Bhd., Emoleum (Australia) Ltd and Castle Peak Power Company Ltd (Hong Kong).

Mr Tho Yow Yin has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. Mr Tho does not hold any directorship in any other public companies and listed companies.

BOARD OF DIRECTORS (CONT'D)

Lam Kwong Fai (Lin GuangHui) Chong Kim Teck

Age 42, Singaporean, Male

Independent Non-Executive Director
Chairman of Audit and Risk Management Committee, member of Nomination, Remuneration and ESOS Committees.

Mr Lam Kwong Fai was appointed to the Board of D'nonce Technology Bhd. on 12 June 2019. He was subsequently appointed as the Chairman of the Audit and Risk Management Committee on 30 September 2019, and member of Nomination, Remuneration and ESOS Committees on 12 July 2019.

Mr Lam obtained a Bachelor of Accountancy from Nanyang Technological University in 2002.

Mr Lam was the CEO of Crowe Horwath Capital Pte Ltd, a boutique corporate finance advisory firm providing corporate governance advisory, financial advisory for equity and debt fund raising, financial advisory for corporate actions and independent financial advisory opinions. He started his career as a regulator before moving into investment banking handling a variety of IPO and other corporate actions. He then moved into Catalist regulation, working with a wide portfolio of listed companies, advising on the listing rules and corporate governance. In his various capacities, he has amassed over 10 years of experience in the Singapore corporate finance scene.

He is also an independent director of Soon Lian Holdings, Pan Asian Holdings Limited, and China Kunda Technology Holdings Limited, which are listed on the SGX-ST.

Mr Lam Kwong Fai has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. Mr Lam does not hold any directorship in any other public companies and listed companies.

Age 66, Malaysian, Male

Independent Non-Executive Director
Chairman of Nomination Committee and ESOS Committee, member of Audit and Risk Management, Remuneration Committees.

Mr Chong Kim Teck was appointed to the Board of D'nonce Technology Bhd. on 12 June 2019. He was subsequently appointed as the Chairman of the Nomination and ESOS Committees, and member of the Audit and Risk Management and Remuneration Committees on 12 July 2019.

Mr Chong holds a degree of an Utter Barrister by the Honourable Society of Gray's Inn and was called to Gray's Inns London as Utter Barrister in 1979. He was called to the Malaysian Bar as an Advocate Solicitor in 1980.

Mr Chong has been actively practicing in the legal profession since 1980. He is a Partner in M/s Koh Kim Leng & Company. His main area of practice includes conveyancing, banking and corporate matters.

In addition to his legal practice, Mr Chong is also a director in several private limited companies, with investments and management in quarries, housing development, hotel ownership and management as well as ownership of plantations. He is also the Hon. Secretary of the Raintree Club, Kuala Lumpur and the legal advisor to the Hopo (Hakka) Association of Tampin and Kuala Lumpur, and the Peace Club in Kuala Lumpur.

Mr Chong Kim Teck has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. Mr Chong does not hold any directorship in any other public companies and listed companies.

BOARD OF DIRECTORS (CONT'D)

Dato' Moktar Bin Mohd Noor

Age 62, Malaysian, Male
Independent Non-Executive Director

Dato' Moktar Bin Mohd Noor was appointed to the Board of D'nonce Technology Bhd. on 9 August 2019.

Dato' Moktar holds a Bachelor of Law (Honours) degree from the Lancaster University, UK. He also has a professional qualification from the Legal Profession Qualifying Board in Malaysia.

He started his career with the Royal Malaysia Police in 1979 where he held various investigation, personnel management, prosecution, port security, administrative and legal positions followed by other related experiences as chairman of the Malaysia Port Auxiliary Police Secretariat, committee member on security for the Football Association of Malaysia, Royal Malaysia Police permanent representative to the Malaysia Engineering Board and committee member on discipline to the Royal Kelantan Datoship council. In his last 2 years of service before his retirement, he was the Head of Legal Division of the Royal Malaysian Police Inspector General of the Polices Secretariat and the Head of Inspector General of Police Secretariat (Legal).

He has recently retired from the Royal Malaysia Police after serving the force with full dedication for 40 years, 1 month and 12 days. He was conferred Darjah Dato' Paduka Jasa Mahkota Kelantan (D.P.J.K) by the Sultan of Kelantan in 2017.

Dato' Moktar has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. Dato' Moktar does not hold any directorship in any other public companies and listed companies.

Wan Kum Tho

Age 54, Singaporean, Male
Independent Non-Executive Director
Chairman of Rumeration Committee, member of Audit and Risk Management, Nomination Committees

Mr Wan Kum Tho was appointed to the Board of D'nonce Technology Bhd. on 13 January 2020. He was subsequently appointed as the Chairman of the Rumeration Committee, and member of Audit and Risk Management and Nomination Committees on the same date.

Mr Wan Kum Tho holds a Bachelor of Business Administration Degree from the National University of Singapore.

After graduating from the National University of Singapore, Mr Wan served in the Singapore Armed Forces as an Army officer for six years. He then joined Vertex Management (II) Pte Ltd, a venture capital company from 1996 and eventually left as vice president. He served on the board of directors of many companies under his portfolio in Vertex Management (II) Pte Ltd, and participated in their strategic decision making. He was a vice president for finance and administration and then vice president for strategic planning and administration for a semiconductor company before joining UOB Venture Management Pte Ltd, participating in many strategic decision making, including M & A and restructuring. From 2014, Mr Wan joined Heliconia Capital Management Pte Ltd, where his last position held in December 2019 was managing director. From July 2019, he is an adjunct senior lecturer at the National University of Singapore School of Business.

Mr Wan Kum Tho has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company. Mr Wan does not hold any directorship in any other public companies and listed companies.

KEY SENIOR MANAGEMENT

Aw Yeong Weng Kwong

Aged 44, Malaysian, Male

Chief Financial Officer

Aw Yeong Weng Kwong was appointed as the Chief Financial Officer (CFO) of our Group in October 2019. He is responsible for overseeing the financial, accounting and compliance functions of the Group.

He is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

Prior to joining the Group, Mr Aw was the CFO of Sim Leisure Group Ltd from July 2017, a company listed on the Catalist Board in Singapore. He was also the Group Senior Finance Manager of Texchem Pack (M) Sdn. Bhd, from October 2015 to June 2017. From June 2006 to September 2015, he worked as a finance manager at Dell Asia Pacific Sdn. Bhd.

Mr Aw has 20 years of experience extensively in the finance and accounting field.

Aw Yeong Weng Kwong has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

Ang Oon Ling

Aged 59, Malaysian, Male

Director of D'nonce (Kelantan) Sdn. Bhd. and Richmond Technology Sdn. Bhd.

Ang Oon Ling was appointed as the Director of D'nonce (Kelantan) Sdn. Bhd. and Richmond Technology Sdn. Bhd. in 1995.

Ang Oon Ling graduated from Universiti Kebangsaan Malaysia (UKM) in 1985 with a Degree in Bachelor of Arts. After graduating, he started his career working as an Administration Officer in the Eastern Garment Mfg. Sdn. Bhd., a Hong Kong based garment factory situated in Kelantan. His role was to take full charge of the administration work of the said factory.

In 1987, he left the Eastern Garment Mfg. Sdn. Bhd. and join Sri Rampaian Sdn. Bhd. which is also a Hong Kong based garment factor as Administration Officer, in charge of purchasing, material procurement and shipping department. Subsequently in 1989, he left Sri Rampaian Sdn. Bhd. and join Rohm-Wako Electronics (Malaysia) Sdn. Bhd. as Section Chief of Business Division, taking charge of purchasing, material control, shipping and machine shop.

He left Rohm-Wako Electronics (Malaysia) Sdn. Bhd. in 1995 to set up D'nonce (Kelantan) Sdn. Bhd. and Richmond Technology Sdn. Bhd. till now. He oversees the overall smooth running of both of the said companies and managing the marketing and production of the two companies.

Ang Oon Ling has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

KEY SENIOR MANAGEMENT (CONT'D)

Low Chee Min

Aged 61, Malaysian, Male

Director of Attractive Venture (KL) Sdn. Bhd. and D'nonce (K.L) Sdn. Bhd.

Low Chee Min was appointed as Director of of Attractive Venture (KL) Sdn. Bhd. and D'nonce (KL) Sdn. Bhd. on 30 December 2018. He graduated from La Trobe University in 1981 with a Bachelor Degree in Accounting and a Master in Computer Science.

He started his career working in Coopers & Lybrand in 1982. Subsequently, he joined UMBC Finance Bhd in 1985 and left after 12 years as a Senior Manager. He joined Tri-Wall (M) Sdn. Bhd., a Japanese-owned company providing design and manufacturing solutions to MNCs for niche and customised packaging as their General Manager and subsequently was promoted to Executive Director. He left and joined Texchem-Pack (KL) Sdn. Bhd., a packaging manufacturer in 2001 as their Senior General Manager. He was appointed as the Operations Director of MegaFortris (M) Sdn. Bhd. in 2005. MegaFortris (M) Sdn. Bhd. is a security and RFID seals manufacturer with worldwide operations in all the major continents.

Low Chee Min has extensive experiences in managing manufacturing concerns and an extensive network of business associates worldwide.

Low Chee Min has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

Lim Oon Jin, Peter

Aged 53, Malaysian, Male

Director of Attractive Venture (JB) Sdn. Bhd. and D'nonce (Johore) Sdn. Bhd.

Lim Oon Jin, Peter was appointed as the Director of Attractive Venture (JB) Sdn. Bhd. and D'nonce (Johore) Sdn. Bhd. in 1992.

He started his career working as a Sales Assistant in Kylin M Sdn. Bhd. in 1986 until 1989. Subsequently, he joined Timol Weaving Sdn. Bhd. as Sales Executive from 1989 to 1991. He started his journey in building up the business for Attractive Venture (JB) Sdn. Bhd. and D'nonce (Johore) Sdn. Bhd. in 1992 up till now. He oversees to the overall development of the business from managing to operational of the business in this 2 companies.

Lim Oon Jin, Peter has a vast experiences in managing packaging and manufacturing concerns and an extensive network of business associates worldwide. He is also the working committee since 2009 for Federation of Malaysian Manufacturers (FMM), Johor branch which is a NGO. He is also the Vice Chairman for SME subcommittee.

Lim Oon Jin, Peter has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

KEY SENIOR MANAGEMENT (CONT'D)

Shuib Bin Hassan

Aged 53, Malaysian, Male

Director of Attractive Venture Sdn. Bhd.

Shuib Bin Hassan is the Director of Attractive Venture Sdn. Bhd. He joined the D'nonce Group in November 2009 as a technical and business manager and was subsequently transferred to Attractive Venture Sdn. Bhd. as the Director on 1 March 2020.

Mr Shuib has a total of 30 years of working experience, mainly in plastic polymer engineering design and manufacturing. He has held several managerial positions in different companies such as Senior Engineering Manager in Texchem Pack (M) Sdn Bhd and Design Manager at Jati Yakin Sdn Bhd.

He graduated with a Diploma in Electronic Engineering from Polytechnic Ungku Omar Ipoh in 1989 and a Diploma in Business Management from Open university Malaysia (OUM) in 2005.

Shuib Bin Hassan has experiences in managing manufacturing concerns and has a wide network of business associates worldwide.

Mr Shuib has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

Soo Beng Chong

Aged 54, Malaysian, Male

Director of D'nonce Properties Sdn. Bhd.

Soo Beng Chong is the General Manager of D'nonce Properties Sdn. Bhd. in November 2018 and subsequently he was appointed as the Director of D'nonce Properties Sdn. Bhd.

He oversees the overall development in project management and development of the properties. Prior to joining D'nonce, he was an accountant by profession certified by the Association of International Accountants.

He began his career as an auditor with JB Lau & Associate in 1993 where he was exposed to assurance and special assignments for clients in various industries, including property development and construction. In 1998, he joined Bench Win Development Sdn. Bhd. as an operation director and was mainly involved in project development and planning as well as property management.

In 2008, he left Bench Win Development Sdn. Bhd. and ventured into real estate investment where he was involved in the buying and selling of properties and land matters. After that, in 2012, he become an independent development consultant in project management and development, where he provides consultancy services in the area of project development, planning and construction, property management and maintenance works mainly to construction-based players such as real estate contractors and special trade contractors.

For all the property development and construction projects that he was involved in, his responsibilities on the construction and development aspects of the projects include contract negotiation, monitoring contract agreement, formulation and implementing the strategic plan that guides the direction of the projects, financial planning and management of the projects and he was supported by other service providers such as the architects, engineers, surveyors and subcontractors in carrying out the respective property development and construction projects.

Soo Beng Chong has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

KEY SENIOR MANAGEMENT (CONT'D)

Teo Tin Jien, Jimmy **Aged 53, Singaporean, Male**

Country Head/Director for Thailand Division

Teo Tin Jien, Jimmy is the Country Head/Director and is overall in charge of our Group's Thailand subsidiaries. He joined our Group in July 2006. Prior to joining us, he was the Senior Technical Consultant for SAN-EI (THAILAND) LTD, a Japan based micro electronic manufacturing company, where he oversaw the products development, quality assurance and new production line investment.

He started his career as a QA engineer with Polymicro Precision (Singapore) in 1988. He left Polymicro as an Operation Director in 2001. During his tenure with Polymicro Precision, he was involved setting up a precision machining joint venture operation in China-DongGuan and later he was tasked to set up another operation in Thailand Navanakorn under the privilege of the BOI (Board of Investment) license, thus able to gain a significant amount of experience in management of production factory and product management.

He graduated with a Diploma in Mechanical Engineering from Ngee Ann Polytechnic in Singapore.

Teo Tin Jien, Jimmy has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company.

Yew Boon Teik, Daniel **Aged 61, Malaysia, Male**

Director of D'nonce (M) Sdn. Bhd.

Yew Boon Teik, Daniel, joined D'nonce (M) Sdn. Bhd. in December 2004 and subsequently was posted to Integrated SCM Co. Ltd as General Manager to manage the supply chain and 'Just In Time Hub' (JIT Hub) for chemical, packaging and spare parts to Kimberly Clark Safekin's (KCS) two glove manufacturing plant in Sadao and Thunglung Hatyai, Songkhla. Apart from managing the supply chain to KCS, he also managed the supply chain of the chemical, packaging and spare parts to other industries/ manufacturers in latex, beverages, furniture, seafood, condom, oil & gas.

He was later appointed as Head/ Director for Integrated SCM Co. Ltd and ISCM Industries (Thailand) Co. Ltd in 2009. In May 2015, he was transferred back to D'nonce (M) Sdn. Bhd as General Manager to oversee the management and operation and subsequently he was appointed as the Director of D'nonce (M) Sdn. Bhd. on 30 December 2018.

Prior to joining D'nonce, Yew Boon Teik, Daniel, was an Executive Director in Ewein Holdings Berhad in 1995 in charge of the setting up of Liquor beverage company (JV) in Cambodia, Laos, Myanmar and Vietnam. Subsequently he was appointed as Managing Director for the operation for the Liquor beverage company to oversee the operations in the region of Indo China.

He joined Ewein Winery Sdn. Bhd. in Prai Penang in 1980 as the Production Manager and later promoted to be the Sales and Marketing Manager. He was later appointed as the General Manager in 1988 and left in 1991. He was also attached to Henry Butcher Sdn Bhd as Real Estate Agent Manager in 1991.

Yew Boon Teik, Daniel, has a vast experiences in managing trading nature of business concerns and an extensive network of business associates worldwide.

Yew Boon Teik, Daniel has no family relationship with any Director and/or substantial shareholder of the Company, has never been convicted of any offence within the past five (5) years other than traffic offences, if any, and does not have any conflict of interest with the Company

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") of D'nonce Technology Bhd and its subsidiaries ("Group") is pleased to present the Statement on Risk Management and Internal Control ("Statement") which outlines the nature and scope of risk management and internal control system of D'nonce Technology Bhd for the financial period from 1 January 2019 to 30 April 2020 pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements, Malaysian Code on Corporate Governance 2017 and as guided by the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its overall responsibility for the Group's system of internal controls and risk management, and in reviewing of the adequacy and integrity of those processes. It also recognises that due to inherent limitations surrounding all internal control systems, the Group's system of internal control is designed to manage the Group's risks within tolerable levels, rather than eliminate the risk of failure to achieve business objectives. Accordingly, the Board is also of the view that the Group's system of internal control can only provide reasonable but not absolute assurance against material misstatements, errors, losses and unforeseen emerging risks.

The Board believes that review on adequacy and effectiveness of the system of internal control and risk management is a continuous process. Such reviews are conducted through the various committees established by the Board and Management. The Board has, through the Audit and Risk Management Committee ("ARMC"), carried out process of identifying, evaluating, monitoring and managing the significant operational and financial risks affecting achievement of its corporate objectives throughout the period.

The Board is of the view that system of internal controls in place for the year under review is sound and adequate after taking into consideration the costs and benefits to safeguard the Group's assets, and protect the stakeholder's interests in ensuring achievement of business objectives and enhancing shareholder's value.

RISK MANAGEMENT

The Board affirms that effective risk management is an essential and indispensable part of corporate management.

The Board further acknowledges that risk management is an ongoing process and business risks are embedded and forms an important part of the internal control system of the Group. As such, continuous efforts are made to identify significant risks in the processes and activities of the Group, particularly in major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a tolerance level acceptable by the Board.

INTERNAL AUDIT FUNCTION

The Group's independent internal audit function is outsourced to a professional service firm to assist the Board and the ARMC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's system of internal control.

The internal audit plan entails the audit scope, coverage and frequency based on a risk-based approach and is approved by the ARMC.

Scheduled internal audits are carried out and the internal audit reports, summarising the observations of control weaknesses, recommendations for improvement and Management actions were presented to the ARMC. These findings were deliberated together with Management at the ARMC Meetings. The ARMC assessed the overall adequacy and effectiveness of the system of internal controls of the Group and reports to the Board of Directors, in particular, the matters relating to significant risks and the necessary recommendations for changes.

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

INTERNAL AUDIT FUNCTION (CONT'D)

For the financial period, the outsourced internal audit function has carried out the following audits based on the internal audit plan approved by the ARMC:-

- Design and Conversion business unit in Kuala Lumpur: Sourcing, Purchasing Process and Stock Control; and
- Sales and Distribution business unit in Penang: Sales Ordering, Billing process, Sourcing and Purchasing process.

The following audits were also carried out during the financial period by a separate outsource internal audit firm:-

- Contract Manufacturing unit in Ayutthaya: Sourcing, Inventory Management ,Conversion and Production, Human Resource; and
- Sales and Distribution business unit in Bangkok and Haadyai : Sales and Marketing process.

Based on the internal audit reviews conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- **Organisational Structure**
The Group has in place an organisational structure with well-defined scopes of responsibility, clear lines of accountability and appropriate levels of delegated authority.
- **Policies and Procedures**
The Group has in place documented internal policies and procedures which is subjected to regular reviews and improvements to govern the financial and operational functions and ethics of the Group.
- **Performance Reporting and Monitoring**
Regular and comprehensive information are provided to Management, covering financial and operational performance and key business indicators, for effective monitoring and decision making.
- **Strategic Business Planning, Budgeting and Reporting**
Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.
- **Hierarchical Reporting**
The Group has in place a process of hierarchical reporting which provides a documented and auditable trail of accountability.

ASSURANCE STATEMENT BY KEY MANAGEMENT TEAM

The Chief Executive Officer and Financial Controller have provided assurance to the Board, to the best of their knowledge and believe, that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, to meet the Group's objectives during the financial period under review until the date of this Statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement on Risk Management and internal Control is not, in all material aspects, in accordance with the Audit and Assurance Practice Guide 3 (AAPG 3) issued by the Malaysian Institute of Accountants.

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

CONCLUSION

Subject to the effects of the COVID-19 outbreak which could not be fully quantified at the date of this Statement, The Board is of the opinion that the system of risk management and internal control that has been instituted throughout the Group is satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report for the period ended 2020. The Board and the Management will continue to review and take measures to strengthen and improve the internal control environment from time to time based on the recommendations proposed by the IA Consultant.

The Board recognises that the development of the system of internal control is an ongoing process as part of its efforts in managing the risks faced by the Group. Consequently, the Board maintains an ongoing commitment to further strengthen the control environment within the Group.

This statement is issued in accordance with a resolution of the Board of Directors dated 27 August 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors is committed to maintain high standards of corporate governance and strives to ensure that it is practised throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its responsibilities in order to protect and enhance shareholders’ value and raise the performance of the Group.

COMPLIANCE WITH THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017

In this Statement, the Board reports on the manner the Group has adopted and applied the principles and best practices as set out in the Malaysian Code on Corporate Governance 2017 (“the Code”) and the governance standards prescribed in the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) throughout the year under review. This Statement is to be read together with the CG Report 2020 of the Company which is available on the Company’s website at <http://www.dnoncetech.com>.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1.1 Strategic Aims, Values and Standards

The Company is led and managed by an experienced Board, comprising members who have a wide range of experience in fields such as management, finance, manufacturing and law to successfully direct and supervise the Group’s business activities. A brief profile of each Director is presented on pages 15 to 17 of the Annual Report.

The Board will continue to retain full and effective control of the Group. This includes responsibility for reviewing and adopting a strategic plan for the Company and overseeing the conduct of the Company’s business.

Key decisions relating to acquisitions and disposals, material agreements, major capital expenditure, budgets, long range plans and succession planning for top management is the prerogative of the Board.

The Board delegates the responsibility of implementing the Group’s strategies, business plans, policies and decisions to the Management which is led by the Chief Executive Officer.

The Board will always act in the best interests of the Company and has a duty of maintaining confidentiality in relation to the Company’s confidential information.

The Board has four Board Committees namely the Nominating Committee, the Audit & Risk Management Committee, the Remuneration Committee and the Employees’ Share Option Scheme Committee, to assist the Board and each committee is governed by their Terms of Reference.

Key matters reserved for the Board’s approval include the annual business plan and budget, capital management and investment policies, authority limits / levels, risk management policies, declaration of dividends, business continuity plan, issuance of new securities, business restructuring, expenditure above a certain limit, material acquisitions and disposition of assets.

During the financial period ended 30 April 2020, 15 Board Meetings were held. The attendance record of each Director is as follows: -

Name and designation of the Directors	Attendance	Percentage of attendance (%)
Mr Lim Siang Kai Non-independent Non-Executive Chairman (Appointed on 12 June 2019)	10/10	100%
Mr Lam Kwong Fai (Lin Guanghui) Independent Non-Executive Director (Appointed on 12 June 2019)	10/10	100%
Mr Chong Kim Teck Independent Non-Executive Director (Appointed on 12 June 2019)	10/10	100%

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

1.1 Strategic Aims, Values and Standards

Name and designation of the Directors	Attendance	Percentage of attendance (%)
Dato' Moktar bin Mohd Noor Independent Non-Executive Director (Appointed on 9 August 2019)	8/8	100%
Mr Wan Kum Tho Independent Non-Executive Director (Appointed on 13 January 2020)	3/3	100%
Mr Tho Yow Yin Executive Director cum Chief Executive Officer (Appointed on 12 July 2019)	9/9	100%
Mr Ng Quek Peng Independent Non-Executive Director (Appointed on 12 July 2019 and resigned on 30 September 2019)	2/2	100%
YM Tengku Ahmad Badli Shah Bin Raja Hussin, JP Independent Non-Executive Chairman (Appointed on 11 January 2019 and removed on 12 June 2019)	5/6	100%
Dato' Yeo Boon Leong, JP Non-independent Non-Executive Director (Appointed on 11 January 2019 and removed on 12 June 2019)	5/5	100%
Mr Lim Teck Seng Executive Director cum Chief Executive Officer (Appointed on 8 January 2019 and removed on 12 June 2019)	5/5	100%
Mr Ng Kok Wah Independent Non-Executive Director (Appointed on 9 January 2019 and resigned on 12 June 2019)	5/5	100%
Ms Chuah Sue Yin Independent Non-Executive Director (Appointed on 24 January 2019 and resigned on 29 March 2019)	2/2	100%
Mr Heah Jay King * Executive Director (Appointed on 11 January 2019 and resigned on 21 January 2019)	-	-
Mr Yee Yit Yang * Independent Non-Executive Director (Appointed on 9 January 2019 and resigned on 11 January 2019)	-	-
Mr Kuah Choon Ching * Executive Director cum Chief Executive Officer (Resigned on 10 January 2019)	-	-
Mr Ang See Ming * Independent Non-Executive Chairman (Resigned on 10 January 2019)	-	-
Mr Lee Eng Sheng * Independent Non-Executive Director (Resigned on 7 January 2019)	-	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

1.1 Strategic Aims, Values and Standards

All existing Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities.

The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with changing regulatory and corporate governance development.

The details of training attended by Directors during the financial period ended 30 April 2020 are as follows:-

Name of Director	Date	Seminar/training attended
Wan Kum Tho	24 June 2019	Stakeholder Engagement
	17 October 2019	Nominating Committee Essentials

For Directors who did not attend any official training during the financial period under review, they enhanced their knowledge and kept abreast with the latest development on statutory and regulatory requirements from the briefings given by the Internal Auditors, External Auditors and the Company Secretaries from time to time during the Audit & Risk Management Committee and Board Meetings. They also enhanced their knowledge by focusing on business news and extensive reading of relevant business and regulatory materials. They actively seek advice and interact with the relevant professional personnel to enhance their skills and knowledge on specific area.

*As Mr Heah Jay King, Mr Yee Yit Yang, Mr Kuah Choon Ching, Mr Ang See Ming and Mr Lee Eng Sheng's respective tenure as director of the Company during the financial period was for short period of time thus there was no training attended by them.

1.2 Chairman of the Board

The Chairman is responsible for the overall leadership and efficient functioning of the Board. The key roles of the Chairman, amongst others, are as follows:

- (a) responsible for the overall leadership and efficient functioning of the Board;
- (b) ensure that the Board functions effectively, cohesively and independently of Key Senior Management;
- (c) leading the Board in establishing and monitoring good corporate governance practices in the Company;
- (d) setting the Board agenda and ensuring that the Board members receive complete and accurate information in a timely manner;
- (e) leading the Board, including presiding over Board meetings and Company meetings and directing Board discussions to effectively use the time available to address the critical issues facing the Company;
- (f) encouraging active participation and allowing dissenting views to be freely expressed by the Board members;
- (g) acting as liaison between the Board and Key Senior Management and promoting constructive and respectful relationship within and between Board members and Key Senior Management;
- (h) ensure that there are effective communication between the Company and/or Group and its shareholders and relevant stakeholders and that their views are communicated to the Board as a whole; and
- (i) carrying out other duties as requested by the Board as a whole, depending on the needs and circumstances.

1.3 Separation of the position of the Chairman and the Managing Director

The roles of the Chairman and the Chief Executive Officer are distinct and separated to ensure a balance of power and authority.

The Chief Executive Officer is responsible to the Board for the day-to-day management of the Company. The role of the Chief Executive Officer is vital to the performance of the Company. He/she is required to provide leadership, strategic vision, high-level business judgment and wisdom, and the ability to meet immediate performance targets without neglecting longer-term growth opportunities of the Company.

The Chief Executive Officer also provides assistance whenever appropriate and works with the Board and the Board Committees in discharging their duties. He will report on the performance and activities of the Group for the period under review, including explanations when there are changes or significant fluctuations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

1.4 Qualified and competent Company Secretary

The Company is supported by two (2) qualified named Company Secretaries who possess the requisite qualification and are qualified to act as Company Secretaries under the Companies Act 2016. They play a supportive role by ensuring adherence to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations from time to time. The Company Secretaries monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

1.5 Access to information and advice

The Board recognises that the decision-making process is highly dependent on the quality of information available. All the Directors have access to all information within the Group and may seek the advice of Management on matters under discussion or request further information on the Group's business activities.

The Chairman, with the assistance of the Company Secretaries, ensures that all Directors have full and timely access to information with Board papers distributed in advance for Board meetings. The Board, whether as full Board or in their personal capacity, may upon approval from the Board, seek independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties and to enable them to discharge their duties, at the Group's expense.

All Board and Board Committees are provided with an agenda and relevant board papers, reports including matters arising, financial, operational and regulatory compliance matter, at least 7 days prior to meetings to ensure that they have sufficient time to review and evaluate the matters to be deliberated and obtain further information, if needed, prior to meeting to expedite decision-making during meetings. Actions on all matters arising from any previous meeting are reported at the following meeting.

2. Demarcation of Responsibilities

2.1 Board Charter

The Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with its management and shareholders. The Board Charter is reviewed by the Board, annually and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board reviewed its Charter on 19 November 2019 and the revised Board charter is available at its corporate website at <http://www.dnoncetech.com>.

3. Good business conduct and corporate culture

3.1 Code of Conduct and Ethics

The Directors are expected to conduct themselves with the highest ethical standards. All Directors and employees of the Company are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

The Code of Conduct for Directors and employees of the Group is made available for reference on the Company's website, <http://www.dnoncetech.com>.

3.2 Whistleblowing Policy

In adhering to good corporate governance practices and with the introduction of the Whistle Blower Protection Act 2010, the Board has put in place a Whistleblowing Policy as an avenue for employees and stakeholders to report genuine concerns about unethical behaviour, malpractices and illegal acts on failure to comply with regulatory requirements without fear of reprisal. Multiple channels of reporting are set up to encourage stakeholders to report directly to the Chairman of the Board, Chairman of Audit & Risk Management Committee or the Chief Executive Officer.

The Whistle Blowing Policy is made available for reference on the Company's website, <http://www.dnoncetech.com>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

3.3 Anti-Bribery & Corruption Policy

The Anti-Bribery & Corruption Policy had been established to prevent bribery and matters of corruption for. It is our policy to conduct all of our business in an honest and ethical manner, as well as complying with all applicable laws, which include compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anticorruption Commission (Amendment) Act 2018 and any of its amendments or reenactments that may be made by the relevant authority from time to time. We take a zero-tolerance approach to Bribery and Corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.

II. BOARD COMPOSITION

4. Board objectivity

4.1 Board composition

The current Board is made up of six (6) members comprising one (1) Non-Independent Non-Executive Chairman, one (1) Executive Director and four (4) Independent Non-Executive Directors. The composition of the Board complies with paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities. In view of their diversified background and extensive experience, they bring a wide range of technical skills and expertise to the Group and have contributed significantly towards performance monitoring, control as well as governance.

All directors of the Company do not hold more than 5 directorships under paragraph 15.06 of the Main Market Listing Requirements.

The Board believes that the current composition is appropriate given the collective skills and experiences of the Directors and the Group's current size and nature of the Group's business. The Board will continue to monitor and review the Board's size and composition as may be needed. If there is a need to appoint additional Board member, the Company will consider utilizing the pool of directors from independent sources.

4.2 The tenure of independent director

The Board is mindful of the recommendation of the Code for the tenure of an Independent Director not exceed a cumulative or consecutive term of nine (9) years. However, an Independent Director who had exceeded the prescribed nine (9) years may continue to serve the Board subject to re-designation as Non-Independent Non-Executive Director.

As at to-date, none of the Independent Directors have served on the Board for a cumulative or consecutive term of nine (9) years.

4.3 Policy on the tenure of an independent director

The Board Charter limits the tenure of its Independent Directors to nine (9) years. In the event the Board intends to retain a Director as Independent Director after the latter has served a cumulative or consecutive term of nine (9) years, the Board must justify the decision and seek shareholders' approval at Annual General Meeting ("AGM").

4.4 Diverse Board and Senior Management Team

The Board is supportive of diversity on the Board and in Senior Management team. Appointment of members of the Board and Senior Management team are based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.

4.5 Gender diversity

The Company currently has no female Independent Non-Executive Director. The Board does not have any target or measure to meet the 30% women directors in the Board. However, the Board is supportive of the gender boardroom diversity recommended by the Code and will strive towards introducing female Board members when it reviews its board composition.

Notwithstanding the absence of a female board member, the Group's female staff made up 51% of the total staff.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

4.6 Diverse sources for new candidates(s) for Board appointment

The Company has in place, its procedures and criteria for identifying candidates for appointment of directors. All candidates for appointment are first considered by the Nominating Committee and Remuneration Committee, taking into account the mixture of skills, competencies, experience, professionalism and other relevant qualities to manage the Company.

4.7 Nominating Committee

The Nominating Committee comprises of three (3) Independent Non-Executive Director and One (1) Non-Independent Non-Executive Director.

During the financial period ended 30 April 2020, the Nominating Committee had 4 meetings: -

Name and designation of the Directors	Attendance	Percentage of attendance (%)
Mr Chong Kim Teck Chairman, Independent Non-Executive Director (Appointed on 12 July 2019)	3/3	100%
Mr Lim Siang Kai Member, Non-independent Non-Executive Chairman (Appointed on 12 July 2019)	3/3	100%
Mr Lam Kwong Fai (Lin Guanghui) Member, Independent Non-Executive Director (Appointed on 12 July 2019)	3/3	100%
Mr Wan Kum Tho Member, Independent Non-Executive Director (Appointed on 13 January 2020)	-	-
Mr Ng Quek Peng Member, Independent Non-Executive Director (Appointed on 12 July 2019 and resigned on 30 September 2019)	1/1	100%
Dato' Yeo Boon Leong, JP Chairman, Independent Non-Executive Director (Appointed on 11 January 2019 and removed on 12 June 2019)	1/1	100%
YM Tengku Ahmad Badli Shah Bin Raja Hussin, JP Member, Independent Non-Executive Chairman (Appointed on 11 January 2019 and removed on 12 June 2019)	1/1	100%
Mr Ng Kok Wah Member, Independent Non-Executive Director (Appointed on 9 January 2019 and resigned on 12 June 2019)	1/1	100%
Ms Chuah Sue Yin Member, Independent Non-Executive Director (Appointed on 24 January 2019 and resigned on 29 March 2019)	-	-
Mr Yee Yit Yang Member, Independent Non-Executive Director (Appointed on 9 January 2019 and resigned on 11 January 2019)	-	-
Mr Ang See Ming Member, Independent Non-Executive Chairman (Appointed on 12 February 2018 and resigned on 10 January 2019)	-	-
Mr Lee Eng Sheng Member, Independent Non-Executive Director (Appointed on 13 November 2018 and resigned on 7 January 2019)	-	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

4.7 Nominating Committee

The objective of the Nominating Committee are:

1. Recommend to the Board, candidates for directorship Board Committee membership and Key Senior Management taking into consideration, amongst others, various diversity factors of the candidates including skills, knowledge, expertise, experience, professionalism, integrity, ethnicity and gender shall be sought as part of its recruitment exercise. In the case of candidates for the position of independent non-executive directors, the Nominating Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive directors.
2. The Nominating Committee shall also consider candidates for directorships and Key Senior Management proposed by the Chief Executive Officer and within the bounds of practicality, by any other Key Senior Management or any Director or shareholder.
3. To determine the core competencies and skills required of Directors to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies.
4. The Nominating Committee shall ensure that time commitment is obtained from a Director on his appointment and the expectations are met.
5. To evaluate and recommend the appointment of senior executive positions, including that of the Chief Executive Officer and their duties and the continuation (or not) of their service.
6. Regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustment that are deemed necessary.

To ensure that the positions of the Chairman and Chief Executive Officer are held by different individuals, and the Chairman shall be a non-executive member of the Board.

7. Review the size and core competencies of Independent Directors, Board balance and determine if additional Directors are required and also to ensure that at least half of the Board is independent.
8. Assist the Board to do an annual assessment of independence of its Independent directors and also ensure that the tenure of the Independent directors do not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director.

If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) years, the Board should seek annual shareholders' approval through a two-tier voting process.

9. Assist the Board to implement a procedure to be carried out by the Nominating Committee for annual assessment on the effectiveness of the Board as a whole, the Board Committee and the contribution of each individual Director, including Independent Non-Executive Directors and Chief Executive Officer. Conduct an annual review the term of office and performance of the Audit & Risk Management Committee and each of its members. All assessments and evaluation carried out by the Nominating Committee in the discharge of all its functions should be properly documented.
10. Conduct an annual review on the Board members, Chief Executive Officer and Chief Financial Officer on the required mix of skills, character, experience, integrity, competence and time to effectively discharge their roles.
11. Establish a clear succession plan and periodically reporting to the Board on succession planning for the Board, Chairman and Chief Executive Officer. The Nominating Committee should work with the Board to evaluate potential successors including considering independent sources to identify suitably qualified candidates.
12. Recommend Directors who are retiring by rotation under the Company's Constitution to be put forward for re-election.
13. Have due regard to the principles of governance and code of best practice.
14. Keep under review the leadership needs of the organisation with a view of ensuring the continued ability to compete effectively in the organisation's marketplace.
15. Facilitate board induction and training for newly appointed Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

4.7 Nominating Committee

16. Propose to the Board the responsibilities of Non-Executive Directors, including membership and Chairpersonship of Board Committees.
17. Review its own performance, at least once a year, and recommend any necessary changes to its Terms of Reference.
18. Review the term of office and performance of an Audit & Risk Management Committee and each of its members annually to determine whether such Audit & Risk Management Committee and members have carried out their duties in accordance with their Terms of Reference.

During the financial period under review, key activities undertaken by the Nominating Committee ("NC") are summarized as follows:

- a) Reviewed the composition, mixture of skills and experience and other qualities, including core competencies as well as contribution of each individual Director and the effectiveness of the Board as a whole and the Board Committees as well as contribution of each individual Director.
- b) Reviewed the level of independence of the Independent Directors.
- c) Discussed the character, experience, integrity and competency of the Directors, chief executive or Chief Financial Officer and ensured that they have the time to discharge their respective roles.
- d) Discussed and recommended the re-election / retention of Directors, as applicable at AGM.
- e) Reviewed the term of office and performance of the Audit & Risk Management Committee ("ARMC") and its members pursuant to para 15.20 of the Bursa Securities Listing Requirements. The assessment was carried out by way of a discussion in the Board and self-evaluation by the ARMC given that the composition of the NC is the same with ARMC.
- f) Conducted annual assessment on Board, Board Committees and individual Directors.
- g) Deliberated request for Board seats and any appointments to the Board
- h) Deliberated the composition of Board Committees following the resignation and appointment of new Directors.

The Terms of Reference of the Nominating Committee is published on the Company's website.

5. Board Assessment

5.1 Overall Effectiveness of the Board

It is the responsibility of the NC for the overall board effectiveness evaluation process, which includes an assessment of the Board, Board Committees and individual Directors. The appraisal which was carried out through documented questionnaires that comprises quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee was being circulated at the Meeting for assessment.

The Nominating Committee, upon conclusion of the exercise carried out on 25 June 2020, was satisfied that the Board and Board Committee composition had fulfilled the criteria required, possess the right blend of knowledge, experience and the appropriate mixture of skills. Additionally, Independent Directors were assessed to be objective in exercising their judgement.

III. REMUNERATION

6. Level and composition of Remuneration

6.1 Remuneration policy

It is vital for the Group to attract and retain Directors of the necessary caliber to run the Group successfully. The Group has established Remuneration Committee to develop remuneration strategies that drive performance and provide levels of reward which reflect the performance of the Executive Directors and Key Management personnel.

The current remuneration policy of the Group is summarized as below:

- (a) The remuneration for Executive Directors and Key Senior Management is based on the achievements and contribution of each person measured against their respective Key Performance Indicators. The Board shall determine the remuneration of Executive Directors and Key Senior Management taking into consideration the recommendations of the Remuneration Committee.
- (b) The Non-Executive Directors will receive a fixed base fee, not by a commission or on percentage of profits/turnover, as consideration for their Board duties. The aggregate amount of directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at a General Meeting.
- (c) Remuneration for Non-Executive Directors is not linked to individual performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. REMUNERATION (Cont'd)

6.2 Remuneration Committee

The Remuneration Committee comprises of one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. Currently the Remuneration Committee comprised of the following directors:

Name and designation of the Directors	Attendance	Percentage of attendance (%)
Mr Wan Kum Tho Chairman, Independent Non-Executive Director (Appointed on 13 January 2020)	2/2	100%
Mr Lim Siang Kai Member, Non-independent Non-Executive Chairman (Appointed on 12 July 2019)	3/3	100%
Mr Lam Kwong Fai (Lin Guanghui) Member, Independent Non-Executive Director (Appointed on 12 July 2019)	3/3	100%
Mr Chong Kim Teck Member, Independent Non-Executive Director (Appointed on 12 July 2019)	3/3	100%
Mr Ng Quek Peng Member, Independent Non-Executive Director (Appointed on 12 July 2019 and resigned on 30 September 2019)	1/1	100%
Dato' Yeo Boon Leong, JP Chairman, Independent Non-Executive Director (Appointed on 11 January 2019 and removed on 12 June 2019)	2/2	100%
YM Tengku Ahmad Badli Shah Bin Raja Hussin, JP Member, Independent Non-Executive Chairman (Appointed on 27 March 2019 and removed on 12 June 2019)	-	-
Mr Ng Kok Wah Member, Independent Non-Executive Director (Appointed on 9 January 2019 and resigned on 12 June 2019)	2/2	100%
Ms Chuah Sue Yin Member, Independent Non-Executive Director (Appointed on 24 January 2019 and resigned on 29 March 2019)	2/2	100%
Mr Yee Yit Yang Member, Independent Non-Executive Director (Appointed on 11 January 2019 and resigned on 11 January 2019)	-	-
Mr Ang See Ming Member, Independent Non-Executive Chairman (Appointed on 29 October 2018 and resigned on 10 January 2019)	-	-
Mr Lee Eng Sheng Member, Independent Non-Executive Director (Appointed on 3 December 2018 and resigned on 7 January 2019)	-	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. REMUNERATION (Cont'd)

6.2 Remuneration Committee

The key duties of Remuneration Committee included the following:

- (a) Develop and agree with the Board the remuneration policy framework for the Non-Executive Director, Executive Directors and Key Senior Management with the aim to attract, retain and motivate high caliber individuals required by the Board on long term basis and so structured as to align their interests with those of the Company and its shareholders.
- (b) Review and make recommendations to the Board the remuneration packages and other terms of employment for each of the Chief Executive Officer, Executive Directors and Key Senior Management, taking into account the market rates so as to link rewards to the Group and individual performance, drawing from external advice as necessary. The Executive Directors should play no part in the decisions of their own remuneration.
- (c) To review and recommend to the Board the remuneration packages for Non- Executive Directors, taking due account of their experience and degree of responsibilities undertaken.
- (d) To ensure that the remuneration and incentives for Independent Directors do not conflict with their obligation to bring objectivity and independent judgment on matters discussed at Board meetings.
- (e) To review indemnity and liability insurance policies for the Directors and Officers of the Company
- (f) To oversee the qualitative and quantitative disclosure of remuneration made in the Annual Report and notice of general meeting
- (g) To deliver explanation to shareholders during general meetings on matters related to directors and Key Senior Management remuneration, in addition to the overall remuneration framework of the Company
- (h) To carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the Remuneration Committee by the Board from time to time as to be in line with the directions of the Board.
- (i) Review the on-going appropriateness and relevance of the remuneration policy.
- (j) To consider and examine such other matters as the Remuneration Committee considers appropriate.

The Directors' fees and emoluments are subject to endorsement of the Board and approval of the shareholders. The Directors are paid an attendance allowance for each meeting they attend. Directors who are shareholders will abstain from voting at general meetings to approve their fees. Executive Directors also will not be involved in deciding their own remuneration.

7. Remuneration of Directors and Senior Management

7.1 Details of Directors' remuneration

Details of the Directors' Remuneration for the financial period ended 30 April 2020 in the Group are as follows:-

	Director's Fees RM	Salaries RM	Other emoluments RM	Bonus RM	Total RM
LSK	126,280		158,894		285,174
LKF	74,608		36,023		110,631
CKT	68,773		30,826		99,599
DMN	52,088		22,639		74,727
WKT	24,912		14,804		39,716
NQP	19,274		10,156		29,430
TYY	2,877	745,806	185,798	126,667	1,061,148
TAB	42,000		16,795		58,795
YBL	30,000		15,680		45,680
LTS	30,000	446,452	158,165		634,617
NKW	30,000		17,240		47,240
CSY	10,685		4,480		15,165
HJK	1,688				1,688
KCC		26,771	23,918		50,689
Others	4,601		18,022		22,623
Total	517,786	1,219,029	713,440	126,667	2,576,922

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. REMUNERATION (Cont'd)

7.1 Details of Directors' remuneration

Note:

LSK	-	Lim Siang Kai (appointed on 12 June 2019)
LKF	-	Lam Kwong Fai (Lin Guanghui) (appointed on 12 June 2019)
CKT	-	Chong Kim Teck (appointed on 12 June 2019)
DMN	-	Dato' Moktar bin Mohd Noor (appointed on 9 August 2019)
WKT	-	Wan Kum Tho (appointed on 13 January 2020)
NQP	-	Ng Quek Peng (appointed on 12 July 2019 and resigned on 30 September 2019)
TYY	-	Tho Yow Yin (appointed on 12 July 2019)
TAB	-	Tengku Ahmad Badli Shah bin Raja Hussin, JP (appointed on 11 January 2019 and removed on 12 June 2019)
YBL	-	Dato'Yeo Boon Leong, JP (appointed on 11 January 2019 and removed on 12 June 2019)
LTS	-	Lim Teck Seng (appointed on 8 January 2019 and removed on 12 June 2019)
NKW	-	Ng Kok Wah (appointed on 9 January 2019 and resigned on 12 June 2019)
CSY	-	Chuah Sue Yin (appointed on 24 January 2019 and resigned on 29 March 2019)
HJK	-	Heah Jay King (appointed on 11 January 2019 and resigned on 21 January 2019)
KCC	-	Kuah Choon Ching (resigned on 10 January 2019)
Others	-	Represents miscellaneous payments

7.2 Details of top five Senior Management's remuneration

7.3 Details of top five senior management's remuneration on name basis

Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment and the importance of ensuring stability and continuity of business operations with a competent and experienced Management team in place, the Board takes the view that there is no necessity for the Group to disclose the remuneration of the Company's Senior Management personnel who are not Directors.

Details of remuneration received by the Senior Management on named basis are not disclosed in this report.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT & RISK MANAGEMENT COMMITTEE ("ARMC")

8. Effective and independent Audit & Risk Management Committee

8.1 The Chairman of the Audit & Risk Management Committee is not the Chairman of the Board

The Chairman of the Audit & Risk Management Committee is Mr Lam Kwong Fai (Lin Guanghui) who is an Independent Director whereas the Chairman of the Board is Mr Lim Siang Kai. Presently, the ARMC are comprised majority of Independent Directors.

8.2 Policy requiring former key audit partner to observe 2-year cooling off period

As at to-date, the Company has not appointed any former audit partner as a member of the Audit & Risk Management Committee.

Nevertheless the Board has updated its Board Charter to stipulate that no former key audit partner shall be appointed as a member of the Audit & Risk Management Committee unless he / she has observed a cooling-off period of at least two (2) years before the appointment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

I. AUDIT & RISK MANAGEMENT COMMITTEE (Cont'd)

8.3 Policy and procedures to assess the suitability, objectivity and independence of the external auditor

The Audit & Risk Management Committee has formalised a policy which stipulates the procedures to assess the suitability, objectivity, and independence of external auditors which encompasses consideration of the nature and extent of non-audit services provided external auditors alongside the appropriateness of the level of fees.

During the financial period, the ARMC conducted an annual assessment of the external auditors based on the following conditions:-

- the quality of audit procedures and work provided;
- the adequacy of experience, technical support and resources;
- the independence and objectivity of external auditors;
- the internal communication quality of external auditors with the Board and / or ARMC; and
- any other criteria deemed fit by the ARMC and / or the Board.

Additionally, the said policy stipulated circumstances under which contracts for the provision of non-audit services could be entered into and procedures that must be followed by the external auditors. During the year, the external auditors reported the details of the non-audit services rendered which includes review of the Statement on Risk Management and Internal Control.

Furthermore, the external auditors provided a confirmation 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.

On 25 June 2020, an annual assessment on the suitability and independence of external auditors was conducted by the ARMC. The ARMC, having assessed the independence of external auditors as well as reviewed the level of non-audit services rendered by them for the financial period ended 30 April 2020, was satisfied with their competency, suitability and independence. The ARMC has recommended their re-appointment to the Board, upon which shareholders' approval will be sought at the 20th AGM.

In addition to the above, the ARMC meets with external auditors at least twice a year to discuss their audit plans, audit findings and the Company's financial statements. At least one of these meetings is held without the presence of the Executive Directors and the Management. Also, the ARMC meets with the external auditors additionally whenever the need arises. Two discussion sessions between the ARMC and the external auditors were held on 25 June 2020 and 17 August 2020 respectively. Furthermore, the external auditor attends every annual general meeting whereby the financial statements of the company for a financial year are to be laid to respond according to his knowledge and ability to any question raised in regards to the financial statements' audit.

8.4 Composition of the Audit & Risk Management Committee

The Company did not observe this step-up, the Audit & Risk Management Committee comprised majority of Independent Directors.

8.5 Diversity in skills of the Audit & Risk Management Committee

The members of the ARMC presently fulfills the requirement set out Paragraph 15.09 of the Bursa Securities Listing Requirements which stipulates the necessary skills and experiences required to be a member of the ARMC.

Within the current composition of the ARMC, majority of the ARMC members have the necessary financial, commercial expertise and capital markets skills, experience required to meet their responsibilities and provide an effective level of challenge to the Management. On an on-going basis, the ARMC members will participate in training and development sessions in order to ensure that the members are educated with the latest developments in accounting and auditing standards, guidelines and practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. Effective risk management and internal control framework

9.1 The board should establish an effective risk management and internal control framework

In order to be effective in discharging these responsibilities, the Board is assisted by the ARMC which functions as an oversight body to review controls and systems in general and to carry out on-going assessment over the adequacy and effectiveness of the risk management and internal control practices within the organisation.

In addition to the abovementioned, the Board is supported by the Management in developing, implementing and monitoring practices for identifying and managing risks. This is added with the role of the Management to provide assurance that the necessary control practices are adhered and carried out accordingly based on stipulated policies and framework.

9.2 Disclosure on the features of its risk management and internal control framework

During the year, an assurance is provided by the Chief Executive Officer that the Group's risk management and internal controls have been operating adequately and effectively, in all material aspects, during the year under review and up to the date of this Statement to the Board. Taking into consideration this assurance during the Board's assessment of the Group's risk management and internal control, the Board is of the view that the systems of internal control and the risk management is considered adequate for the Group's business operations.

The key elements and overall state of the internal control and risk management framework of the Group have been disclosed accordingly within the Annual Report.

9.3 Establishment of a Risk Management Committee

The Board has renamed its Audit Committee to the Audit & Risk Management Committee.

10. Effective governance, risk management and internal control

10.1 Effective of internal audit function

The Group's internal audit function is outsourced to a professional services firm, Kloo Point Sdn. Bhd. to assist the Board and ARMC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems.

The risk management framework and internal audit function are disclosed under the Statement of Risk Management and Internal Control on pages 22 to 24 of this Annual Report.

On an annual basis, the ARMC carries out an assessment on the performance of the outsourced internal audit function and reports such assessment to the Board.

10.2 Disclosure on the internal audit function

The internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm which is sufficiently resourced to provide the services that meet with the Group's required service level. The service provider has been able to provide reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.

The internal auditors adopt a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's approach in designing, implementing and monitoring its internal control system. The activities of the internal auditors during the financial period are set out in the ARMC Report in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication between the Company and stakeholders

11.1 Effective, transparent and regular communication with its stakeholders.

The Board believes that effective communication fosters better understanding of the Group's objectives and financial performance. In order to promote effective communication with the Company's stakeholders, information / results are made available through timely announcements and disclosure, executed via the Bursa Securities website, the Company's webpage, press releases and annual reports in line with the disclosure requirements of Listing Requirements.

Additionally, the Company emphasises on providing a principal platform for dialogue and interactions with stakeholders, i.e. primarily its shareholders, through its Annual General Meeting. The Annual General Meeting serves as a principal forum for dialogues with individual shareholders as it provides shareholders the opportunity to ask questions about the proposed resolutions or about the Company's operations in general.

11.2 Integrated Reporting

Integrated Reporting is not applicable to the Group presently as the Company does not fall within the definition of "Large Company".

II. CONDUCT OF GENERAL MEETINGS

12. Encourage Shareholder Participation at General Meetings

12.1 Notice for an Annual General Meeting

The notice to the upcoming AGM in 2020 will be provided with more than twenty-eight (28) days in advance to enable shareholders to make adequate preparation.

The Company recognises the importance of timely and thorough dissemination of information on all material business and corporate developments to shareholders and investors.

The Company keeps shareholders informed by announcements and timely release of quarterly financial results through Bursa Link, press releases, annual report and circular to shareholders.

12.2 All directors to attend General Meetings

All the Directors of the Company attend General Meetings in order to engage directly with shareholders and to take up any relevant questions which are related to matters that fall under the purview of the Board Committees or Board, unless unforeseen circumstances preclude them from attending General Meetings.

The shareholders present at the AGM were invited to ask questions about the resolutions being proposed at the AGM before putting them to vote by poll.

12.3 Leveraging on technology for voting in absentia and remote shareholders' participation

The Company would need time to study the availability of such software and hardware as well as its cost effectiveness to facilitate such mode of voting.

However, the Company may take into consideration of the status of the outbreak of Covid-19 to decide whether to convene a general meeting electronically and remotely via Remote Participation and Voting Facilities.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("MMLR").

Utilization of Proceeds

On 24 May 2019, the Company had announced to undertake a proposed renounceable right issue of up to 315,109,100 new shares in the Company ("DTB Shares") ("Rights Shares") and 315,109,100 irredeemable convertible preference shares ("ICPS") on the basis of 1 Rights Share and 1 ICPS for every 1 DTB Share held, together with up to 157,554,550 free detachable warrants ("Warrants-B") on the basis of 1 free Warrant-B for every 2 Rights Shares and 2 ICPS subscribed for. However, the Company decided not to proceed with the proposed renounceable rights issue subsequently on 20 August 2019.

Audit and Non-Audit Fees

The amount of audit fees paid and payable to the external auditors by the Group and the Company for the financial period ended 30 April 2020 amounted to RM634,010 and RM261,300 respectively, out of which RM149,328 are paid to the external auditors of the Group and Company for financial year ended 31 December 2018.

Non audit fees paid and payable to the external auditors or a firm or company affiliated to the external auditors for the Group and the Company for the financial period ended 30 April 2020 amounted to RM5,000.

Material Contracts

The material contract is disclosed in Note 35 (i) to the Financial Statements.

Related Party Transactions

An internal compliance framework exists to ensure the Company meets its obligations, including that of related party transactions under the MMLR. The Board reviews all related party transactions during the financial period ended 30 April 2020, and the details are disclosed in Note 29 to the Financial Statements.

Employees' Share Option Scheme

The Company's Employees' Share Option Scheme was established on 18 May 2016.

A total of 2,250,000 options were exercised and 1,132,500 options had lapsed during the financial period ended 30 April 2020. The total options outstanding was 759,500 as at 30 April 2020.

On 1 July 2019, the Company had offered ESOS to the eligible employees of the Group and Company ("2nd Offer"). However, on 11 November 2019, The Company announced that the 2nd Offer is invalid. Details of this ESOS are disclosed in Note 35 (iv) to the financial statements.

Warrants

Pursuant to a Deed Poll dated 12 October 2015, the Company issued 90,202,000 new warrants ("Warrants") in conjunction with the rights issue of 90,202,000 shares.

A total of 18,059,800 Warrants were exercised during the financial period 30 April 2020. The total Warrants outstanding was 50,959,200 as at 30 April 2020.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement, and considers that the Statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied. The Board considers and is satisfied that the Group has fulfilled its obligation under the MCCG, the MMLR and all applicable laws and regulations throughout the financial year ended 30 April 2020.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 August 2020.

DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("CA") to prepare financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards, the International Financial Standards and the requirements of the CA in Malaysia. The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their financial performance and cash flows for the year then ended.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates where applicable that are prudent, just and reasonable; and
- prepared the financial statements on a going concern basis.

The Directors also have a general responsibility for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of D'nonce Technology Bhd is pleased to present the Audit and Risk Management Committee ("ARMC") Report for the financial period ended 30 April 2020 ("FY2020").

MEETINGS AND ATTENDANCE

The ARMC had met seven (7) times during FY2020. The composition and the attendance record of ARMC members are as follows: -

Name and designation of Audit and Risk Management Committee	Attendance	Percentage of attendance
Mr Lam Kwong Fai Chairman of ARMC, Independent Non-Executive Director (appointed on 12 July 2019)	(3/3)	100%
Mr Lim Siang Kai Member, Non-Independent Non-Executive Director (appointed on 12 July 2019)	(3/3)	100%
Mr Chong Kim Teck Member, Independent Non-Executive Director (appointed on 12 July 2019)	(3/3)	100%
Mr Wan Kum Tho Member, Independent Non-Executive Director (appointed on 13 January 2020)	(2/2)	100%
Mr Ng Quek Peng Member, Independent Non-Executive Director (appointed on 12 July 2019 and resigned on 30 September 2019)	(1/1)	100%
Ms Chuah Sue Yin Chairman, Independent Non-Executive Director (appointed on 24 January 2019 and resigned on 29 March 2019)	(3/3)	100%
Dato' Yeo Boon Leong, JP Member, Non-Independent Non-Executive Director (appointed on 11 January 2019 and removed on 12 June 2019)	(4/4)	100%
Mr Ng Kok Wah Member, Independent Non-Executive Director (appointed on 9 January 2019 and resigned on 12 June 2019)	(4/4)	100%
YM Tengku Ahmad Badli Shah Bin Raja Hussin, JP Chairman, Independent Non-Executive Director (appointed on 11 January 2019 and removed on 12 June 2019)	(2/2)	100%

TERMS OF REFERENCE

The Terms of Reference of the Audit and Risk Management Committee are published in the Company's website at www.dnongtech.com.

Independence of the Audit and Risk Management Committee

The Company recognised the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the ARMC of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the ARMC was a key audit partner of the external auditors of the Group.

Financial Literacy of the Audit and Risk Management Committee Members

Collectively, the members of the ARMC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the ARMC. The qualification and experience of the individual ARMC members are disclosed in the Directors' Profiles on pages 15 to 17 of this Annual Report. During the financial period ended 30 April 2020, all current members of the ARMC had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to effectively discharge their duties.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

In discharging its functions and duties in accordance with its Terms of Reference, the Audit and Risk Management Committee ("ARMC") had carried out the following work during the financial period ended 30 April 2020: -

1. Met with the external auditors in the absence of Management to discuss on any significant audit issues which may have arisen in the course of their audit of the Group.
2. Reviewed the quarterly financial results announcements for each quarter of the Group to ensure the Company's compliance with the MMLR, applicable approved accounting standards and other legal and regulatory requirements, prior to recommending them for the Board of Director's consideration and approval.
3. The ARMC received and discussed the Internal Audit Reports containing the audit findings and recommendations made by the internal auditors on weaknesses in the systems of internal control and the Management responses on those issues. The ARMC monitored the progress on the corrective actions taken by the Management on a quarterly basis until it is satisfied that the weaknesses identified had been adequately addressed.
4. The report of Recurrent Related Party Transaction ("RRPT") of the Group was tabled and reviewed by the ARMC at every quarterly meeting. The ARMC was satisfied that all RRPTs were within arm's length, fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders.
5. Reviewed and discussed the following: -
 - a. The report from the external auditors on the audit results in respect of their audit of the Group for the financial period ended 30 April 2020.
 - b. The Proposed Internal Audit Plan for the financial period ended 30 April 2020 as presented by the internal auditors.
 - c. The Statement on Risk Management and Internal Control and Audit and Risk Management Committee Report for inclusion in the Annual Report 2020.
 - d. The effectiveness of the Group's risk management and internal control system. The ARMC was satisfied with the reasonable assurance given by the management on the processes for the monitoring internal control and risk management and their continuance to operate as intended.
 - e. Change of Internal Auditors.
6. Further, the ARMC reviewed and discussed the following:-
 - a. The Directors' Report and Audited Financial Statements for the financial period ended 30 April 2020 with external auditors.
 - b. The re-appointment of the external auditors. The ARMC agreed to recommend the re-appointment of the external auditors at a remuneration to be negotiated and agreed upon by the management.
7. The ARMC reviewed and approved the Audit Plan for the financial period ended 30 April 2020 presented by the external auditors. As at the date of the planning presentation, Grant Thornton reported that they have complied with the relevant ethical requirements regarding professional independence.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group has appointed a new external professional Internal Audit firm effective from December 2019. The total cost incurred for the outsourced internal audit function of the Group for the financial period ended 30 April 2020 amounted to RM50,000.

The Group's internal audit activities are mainly carried out in accordance with the annual audit plan that has been tabled to the ARMC for its review and approval.

Whenever required, the Internal Auditors would make reference to the Group's policies and procedures, established practices, listing requirements and recommended industry practices.

During the financial period ended 30 April 2020, the Internal Auditors carried out the internal audit work for the Group as follows: -


- Contract Manufacturing unit in Ayutthaya: Sourcing, Inventory Management ,Conversion and Production, Human Resource; and
- Sales and Distribution business unit in Bangkok and Haadyai : Sales and Marketing process, human resource.
- Design and Conversion business unit in Kuala Lumpur: Sourcing, Purchasing Process and Stock Control; and
- Sales and Distribution business unit in Prai: Sales Ordering, Billing process, Sourcing and Purchasing process

In each of the internal audit report, the findings arising from the audit field work were highlighted together with suitable recommendations for improvement to the management for review and further action where necessary. These findings were not limited to matters relating to the financial and accounting controls but also cover certain key operational and management control areas.

During the quarterly meetings, the Internal Auditors also go through with the ARMC the update status on the implementation of their recommendations by the Management.

CONTENTS

PAGE



045	Directors' Report
050	Directors' Statement
050	Statutory Declaration
051	Independent Auditors' Report
057	Statements of Financial Position
058	Statements of Comprehensive Income
060	Consolidated Statement of Changes in Equity
062	Statement of Changes in Equity
063	Statements of Cash Flows
067	Notes to the Financial Statements

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial period ended **30 April 2020**.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

CHANGE OF FINANCIAL YEAR END

The year end of the Group and the Company was changed from 31 December to 30 April. Accordingly, comparative amounts for the statements of comprehensive income, statements of changes in equity and statements of cash flows and the related notes are not entirely comparable.

RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) for the financial period	<u>730,149</u>	<u>(5,503,923)</u>
Attributable to:		
Owners of the Company	580,822	(5,503,923)
Non-controlling interests	<u>149,327</u>	<u>-</u>
	<u>730,149</u>	<u>(5,503,923)</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial period.

The Directors do not recommend the payment of any final dividend for the current financial period.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (CONT'D)

SHARE CAPITAL AND DEBENTURE

During the financial period, the Company had increased its issued and fully paid up ordinary share capital by way of issuance of:

- (i) 2,250,000 new ordinary shares pursuant to the exercise of the ESOS at an exercise price of RM0.25 per ESOS; and
- (ii) 18,059,800 new ordinary shares pursuant to the exercise of the warrants at an exercise price of RM0.25 per warrant.

The new ordinary shares rank *pari passu* in all respects with the existing ordinary shares of the Company.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 3 July 2015. The ESOS was implemented on 18 May 2016 and is to be in force for a period of five (5) years until 17 May 2021.

There were no share options granted during the financial period.

The salient features of the ESOS are disclosed in Note 26 to the financial statements.

The movement of the share options during the financial period are as follows:

Grant date	Exercise price (RM)	Number of share options			Balance at 30.4.20
		Balance at 1.1.19	Exercised	Lapsed	
18 May 2016	0.25	4,142,000	(2,250,000)	(1,132,500)	759,500

WARRANTS

Pursuant to a Deed Poll dated 12 October 2015 ("Deed Poll"), the Company issued 90,202,000 new warrants ("Warrants") in conjunction with the rights issue of 90,202,000 shares.

The salient features of the Warrants are disclosed in Note 15.5 to the financial statements.

The movement of the Warrants during the financial period are as follows:

Grant date	Exercise price (RM)	Number of warrants		Balance at 30.4.20
		Balance at 1.1.19	Exercised	
26 November 2015	0.25	69,019,000	(18,059,800)	50,959,200

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The directors of the Company in office since the beginning of the financial period to the date of this report are:

Directors of the Company:

Lim Siang Kai (appointed on 12.6.19)
 Tho Yow Yin (appointed on 12.7.19)
 Lam Kwong Fai (Lin Guanghui) (appointed on 12.6.19)
 Chong Kim Teck (appointed on 12.6.19)
 Dato' Moktar Bin Mohd Noor (appointed on 9.8.19)
 Wan Kum Tho (appointed on 13.1.20)
 Lim Teck Seng (appointed on 8.1.19 and removed on 12.6.19)
 Yee Yit Yang (appointed on 9.1.19 and resigned on 11.1.19)
 Ng Kok Wah (appointed on 9.1.19 and resigned on 12.6.19)
 Heah Jay King (appointed on 11.1.19 and resigned on 21.1.19)
 Dato' Yeo Boon Leong, JP (appointed on 11.1.19 and removed on 12.6.19)
 YM Tengku Ahmad Badli Shah Bin Raja Hussin, JP (appointed on 11.1.19 and removed on 12.6.19)
 Chuah Sue Yin (appointed on 24.1.19 and resigned on 29.3.19)
 Thoo Soon Huat (appointed on 17.6.19 and resigned on 11.7.19)
 Yap Chee Keong (appointed on 17.6.19 and resigned on 11.7.19)
 Ng Quek Peng (appointed on 12.7.19 and resigned on 30.9.19)
 Tan Than Kau (appointed on 1.7.19 and resigned on 11.7.19)
 Lee Eng Sheng (resigned on 7.1.19)
 Ang See Ming (resigned on 10.1.19)
 Kuah Choon Ching (resigned on 10.1.19)

Directors of the subsidiaries:

Ang Oon Ling
 Lim Oon Jin
 Tan Cheng See
 Teo Tin Jien
 Low Chee Min
 Soo Beng Chong
 Yew Boon Teik
 Roslant Bin Abu (appointed on 6.9.19)
 Shuib Bin Hassan (appointed 16.7.20)
 Ng Saw Kheng (appointed on 18.3.19 and resigned on 23.8.19)
 Tan Seak Weng (appointed on 20.3.19 and terminated on 15.7.19)
 Quah Boon Sin (resigned on 31.3.20)

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial period in shares of the Company and its related corporations during the financial period are as follows:

	Number of ordinary shares			Balance at 30.4.20
	Balance at 1.1.19	Bought	Sold	
The Company				
Direct Interest:				
Tho Yow Yin	-	3,000,000	-	3,000,000
Deemed Interest:				
¹ Lim Siang Kai	60,793,300	5,500,000	-	66,293,300

¹ Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of shares held through Blackstream Investments Pte Ltd.

DIRECTORS' REPORT (CONT'D)

Other than the above, none of the other directors holding office at the end of the financial period had any interests in shares in the Company and its related corporations during the financial period.

DIRECTORS' REMUNERATION AND BENEFITS

During the financial period, the fees and other benefits received and receivable by the directors of the Company are as follows:

	GROUP AND COMPANY RM
Salaries, bonus and allowances	1,854,593
Defined contribution plan	203,511
SOCSSO	977
EIS	55
Fees	517,786
	<hr style="border-top: 1px solid black;"/>
	2,576,922

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown above) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial period, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The amount of insurance premium paid for professional indemnity for the directors and officers of the Company during the financial period is RM24,888.

There was no indemnity given to or insurance effected for the auditors of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that no bad debts to be written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (i) which would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

DIRECTORS' REPORT (CONT'D)

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

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liability of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
- (ii) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial period in which this report is made.

SIGNIFICANT EVENTS

The details of the significant events are disclosed in Note 35 to the financial statements.

AUDITORS

The total amount of fees paid to or receivable by the auditors, **Grant Thornton**, as remuneration for their services as auditors of the Group and of the Company for the financial period from 1 January 2019 to 30 April 2020 are RM250,000 and RM111,300 respectively.

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

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

.....
Lim Siang Kai

.....
Tho Yow Yin

Penang,

Date: 27 August 2020

DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 57 to 146 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **30 April 2020** and of their financial performance and cash flows for the financial period from 1 January 2019 to 30 April 2020.

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

.....
Lim Siang Kai

.....
Tho Yow Yin

Date: 27 August 2020

STATUTORY DECLARATION

I, **Aw Yeong Weng Kwong**, the officer primarily responsible for the financial management of **D'nonce Technology Bhd.** do solemnly and sincerely declare that the financial statements set out on pages 57 to 146 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
 the abovenamed at Penang, this **27th**)
 day of **August 2020**.)

.....
Aw Yeong Weng Kwong
MIA No.: 44211

Before me,

.....
Liew Juan Leng (P162)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF D'NONCE TECHNOLOGY BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **D'nonce Technology Bhd.**, which comprise the statements of financial position as at **30 April 2020** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 1 January 2019 to 30 April 2020, and notes to the financial statements, including a summary of accounting policies, as set out on pages 57 to 146.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **30 April 2020** and of their financial performance and their cash flows for the financial period from 1 January 2019 to 30 April 2020 in accordance with 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* ("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 judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF D'NONCE TECHNOLOGY BHD. (CONT'D)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Revaluation of property, plant and equipment <i>(Note 4 to the financial statements)</i></p> <p>The Group had adopted revaluation model for its property, plant and equipment ("PPE") in the current financial period.</p> <p>We focused on this area as the determination of the fair value of the PPE requires significant judgement due to the use of the estimates in the valuation techniques based on certain key assumptions.</p>	<p>Our audit procedures in relation to the revaluation of property, plant and equipment included, among others, the following:</p> <ul style="list-style-type: none"> • Considering the competency, capabilities and objectivity of the independent external valuers; • Reviewing the valuation reports prepared by the independent external valuers and understanding the methodology adopted by the independent external valuers in estimating the fair value of the PPE; and • Having discussion with the independent external valuers to obtain an understanding of the key input data and key assumptions used by the independent external valuers.
<p>Impairment of trade receivables <i>(Note 10 to the financial statements)</i></p> <p>The Group has significant trade receivables as at 30 April 2020 which include certain amounts that are long outstanding and it is subject to credit risk exposure.</p> <p>We focus on this area as the assessment of expected credit losses of trade receivables requires management judgement and estimation uncertainty in determining the probability of default occurring by considering the ageing of trade receivables, historical loss experience and forward-looking information.</p> <p>The adoption of <i>MFRS 9 – Financial Instruments</i> has resulted in management having to develop an expected credit loss model which requires the use of judgement and estimation in determining the probability of default by considering the ageing of receivables, historical loss experience and forward-looking information.</p>	<p>Our audit procedures in relation to the impairment of trade receivables included, among others, the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of: <ul style="list-style-type: none"> - the Group's control over the customers' collection process; - the process of identifying and assessing the impairment of trade receivables; and - the basis of how the Group makes the accounting estimates for impairment of trade receivables. • Reviewing the application of the Group's policy for calculating expected credit losses and whether it complies with <i>MFRS 9</i>; • Reviewing the ageing analysis of trade receivables and testing the reliability thereof; • Reviewing subsequent collections for major customers and overdue amounts; • Making inquiries of management regarding the action plans to recover overdue balances; • Examining other evidence including customer correspondences; and • Assessing the recoverability of balances and the adequacy of impairment loss for significant outstanding balances based on the expected credit loss model applied by the Group.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF D'NONCE TECHNOLOGY BHD.(CONT'D)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Management override of controls <i>(Note 33 to the financial statements)</i></p> <p>As disclosed in Note 33 to the financial statements, the Board had identified certain potential breaches of internal control by a former key management personnel of the Group and of the Company in the prior financial period. The Board had taken certain measures in order to address such potential breaches of internal control within the Group and the Company.</p> <p>We focused on this area as the potential breaches of internal control by key management personnel could influence the results of the Group and of the Company and thus, affect our overall review on the financial statements of the Group and of the Company whether presented a true and fair view.</p>	<p>Our audit procedures in relation to the management override of controls included, among others, the following:</p> <ul style="list-style-type: none"> • Understanding the governance and oversight process including the independence and objectivity of those charged with governance; • Understanding and evaluating the Group's control environment by performing a walkthrough and evaluating the design of controls in relation to the management override of controls; • Verifying the transactions are approved in accordance with internal procedures including involvement of key management personnel at the appropriate level; • Evaluating the business rationale of the transactions; • Reviewing the minutes of Board meetings to consider any transactions that need to be disclosed; • Applying our audit software to perform the journal testing in relation to any transactions entered by the former key management personnel of the Group and of the Company and the existing key management personnel; • Performing the opening balances test in accordance with ISA 510 Initial Audit Engagements – Opening Balances; and • Determining whether the directors have disclosed relationships and transactions in accordance with <i>MFRS 124 – Related Party Disclosures</i>.

There is no key audit matter to be communicated in the audit of the separate financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF D'NONCE TECHNOLOGY BHD.(CONT'D)

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.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF D'NONCE TECHNOLOGY BHD.(CONT'D)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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 period 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF D'NONCE TECHNOLOGY BHD.(CONT'D)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements for the preceding period from 1 September 2017 to 31 December 2018 were audited by another firm of auditors whose report dated 29 April 2019, expressed a qualified opinion on those financial statements.

Grant Thornton
No. AF: 0042
Chartered Accountants

Loo Wei Teng
No. 03487/03/2022 J
Chartered Accountant

Penang

Date: 27 August 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2020

	NOTE	GROUP		COMPANY	
		30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	72,570,097	49,340,976	960,186	402,667
Investment properties	5	13,539,078	13,939,288	-	-
Right-of-use assets	6	2,790,285	-	94,535	-
Investment in subsidiaries	7	-	-	46,926,169	46,775,382
Goodwill	8	289,128	289,128	-	-
Deferred tax assets	9	167,470	159,320	-	-
Trade and other receivables	10	1,769,185	4,946,126	2,703,720	-
Cash and bank balances	11	127,441	116,888	-	-
		91,252,684	68,791,726	50,684,610	47,178,049
Current assets					
Inventories	12	25,706,375	24,653,144	-	-
Trade and other receivables	10	48,615,070	56,025,697	26,246,119	22,199,202
Contract assets	13	47,462	-	-	-
Current tax assets		2,130,910	771,545	279,706	-
Cash and bank balances	11	32,404,128	40,137,000	222,035	8,541,873
		108,903,945	121,587,386	26,747,860	30,741,075
TOTAL ASSETS		200,156,629	190,379,112	77,432,470	77,919,124
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	75,119,205	67,976,735	75,119,205	67,976,735
Reserves	15	37,453,575	18,892,106	5,062,170	7,282,176
Retained profits/(Accumulated losses)		3,240,080	2,552,093	(10,202,309)	(4,853,372)
		115,812,860	89,420,934	69,979,066	70,405,539
Non-controlling interests		5,395,679	4,907,645	-	-
Total equity		121,208,539	94,328,579	69,979,066	70,405,539
Non-current liabilities					
Retirement benefit obligations	16	2,182,633	1,074,086	-	-
Borrowings	17	12,801,686	14,993,429	-	41,184
Lease liabilities	6	1,993,648	-	24,673	-
Deferred tax liabilities	9	5,938,334	421,505	-	-
		22,916,301	16,489,020	24,673	41,184
Current liabilities					
Trade and other payables	18	19,287,578	28,958,223	7,355,973	6,989,833
Retirement benefit obligations	16	-	218,750	-	218,750
Borrowings	17	35,712,329	50,100,587	-	158,496
Lease liabilities	6	860,450	-	72,758	-
Current tax liabilities		171,432	283,953	-	105,322
		56,031,789	79,561,513	7,428,731	7,472,401
Total liabilities		78,948,090	96,050,533	7,453,404	7,513,585
TOTAL EQUITY AND LIABILITIES		200,156,629	190,379,112	77,432,470	77,919,124

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 APRIL 2020

	NOTE	GROUP		COMPANY	
		1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM
Revenue	19	228,618,244	269,718,075	5,086,647	15,316,134
Other income	20	7,357,948	7,273,745	3,003,434	2,405,324
Changes in inventories of					
work-in-progress and finished goods		(758,146)	202,436	-	-
Raw materials and consumables used		(79,880,133)	(93,550,206)	-	-
Trading goods		(49,108,162)	(70,354,740)	-	-
Sub-contractor and other installation costs		(46,510)	(583,452)	-	-
Employee benefits expense	21	(48,091,024)	(49,819,607)	(5,552,968)	(6,763,055)
Depreciation of					
- property, plant and equipment		(8,878,367)	(8,512,390)	(301,691)	(148,452)
- investment properties		(444,312)	(313,152)	-	-
- right-of-use assets		(1,019,450)	-	(47,267)	-
Allowance for expected credit losses		(246,552)	(2,414,595)	(1,099,003)	(6,319,909)
Impairment loss on investment in a subsidiary		-	-	-	(220,836)
Inventories written down		(2,116,520)	(640,120)	-	-
Inventories written off		(66,853)	(1,305,739)	-	-
Operating leases		-	(4,411,966)	-	(56,460)
Expense relating to short-term leases		(2,871,488)	-	(32,788)	-
Expense relating to lease of low value assets		(28,412)	-	(6,524)	-
Unwinding discount on amount due from a subsidiary		-	-	(1,061,427)	-
Utilities		(6,073,512)	(6,055,241)	(33,032)	(55,607)
Other operating expenses		(28,766,780)	(28,045,125)	(4,641,514)	(2,593,612)
Operating profit/(loss)		7,579,971	11,187,923	(4,686,133)	1,563,527
Finance costs	22	(5,180,538)	(6,070,351)	(641,566)	(1,212,424)
Profit/(Loss) before tax	23	2,399,433	5,117,572	(5,327,699)	351,103
Tax expense	24	(1,669,284)	(2,346,231)	(176,224)	(105,322)
Profit/(Loss) for the financial period carried forward		730,149	2,771,341	(5,503,923)	245,781

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 APRIL 2020 (CONT'D)

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM
Profit/(Loss) for the financial period brought forward	730,149	2,771,341	(5,503,923)	245,781
Total other comprehensive income/(loss), net of tax:				
Item that will be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operation	717,283	(241,902)	-	-
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement loss on retirement benefit obligations	(473,476)	(100,820)	-	-
Revaluation of land and buildings, net	20,828,554	-	-	-
Transfer of revaluation surplus to retained profits	425,655	-	-	-
Realisation of revaluation surplus upon depreciation	(425,655)	-	-	-
Total comprehensive income/(loss) for the financial period	21,802,510	2,428,619	(5,503,923)	245,781
Profit/(Loss) attributable to:				
Owners of the Company	580,822	2,605,367	(5,503,923)	245,781
Non-controlling interests	149,327	165,974	-	-
	730,149	2,771,341	(5,503,923)	245,781
Total comprehensive income/(loss) attributable to:				
Owners of the Company	21,314,476	2,262,645	(5,503,923)	245,781
Non-controlling interests	488,034	165,974	-	-
	21,802,510	2,428,619	(5,503,923)	245,781
Earnings per share attributable to owners of the Company (sen)	25			
- Basic	0.23	1.32		
- Diluted	0.21	1.19		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 APRIL 2020

	NOTE	Non-distributable										Total Equity RM
		Share Capital RM	Foreign Currency Translation Reserve RM	Revaluation Reserve RM	Legal Reserve RM	Share Options Reserve RM	Warrant Reserve RM	Other Capital Reserve RM	Retained Profits RM	Total RM	Non-controlling Interests RM	
Balance at beginning		67,976,735	6,457,420	-	32,510	566,626	6,715,550	5,120,000	2,552,093	89,420,934	4,907,645	94,328,579
Foreign currency translation differences for foreign operation		-	716,330	-	-	-	-	-	-	716,330	953	717,283
Remeasurement loss on retirement benefit obligations		-	-	-	-	-	-	-	(473,476)	(473,476)	-	(473,476)
Revaluation of land and buildings		-	-	20,065,145	-	-	-	-	425,655	20,490,800	337,754	20,828,554
Profit for the financial period		-	-	-	-	-	-	-	580,822	580,822	149,327	730,149
Total comprehensive income for the financial period		-	716,330	20,065,145	-	-	-	-	533,001	21,314,476	488,034	21,802,510
<i>Transactions with owners of the Company:</i>												
Issuance of shares pursuant to:												
- Exercise of ESOS	14	562,500	-	-	-	-	-	-	-	562,500	-	562,500
- Exercise of warrants	14	4,514,950	-	-	-	-	-	-	-	4,514,950	-	4,514,950
		5,077,450	-	-	-	-	-	-	-	5,077,450	-	5,077,450
Transfer of share options reserve upon exercised	14	307,800	-	-	-	(307,800)	-	-	-	-	-	-
Lapse of share options		-	-	-	-	(154,986)	-	-	154,986	-	-	-
Transfer of warrant reserve upon exercised	14	1,757,220	-	-	-	-	(1,757,220)	-	-	-	-	-
Total transactions with owners		7,142,470	-	-	-	(462,786)	(1,757,220)	-	154,986	5,077,450	-	5,077,450
Balance at end		75,119,205	7,173,750	20,065,145	32,510	103,840	4,958,330	5,120,000	3,240,080	115,812,860	5,395,679	121,208,539

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 APRIL 2020 (CONT'D)

NOTE	Non-distributable										Total Equity RM	
	Share Capital RM	Foreign Currency Translation Reserve RM	Revaluation Reserve RM	Legal Reserve RM	Share Options Reserve RM	Warrant Reserve RM	Other Capital Reserve RM	Retained Profits RM	Total RM	Non-controlling Interests RM		
31.12.18												
Balance at beginning	46,179,518	6,699,322	-	32,510	3,324,172	8,776,655	5,120,000	47,546	70,179,723	4,741,671	74,921,394	
Foreign currency translation differences for foreign operation	-	(241,902)	-	-	-	-	-	-	(241,902)	-	(241,902)	
Remeasurement loss on retirement benefit obligations	-	-	-	-	-	-	-	(100,820)	(100,820)	-	(100,820)	
Profit for the financial period	-	-	-	-	-	-	-	2,605,367	2,605,367	165,974	2,771,341	
Total comprehensive income for the financial period	-	(241,902)	-	-	-	-	-	2,504,547	2,262,645	165,974	2,428,619	
<i>Transactions with owners of the Company:</i>												
Issuance of shares pursuant to:												
- Exercise of ESOS	5,039,376	-	-	-	-	-	-	-	5,039,376	-	5,039,376	
- Exercise of warrants	5,295,750	-	-	-	-	-	-	-	5,295,750	-	5,295,750	
- Private placement	6,643,440	-	-	-	-	-	-	-	6,643,440	-	6,643,440	
Transfer of share options reserve upon exercised	16,978,566	-	-	-	-	-	-	-	16,978,566	-	16,978,566	
Transfer of warrant reserve upon exercised	2,757,546	-	-	-	(2,757,546)	-	-	-	-	-	-	
Total transactions with owners	21,797,217	-	-	-	(2,757,546)	(2,061,105)	-	-	16,978,566	-	16,978,566	
Balance at end	67,976,735	6,457,420	-	32,510	566,626	6,715,550	5,120,000	2,552,093	89,420,934	4,907,645	94,328,579	

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 APRIL 2020

NOTE	Non-distributable				Total Equity RM
	Share Capital RM	Share Options Reserve RM	Warrant Reserve RM	Accumulated Losses RM	
30.4.20					
Balance at beginning	67,976,735	566,626	6,715,550	(4,853,372)	70,405,539
Total comprehensive loss for the financial period	-	-	-	(5,503,923)	(5,503,923)
<i>Transactions with owners of the Company:</i>					
Issuance of shares pursuant to:					
- Exercise of ESOS	14	562,500	-	-	562,500
- Exercise of warrants	14	4,514,950	-	-	4,514,950
		5,077,450	-	-	5,077,450
Transfer of share options reserve upon exercised	14	307,800	(307,800)	-	-
Lapse of share options		-	(154,986)	154,986	-
Transfer of warrant reserve upon exercised	14	1,757,220	(1,757,220)	-	-
Total transactions with owners		7,142,470	(462,786)	154,986	5,077,450
Balance at end		75,119,205	103,840	(10,202,309)	69,979,066
31.12.18					
Balance at beginning	46,179,518	3,324,172	8,776,655	(5,099,153)	53,181,192
Total comprehensive income for the financial period	-	-	-	245,781	245,781
<i>Transactions with owners of the Company:</i>					
Issuance of shares pursuant to:					
- Exercise of ESOS	14	5,039,376	-	-	5,039,376
- Exercise of warrants	14	5,295,750	-	-	5,295,750
- Private placement	14	6,643,440	-	-	6,643,440
		16,978,566	-	-	16,978,566
Transfer of share options reserve upon exercised	14	2,757,546	(2,757,546)	-	-
Transfer of warrant reserve upon exercised	14	2,061,105	(2,061,105)	-	-
Total transactions with owners		21,797,217	(2,757,546)	-	16,978,566
Balance at end		67,976,735	566,626	(4,853,372)	70,405,539

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 APRIL 2020

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	2,399,433	5,117,572	(5,327,699)	351,103
Adjustments for:				
Accretion of interest	204,963	-	7,629	-
Allowance for expected credit losses	246,552	2,414,595	1,099,003	6,319,909
Defined benefit plan	619,198	274,266	-	32,025
Depreciation of				
- property, plant and equipment	8,878,367	8,512,390	301,691	148,452
- investment properties	444,312	313,152	-	-
- right-of-use assets	1,019,450	-	47,267	-
Dividend income	-	-	-	(9,000,000)
Gain on disposal of property, plant and equipment, net	(6,263)	(29,213)	-	(1,643)
Impairment loss on investment in a subsidiary	-	-	-	220,836
Interest expense	4,975,575	6,070,351	633,937	1,212,424
Interest income	(1,285,469)	(2,284,959)	(2,367,189)	(1,413,714)
Inventories written down	2,116,520	640,120	-	-
Inventories written off	66,853	1,305,739	-	-
Property, plant and equipment written off	100,517	22,041	348	17,437
Revaluation loss on land and building	448,187	-	-	-
Reversal of allowance for expected credit losses	(620,959)	(452,175)	-	-
Reversal of impairment loss on investment in a subsidiary	-	-	(150,787)	-
Reversal of impairment loss on property, plant and equipment	-	(4,200)	-	-
Reversal of inventories written down	(32,004)	(1,137,407)	-	-
Unwinding discount on amount due from a subsidiary	-	-	1,061,427	-
Unrealised (gain)/loss on foreign exchange	(291,155)	575,615	(37,036)	(529,620)
Operating profit/(loss) before working capital changes	19,284,077	21,337,887	(4,731,409)	(2,642,791)
Changes in:				
Inventories	(3,204,600)	(4,485,640)	-	-
Trade and other receivables	11,226,254	14,573,815	59,464	131,359
Contract assets	(47,462)	-	-	-
Trade and other payables	(9,654,709)	(8,292,821)	(644,069)	298,677
Cash generated from/(used in) operations carried forward	17,603,560	23,133,241	(5,316,014)	(2,212,755)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 APRIL 2020 (CONT'D)

	GROUP		COMPANY	
		(Restated)		(Restated)
	1.1.19 to 30.4.20 NOTE (16 months) RM	1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM
Cash generated from/(used in) operations brought forward	17,603,560	23,133,241	(5,316,014)	(2,212,755)
Retirement benefit obligations paid	(229,465)	(42,442)	(218,750)	-
Income tax paid	(2,923,598)	(1,670,515)	(561,252)	-
Income tax refunded	170,982	-	-	-
Interest paid	(4,975,575)	(6,070,351)	(201,415)	(57,923)
Net cash from/(used in) operating activities	9,645,904	15,349,933	(6,297,431)	(2,270,678)
CASH FLOWS FROM INVESTING ACTIVITIES				
Subscription of additional shares in a wholly owned subsidiary	-	-	-	(2,000,000)
Interest received	1,285,469	2,284,959	327,517	441,247
Dividend received	-	-	-	9,000,000
Proceed from disposal of property, plant and equipment	83,250	213,084	-	28,266
Net changes in deposits pledged with licensed banks	(185,006)	(743,261)	-	-
Purchase of property, plant and equipment	(1,073,256)	(4,671,094)	(591,627)	(31,875)
Subsequent expenditure incurred on investment properties	(44,102)	(381,012)	-	-
Net cash from/(used in) investing activities	66,355	(3,297,324)	(264,110)	7,437,638
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	5,077,450	16,978,566	5,077,450	16,978,566
Net changes in short term borrowings	(710,975)	(3,255,516)	-	-
Net changes in subsidiaries' balances	-	-	(6,584,067)	(13,472,273)
Repayment of:				
- lease liabilities	(1,160,600)	-	(52,000)	-
- term loans	(5,237,161)	(13,142,855)	-	-
- finance lease liabilities	(4,778,879)	(3,561,899)	(199,680)	(195,602)
Net cash (used in)/from financing activities	(6,810,165)	(2,981,704)	(1,758,297)	3,310,691
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,902,094	9,070,905	(8,319,838)	8,477,651
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(605,929)	10,887	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING	3,231,294	(5,850,498)	8,541,873	64,222
CASH AND CASH EQUIVALENTS AT END	5,527,459	3,231,294	222,035	8,541,873

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 APRIL 2020 (CONT'D)

	GROUP		COMPANY	
	1.1.19 to 30.4.20 NOTE (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM
Represented by:				
Deposits with licensed banks	22,413,593	22,237,327	-	-
Cash in hand and at banks	10,117,976	18,016,561	222,035	8,541,873
Bank overdrafts	(4,591,862)	(14,795,352)	-	-
	27,939,707	25,458,536	222,035	8,541,873
Less: Deposits pledged with licensed banks	(22,412,248)	(22,227,242)	-	-
	<u>5,527,459</u>	<u>3,231,294</u>	<u>222,035</u>	<u>8,541,873</u>

A. Purchase of property, plant and equipment

Total acquisition cost	5,423,760	9,397,115	591,627	31,875
Acquired under finance lease liabilities	B (4,350,504)	(4,726,021)	-	-
Total cash acquisition	<u>1,073,256</u>	<u>4,671,094</u>	<u>591,627</u>	<u>31,875</u>

B. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	Cash flows RM	Others RM	Balance at end RM
GROUP				
30.4.20				
Borrowings excluding bank overdraft	50,298,664	(6,376,511)	-	43,922,153
Lease liabilities	2,971,446	(1,160,600)	1,043,252	2,854,098
Total liabilities from financing activities	<u>53,270,110</u>	<u>(7,537,111)</u>	<u>1,043,252</u> ¹	<u>46,776,251</u>
31.12.18				
Borrowings excluding bank overdraft, representing total liabilities from financing activities	<u>65,807,031</u>	<u>(15,234,249)</u>	<u>(274,118)</u> ¹	<u>50,298,664</u>
COMPANY				
30.4.20				
Borrowings	199,680	(199,680)	-	-
Lease liabilities	-	(52,000)	149,431	97,431
Total liabilities from financing activities	<u>199,680</u>	<u>(251,680)</u>	<u>149,431</u> ¹	<u>97,431</u>

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 APRIL 2020 (CONT'D)

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM
31.12.18				
Borrowings, representing total liabilities from financing activities	395,282	(195,602)	-	199,680

¹ Others consist of non-cash movement as follows:

	30.4.20 RM	31.12.18 RM
GROUP		
Accretion of interest	204,963	-
Addition of lease liabilities	838,289	-
Unrealised gain on foreign exchange	-	(274,118)
	1,043,252	(274,118)
COMPANY		
Accretion of interest	7,629	-
Addition of lease liabilities	141,802	-
	149,431	-

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020

1. CORPORATE INFORMATION

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

The registered office of the Company is located at 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 51-14-B&C, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 August 2020.

Principal Activities

The principal activities of the Company consist of investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

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 applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies as set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency.

2.4 Adoption of New Standards/Amendments/Improvements to MFRSs

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial period except for the adoption of the following standards that are mandatory for the current financial period:

Effective for annual periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments

MFRS 15 Revenue from Contracts with Customers

MFRS 16 Leases

Amendments to MFRS 2 Share-Based Payments: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 140 Investment Property: Transfers of Investment Property

Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interest in Associates and Joint Ventures

Annual Improvements to MFRS 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interest in Other Entities)

Annual Improvements to MFRS Standards 2015-2017 Cycle

IC Interpretation 22 Foreign Currency Transactions and Advance Considerations

IC Interpretations 23 Uncertainty over Income Tax Treatments

Initial application of the above standards did not have any material impact to the financial statements of the Group and of the Company except as mentioned below:

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces *MFRS 139 Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group and the Company have applied *MFRS 9* prospectively, with an initial application date of 1 January 2019. The Group has not restated the comparative information, which continues to be reported under *MFRS 139*. There is no material differences arising from the adoption of *MFRS 9*.

Classification and measurement

The classification and measurement requirements of *MFRS 9* did not have a significant impact to the Group and the Company. The Group and the Company continue to measure at fair value all financial assets previously held at fair value under *MFRS 139*. Trade and other receivables classified as loans and receivables as at 31 December 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost beginning 1 January 2019.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

Impairment

The adoption of *MFRS 9* has fundamentally changed the Group's and the Company's accounting for impairment losses for financial assets by replacing *MFRS 139*'s incurred loss approach with a forward-looking expected credit loss ("ECL") approach. *MFRS 9* requires the Group and the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

The Group applies simplified approach to recognise lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporates forward looking information. Given that (i) the customers of the Group are mainly well established and financially sound companies with no history of default in prior years, the management considers the historical default rate of the financial assets to be minimal; and (ii) the customers of the Group operate in the geographical regions where no adverse change in the business environment is anticipated, the management considers that the forward looking default rate to be minimal across all ageing bands. As a result, no allowance for expected credit losses of trade receivables is made as the impact is insignificant.

For other financial assets measured at amortised cost, the Group applies general approach to recognise 12-month ECL as there is no significant increase in credit risk since initial recognition. After considering the factors as disclosed in Note 3.8.1(iv) to the financial statements, the management is of the opinion that ECL rate applied for other financial assets measured at amortised cost is insignificant as the risk of default is low.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes *MFRS 111 Construction Contracts*, *MFRS 118 Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. *MFRS 15* establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted *MFRS 15* using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 January 2019.

Timing of revenue recognition

The Group has assessed its on-going contracts for sale of goods as at 1 January 2019 and 30 April 2020 and identified those on-going contracts which contain elements that trigger revenue from sale of goods to be recognised under *MFRS 15* at a point in time. Those on-going contracts which was previously recognised when risk and rewards of ownership have been passed to the customer is now recognised when the performance obligation is met at a point in time upon the Group's finished goods is delivered at a customer's warehouse.

There is no material cumulative effect of initially applying *MFRS 15* to be adjusted against the opening balance of retained profits at the date of initial application. Therefore, the comparative information was not restated and continues to be reported under *MFRS 118 Revenue*.

As at 30 April 2020, *MFRS 15* increased the revenue and contract assets respectively by RM47,462. Likewise, *MFRS 15* decreased the inventories and increased the cost of sales respectively by RM43,013. Had the *MFRS 15* is not adopted by the Group for the financial period, the abovementioned implications will not be applicable.

MFRS 16 Leases

MFRS 16 supersedes *MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

Lessor accounting under *MFRS 16* is substantially unchanged from *MFRS 117*. Lessors will continue to classify leases as either operating or finance leases using similar principles as in *MFRS 117*. Therefore, *MFRS 16* does not have an impact for leases where the Group is the lessor.

The Group and the Company adopted *MFRS 16* using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying *MFRS 117* and *IC Interpretation 4* at the date of initial application.

The adoption of *MFRS 16* on 1 January 2019 did not have a material effect on the profit or loss for the financial period but increased the assets and liabilities of the Group as at 1 January 2019 as follows:

	GROUP RM
Statements of Financial Position	
Assets	
Right-of-use assets	2,971,446
Liabilities	
Lease liabilities	2,971,446

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

The Group and the Company have lease contracts for various items of leasehold land, motor vehicles, premises and factory buildings. Before the adoption of *MFRS 16*, the Group and the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of *MFRS 16*, the Group and the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under *MFRS 117*). The requirements of *MFRS 16* were applied to these leases from 1 January 2019.

Leases previously accounted for as operating leases

The Group and the Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	GROUP RM
Assets	
Operating lease commitments as at 31 December 2018	3,385,100
Weighted average incremental borrowing rate as at 1 January 2019	5.38%
Discounted operating lease commitments as at 1 January 2019, representing lease liabilities as at 1 January 2019	<u>2,971,446</u>

2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

Effective for annual periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3 Business Combinations: Definition of a Business
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108
Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition
and Measurement and MFRS 7 Financial Instruments: Disclosures: Interest Rate Benchmark
Reform

Effective for annual periods beginning on or after 1 June 2020

Amendments to MFRS 16 Leases: Covid-19-Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2022

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

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities
as Current or Non-Current

Effective date yet to be confirmed

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

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption.

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Group and Company as lessee

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group and the Company have not included the extension options period as part of the lease term for leases of premises and factory buildings as it is not reasonably certain that the extension options will be exercised. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

2.6.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Revaluation of property, plant and equipment

The Group measures its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at the end of reporting period.

The carrying amount of the land and buildings as at the end of reporting period and the relevant revaluation bases and fair value, are disclosed in Note 4 to the financial statements.

(ii) Impairment of property, plant and equipment

The Group and the Company perform an impairment review as and when there are impairment indicators to ensure that the carrying value of the property, plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

(iii) Inventories

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 12 to the financial statements.

(iv) Provision for expected credit loss ("ECL") of receivables

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECL on the Group's trade receivables is disclosed in Note 30.3.1 to the financial statements.

(v) **Leases – Estimating the incremental borrowing rate**

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group and the Company estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(vi) **Impairment in investment in subsidiaries**

Investment in subsidiaries is tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Judgment is required to determine if any such indication exists, based on the evaluation of both internal and external sources of information. If any such indication exists, management assesses the recoverable amount of the investment in subsidiaries based on the fair value less cost to sell which approximates the extent of the net assets held by the subsidiaries at the end of the reporting period. If the recoverable amount of the investment in a subsidiary is less than its carrying amount, an impairment loss is recognised in profit or loss to reduce the carrying amount of the investment in subsidiaries. An impairment loss of **RM Nil** (2018: RM220,836) was recognised in profit or loss to write down a subsidiary to its recoverable amount.

An assessment is also made at each end of the reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A reversal of impairment loss in relation to certain subsidiaries which amounted to **RM150,787** (2018: RM Nil) was recognised in profit or loss.

(vii) **Defined benefit plan**

Management estimates the defined benefit plan annually with the assistance of independent actuaries. However, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit plan of the Group and of the Company is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's and the Company's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and maturity terms approximate to the terms of the related pension plan. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's and the Company's defined benefit obligations.

The assumptions and model used for estimating fair value for defined benefit plan, sensitivity analysis and the carrying amounts are disclosed in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

(viii) **Employees' share option**

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

The assumptions and model used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 26 to the financial statements.

3. **ACCOUNTING POLICIES**

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial period unless otherwise indicated below.

3.1 **Basis of Consolidation**

(i) **Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in a subsidiary is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Upon disposal of an investment in a subsidiary, the difference between the net disposal proceed and its carrying amount is recognised in profit or loss.

(ii) **Basis of consolidation**

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(iii) **Business combination**

Business combinations are accounted for using the acquisition method from the acquisition date which is the date on which control is transferred to the Group.

The Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value, or at the proportionate share of the acquiree's identifiable net assets 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.

(iv) **Acquisitions of non-controlling interests**

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserve.

(v) **Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an fair value through other comprehensive income depending on the level of influence retained.

(vi) **Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the statements of financial position and statements of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statements of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) 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 profits arising on transactions between the Group and its associate which are included in the carrying amount of the related assets and liabilities are eliminated to the extent of the Group's interest in the associate. Unrealised losses on such transactions are also eliminated unless cost cannot be recovered.

3.2 Operating segments

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

3.3 Property, Plant and Equipment

All property, plant and equipment, except for land and building, are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the "revaluation reserve" in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful lives, at the following annual rates:

<u>Categories</u>	
Leasehold land	34 to 60 years
Buildings	34 to 50 years
Plant and machinery	10 to 50%
Office furniture, fittings and computer equipment	10 to 33%
Motor vehicles	10 to 20%
Renovation	2 to 33%

Freehold land is not depreciated as it has an infinite life.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the disposed assets and are recognised in profit or loss in the financial year in which the assets are derecognised.

3.4 Investment properties

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction costs. Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated as it has an infinite life. Depreciation of investment properties is provided on a straight line basis to write off the cost of each property to its residual value over its estimated useful lives, at the following annual rates:

<u>Categories</u>	<u>Years</u>
Leasehold land	51 to 60
Buildings	50
Renovation	10

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained profits; the transfer is not made through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

3.5 Goodwill

Goodwill acquired through business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but instead is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3.6 Leases

As described in Note 2.4 to the financial statements, the Group and the Company have applied *MFRS 16* using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under *MFRS 117* and *IC Interpretation 4*.

Accounting policies applied from 1 January 2019:

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. It is 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.

As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities for lease payments made and/or to be made, and right-of-use assets representing the right to use the underlying assets.

(i) **Right-of-use assets**

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Premises	2 to 3 years
Factory buildings	3 years

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

The right-of-use assets are also subject to impairment.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

(ii) Lease liabilities

At the commencement date of the lease, lease liabilities are recognised and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of premises and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the revenue or other income in the statements of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

Accounting policies applied until 31 December 2018:

Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets. The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

3.7 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is an indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each reporting date or more frequently when there are indications of impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU 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 CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset of CGU 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 CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

Impairment loss recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (groups of CGUs) on a pro rata basis.

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 assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.8.1 Financial assets

(i) Initial recognition and measurement

Financial assets are measured at initial recognition at fair value and subsequently measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, at its transaction costs.

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at AC are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group or the Company commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

(ii) Subsequent measurement

Accounting policies applied from 1 January 2019:

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group and the Company do not have any FVOCI and FVTPL as at the end of the reporting period.

Financial assets at amortised cost ("AC")

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include cash and bank balance and trade and other receivables.

Accounting policies applied until 31 December 2018:

Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(iv) **Impairment**

Accounting policies applied from 1 January 2019:

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects 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.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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 ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL 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.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

Accounting policies applied until 31 December 2018:

Financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period. The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on held-to-maturity investments and loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

3.8.2 Financial liabilities

As the accounting for financial liabilities remains largely the same under *MFRS 9* compared to *MFRS 139*, the Group's financial liabilities were not impacted by the adoption of *MFRS 9*.

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, and borrowings.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

The Group and the Company do not have any financial liabilities measured at fair value through profit or loss as at the end of the reporting period.

Financial liabilities at amortised cost

This is the category most relevant to the Group and to the Company. After initial recognition, trade and other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

3.8.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.8.4 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 terms of a debt instrument.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

Fair value arising from the issuance of financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials and consumables comprise the original cost of purchase plus the cost of bringing the inventories to their present location and condition and is determined on the first-in, first-out basis.

Cost of work-in-progress and finished goods include raw materials, direct labour and attributable production overheads.

Net realisable value represents 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.

3.10 Cash and Cash Equivalents

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

3.11 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

3.12 Borrowing Costs

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 rate method.

Borrowing costs 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and undertakes activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

3.13 Revenue Recognition

The Group is in the business of:

- (i) integrated supply chain products and services;
- (ii) contract manufacturing, and
- (iii) supply of packaging materials.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The performance obligations to recognise revenue are as follows:

(i) **Sale of goods**

Revenue from sale of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

(ii) **Contract manufacturing**

Revenue from contract manufacturing is recognised at a point in time when services are rendered to the customer and coincides with the acceptance by customers.

(iii) **Maintenance income**

Maintenance income is recognised over time over the terms of the contract.

(iv) **Management fee**

Management fee is recognised when services are rendered.

(v) **Rental income**

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

(vi) **Interest income**

Interest income is recognised as it accrues using the effective interest rate method in profit or loss.

(vii) **Dividend income**

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(viii) **Contract balances**

This refers to the closing balances of the trade receivables and contract assets as at the end of the reporting period.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract assets are recorded when the revenue is recognised prior to invoicing a customer. Contract asset will be reclassified to trade receivables when the invoicing are issued to the customer. Contract assets are subject to impairment assessment.

Accounting policies applied until 31 December 2018:

Revenue is measured at the fair value of the consideration received or receivables, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group and the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group and the Company as follows:

(i) **Sale of goods**

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(ii) **Revenue from services rendered**

Revenue from services rendered is recognised net of discounts as and when the services are performed.

(iii) **Management fees**

Management fees are recognised when services are rendered.

(iv) **Rental income**

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) **Dividend income**

Dividend income is recognised when the right to receive payment is established.

(vi) **Interest income**

Interest income is recognised using the effective interest rate method.

(vii) **Maintenance income**

Maintenance income is accounted for on a straight-line basis over the terms of the contract.

3.14 **Employee Benefits**

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

Defined benefit plan

The Group operates an unfunded, defined benefit plan - Retirement Benefit Scheme ("the Scheme") for eligible employees in Thailand in accordance with the Labour Law Act of Thailand. Under the Scheme, eligible employees are entitled to retirement benefits upon attaining their retirement age. This benefits plan is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements comprise actuarial gains and losses and the effect of the asset ceiling, after excluding amounts included in net interest on the net defined benefit liability and the return on plan assets. It is recognised immediately in the statements of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation in the statements of comprehensive income:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income

Employees' share options scheme ("ESOS")

Eligible employees of the Group and of the Company received remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share options reserve over the vesting period.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon market or non-vesting condition, which are tested as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share options reserve is transferred to retained profits upon expiry of the share options.

The proceeds received net of directly attributable transaction costs are credited to share capital when the options are exercised.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

3.15 Income Tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences in respect of the initial recognition of goodwill and/or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised reinvestment allowance can be utilised.

3.16 Goods and Services Tax ("GST") and Sales and Service Tax ("SST")

Revenue, expenses and assets are recognised net of GST or SST except:

- where the GST or SST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST or SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with GST or SST inclusive.

The net GST or SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The Malaysian Government has zero rated the GST effective from 1 June 2018. The GST has been replaced with SST which came into effect on 1 September 2018. The rate for Sales Tax is fixed at 5% or 10%, while the rate for Service Tax is fixed at 6%.

3.17 Foreign Currency Translations

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FTR in equity.

3.18 Warrants

Warrants are classified as equity instrument and its value is allocated based on the market prices on their first day of quotation in the stock exchange. The issuance of the ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of warrants, the proceeds are credited to share capital. The warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed.

3.19 Share Capital, Share Issuance Costs and Dividends

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared or approved.

3.20 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.21 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) Has control or joint control over the Group;
 - (ii) Has significant influence over the Group; or
 - (iii) Is a member of the key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group.
 - (ii) One entity is an associate or joint venture of the other entity.
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
 - (vii) A person identified in (a) (i) above has significant influence over the Group or is a member of the key management personnel of the entity.
 - (viii) The entity, or any member of a group of which it is a party, provides key management personnel services to the Group.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	At valuation			At cost					Total
	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Office furniture, fittings and computer equipment RM	Motor vehicles RM	Renovation RM	Capital work-in progress RM	
30.4.20									
At valuation/cost									
Balance at beginning	-	-	-	51,570,771	12,199,955	6,912,869	11,780,357	446,473	82,910,425
Balance at beginning after adopting revaluation model	8,380,204	2,539,839	22,530,200	-	-	-	-	-	33,450,243
Additions	-	-	-	959,991	590,672	628,569	367,259	2,877,269	5,423,760
Disposals	-	-	-	(816,426)	-	(93,950)	-	-	(910,376)
Written offs	-	-	-	(59,079)	(664,579)	(182,604)	(275,105)	-	(1,181,367)
Revaluation gain	13,379,024	2,319,830	2,078,373	-	-	-	-	-	17,777,227
Revaluation loss	(143,312)	-	(304,875)	-	-	-	-	-	(448,187)
Reclassification	-	-	-	2,993,410	207,238	-	-	(3,200,648)	-
Exchange differences	361,507	-	705,346	1,311,790	113,725	100,951	369,608	81,119	3,044,046
Balance at end	21,977,423	4,859,669	25,009,044	55,960,457	12,447,011	7,365,835	12,242,119	204,213	140,065,771
Accumulated depreciation									
Balance at beginning	-	518,313	6,932,322	36,254,316	9,594,980	4,429,932	7,507,734	-	65,237,597
Current charge	-	218,609	671,652	4,848,871	831,135	1,056,620	1,251,480	-	8,878,367
Disposals	-	-	-	(767,991)	-	(65,398)	-	-	(833,389)
Written offs	-	-	-	(50,893)	(625,949)	(182,598)	(213,227)	-	(1,072,667)
Elimination of accumulated depreciation on revaluation	-	(518,313)	(6,932,322)	-	-	-	-	-	(7,450,635)
Exchange differences	-	-	67,346	479,767	106,089	74,105	235,182	-	962,489
Balance at end	-	218,609	738,998	40,764,070	9,906,255	5,312,661	8,781,169	-	65,721,762
Accumulated impairment losses									
Balance at beginning	-	-	-	1,564,618	12,566	-	204,911	-	1,782,095
Written offs	-	-	-	(8,183)	-	-	-	-	(8,183)
Balance at end	-	-	-	1,556,435	12,566	-	204,911	-	1,773,912
Carrying amount	21,977,423	4,641,060	24,270,046	13,639,952	2,528,190	2,053,174	3,256,039	204,213	72,570,097
31.12.18									
At cost									
Balance at beginning	8,466,534	2,808,643	25,994,834	45,932,286	11,786,075	5,966,980	12,128,662	15,500	113,099,514
Additions	-	-	-	5,672,385	724,707	1,671,679	264,372	1,063,972	9,397,115
Reclassification	-	-	-	613,940	15,500	-	-	(629,440)	-
Transfer to investment properties (Note 5)	-	(268,804)	(3,296,193)	-	-	-	(464,905)	-	(4,029,902)
Disposals	-	-	-	(326,272)	(54,629)	(403,499)	-	-	(784,400)
Written offs	-	-	-	(4,900)	(245,808)	(300,046)	(60,348)	-	(611,102)
Exchange differences	(86,330)	-	(168,441)	(316,668)	(25,890)	(22,245)	(87,424)	(3,559)	(710,557)
Balance at end	8,380,204	2,539,839	22,530,200	51,570,771	12,199,955	6,912,869	11,780,357	446,473	116,360,668
Accumulated depreciation									
Balance at beginning	-	518,140	6,973,130	32,146,415	9,101,862	4,402,022	6,850,391	-	59,991,960
Current charge	-	96,362	1,218,001	4,489,282	785,214	732,307	1,191,224	-	8,512,390
Transfer to investment properties (Note 5)	-	(96,189)	(1,223,709)	-	-	-	(460,642)	-	(1,780,540)
Disposals	-	-	-	(184,595)	(28,679)	(387,255)	-	-	(600,529)
Written offs	-	-	-	(4,898)	(241,206)	(300,046)	(42,911)	-	(589,061)
Exchange differences	-	-	(35,100)	(191,888)	(22,211)	(17,096)	(30,328)	-	(296,623)
Balance at end	-	518,313	6,932,322	36,254,316	9,594,980	4,429,932	7,507,734	-	65,237,597
Accumulated impairment losses									
Balance at beginning	-	-	-	1,568,818	12,566	-	204,911	-	1,786,295
Reversal of impairment loss	-	-	-	(4,200)	-	-	-	-	(4,200)
Balance at end	-	-	-	1,564,618	12,566	-	204,911	-	1,782,095
Carrying amount	8,380,204	2,021,526	15,597,878	13,751,837	2,592,409	2,482,937	4,067,712	446,473	49,340,976

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

COMPANY

	Office furniture, fittings and computer equipment RM	Motor vehicles RM	Renovation RM	Capital work-in- progress RM	Total RM
30.4.20					
At cost					
Balance at beginning	1,558,508	-	-	-	1,558,508
Additions	76,627	515,000	-	-	591,627
Transfer from a subsidiary	-	477,952	-	-	477,952
Transfer to subsidiaries	-	(7,367)	-	-	(7,367)
Written offs	-	(158,651)	-	-	(158,651)
Balance at end	<u>1,635,135</u>	<u>826,934</u>	<u>-</u>	<u>-</u>	<u>2,462,069</u>
Accumulated depreciation					
Balance at beginning	1,153,249	-	-	-	1,153,249
Current charge	143,192	158,499	-	-	301,691
Transfer from a subsidiary	-	205,362	-	-	205,362
Transfer to subsidiaries	-	(2,708)	-	-	(2,708)
Written offs	-	(158,303)	-	-	(158,303)
Balance at end	<u>1,296,441</u>	<u>202,850</u>	<u>-</u>	<u>-</u>	<u>1,499,291</u>
Accumulated impairment losses					
Balance at beginning/end	<u>2,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,592</u>
Carrying amount	<u>336,102</u>	<u>624,084</u>	<u>-</u>	<u>-</u>	<u>960,186</u>
31.12.18					
At cost					
Balance at beginning	1,589,877	4,550	33,428	15,500	1,643,355
Additions	31,875	-	-	-	31,875
Transfer from a subsidiary	3,110	-	-	-	3,110
Transfer to subsidiaries	(36,589)	-	-	-	(36,589)
Reclassifications	15,500	-	-	(15,500)	-
Disposals	(39,379)	(4,550)	-	-	(43,929)
Written offs	(5,886)	-	(33,428)	-	(39,314)
Balance at end	<u>1,558,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,558,508</u>
Accumulated depreciation					
Balance at beginning	1,045,603	3,337	12,091	-	1,061,031
Current charge	144,021	531	3,900	-	148,452
Transfer from a subsidiary	518	-	-	-	518
Transfer to subsidiaries	(17,569)	-	-	-	(17,569)
Disposals	(13,438)	(3,868)	-	-	(17,306)
Written offs	(5,886)	-	(15,991)	-	(21,877)
Balance at end	<u>1,153,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,153,249</u>
Accumulated impairment losses					
Balance at beginning/end	<u>2,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,592</u>
Carrying amount	<u>402,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,667</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

- (i) The Group had adopted revaluation model on 1 January 2019. The freehold land, leasehold land and buildings were revalued to fair value based on the valuations performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 3). Please refer to Note 2.2 to the financial statements for definition of Level 1 to 3 of the fair value hierarchy. Had the freehold land, leasehold land and buildings been carried under the cost model, the total carrying amounts of their entire classes that would have been recognised in the financial statements are as follows:

	GROUP	
	30.4.20 RM	31.12.18 RM
Freehold land	8,380,204	8,380,204
Leasehold land	1,943,664	2,005,714
Buildings	13,657,107	14,937,891
	23,980,975	25,323,809

The fair value measurement of the freehold land, leasehold land and buildings which were derived from the valuation carried out on 1 January 2019 were categorised as follows:

	Level 3 RM
Freehold land	21,977,423
Leasehold land	4,859,669
Buildings	25,009,044

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial period.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the freehold land, leasehold land and buildings.

Level 3 fair value of freehold land, leasehold land and buildings have been generally derived using the market comparison approach. Selling prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square foot of comparable properties.

- (ii) The carrying amount of property, plant and equipment which are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries as disclosed in Note 17 to the financial statements are as follows:

	GROUP	
	30.4.20 RM	31.12.18 RM
Freehold land, leasehold land and buildings	30,105,982	24,685,671
Plant and machinery	5,890,936	4,058,882
Renovation	125,358	186,763
	36,122,276	28,931,316

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

- (iii) The carrying amount of lease assets which are pledged as securities for the finance lease liabilities as disclosed in Note 17 to the financial statements are as follows:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Plant and machinery	7,056,300	7,026,937	-	-
Office furniture, fittings and computer equipment	-	328,516	-	328,516
Motor vehicles	1,347,591	1,660,457	-	-
	8,403,891	9,015,910	-	328,516

- (iv) The information of right-of-use assets which are included in the property, plant and equipment is as follows:

GROUP	Carrying amount RM	Current depreciation RM	Additions RM	Revaluation RM
	30.4.20			
Leasehold land, at valuation	4,641,060	218,609	-	2,838,143
Plant and machinery, at cost	7,056,300	1,362,073	2,873,132	-
Motor vehicles, at cost	1,347,591	584,364	224,426	-

5. INVESTMENT PROPERTIES

	GROUP	
	30.4.20 RM	31.12.18 RM
Freehold land, leasehold land, buildings and renovation		
At cost		
Balance at beginning	18,099,388	13,688,474
Additions	44,102	381,012
Transfer from property, plant and equipment (Note 4)	-	4,029,902
Balance at end	18,143,490	18,099,388
Accumulated depreciation		
Balance at beginning	4,160,100	2,066,408
Depreciation	444,312	313,152
Transfer from property, plant and equipment (Note 4)	-	1,780,540
Balance at end	4,604,412	4,160,100
Carrying amount	13,539,078	13,939,288

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

- (i) The investment properties have an open market value of approximately **RM27,910,000** (31.12.18: RM23,210,000). The valuations are performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 3). Please refer to Note 2.2 to the financial statements for definition of Level 1 to 3 of the fair value hierarchy.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial period.

- (ii) The carrying amount of investment properties which are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries as disclosed in Note 17 to the financial statements is **RM13,455,494** (31.12.18: RM13,851,473).

(iii) Group as lessor

The Group has entered into operating leases on its investment properties. These leases have terms of between one to three years.

The following are recognised in profit or loss in respect of investment properties:

	30.4.20 RM	31.12.18 RM
Rental income from income generating properties	2,068,595	1,283,600
Direct operating expenses	<u>147,396</u>	<u>206,699</u>

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	30.4.20 RM	31.12.18 RM
Within one year	1,048,390	1,526,800
More than one year and less than five years	<u>1,000</u>	<u>1,375,000</u>
	<u>1,049,390</u>	<u>2,901,800</u>

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for premises and factory buildings used in its operations that have lease terms between 2 to 3 years.

In the previous financial period, payments on operating lease are charged to profit or loss.

The Group also has certain leases of premises and motor vehicle with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial period:

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

GROUP

	Premises RM	Factory buildings RM	Total RM
30.4.20			
Balance at beginning, upon adoption of <i>MFRS 16</i>	2,971,446	-	2,971,446
Addition	674,162	164,127	838,289
Depreciation	(946,505)	(72,945)	(1,019,450)
Balance at end	<u>2,699,103</u>	<u>91,182</u>	<u>2,790,285</u>

COMPANY

	Premises RM
30.4.20	
Balance at beginning, upon adoption of <i>MFRS 16</i>	-
Addition	141,802
Depreciation	(47,267)
Balance at end	<u>94,535</u>

Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial period:

	GROUP Total RM	COMPANY Total RM
30.4.20		
Balance at beginning, upon adoption of <i>MFRS 16</i>	2,971,446	-
Addition	838,289	141,802
Accretion of interest	204,963	7,629
Payments	(1,160,600)	(52,000)
Balance at end	<u>2,854,098</u>	<u>97,431</u>
Analysed as:		
Current	860,450	72,758
Non-current	1,993,648	24,673
	<u>2,854,098</u>	<u>97,431</u>

The maturity analysis of lease liabilities is disclosed in Note 30.4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

The following are the amounts recognised in profit or loss:

	GROUP 30.4.20 RM	COMPANY 30.4.20 RM
Depreciation expense of right-of-use assets	1,019,450	47,267
Interest expense on lease liabilities	204,963	7,629
Expense relating to short-term leases	2,871,488	32,788
Expense relating to lease of low value assets	28,412	6,524
Total amount recognised in profit or loss	4,124,313	94,208

7. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	30.4.20 RM	31.12.18 RM
Unquoted shares, at cost	58,207,489	58,207,489
ESOS granted to employees of subsidiaries	1,505,552	1,505,552
	59,713,041	59,713,041
Less: Allowance for impairment		
Balance at beginning	(12,937,659)	(12,716,823)
Current year	-	(220,836)
Reversal	150,787	-
Balance at end	(12,786,872)	(12,937,659)
	46,926,169	46,775,382

Details of the subsidiaries are as follows:

Name of entities	Country of incorporation	Effective equity interest held by the Group		Principal Activities
		30.4.20 %	31.12.18 %	
D'nonce (M) Sdn. Bhd.	Malaysia	100	100	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce (K.L) Sdn. Bhd.	Malaysia	100	100	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce (Kelantan) Sdn. Bhd.	Malaysia	55	55	Sales and distribution of advanced packaging materials, electronics products and consumables.
D'nonce (Johore) Sdn. Bhd.	Malaysia	55	55	Sales and distribution of advanced packaging and security products.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

Name of entities	Country of incorporation	Effective equity interest held by the Group		Principal Activities
		30.4.20 %	31.12.18 %	
Attractive Venture Sdn. Bhd. ("AVSB")	Malaysia	100	100	Design and conversion of advanced packaging materials and contract manufacturing of electronic components.
Attractive Venture (KL) Sdn. Bhd.	Malaysia	100	100	Design and conversion of advanced packaging materials.
Attractive Venture (JB) Sdn. Bhd. ⁽¹⁾	Malaysia	82	82	Design and conversion of advanced packaging materials and distribution of electronic products.
AV Industries Sdn. Bhd.	Malaysia	100	100	Dormant.
D'nonce Properties Sdn. Bhd. ("DPPT")	Malaysia	100	100	Property development.
AV Plastics Sdn. Bhd.	Malaysia	84	84	Processing of plastic injected moulded products. The business operation had been transferred to AVSB during the financial period.
Richmond Technology Sdn. Bhd.	Malaysia	55	55	Manufacturing of packaging materials.
D'nonce Energy Sdn. Bhd. ("DENE")	Malaysia	100	100	Dormant.
Integrated SCM Co., Ltd. ^{(2) (3)}	Thailand	99	99	Sales and distribution of chemicals, packaging materials, spare parts and consumables.
Logistic Solution Holdings Co., Ltd. ⁽³⁾	Thailand	99	99	Investment holding.
ISCM Technology (Thailand) Co., Ltd. ⁽³⁾	Thailand	100	100	Contract manufacturing of electronic components.
Indirect - held through ISCM Technology (Thailand) Co., Ltd.				
ISCM Industries (Thailand) Co., Ltd. ⁽³⁾	Thailand	100	100	Printing of packaging materials and contract manufacturing of consumable electronic products.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

- (1) *The Company has a direct interest of 60% and an indirect interest of 22% via another subsidiary, D'nonce (Johore) Sdn. Bhd.*
- (2) *The Company has a direct interest of 48% and an indirect interest of 51% via another subsidiary, Logistic Solution Holdings Co., Ltd.*
- (3) *Not audited by Grant Thornton.*

7.1 Subscription of ordinary shares in a subsidiary

In the prior financial period, the Company had subscribed for 2,000,000 ordinary shares in DPPT for a cash consideration of RM2,000,000. There was no change in the effective equity interest held by the Company in DPPT.

7.2 Impairment on investment in subsidiaries

The Company reviews the investment in subsidiaries for impairment annually. The recoverable amounts of the investment in subsidiaries are assessed by reference to their fair value less cost to sell, which approximate the net assets of the subsidiaries at the end of the reporting period. Accordingly, no impairment was required in the current financial period (31.12.18: RM220,836). Instead there is a reversal of impairment loss of **RM150,787** (31.12.18: RM Nil) in respect of investment in DENE.

7.3 Subsidiaries with material non-controlling interests ("NCI")

The details of the material NCI are as follows:

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

	D'nonce (Kelantan) Sdn. Bhd.	D'nonce (Johore) Sdn. Bhd.	Attractive Venture (JB) Sdn. Bhd.	AV Plastics Sdn. Bhd.	Richmond Technology Sdn. Bhd.	Total
30.4.20						
NCI percentage of ownership interest and voting interest (%)	45%	45%	18%	16%	45%	
Carrying amount of NCI (RM)	<u>1,363,426</u>	<u>1,905,525</u>	<u>2,208,044</u>	<u>(1,348,400)</u>	<u>1,232,499</u>	<u>5,361,094</u>
Profit allocated to NCI (RM)	<u>164,943</u>	<u>64,476</u>	<u>(178,333)</u>	<u>(139,388)</u>	<u>209,880</u>	<u>121,578</u>
31.12.18						
NCI percentage of ownership interest and voting interest (%)	45%	45%	18%	16%	45%	
Carrying amount of NCI (RM)	<u>1,198,481</u>	<u>1,841,049</u>	<u>2,074,044</u>	<u>(1,209,474)</u>	<u>1,022,618</u>	<u>4,926,718</u>
Profit allocated to NCI (RM)	<u>257,910</u>	<u>83,599</u>	<u>36,597</u>	<u>(429,713)</u>	<u>217,108</u>	<u>165,501</u>

The summarised financial information of material NCI presented below is the amount before inter-company elimination:

	D'nonce (Kelantan) Sdn. Bhd. RM	D'nonce (Johore) Sdn. Bhd. RM	Attractive Venture (JB) Sdn. Bhd. RM	AV Plastics Sdn. Bhd. RM	Richmond Technology Sdn. Bhd. RM
30.4.20					
Assets and liabilities					
Non-current assets	340,412	496,113	7,482,657	140,391	1,463,454
Current assets	4,269,613	4,156,374	15,144,047	1,880,250	3,795,646
Non-current liabilities	(155,064)	-	(526,032)	-	(177,559)
Current liabilities	<u>(1,425,126)</u>	<u>(417,988)</u>	<u>(9,691,749)</u>	<u>(10,451,029)</u>	<u>(2,342,654)</u>
Net assets	<u>3,029,835</u>	<u>4,234,499</u>	<u>12,408,923</u>	<u>(8,430,388)</u>	<u>2,738,887</u>
Results					
Revenue	13,515,941	654,669	19,670,696	4,574,000	15,219,184
Net profit/(loss), representing total comprehensive income/(loss) for the financial period	<u>341,849</u>	<u>2,854</u>	<u>(1,371,041)</u>	<u>(943,474)</u>	<u>288,629</u>
Net cash generated from/(used in):					
Operating activities	786,519	844,775	6,128,203	911,924	154,534
Investing activities	212,194	199,927	(285,821)	(53,995)	(252,825)
Financing activities	<u>(396,216)</u>	<u>(189,896)</u>	<u>(4,929,676)</u>	<u>(853,725)</u>	<u>(380,701)</u>
Net change in cash and cash equivalents	<u>602,497</u>	<u>854,806</u>	<u>912,706</u>	<u>4,204</u>	<u>(478,992)</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

	D'nonce (Kelantan) Sdn. Bhd. RM	D'nonce (Johore) Sdn. Bhd. RM	Attractive Venture (JB) Sdn. Bhd. RM	AV Plastics Sdn. Bhd. RM	Richmond Technology Sdn. Bhd. RM
31.12.18					
Assets and liabilities					
Non-current assets	306,246	506,981	9,028,141	1,647,818	1,456,461
Current assets	4,477,342	5,042,938	22,227,206	3,910,164	3,660,694
Non-current liabilities	-	(274,835)	(540,121)	(661,423)	(487,416)
Current liabilities	<u>(2,095,601)</u>	<u>(1,043,440)</u>	<u>(18,812,457)</u>	<u>(12,383,473)</u>	<u>(2,179,482)</u>
Net assets	<u>2,687,987</u>	<u>4,231,644</u>	<u>11,902,769</u>	<u>(7,486,914)</u>	<u>2,450,257</u>
Results					
Revenue	22,008,630	2,484,761	23,960,741	8,704,514	15,534,097
Net profit/(loss), representing total comprehensive income/(loss) for the financial period	<u>573,134</u>	<u>185,776</u>	<u>203,315</u>	<u>(2,685,706)</u>	<u>482,461</u>
Net cash generated from/(used in):					
Operating activities	1,893,623	(167,700)	11,911,965	(1,914,207)	(388,014)
Investing activities	(41,031)	503,048	1,120,500	(292,533)	(38,666)
Financing activities	<u>(1,899,905)</u>	<u>(308,530)</u>	<u>(11,443,952)</u>	<u>2,184,841</u>	<u>924,403</u>
Net change in cash and cash equivalents	<u>(47,313)</u>	<u>26,818</u>	<u>1,588,513</u>	<u>(21,899)</u>	<u>497,723</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

8. GOODWILL

The goodwill is allocated to the Group's cash-generating unit ("CGU") identified as follows:

	GROUP	
	30.4.20	31.12.18
	RM	RM
At cost:		
Contract manufacturing - Thailand	413,371	413,371
Less: Allowance for impairment		
Balance at beginning/end	<u>(124,243)</u>	<u>(124,243)</u>
	<u>289,128</u>	<u>289,128</u>

The goodwill arising from the business acquisition has been allocated to the Group's manufacturing segment as the CGU.

For annual impairment testing purposes, the recoverable amount of the CGU are determined based on their value-in-use, which apply a discounted cash flow model using cash flow projections based on approved financial budget and projections covering a five (5)-year period.

Key assumptions used in value-in-use calculations

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

(i) Selling price

The selling price used to calculate the cash inflows from operations was determined after taking into consideration price trends of the industry which the CGUs are exposed to. Values assigned are consistent with the external sources of information.

(ii) Exchange rate

The exchange rate used to translate foreign currencies into the CGUs' functional currency is based on the average exchange rates obtained immediately before the forecast year. Values assigned are consistent with external sources of information.

(iii) Cash flow projections and growth rate

The five-year cash flow projections are prepared based on management's past experience. The revenue for the first year of the five-year cash flow projections is prepared based on the most recent approved financial budget by the Board of Directors. Thereafter, a **10%** (31.12.18: 10%) annual growth rate is applied to the remaining years of the cash flow projections. A terminal value is assigned at the end of the five-year cash flow projections period based on an assumed growth rate of **0%** (31.12.18: 0%) in perpetuity.

(iv) Discount rate

Pre-tax discount rate at **10%** (31.12.18: 10%) was applied to the calculations in determining the recoverable amount of the CGUs. The discount rate is estimated based on the weighted average cost of capital of the Group for the financial period.

Sensitivity to changes in key assumptions

The management believes that any reasonable change in the key assumptions would not cause the recoverable amounts of the CGUs to differ materially from their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

9. DEFERRED TAX (ASSETS)/LIABILITIES

	GROUP	
	30.4.20 RM	31.12.18 RM
Balance at beginning	262,185	230,100
Recognised in profit or loss	380,113	(55,537)
Recognised in other comprehensive income	5,124,917	-
Exchange differences	(4,792)	(649)
	<u>5,762,423</u>	<u>173,914</u>
Under provision in prior period	8,441	88,271
	<u>5,770,864</u>	<u>262,185</u>

The recognised deferred tax (assets)/liabilities, after appropriate offsetting, are as follows:

	GROUP	
	30.4.20 RM	31.12.18 RM
Deferred tax assets	(167,470)	(159,320)
Deferred tax liabilities	5,938,334	421,505
	<u>5,770,864</u>	<u>262,185</u>

The deferred tax (assets)/liabilities as at the end of the reporting period are made up of the temporary differences arising from:

	GROUP	
	30.4.20 RM	31.12.18 RM
Property, plant and equipment	1,073,690	398,487
Revaluation reserve	5,006,114	-
Unabsorbed allowance for increased exports allowance	(146,927)	-
Provisions	(162,013)	(136,302)
	<u>5,770,864</u>	<u>262,185</u>

The following deferred tax assets have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Unused tax losses	(7,281,845)	(7,779,224)	(48,087)	(48,087)
Unabsorbed capital allowances	(2,503,942)	(2,319,302)	(107,734)	(61,015)
Unabsorbed reinvestment allowance	(1,941,189)	(1,904,525)	-	-
Other deductible temporary difference	(372,978)	(177,680)	(42,471)	(40,364)
	<u>(12,099,954)</u>	<u>(12,180,731)</u>	<u>(198,292)</u>	<u>(149,466)</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

The gross amount and future availability of unused tax losses and unabsorbed allowances which are available to be carried forward for set-off against future taxable income are estimated as follows:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Unused tax losses	31,363,450	33,207,542	200,364	200,364
Unabsorbed capital allowances	9,410,662	8,716,886	448,891	254,231
Unabsorbed reinvestment allowance	8,088,287	8,088,287	-	-
Unabsorbed allowance for increased export allowance	612,198	1,800,487	-	-

The unused tax losses and unabsorbed reinvestment allowance can be carried forward for seven consecutive years of assessment immediately following that year of assessment (unused tax losses and unabsorbed reinvestment allowance accumulated up to year of assessment 2018 can be carried forward until year of assessment 2025) and the unabsorbed capital allowances can be carried forward indefinitely pursuant to the gazetted Finance Act 2018.

The unabsorbed reinvestment allowance will expire in the year of assessment ("YA") 2025, while the unused tax losses will expire in the following YAs:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
YA 2025	29,921,479	33,207,542	200,364	200,364
YA 2026 and 2027	1,441,971	-	-	-
	31,363,450	33,207,542	200,364	200,364

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of the Group's certain subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to **RM14,462,000** (31.12.18: RM15,559,000). The deferred tax liability is estimated to be **RM1,446,200** (31.12.18: RM1,555,900).

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

10. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Non-current				
Trade receivables				
Third party - interest bearing at 3.25% - 6.00% (31.12.18: 3.25% - 6.00%)	320,591	1,314,655	-	-
Other receivables				
Third party - interest bearing at 6.00% (31.12.18: 6.00%)	29,250	38,829	-	-
Amount due from subsidiaries	-	-	2,703,720	-
Deposits	1,419,344	3,592,642	-	-
	1,769,185	4,946,126	2,703,720	-
Current				
Trade receivables				
Third party - interest bearing at 3.25% - 6.00% (31.12.18: 3.25% - 6.00%)	4,837,439	12,601,120	-	-
Third parties - non-interest bearing	28,744,244	33,441,529	-	-
	33,581,683	46,042,649	-	-
Less: Allowance for expected credit losses*	(2,623,743)	(3,072,780)	-	-
	30,957,940	42,969,869	-	-
Other receivables				
Amount due from subsidiaries	-	-	35,840,336	30,634,952
Less: Allowance for expected credit losses*	-	-	(9,714,978)	(8,615,975)
	-	-	26,125,358	22,018,977
Sundry receivables	1,378,374	2,784,117	22,480	291,786
Less: Allowance for expected credit losses*	(23,896)	(227,957)	-	(165,879)
Deposits	1,354,478	2,556,160	22,480	125,907
Prepayments	12,932,765	4,409,196	29,160	16,440
GST recoverable	3,146,546	5,271,636	33,848	13,855
	223,341	818,836	35,273	24,023
	17,657,130	13,055,828	26,246,119	22,199,202

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Total current trade and other receivables	48,615,070	56,025,697	26,246,119	22,199,202
Total trade and other receivables	50,384,255	60,971,823	28,949,839	22,199,202

* Loss allowance disclosed in the comparative period is based on *MFRS 139's* incurred loss model.

The normal trade credit terms granted by the Group range from **30 to 120 days** (31.12.18: 30 to 120 days). Other credit terms are assessed and approved on case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in the deposits of the Group is an amount of **RM7,880,000** (31.12.18: RM2,430,000) paid to accept rights granted for the development of freehold land as disclosed in Note 35 to the financial statements.

The amount due from subsidiaries is unsecured, non-interest bearing, classified based on expected timing of realisation and to be settled in cash except for **RM19,427,496** (31.12.18: RM8,601,661) on which interest is charged at **7.70%** (31.12.18: 8.40%) per annum.

The currency profile of trade and other receivables of the Group and of the Company is as follows:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Ringgit Malaysia	31,232,027	42,404,738	25,532,521	17,919,408
Thai Baht	13,950,334	9,539,507	713,598	677,838
United States Dollar	3,398,810	7,960,013	2,703,720	3,601,956
Singapore Dollar	1,761,674	1,010,644	-	-
Others	41,410	56,921	-	-
	50,384,255	60,971,823	28,949,839	22,199,202

The movement of the allowance for expected credit losses is as follows:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Trade receivables				
Balance at beginning	3,072,780	1,513,012	-	-
Current financial period	222,656	2,186,638	-	-
Written off	(349,670)	(185,643)	-	-
Reversal	(420,959)	(452,175)	-	-
Exchange differences	98,936	10,948	-	-
	2,623,743	3,072,780	-	-
Balance at carried forward	2,623,743	3,072,780	-	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Balance brought forward	2,623,743	3,072,780	-	-
Other receivables				
Balance at beginning	227,957	-	165,879	-
Current financial period	23,896	227,957	-	165,879
Written off	(27,957)	-	(165,879)	-
Reversal	(200,000)	-	-	-
Balance at end	23,896	227,957	-	165,879
	2,647,639	3,300,737	-	165,879
Amount due from subsidiaries				
Balance at beginning	-	-	8,615,975	2,461,945
Current financial period	-	-	1,099,003	6,154,030
Balance at end	-	-	9,714,978	8,615,975
	2,647,639	3,300,737	9,714,978	8,781,854

11. CASH AND BANK BALANCES

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Non-current				
Deposits with licensed banks				
- Encumbered	127,441	116,888	-	-
Current				
Deposits with licensed banks				
- Unencumbered	1,345	10,085	-	-
- Encumbered	22,284,807	22,110,354	-	-
Cash in hand and at banks	10,117,976	18,016,561	222,035	8,541,873
	32,404,128	40,137,000	222,035	8,541,873
	32,531,569	40,253,888	222,035	8,541,873

The encumbered fixed deposits are pledged to licensed banks for banking facilities granted to certain subsidiaries as disclosed in Note 17 to the financial statements.

The effective interest rates per annum and maturity of the deposits with licensed banks as at the end of the reporting period ranged from **0.15% to 3.40%** (31.12.18: 0.15% to 3.05%) and **1 month to 60 months** (31.12.18: 1 month to 60 months) respectively.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

The currency profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Ringgit Malaysia	29,542,686	36,229,509	219,756	8,539,460
Thai Baht	2,389,234	1,593,564	2,279	2,413
Singapore Dollar	420,994	131,301	-	-
United States Dollar	175,275	2,295,339	-	-
Others	3,380	4,175	-	-
	32,531,569	40,253,888	222,035	8,541,873

12. INVENTORIES

	GROUP	
	30.4.20 RM	31.12.18 RM
At cost		
Raw materials	14,634,500	12,817,120
Work-in-progress	1,370,816	1,014,194
Finished goods	3,362,285	4,905,289
Trading goods	5,689,627	5,082,911
	25,057,228	23,819,514
At net realisable value		
Raw materials	65,251	24,415
Work-in-progress	39,804	38,963
Finished goods	215,991	95,507
Trading goods	328,101	674,745
	649,147	833,630
	25,706,375	24,653,144
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	129,746,441	163,702,510
Inventories written down		
- Addition	2,116,520	640,120
- Reversal	(32,004)	(1,137,407)
Inventories written off	66,853	1,305,739

The reversal of inventories written down was made during the financial period when the related inventories were sold above their carrying amounts.

13. CONTRACT ASSETS

	GROUP	
	30.4.20 RM	31.12.18 RM
Contract assets as a result of recognising revenue during the period	47,462	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

Contract assets are in respect of goods delivered but not yet invoiced. Provisions of the contract entered with the customer enables the Group to have the right to invoice goods delivered to the customer's designated point regardless of whether the goods are picked up by the customer. As such, revenue is recognised at the point of delivery since the Group has satisfied all its performance obligations.

The contract assets is wholly denominated in Ringgit Malaysia.

14. SHARE CAPITAL

	Number of ordinary shares		Amount	
	30.4.20	31.12.18	30.4.20 RM	31.12.18 RM
Issued and fully paid:				
Balance at beginning	241,948,100	182,174,000	67,976,735	46,179,518
Issuance of shares pursuant to:				
- Exercise of ESOS	2,250,000	20,157,500	562,500	5,039,376
- Exercise of warrants	18,059,800	21,183,000	4,514,950	5,295,750
- Private placement	-	18,433,600	-	6,643,440
Transfer of share options reserve upon exercised	-	-	307,800	2,757,546
Transfer of warrant reserve upon exercised	-	-	1,757,220	2,061,105
Balance at end	262,257,900	241,948,100	75,119,205	67,976,735

During the financial period, the Company had increased its issued and fully paid up ordinary share capital by way of issuance of:

- (i) 2,250,000 new ordinary shares pursuant to the exercise of the ESOS at an exercise price of RM0.25 per ESOS; and
- (ii) 18,059,800 new ordinary shares pursuant to the exercise of the warrants at an exercise price of RM0.25 per warrant.

The new ordinary shares rank *pari passu* in all respects with the existing ordinary shares of the Company.

In the previous financial period, the Company had increased its issued and fully paid up ordinary share capital by way of issuance of:

- (i) 20,157,500 new ordinary shares pursuant to the exercise of the ESOS at an exercise price of RM0.25 per ESOS;
- (ii) 21,183,000 new ordinary shares pursuant to the exercise of the warrants at an exercise price of RM0.25 per warrant.
- (iii) 4,500,000 new ordinary shares through private placement at an exercise price of RM0.36 per ordinary share;
- (iv) 11,000,000 new ordinary shares through private placement at an issue price of RM0.35 per ordinary share; and
- (v) 2,933,600 new ordinary shares through private placement at an issue price of RM0.40 per ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

15. RESERVES

	NOTE	GROUP		COMPANY	
		30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Non-distributable:					
Foreign currency translation reserve	15.1	7,173,750	6,457,420	-	-
Revaluation reserve	15.2	20,065,145	-	-	-
Legal reserve	15.3	32,510	32,510	-	-
Share options reserve	15.4	103,840	566,626	103,840	566,626
Warrant reserve	15.5	4,958,330	6,715,550	4,958,330	6,715,550
Other capital reserve	15.6	5,120,000	5,120,000	-	-
		37,453,575	18,892,106	5,062,170	7,282,176

15.1 Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

15.2 Revaluation reserve

	GROUP	
	30.4.20 RM	31.12.18 RM
Balance at beginning	-	-
Revaluation of land and buildings	25,953,471	-
Attributable to non-controlling interests	(337,754)	-
Realisation of revaluation surplus upon depreciation	(425,655)	-
Deferred tax impact on revaluation surplus	(5,124,917)	-
Balance at end	20,065,145	-

This is in respect of revaluation surplus net of deferred tax arising from the revaluation of the Group's freehold land, leasehold land and buildings and is non-distributable.

15.3 Legal reserve

Legal reserve was set up in prior years upon payment of dividends of RM650,210 by a subsidiary in Thailand. The amount transferred from retained profits to the legal reserve is fixed at 5% of the subsidiary's retained profits at each dividend payment date. This transfer is mandatory until the reserve reaches 10% of the subsidiary's issued and fully paid capital.

15.4 Share options reserve

Share options reserve represents the equity-settled share options granted to the employees. This reserve is made up of the cumulative value of services received from the employees recorded on the grant date of share options, and is reduced by the exercise or lapse of share options.

15.5 Warrant reserve

Pursuant to a Deed Poll dated 12 October 2015 ("Deed Poll"), the Company issued 90,202,000 new warrants ("Warrants") in conjunction with the rights issue of 90,202,000 shares.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

The salient features of the Warrants as stated in the Deed Poll are as follows:

- (i) The issue date of the Warrants was 26 November 2015 and the expiry date is 25 November 2020. Any warrants not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose;
- (ii) Each Warrant entitles the registered holder, at any time during the exercise period, to subscribe for one (1) new ordinary share at an exercise price of RM0.25 per Warrant, subject to adjustments in accordance with the provisions of the Deed Poll;
- (iii) The exercise price and/or the number of unexercised Warrants shall be adjusted in the event of alteration to the share capital by reason of any issue of shares, consolidation, subdivision, conversion or capital distribution in accordance with the provisions of the Deed Poll;
- (iv) The new ordinary shares arising from the exercise of the Warrants are not entitled to any dividends, rights, allotments and/or other distributions. It will only be entitled if the exercise of Warrants is prior to the date of allotment and issuance of the new ordinary shares.
- (v) The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrant holders exercise their Warrants into new ordinary shares; and
- (vi) If the Company is wound up or an order has been granted for such compromise or arrangement, all exercise rights which are not exercised within six weeks of the passing of the resolution for winding-up or within six weeks after granting of the court order approving the winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), will cease to be valid for any purpose.

The movement of the Warrants during the financial period are as follows:

	-----	Number of Warrants		-----
	Balance at beginning	Exercised		Balance at end
30.4.20				
Warrants expiring 25 November 2020	69,019,000	(18,059,800)		50,959,200
31.12.18				
Warrants expiring 25 November 2020	90,202,000	(21,183,000)		69,019,000

15.6 Other capital reserve

Other capital reserve arose as a result of the capitalisation of retained profits for bonus issues made by subsidiaries.

16. RETIREMENT BENEFIT OBLIGATIONS

The Group and the Company operate an unfunded, defined benefit plan - Retirement Benefit Scheme ("the Scheme") for eligible employees in Malaysia for the financial period ended 31 December 2018 and Thailand. Under the Scheme, eligible employees are entitled to retirement benefits upon attaining their retirement age. The Group and the Company's obligation under the Scheme is determined based on the latest actuarial valuation by an independent actuary.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

The amounts recognised in the statements of financial position are determined as follows:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Present value of defined benefit plan, representing net liability	2,182,633	1,292,836	-	218,750
Analysed as:				
Non-current	2,182,633	1,074,086	-	-
Current	-	218,750	-	218,750
	2,182,633	1,292,836	-	218,750

The amounts recognised in the profit and loss are as follows:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Current service cost	537,035	232,793	-	32,025
Interest cost	82,163	34,685	-	-
Under provision in prior period	-	6,788	-	-
	619,198	274,266	-	32,025

The movement of the defined benefit plan are as follows:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Balance at beginning	1,292,836	966,561	218,750	186,725
Recognised in profit or loss	619,198	274,266	-	32,025
Recognised in other comprehensive income	473,476	100,820	-	-
Paid during the financial period	(229,465)	(42,442)	(218,750)	-
Exchange differences	26,588	(6,369)	-	-
Balance at end	2,182,633	1,292,836	-	218,750

The principal actuarial assumptions used in determining the defined benefit plan are as follows:

	GROUP		COMPANY	
	30.4.20 %	31.12.18 %	30.4.20 %	31.12.18 %
Discount rate	1.60 – 3.00	3.00	Nil	Nil
Expected salary increment rate	5.00 – 6.00	5.00	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

The following table demonstrates the sensitivity analysis of the Group if significant actuarial assumptions at the end of the reporting period changed by one hundred (100) basis points with all other variables held constant:

	GROUP			
	30.4.20 %	31.12.18 %	30.4.20 RM	31.12.18 RM
Discount rate increase	1	1	(250,513)	(70,638)
Discount rate decrease	(1)	(1)	296,515	83,395
Expected salary increment rate increase	1	1	280,298	80,835
Expected salary increment rate decrease	(1)	(1)	(243,033)	(70,012)

The expected payments to the defined benefit plan in future years are as follows:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Within next 12 months	6,685	38,729	-	218,750
Between 2 to 5 years	136,895	189,702	-	-
Beyond 5 years	8,641,408	5,360,963	-	-
Total expected payments	8,784,988	5,589,394	-	218,750

The average duration of the defined benefit plan obligation at the end of the reporting period is **14.18 years** (31.12.18: 12.60 years).

17. BORROWINGS

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Non-current liabilities				
Secured:				
<u>Finance lease liabilities</u>				
Minimum payments:				
Within one year	2,828,524	2,718,545	-	166,500
More than one year and less than two years	2,360,323	2,155,842	-	41,605
More than two years and less than five years	1,795,165	2,635,809	-	-
	6,984,012	7,510,196	-	208,105
Future finance charges	(596,387)	(694,196)	-	(8,425)
	6,387,625	6,816,000	-	199,680
Amount due within one year included under current liabilities	(2,411,548)	(2,382,207)	-	(158,496)
	3,976,077	4,433,793	-	41,184
<u>Term loans</u>				
Total amount repayable	10,005,885	15,243,046	-	-
Amount due within one year included under current liabilities	(1,180,276)	(4,683,410)	-	-
	8,825,609	10,559,636	-	-
Balance carried forward	12,801,686	14,993,429	-	41,184

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Balance brought forward	12,801,686	14,993,429	-	41,184
Current liabilities				
Secured:				
Bank overdrafts	4,591,862	14,770,643	-	-
Finance lease liabilities	2,411,548	2,382,207	-	158,496
Bankers' acceptance	8,759,857	10,569,807	-	-
Promissory notes	3,657,728	5,858,140	-	-
Revolving credit	9,049,987	4,350,000	-	-
Trust receipts	2,831,726	4,621,311	-	-
Invoice factoring	3,229,345	2,840,360	-	-
Term loans	1,180,276	4,683,410	-	-
	35,712,329	50,075,878	-	158,496
Unsecured:				
Bank overdrafts	-	24,709	-	-
	35,712,329	50,100,587	-	158,496
Total borrowings	48,514,015	65,094,016	-	199,680

The borrowings are secured by way of:

- (i) Legal charges over certain subsidiaries' property, plant and equipment and investment properties as disclosed in Note 4 and Note 5 to the financial statements respectively;
- (ii) Deposits with licensed banks of the Group as disclosed in Note 11 to the financial statements;
- (iii) Credit Guarantee Corporation ("CGC") guarantee under the Flexi Guarantee Scheme ("FGS") granted to a subsidiary;
- (iv) Corporate guarantee of the Company and certain subsidiaries;
- (v) Deed of Assignment of Contract Proceed ("DACP") in relation to the Closed-Circuit Television ("CCTV") installation project; and
- (vi) Leased assets as disclosed in Note 4 to the financial statements.

The currency profile of borrowings is as follows:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Ringgit Malaysia	31,527,555	43,001,861	-	199,680
Thai Baht	16,986,460	22,092,155	-	-
	48,514,015	65,094,016	-	199,680

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

A summary of the effective interest rates and maturities of the borrowings is as follows:

	Effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
GROUP						
30.4.20						
Bank overdrafts	6.22 - 7.65	4,591,862	4,591,862	-	-	-
Finance lease liabilities	2.29 - 13.00	6,387,625	2,411,548	2,281,168	1,694,909	-
Bankers' acceptance Promissory notes	2.65 - 6.65	8,759,857	8,759,857	-	-	-
Revolving credit	6.00 - 7.00	3,657,728	3,657,728	-	-	-
Trust receipts	3.69 - 8.00	9,049,987	9,049,987	-	-	-
Invoice factoring	5.40 - 8.54	2,831,726	2,831,726	-	-	-
Term loans	8.00	3,229,345	3,229,345	-	-	-
	3.70 - 6.32	10,005,885	1,180,276	1,553,222	2,440,325	4,832,062
31.12.18						
Bank overdrafts	6.50 - 9.37	14,795,352	14,795,352	-	-	-
Finance lease liabilities	2.29 - 13.00	6,816,000	2,382,207	2,117,181	2,316,612	-
Bankers' acceptance Promissory notes	3.23 - 6.80	10,569,807	10,569,807	-	-	-
Revolving credit	6.00 - 7.00	5,858,140	5,858,140	-	-	-
Trust receipts	4.45 - 8.00	4,350,000	4,350,000	-	-	-
Invoice factoring	6.00 - 8.87	4,621,311	4,621,311	-	-	-
Term loans	8.00	2,840,360	2,840,360	-	-	-
	4.81 - 10.00	15,243,046	4,683,410	1,740,917	2,830,107	5,988,612
COMPANY						
31.12.18						
Finance lease liabilities	3.65	199,680	158,496	41,184	-	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

18. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Trade payables				
Third parties	11,567,764	16,143,357	-	-
Other payables				
Sundry payables	3,568,095	7,253,296	623,178	1,094,262
Amount due to subsidiaries	-	-	6,257,091	5,246,882
Accruals	3,357,794	4,671,570	475,704	648,689
Amount due to directors	151,925	160,000	-	-
Deposits received	642,000	730,000	-	-
	7,719,814	12,814,866	7,355,973	6,989,833
	19,287,578	28,958,223	7,355,973	6,989,833

The currency profile of trade and other payables is as follows:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Ringgit Malaysia	10,104,806	19,451,796	3,955,037	3,759,325
United States Dollar	5,759,485	2,956,170	-	-
Thai Baht	3,296,712	6,544,673	3,400,936	3,230,508
Others	126,575	5,584	-	-
	19,287,578	28,958,223	7,355,973	6,989,833

Trade payables of the Group are non-interest bearing and are normally settled within **30 to 90 days** (31.12.18: 30 to 90 days) credit terms.

The amount due to subsidiaries is unsecured, interest bearing at **6.13% - 8.87%** (31.12.18: 6.13% - 8.87%) per annum and repayable on demand.

The amount due to directors of the Group are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

19. REVENUE

19.1 Disaggregated revenue information

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM
Types of goods or service				
Sales of goods	204,102,144	240,567,421	-	-
Contract manufacturing	20,103,787	24,951,652	-	-
Maintenance income	2,412,313	2,969,002	-	-
Management fees	-	-	5,086,647	6,316,134
Rental income from investment properties	2,000,000	1,230,000	-	-
Gross dividend income from subsidiaries	-	-	-	9,000,000
Total revenue from contracts with customers	228,618,244	269,718,075	5,086,647	15,316,134

The comparative figures are in accordance to *MFRS 118 Revenue* and therefore the amounts presented are not entirely comparable.

	GROUP 1.1.19 to 30.4.20 (16 months) RM	COMPANY 1.1.19 to 30.4.20 (16 months) RM
Geographical markets		
Thailand	107,998,461	-
Malaysia	87,527,507	5,086,647
Singapore	21,774,579	-
Denmark	4,961,720	-
United Kingdom	3,311,529	-
Indonesia	1,693,621	-
China	512,821	-
Others	838,006	-
Total revenue from contracts with customers	228,618,244	5,086,647
Timing of revenue recognition		
Revenue recognised at a point in time	226,205,931	5,086,647
Revenue recognised over time	2,412,313	-
Total revenue from contracts with customers	228,618,244	5,086,647

19.2 Performance obligations

The performance obligations are spelt out in Note 3.13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

20. OTHER INCOME

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM
Doubtful debts recovered	100,000	-	100,000	-
Gain on disposal of property, plant and equipment	27,048	29,213	-	1,643
Insurance claims	19,978	75,970	-	-
Interest income from:				
- amounts due from subsidiaries	-	-	2,039,672	972,467
- deposits with licensed banks	837,337	848,770	326,407	439,061
- trade and other receivables	448,132	1,436,189	1,110	2,186
Others	2,244,851	1,158,623	20,546	77,926
Rental income	68,595	69,600	-	-
Reversal of allowance for expected credit losses	620,959	452,175	-	-
Reversal of impairment loss on investment in a subsidiary	-	-	150,787	-
Reversal of impairment loss on property, plant and equipment	-	4,200	-	-
Reversal of inventories written down	32,004	1,137,407	-	-
Scrap sales	2,667,889	2,007,053	-	-
Sub-leasing fee from:				
- subsidiaries	-	-	327,876	327,876
- companies related to a former director	-	46,409	-	46,409
- third parties	-	8,136	-	8,136
Unrealised gain on foreign exchange	291,155	-	37,036	529,620
	7,357,948	7,273,745	3,003,434	2,405,324

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

21. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM
Salaries, wages, bonus and allowances	42,482,911	43,898,231	4,207,356	5,215,085
EPF	2,454,983	2,604,266	519,104	637,552
SOCSSO	738,040	864,532	29,043	27,617
Defined benefit plan (Note 16)	619,198	274,266	-	32,025
EIS	12,108	1,229	2,505	-
Fee	656,119	698,665	517,786	545,333
Other benefits	1,127,665	1,478,418	277,174	305,443
	48,091,024	49,819,607	5,552,968	6,763,055

Included in the employee benefits expense of the Group and of the Company is directors' remuneration as follows:

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM
<i>Executive directors of the Company:</i>				
- Salaries, bonus and allowances	1,564,907	2,286,718	1,564,907	2,286,718
- EPF	197,991	294,580	197,991	294,580
- SOCSSO	977	1,944	977	1,944
- EIS	55	-	55	-
- Defined benefit plan	-	32,025	-	32,025
- Fee	34,564	163,333	34,564	163,333
	1,798,494	2,778,600	1,798,494	2,778,600
<i>Non-executive directors of the Company:</i>				
- Allowances	289,686	154,785	289,686	154,785
- EPF	5,520	10,560	5,520	10,560
- Fee	483,222	382,000	483,222	382,000
	778,428	547,345	778,428	547,345
<i>Executive directors of subsidiaries:</i>				
- Salaries, bonus and allowances	1,887,834	1,024,232	-	-
- EPF	188,964	97,268	-	-
- SOCSSO	2,983	1,819	-	-
- EIS	374	156	-	-
- Fee	138,333	153,332	-	-
	2,218,488	1,276,807	-	-
<i>Total directors' remuneration</i>	4,795,410	4,602,752	2,576,922	3,325,945

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

The directors' remuneration can be further analysed as:

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM
Present directors:				
- Executive	3,279,634	1,677,553	1,061,148	400,746
- Non-executive	609,846	81,838	609,846	81,838
	<u>3,889,480</u>	<u>1,759,391</u>	<u>1,670,994</u>	<u>482,584</u>
Past directors:				
- Executive	737,348	2,377,854	737,346	2,377,854
- Non-executive	168,582	465,507	168,582	465,507
	<u>905,930</u>	<u>2,843,361</u>	<u>905,928</u>	<u>2,843,361</u>
	<u>4,795,410</u>	<u>4,602,752</u>	<u>2,576,922</u>	<u>3,325,945</u>

Directors of the Group and the Company and other key management personnel have been granted the following number of share options under the ESOS:

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months)	1.9.17 to 31.12.18 (16 months)	1.1.19 to 30.4.20 (16 months)	1.9.17 to 31.12.18 (16 months)
Balance at beginning	1,000,000	13,600,000	-	10,500,000
Exercised	-	(12,600,000)	-	(10,500,000)
Lapsed	(1,000,000)	-	-	-
Balance at end	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>

22. FINANCE COSTS

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM
Interest expenses on:				
- term loans	853,950	1,780,892	-	-
- finance lease liabilities	608,111	584,270	-	26,398
- other banks borrowings	3,513,514	3,705,189	201,415	31,525
- amount due to subsidiaries	-	-	432,522	1,154,501
- lease liabilities (accretion of interest)	204,963	-	7,629	-
Balance at end	<u>5,180,538</u>	<u>6,070,351</u>	<u>641,566</u>	<u>1,212,424</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

23. PROFIT/(LOSS) BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	(Restated) 1.9.17 to 31.12.18 (16 months) RM
After charging:				
Auditors' remuneration				
- Statutory audit				
- Company's auditors				
- Current year	250,000	256,600	111,300	124,000
- Under provision in prior year	149,328	5,005	150,000	5,000
- Other auditors	234,682	251,518	-	-
- Other services	5,000	5,000	5,000	5,000
Loss on disposal of property, plant and equipment	20,785	-	-	-
Property, plant and equipment written off	100,517	22,041	348	17,437
Realised loss on foreign exchange	135,461	-	-	-
Revaluation loss on land and building	448,187	-	-	-
Unrealised loss on foreign exchange	-	575,615	-	-
	-	575,615	-	-

24. TAX EXPENSE

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM
Statements of comprehensive income:				
Malaysian income tax:				
Based on results for the financial period				
- Current tax	(1,246,089)	(2,172,854)	(160,000)	(105,322)
- Deferred tax relating to the origination and reversal of temporary differences	(380,113)	55,537	-	-
	(1,626,202)	(2,117,317)	(160,000)	(105,322)
Under provision in prior period				
- Current tax	(34,641)	(140,643)	(16,224)	-
- Deferred tax	(8,441)	(88,271)	-	-
	(43,082)	(228,914)	(16,224)	-
Tax expense recognised in profit or loss	(1,669,284)	(2,346,231)	(176,224)	(105,322)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM
Deferred tax relate to items recognised in other comprehensive income (Note 9)				
Revaluation of land and buildings	(5,124,917)	-	-	-

Taxation for other jurisdiction is calculated at the rate prevailing in that jurisdiction.

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

	GROUP		COMPANY	
	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM
Profit before tax	2,399,433	5,117,572	(5,327,699)	351,103
Income tax at Malaysian statutory tax rate of 24%	(575,864)	(1,228,217)	1,278,648	(84,265)
Effect of tax rate in foreign jurisdiction	155,005	(34,257)	-	-
Income not subject to tax	10,901	2,307,523	-	2,640,047
Expenses not deductible for tax purposes	(1,442,820)	(3,102,170)	(1,389,822)	(2,642,262)
Effect of double deduction	24,996	253,888	-	-
Tax incentive not subject to tax	-	118,041	-	-
Utilisation of deferred tax assets previously not recognised	601,868	784,508	-	-
Deferred tax assets not recognised	(519,091)	(1,216,633)	(48,826)	(18,842)
Annual crystallisation of deferred tax on revaluation	118,803	-	-	-
	(1,626,202)	(2,117,317)	(160,000)	(105,322)
Under provision in prior period	(43,082)	(228,914)	(16,224)	-
	(1,669,284)	(2,346,231)	(176,224)	(105,322)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

25. EARNINGS PER SHARE

25.1 Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period as follows:

	GROUP	
	1.1.19 to 30.4.20	1.9.17 to 31.12.18
Profit attributable to owners of the Company (RM)	<u>580,822</u>	<u>2,605,367</u>
Weighted average number of ordinary shares in issue	<u>257,662,044</u>	<u>198,093,232</u>
Basic earnings per share (in sen)	<u>0.23</u>	<u>1.32</u>

25.2 Diluted earnings per share

Diluted earnings per share of the Group is calculated by dividing the profit attributable to owners of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period adjusted for the dilutive effects of all potential ordinary shares as follows:

	GROUP	
	1.1.19 to 30.4.20	1.9.17 to 31.12.18
Profit attributable to owners of the Company (RM)	<u>580,822</u>	<u>2,605,367</u>
Weighted average number of ordinary shares in issue	<u>257,662,044</u>	198,093,232
Adjustment for conversion of ESOS	<u>684,429</u>	1,183,429
Adjustment for conversion of warrants	<u>18,434,437</u>	19,719,714
	<u>276,780,910</u>	<u>218,996,375</u>
Diluted earnings per share (in sen)	<u>0.21</u>	<u>1.19</u>

26. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ESOS is governed by the ESOS By-Laws and was approved by shareholders on 3 July 2015. The ESOS was to be in force for a period of five (5) years effective from 18 May 2016.

The main features of the ESOS were as follows:

(i) Eligible persons meet the following criteria as at the date of offer:

- if he has attained the age of eighteen (18) years on the date offer and is not an undercharged bankrupt;
- if he is employed on a full-time basis on the payroll of a company within the Group and his employment must have been confirmed in writing on or prior to the date of offer;
- if he is a contract worker on a full-time basis serving under a contract of employment; and
- if he fulfils any other criteria and/or falls within such category that the ESOS Committee may from time to time at its absolute discretion determine.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

- (ii) The maximum number of new shares of the Company, which may be available under the Scheme, shall not exceed in aggregate 15% of the total issued and paid-up share capital of the Company at any point in time during the duration of the Scheme and includes any extension thereof.
- (iii) The option price shall be determined by the Option Committee based on the 5-day weighted average market price of shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%, or at the par value of shares of the Company, whichever is higher.
- (iv) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new shares of the Company comprised in the ESOS.
- (v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank *pari passu* in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new shares.

The movement of the share options during the financial period are as follows:

	Number of share options			Balance at end
	Balance at beginning	Exercised	Lapsed	
30.4.20				
Share option expiring 17 May 2021	4,142,000	(2,250,000)	(1,132,500)	759,500
31.12.18				
Share option expiring 17 May 2021	24,299,500	(20,157,500)	-	4,142,000

The fair values of share options granted in the previous financial years was estimated by using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted.

The fair value of the share options measured at grant date and the assumptions are as follows:

	Grant date at 18 May 2016
Fair value of share options at grant date (RM)	0.14
Share price (RM)	0.22
Exercise price (RM)	0.25
Expected volatility (%)	77.76
Expected life (years)	5.00
Risk free rate (%)	3.22
Expected dividend yield (%)	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

27. SEGMENTAL INFORMATION

Business Segments

Business segments are based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group has arrived at three reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

Reportable segments	Description
(i) Integrated supply chain products and services	Sales and distribution of advanced packaging materials, electronics products, chemicals, spare parts and consumables.
(ii) Contract manufacturing	Contract manufacturer of electronic components
(iii) Supply of packaging materials	Manufacture, sales and distribution of advanced packaging materials, electronics products and consumables.

Other operating segments that do not meet the quantitative thresholds of an individual reporting segment consist of investment holding and others.

Performance is measured based on segment operating profit as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current financial period and previous financial period.

Segment assets exclude tax assets and unallocated assets.

Segment liabilities exclude tax liabilities, borrowings and unallocated liabilities.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

By business segments

30.4.20

	Integrated supply chain products and services RM	Contract manufacturing RM	Supply of packaging materials RM	Others RM	Elimination RM	Note	Total RM
Revenue							
External sales	19,798,146	22,597,978	186,222,120	-	-		228,618,244
Inter-segment sales	2,871,920	2,663,010	16,638,818	16,000	(22,189,748)	A	-
Total revenue	22,670,066	25,260,988	202,860,938	16,000	(22,189,748)		228,618,244
Results							
Segment results	2,023,449	(846,176)	16,315,182	(473,878)			17,018,577
Unallocated expenses							(9,438,606)
Operating profit							7,579,971
Finance costs							(5,180,538)
Profit before tax							2,399,433
Tax expense							(1,669,284)
Profit for the financial period							730,149
Assets							
Segment assets	5,458,509	14,628,446	166,854,632	8,379,756			195,321,343
Unallocated assets							2,536,906
Deferred tax assets							167,470
Current tax assets							2,130,910
Total assets							200,156,629
Liabilities							
Segment liabilities	372,174	3,357,247	19,237,379	154,270			23,121,070
Unallocated liabilities							1,203,239
Borrowings							48,514,015
Deferred tax liabilities							5,938,334
Current tax liabilities							171,432
Total liabilities							78,948,090
Other segment information							
Additions to non-current assets	38,435	148,079	5,044,342	237,006		B	5,467,862
Depreciation							-
- property, plant and equipment	192,108	2,462,909	5,858,767	364,583			8,878,367
- investment properties	-	-	444,312	-			444,312
- right-of-use assets	-	-	947,893	71,557			1,019,450
Non-cash expenses other than depreciation	233,636	826,679	1,586,923	208		C	2,647,446

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

By business segments

31.12.18

	Integrated supply chain products and services RM	Contract manufacturing RM	Supply of packaging materials RM	Others RM	Elimination RM	Note	Total RM
Revenue							
External sales	49,205,938	29,761,548	190,749,340	1,249			269,718,075
Inter-segment sales	138,617	1,072,526	31,166,955	29,004	(32,407,102)	A	-
Total revenue	49,344,555	30,834,074	221,916,295	30,253	(32,407,102)		269,718,075
Results							
Segment results	3,901,363	(117,840)	16,257,736	(136,751)	-		19,904,508
Unallocated expenses							(8,716,585)
Operating profit							11,187,923
Finance costs							(6,070,351)
Profit before tax							5,117,572
Tax expense							(2,346,231)
Profit for the financial period							2,771,341
Assets							
Segment assets	7,890,020	15,977,238	151,062,312	4,796,993	-		179,726,563
Unallocated assets							9,721,684
Deferred tax assets							159,320
Current tax assets							771,545
Total assets							190,379,112
Liabilities							
Segment liabilities	1,432,524	2,919,650	23,927,463	24,420	-		28,304,057
Unallocated liabilities							2,368,507
Borrowings							65,094,016
Current tax liabilities							283,953
Total liabilities							96,050,533
Other segment information							
Additions to non-current assets	381,443	1,226,144	8,157,580	12,960	-	B	9,778,127
Depreciation							
- property, plant and equipment	148,726	2,605,798	5,751,851	6,015	-		8,512,390
- investment properties	-	-	313,152	-	-		313,152
Non-cash expenses/(income) other than depreciation	507,341	82,236	3,020,944	(1,140)	-	C	3,609,381

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

- A Inter-segment revenues are eliminated on consolidation.
- B Additions to non-current assets consist of total costs incurred to acquire property, plant and equipment and investment properties. It excludes the additions of financial instruments and deferred tax assets.
- C Other non-cash expenses/(income) other than depreciation consist of the following items:

	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM
Allowance for expected credit losses	246,552	2,414,595
Defined benefit plan	619,198	274,266
Gain on disposal of property, plant and equipment, net	(6,263)	(29,213)
Inventories written down	2,116,520	640,120
Inventories written off	66,853	1,305,739
Property, plant and equipment written off	100,517	22,041
Revaluation loss on land and building	448,187	-
Reversal of allowance for expected credit losses	(620,959)	(452,175)
Reversal of impairment on property, plant and equipment	-	(4,200)
Reversal of inventories written down	(32,004)	(1,137,407)
Unrealised (gain)/loss on foreign exchange	(291,155)	575,615
	2,647,446	3,609,381

Information about major customers

Total revenue from 1 (31.12.18: 1) major customer which individually contributed to 10% or more of the Group's revenue from the supply of packaging materials segments, amounted to **RM34,247,690** (31.12.18: RM31,009,224).

By geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

	Revenue		Non-current assets	
	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM	30.4.20 RM	31.12.18 RM
Malaysia	118,509,601	171,777,948	47,473,455	42,601,754
Thailand	110,108,643	97,940,127	43,779,229	26,189,972
	228,618,244	269,718,075	91,252,684	68,791,726

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

28. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Approved but not provided for:				
- Leasehold land and building	3,870,000	3,870,000	-	-
- Plant and machinery	322,226	-	-	-
- Computer equipment	2,112	-	-	-
- Development right	2,000,000	8,000,000	-	-

29. RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Group has related party relationship with its subsidiaries, key management personnel and the following parties:

Related parties	Relationship
- Master-Pack Sdn. Bhd.	Major shareholder of a subsidiary, Richmond Technology Sdn. Bhd.
- Wangsa Interaktif Sdn. Bhd.	A company in which a director of a subsidiary, En. Roslant Bin Abu, has substantial financial interests.
- An Marketing Trading Sdn. Bhd.	A company in which a person connected to a former director of the Company, Mr. Tan Than Kau, has substantial financial interests.

(ii) Related party transactions

Related party transactions have been entered into at terms agreed between the parties during the financial period.

	Group		Company	
	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM
Interest expense charged by subsidiaries	-	-	432,522	1,154,501
Interest income from subsidiaries	-	-	2,039,672	972,467
Management fees from subsidiaries	-	-	5,086,647	6,316,134

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

	Group		Company	
	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM	1.1.19 to 30.4.20 (16 months) RM	1.9.17 to 31.12.18 (16 months) RM
Dividends income from subsidiaries	-	-	-	9,000,000
Sub-leasing fee from subsidiaries	-	-	327,876	327,876
Sub-leasing fee from companies related to a former director	-	46,409	-	46,409
Rental of motor vehicles from a subsidiary	-	-	32,788	-
Rental of premises from a director of a subsidiary, Mr. Lim Oon Jin	28,000	-	-	-
Legal fee paid to a firm which a former director is a partner	-	105,813	-	5,000
Sales to Wangsa Interaktif Sdn. Bhd.	445,296	597,097	-	-
Purchase of goods from:				
- Master-Pack Sdn. Bhd.	1,657,645	3,919,479	-	-
- An Marketing Trading Sdn. Bhd.	240,667	-	-	-
Advance from a director of a subsidiary	-	160,000	-	-
Transfer of property, plant and equipment from a subsidiary	-	-	272,590	2,592
Transfer of property, plant and equipment to subsidiaries	-	-	4,659	19,020
Development right paid to a former director	5,880,000	2,000,000	-	-

In the previous financial period, the Group and the Company have identified breaches of internal controls arising from various transactions involving related parties and potential irregularities as disclosed in Note 33 to the financial statements.

(iii) Compensation of key management personnel

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

The Company has no other members of key management personnel apart from the Board of Directors which compensation has been shown in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC"), loans and receivables ("L&R") and financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	AC RM
GROUP		
30.4.20		
Financial assets		
Trade and other receivables, excluding non-refundable deposits, prepayment and GST recoverable	39,134,368	39,134,368
Cash and bank balances	32,531,569	32,531,569
	71,665,937	71,665,937
Financial liabilities		
Borrowings	48,514,015	48,514,015
Trade and other payables	19,287,578	19,287,578
	67,801,593	67,801,593

The financial instrument classified in the prior period in accordance with *MFRS 139* are as follows:

	Carrying amount RM	L&R RM	FL RM
31.12.18			
Financial assets			
Trade and other receivables, excluding non-refundable deposits, prepayment and GST recoverable	52,451,351	52,451,351	-
Cash and bank balances	40,253,888	40,253,888	-
	92,705,239	92,705,239	-
Financial liabilities			
Borrowings	65,094,016	-	65,094,016
Trade and other payables	28,958,223	-	28,958,223
	94,052,239	-	94,052,239

	Carrying amount RM	AC RM
COMPANY		
30.4.20		
Financial assets		
Other receivables, excluding prepayment and GST recoverable	28,880,718	28,880,718
Cash and bank balances	222,035	222,035
	29,102,753	29,102,753
Financial liabilities		
Other payables	7,355,973	7,355,973

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

The financial instrument classified in the prior period in accordance with *MFRS 139* are as follows:

	Carrying amount RM	L&R RM	FL RM
31.12.18			
Financial assets			
Other receivables, excluding prepayment and GST recoverable	22,161,324	22,161,324	-
Cash and bank balances	8,541,873	8,541,873	-
	<u>30,703,197</u>	<u>30,703,197</u>	<u>-</u>
Financial liabilities			
Borrowings	199,680	-	199,680
Other payables	6,989,833	-	6,989,833
	<u>7,189,513</u>	<u>-</u>	<u>7,189,513</u>

30.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

30.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables whilst the Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to certain subsidiaries.

30.3.1 Trade receivables

The Group gives its customers credit terms that range between **30 to 120 days** (31.12.18: 30 to 120 days). In deciding whether credit shall be extended, the Group will take into consideration factors such as relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, receivables balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

The ageing analysis of trade receivables of the Group as at the end of the reporting period is as follows:

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

	Gross RM	Allowance for expected credit losses RM	Net RM
GROUP			
30.4.20			
Not past due	18,163,413	-	18,163,413
1 to 30 days past due	4,460,789	-	4,460,789
31 to 60 days past due	2,055,587	-	2,055,587
61 to 90 days past due	779,272	-	779,272
Past due more than 90 days	8,443,213	(2,623,743)	5,819,470
	<u>15,738,861</u>	<u>(2,623,743)</u>	<u>13,115,118</u>
	<u>33,902,274</u>	<u>(2,623,743)</u>	<u>31,278,531</u>
	Gross RM	Individual impairment RM	Net RM
31.12.18			
Not past due	32,918,436	-	32,918,436
1 to 30 days past due	6,284,938	-	6,284,938
31 to 60 days past due	2,495,725	-	2,495,725
61 to 90 days past due	1,662,460	-	1,662,460
Past due more than 90 days	3,995,745	(3,072,780)	922,965
	<u>14,438,868</u>	<u>(3,072,780)</u>	<u>11,366,088</u>
	<u>47,357,304</u>	<u>(3,072,780)</u>	<u>44,284,524</u>

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial period.

The Group has trade receivables amounting to **RM13,115,118** (31.12.18: RM11,366,088) that are past due but not impaired as the management is of the view that these debts will be collected in due course.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The Group has significant concentration of credit risk in the form of outstanding balance due from **2 customers** (31.12.18: 1 customer) representing **21%** (31.12.18: 31%) of the total trade receivables.

Maximum exposure to credit risk

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

	Gross RM	Allowance for expected credit losses RM	Net RM
Credit risk rating			
GROUP			
30.4.20			
Low risk	31,278,531	-	31,278,531
Individually impaired	<u>2,623,743</u>	<u>(2,623,743)</u>	<u>-</u>
	<u>33,902,274</u>	<u>(2,623,743)</u>	<u>31,278,531</u>

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for expected credit losses of trade receivables at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information such as country risk assessment has been incorporated in determining the expected credit losses.

Trade receivables are usually collectible and the Group does not have much historical bad debts written off or impairment of trade receivables. There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter. No expected credit losses is provided during the financial period based on the above assessment as the impact to the Group's financial statements is not material.

30.3.2 Intercompany balances

The Company provides advances to its subsidiaries and monitors their results regularly.

The maximum exposure to credit risk is represented by the carrying amount in the statements of financial position.

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable except for the impairment made for advance to the subsidiaries which the Company deems uncollectable as disclosed in Note 10 to the financial statements. The Company does not specifically monitor the ageing of these advances.

30.3.3 Financial guarantees

The Company has issued financial guarantees to financial institutions for banking facilities granted to certain subsidiaries.

	COMPANY	
	30.4.20 RM	31.12.18 RM
Corporate guarantees issued to financial institutions for banking facilities granted to certain subsidiaries		
- Limit	106,215,026	147,370,718
- Maximum exposure	<u>47,563,458</u>	<u>45,158,161</u>

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment. The directors considered that the fair value of the financial guarantee contracts on initial recognition is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

30.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than five years RM	More than five years RM
GROUP					
30.4.20					
<i>Non-derivative financial liabilities</i>					
Borrowings	48,514,015	51,870,296	35,894,963	10,268,314	5,707,019
Lease liabilities	2,854,098	3,260,500	988,000	2,272,500	-
Trade and other payables	19,287,578	19,287,578	19,287,578	-	-
Total undiscounted financial liabilities	70,655,691	74,418,374	56,170,541	12,540,814	5,707,019
31.12.18					
<i>Non-derivative financial liabilities</i>					
Borrowings	65,094,016	69,130,969	51,066,784	10,865,336	7,198,849
Trade and other payables	28,958,223	28,958,223	28,958,223	-	-
Total undiscounted financial liabilities	94,052,239	98,089,192	80,025,007	10,865,336	7,198,849
COMPANY					
30.4.20					
<i>Non-derivative financial liabilities</i>					
Other payables	7,355,973	7,355,973	7,355,973	-	-
* Financial guarantees	-	47,563,458	47,563,458	-	-
Total undiscounted financial liabilities	7,355,973	54,919,431	54,919,431	-	-
31.12.18					
<i>Non-derivative financial liabilities</i>					
Borrowings	199,680	208,105	166,500	41,605	-
Other payables	6,989,833	6,989,833	6,989,833	-	-
* Financial guarantees	-	45,158,161	45,158,161	-	-
Total undiscounted financial liabilities	7,189,513	52,356,099	52,314,494	41,605	-

* This has been included for illustration purpose only as the related financial guarantees have not crystallised as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

30.5 Interest rate risk

The Group's fixed rate instruments are exposed to a risk of change in its fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and of the Company's interest bearing financial instruments based on their carrying amounts as at the end of the reporting period are as follows:

	Group		Company	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Fixed rate instruments				
Financial assets	27,600,873	36,191,931	19,427,496	8,601,661
Financial liabilities	<u>15,147,482</u>	<u>17,385,807</u>	<u>6,257,091</u>	<u>5,446,562</u>
Floating rate instruments				
Financial liabilities	<u>33,366,533</u>	<u>47,708,209</u>	<u>-</u>	<u>-</u>

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

An increase of 20 basis point at the end of the reporting period would have decreased the Group's profit before tax by **RM100,307** (31.12.18: RM123,239) and a corresponding decrease would have an equal but opposite effect. These changes are considered to be reasonably possible based on observation of current market conditions. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

30.6 Foreign currency risk

The objectives of the Group's and the Company's foreign exchange policies are to allow the Group and the Company to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group and the Company to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in currencies other than the functional currency of the Group entities. The Group and the Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Thai Baht ("THB") and Singapore Dollar ("SGD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's and of the Company's profit/(loss) before tax. A 5% strengthening of RM against the following currencies at the end of the reporting period would have (decreased)/increased profit before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
USD	(109,270)	364,959	135,186	180,098
SGD	109,133	57,097	-	-
THB	(149,366)	(875,188)	(45,857)	(127,513)
Other currencies	(4,089)	2,776	-	-
(Decrease)/Increase in profit before tax	<u>(153,592)</u>	<u>(450,356)</u>	<u>89,329</u>	<u>52,585</u>

31. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and financial liabilities approximate their fair values due to their short-term nature. The carrying amounts of the non-current portion of finance lease liabilities are reasonable approximation of fair values due to the insignificant impact of discounting.

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support their business and to maximise shareholders' value.

The Group and the Company manage their capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group and the Company. The Group and the Company may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial period under review as compared to the previous financial period.

The Group and the Company consider their total equity and total loans and borrowings to be the key components of their capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group and the Company monitor capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

	GROUP		COMPANY	
	30.4.20 RM	31.12.18 RM	30.4.20 RM	31.12.18 RM
Total borrowings	48,514,015	65,094,016	-	199,680
Less: Cash and banks balances	<u>(32,531,569)</u>	<u>(40,253,888)</u>	<u>(222,035)</u>	<u>(8,541,873)</u>
Net debt/(Net cash)	<u>15,982,446</u>	<u>24,840,128</u>	<u>(222,035)</u>	<u>(8,342,193)</u>
Total equity	<u>121,208,539</u>	<u>94,328,579</u>	<u>69,979,066</u>	<u>70,405,539</u>
Gearing ratio	<u>0.13</u>	<u>0.26</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

33. INDEPENDENT INVESTIGATION REVIEW

In the prior financial period, the former Board of Directors had engaged independent consultants to conduct investigations following the identification of certain potential breaches of internal control by a key management personnel of the Group and of the Company, who had since resigned from the Group and the Company ("**Ex-Key Management Personnel**"). The findings from the investigation are summarised as follows:

- (i) the Group had delivered goods and services to a company which was related to the Ex-Key Management Personnel ("**Company A**") without any charges. The total goods and services subsequently charged out by the Group and the Company in the prior financial period/year amounted to RM307,866 (31.8.2017: RM208,855).
- (ii) the Group allowed a company which was controlled and owned by the Ex-Key Management Personnel ("**Company B**") to utilise the Group's Enterprise Resource Planning ("**ERP**") system from the period from 1 April 2015 to 31 August 2018. The services fees in arrears amounted to RM165,879 had been fully impaired by the Group in the prior financial period. Although the amount had been fully impaired in the prior financial period, the Group managed to recover RM100,000 from Company B in the current financial period and thus, RM100,000 had been reversed in the profit or loss.
- (iii) the Group had entered into fictitious purchase transactions amounted to RM500,000 with a company, which was related to the Ex-Key Management Personnel ("**Company C**") to enable payment of RM500,000 to Company C. The Group had recovered RM300,000 while the remaining RM200,000 had been fully impaired by the Group in the prior financial period. RM200,000 had been reversed in the profit or loss of current financial period, due to the Group had agreed with the Ex-Key Management Personnel to offset the remaining RM200,000 against the gratuity due to him.
- (iv) the Group had entered into a tenancy agreement with Company C for the period from 1 July 2006 to 31 July 2018 and no action was made to evict the tenant for failure to pay the due rental. The total rent in arrears net of deposit received is amounted to RM1,480,806 (31.8.2017: RM894,841) and these amounts have been fully impaired in the prior financial period.
- (v) the Group sold its former subsidiary to Company D for a consideration of RM1 on 5 August 2016. Individual A, an employee of the Group for the period from 1 June 2014 to 31 May 2018, was also a director and shareholder of Company D. The former subsidiary was in a net liability position at the date of disposal.
- (vi) the Group had paid Thai Baht 5 million rental deposit (which is equivalent to 15 months of rental) for leasing a building. The rental deposit paid had been recognised in the subsidiary, and is recoverable upon termination of the tenancy agreement. The rental deposit had been reduced to 8.5 months of rental subsequently and the tenancy of the building is on-going as at the end of the reporting period.
- (vii) the Group had directed individual B, an employee of the Group to perform due diligence on Company B. Subsequently, Company B was acquired by Company E, a company controlled and owned by Ex-Key Management Personnel.
- (viii) the Group had allowed Company F, a company related to Ex-Key Management Personnel to utilise the Group's ERP system. As at 31 December 2018, the services fees in arrears amounted to RM4,190, which was fully recovered subsequent to the end of reporting period.
- (ix) There are other potential irregularities, which are highlighted as follows:
 - (a) a series of emails among a third party ("**Company G**"), Company F and the Group in relation to the tender of Penang State Closed Circuit Television project indicated that Company G would sub-contract the Penang State Closed Circuit Television project to Company F and the Group.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

- (b) the Ex-Key Management Personnel had followed up with a business partner in Hong Kong, Company H to recover debts owing to the Group. However, it appears that Company H also owed the Ex-Key Management Personnel in a personal capacity and the emails indicated that the Ex-Key Management Personnel wanted to collect his personal debt in advance of the amount owing to Group by Company H.
- (c) a series of emails indicated the Ex-Key Management Personnel wanted to hide his relationship with third party ("**Company I**"), which shared the same business address with the Ex-Key Management Personnel's other associates companies.
- (d) a series of emails indicated that the Ex-Key Management Personnel had set up a company, Company J, with involvement from other associated individuals, specifically individual C and individual D. Individual C and individual D were also directors and shareholders of Company I.

Based on the findings from the investigation and the former Board of Directors' assessment of potential impact to the Group, the former Board of Directors have concluded that relevant efforts have been undertaken despite recommendations from the independent consultant as the potential impact to the financial statements of the Group and of the Company could not be material.

The current Board of Directors are represented by the new members subsequent to the resignation of the former directors since mid of June 2019. The management is also led by a new Chief Executive Officer since mid of July 2019. The new Board of Directors and management had taken note on the assessment done by the former Board of Directors and reassessed the measures to address and minimise the potential breaches of internal control within the Group and the Company during the financial period, including:

- (i) reviewed and replaced the independent professional consulting firm in performing the internal audit function. The Group and the Company have been working together with the new independent professional consulting firm to address any potential breaches of internal controls within the Group and the Company;
- (ii) imposed risk management function to the existing audit committee to become audit and risk management committee. The audit and risk management committee is to ensure the adequacy and effectiveness of the risk management and internal control within the organisation in order to identify and manage risk to a manageable level;
- (iii) revised the Group's and the Company's policies and matrix of limits for authorisation. The management is given the authority to approve the transactions up to certain threshold and approval from the Board of Directors is required if it exceeds the threshold; and
- (iv) monitored the management's decision by the Board of Directors, who are represented mostly by the non-executive directors. Approval from the Board of Directors is required for any major business decision made by the management in order to reduce the risk of management override of control.

34. MATERIAL LITIGATION

34.1 Penang High Court, Suit No.: PA-22NCVC-196-12/2018 D'nonce Technology Bhd & 2 Subsidiaries (Plaintiff) vs Law Kim Choon & 5 Ors (Defendants)

On 7 December 2018, the Company announced that D'nonce Technology Bhd. together with its wholly owned subsidiaries, D'nonce (M) Sdn. Bhd. and Attractive Venture Sdn. Bhd. ("**Plaintiff**") had instituted legal proceedings against Law Kim Choon ("**Defendant 1**"), Lin Kath Sdn. Bhd. ("**Defendant 2**"), Ferummas Precision Engineering (M) Sdn. Bhd. ("**Defendant 3**") and Stride Electronics (Malaysia) Sdn. Bhd. ("**Defendant 4**").

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

The Plaintiffs suit against the respective Defendants are based on fraud, conspiracy, breach of fiduciaries duties as well as reliefs provided under Section 360 of the Capital Market & Services Act 2007. The Plaintiffs filed for an ex-parte interim order and it was granted in favour of the Company on 6 December 2018, which restraining the Defendants and their proxies from inter alia dealing, acquiring or disposing of the Company's securities.

The Defendants filed an application to set aside the interim order. The Plaintiffs had then filed a reply to the respective Defendants. The Learned High Court Judge ("**the Court**") had directed all the above applications together with the interim order to be heard on 1 February 2019, subsequently the hearing had been adjourned to 26 February 2019 and 21 March 2019.

There are two proposed intervenors namely Blackstream Investments Pte. Ltd. and Lena Leong Oy Lin who had applied to intervene in this suit and to set aside the interim order and their application was allowed by the Court on 21 March 2019 and had been added as Defendant 5 and Defendant 6 respectively for further case management on 12 April 2019 for the Plaintiffs to file its amended pleadings.

On 21 March 2019, the ex-parte interim injunction previously obtained by the Plaintiffs on 6 December 2018 was set aside with cost of RM2,000 only to Defendant 1, Defendant 5 and Defendant 6 respectively. Additionally, the said parties are also entitled to have damages caused by the injunction assessed.

On 12 April 2019, the Court had fixed 17 June 2019 to hear the application of Defendant 6 to stay the order of the court allowing her to intervene in this suit as a defendant.

On the other hand, the Defendants also counterclaimed the Plaintiff as follows:

- (a) Defendant 1 and Defendant 3 counterclaimed for inter alia special damages amounting to RM713,482 for retirement benefits, director's fees and additional expenses accrued to the Defendant 1 (out of which a total amount of RM409,836 has been paid by the Company to date);
- (b) Defendant 4 counterclaims against the Plaintiffs for the sum of RM2,737,669 arising from various matters.

On 23 April 2019, the Company had filed an application for an injunction on an inter partes basis against inter alia the Defendant 1 to maintain the status quo in the Company, pending the outcome of this suit which came up for hearing on 10 May 2019. The Court also fixed hearing for the applications from Defendant 1, Defendant 3 and Defendant 4 to strike out the Company's amended Statement of Claim. The Court directed parties to file respective cause papers and hearing is fixed on 5 July 2019.

On 16 May 2019, the Court had dismissed the preliminary objection raised by Defendant 1 and Defendant 5 against the interlocutory injunction filed by the Company (Encl 109). The preliminary objection of Defendant 6 against the interlocutory injunction was upheld. Encl 109 was fixed for the hearing of an ad interim injunction on 27 May 2019 and full hearing on 5 July 2019. Separately, the Court had also ruled that the Company, its Chief Executive Officer and counsel could be heard to oppose the ex parte application by Defendant 1 for leave to initiate committal proceedings on 21 June 2019 (Encl 140).

On 10 June 2019, the Court had delivered its decision on the ad interim injunction applied by the Company, pending the hearing of the application for interlocutory injunction filed by the Company (Encl 109) which was fixed on 5 July 2019. The Court had decided that the application for ad interim injunction be dismissed with no order as to costs and the Court had further ordered that the application for interlocutory injunction filed by the Company (Encl 109) be struck out with costs of RM3,000.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

On 29 October 2019, the Company's appeal to the Court of Appeal against Encl 109 (the Company's unsuccessful application for a second injunction) in Suit196 ("Appeal 1150") was struck off from the register with no order as to costs. Accordingly, this appeal no longer subsists.

On 11 August 2020, all proceedings in Suit196 have been fully and finally settled as against all the parties to the Suit with no order as to costs.

34.2 **Penang High Court Civil Suit No.: PA-22NCC-41-12/2018 Blackstream Investments Pte Ltd (Plaintiff) vs Kuah Choon Ching & 6 Ors (Defendants)**

Blackstream Investments Pte. Ltd. ("**Plaintiff 2**") had instituted legal proceedings against Kuah Choon Ching, Lee Eng Sheng, Ang See Ming, Lim Kuan Yew, Chee Wai Hong, D'nonce Technology Bhd. and Tan Than Kau ("**Defendants 7**")

The Plaintiff 2 suit is grounded on alleged conspiracy and abuse of process commenced by the Company for not calling Extraordinary General Meeting ("**EGM**") for the purpose of removing Company's Board of Directors and restraining the Company vote for the Proposed Private Placement.

The Plaintiff 2 also sought for an injunction to restrain the Company from proceeding with the EGM scheduled on 26 December 2018 to vote on Proposed Private Placement exercise and a further application for the court's determination that requisition notice remains valid in spite of the injunction granted in the other suit.

The interim injunction sought by the Plaintiff 2 was granted by the Penang High Court on 24 December 2018 and the High Court had allowed the injunction as applied on 1 February 2019 pending the disposal of the suit.

The Company had filed a Defence and Counterclaim to the suit and had added Defendant 1 as a defendant to the counterclaim on the basis that Plaintiff conspires and/or is an accomplice and/or proxy to Defendant 1 with the sole purpose to remove the Company's Board of Directors and/or to stop the audit investigation or any action taken upon Defendant 1. Furthermore, the Company was also seeking for a full indemnity from Defendant 1 in relation to a related party transaction that was not disclosed by Defendant 1 previously.

Plaintiff 2 was seeking for unliquidated general damages against the Company for alleged conspiracy and abuse of process. The Company had filed a counterclaim against Plaintiff 2 as well as Defendant 1 for various declaratory and injunctive reliefs.

The case was fixed for further case management on 12 April 2019 pending the Company's application for security for costs against the Plaintiff. On 17 April 2019, the Court had fixed 16 May 2019 for the hearing of various interlocutory by applicants.

The Court had directed parties to file their respective reply submissions for the Company's application for security for costs (Encl 60), the Plaintiff's application to join its present Board of Directors as additional defendants (Encl 76) and the Plaintiff's application to strike out the Company's counterclaim (Encl 79).

On 13 June 2019, the Court had delivered 4 decisions in this suit in relation to 3 interlocutory applications. For the security for costs application applied by the Company (Encl 60), the Court had decided that the application by the Company be allowed and ordered that Plaintiff 2 deposit a sum of RM60,000 as security of the costs for this action. The application by Plaintiff 2 to join five other previous/present directors of the Company as defendants to this suit namely Lim Teck Seng, Ng Kok Wah, Dato' Yeo Boon Leong, Tengku Ahmad Badli Shah Bin Raja Hussin and Chuah Sue Yin (Encl 76) was allowed by the Court. The Company had filed an appeal against the said decision. Plaintiff 2's application to strike out the Company's counterclaim (Encl 79) was dismissed with costs of RM3,000. Separately, the Court had allowed the Defendant 7's application for security for costs (Encl. 82) in which Plaintiff 2 similarly needs to deposit a sum of RM60,000 as the security to be incurred by the Defendant 7. The Court had directed that the Company application to amend its defense and counterclaim (Encl 118) and Defendant 7's application to amend its defense (Encl 123) as well as the Company's application for discovery (Encl 129) to be heard on 6 August 2019.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

On 29 October 2019, the Company's appeal to the Court of Appeal against Encl 76 (the Company's appeal against the High Court's decision to join as parties to Suit 41, namely Lim Teck Seng, Ng Kok Wah, Dato' Yeo Boon Leong, Tengku Ahmad Badli Shah Bin Raja Hussin and Chuah Sue Yin) in Suit 41 ("Appeal 1147") was struck off from the register with no order as to costs. Accordingly, this appeal no longer subsists.

35. SIGNIFICANT EVENTS

- (i) On 17 May 2019, D'nonce Properties Sdn. Bhd. ("**DPPT**") had entered into a Joint Venture Agreement ("**JVA**") with Fajar Simfoni Sdn. Bhd. ("**FSSB**"), a wholly owned subsidiary of OCR Group Berhad to jointly develop a piece of vacant land held under Lot No. 10320, GM No. 1496 (formerly PT471, HSM1598), Mukim 10, Seberang Perai Tengah, Pulau Pinang measuring 6,774 square metre, in which Mr Tan Than Kau and Mr Tan Tiang Yang are the registered and beneficial owners of the land. Exclusive right had been granted to DPPT to develop the land into one block of 19-storey affordable apartment with 281 units and 7-storey car park podium. The land is valued at RM10,000,000 and FSSB will undertake the said development at its own cost and expense in accordance with the JVA.

On 10 March 2020, OCR Group Berhad had announced that JVA between DPPT and FSSB was terminated. On 11 March 2020, the solicitors on behalf of DPPT has replied to FSSB that the termination of the JVA had been done wrongfully due to the followings:

- (a) DPPT has fulfilled all its obligations under the JVA;
- (b) There is no breach of agreement on the part of DPPT giving the right to FSSB to terminate the JVA; and
- (c) FSSB does not have the right to terminate the JVA due to its own failure to meet its obligations under the JVA.

As such, DPPT shall, expressly reserve its rights and remedies against FSSB in this matter.

- (ii) On 24 May 2019, the Company had announced to undertake a proposed renounceable right issue of up to 315,109,100 new shares in the Company ("**DTB Shares**") ("**Rights Shares**") and 315,109,100 irredeemable convertible preference shares ("**ICPS**") on the basis of 1 Rights Share and 1 ICPS for every 1 DTB Shares held, together with up to 157,554,550 free detachable warrants ("**Warrants-B**") on the basis of 1 free Warrant-B for every 2 Rights Shares and 2 ICPS subscribed for. However, the Company had decided not to proceed with the proposed renounceable right issue subsequently on 20 August 2019.
- (iii) On 4 June 2019, the Company had announced that the Company intended to seek shareholders' approval in respect of the proposed change of name of the Company from D'nonce Technology Bhd to D'nonce Group Berhad at the 19th Annual General Meeting of the Company. On 18 July 2019, the Company had announced that the proposal was not approved.
- (iv) On 1 July 2019, the Company had offered the ESOS to the eligible employees of the Company and its subsidiaries ("**2nd Offer**"). However, on 11 November 2019, the Company had announced that the 2nd Offer is invalid, on the basis that the 2nd Offer was not decided upon or implemented by the ESOS Committee, which is a rudimentary requirement of the ESOS By-Laws. Accordingly, the 2nd Offer will be disregarded and will not be implemented. The Board of Directors have written to the eligible employees under the ESOS and a total of 16 employees had returned the acceptances of the 2nd Offer. The Company had rectify its records accordingly to reflect that the 2nd Offer is invalid and of no effect.
- (v) The World Health Organisation declared the 2019 Novel Coronavirus outbreak ("**COVID-19**") a pandemic on 11 March 2020. This was followed by our government issuing a Gazetted Order known as the Movement Control Order ("**MCO**") which was effective for the period from 18 March 2020 to 3 May 2020 and Conditional Movement Control Order ("**CMCO**") from 4 May 2020 to 9 June 2020. Subsequently, Recovery Movement Control Order ("**RMCO**") was gazetted which is effective for the period from 10 June 2020 to 31 August 2020.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

This pandemic has significantly disrupted many business operations and caused uncertainties around the world, including the markets where the Group is operating. While the Group has been experiencing the business disruptions during this pandemic, there are opportunities in medical industry which the Group is able to take advantage of. As the outbreak continues to evolve, it is challenging to predict the full extent and duration of its impact on the Group's business. Cost cutting measures have been taken to minimise the impact arising from this pandemic.

Notwithstanding the environment is challenging, the Group remains optimistic of its business with the expectation of continued strong demand from the medical and health sectors as well as the positive demand from the electronic technology sector.

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation as follows:

	Previously stated RM	Reclassification RM	Restated RM
Statements of comprehensive income			
31 December 2018:			
GROUP			
Revenue	266,749,073	2,969,002	269,718,075
Other income	10,242,747	(2,969,002)	7,273,745
Raw materials and consumables used	(90,944,669)	(2,605,537)	(93,550,206)
Allowance for expected credit losses	-	(2,414,595)	(2,414,595)
Inventories written down	-	(640,120)	(640,120)
Inventories written off	-	(1,305,739)	(1,305,739)
Operating leases	(4,139,204)	(272,762)	(4,411,966)
Other operating expenses	(35,283,878)	7,238,753	(28,045,125)
	<hr/>	<hr/>	<hr/>
COMPANY			
Other income	1,875,704	529,620	2,405,324
Allowance for expected credit losses	-	(6,319,909)	(6,319,909)
Impairment loss on investment in a subsidiary	-	(220,836)	(220,836)
Other operating expenses	(8,604,737)	6,011,125	(2,593,612)
	<hr/>	<hr/>	<hr/>
Statements of cash flow			
31 December 2018:			
GROUP			
Net cash from operating activities	21,420,284	(6,070,351)	15,349,933
Net cash used in financing activities	(9,052,055)	6,070,351	(2,981,704)
	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 APRIL 2020 (CONT'D)

	Previously stated RM	Reclassification RM	Restated RM
COMPANY			
Net cash used in operating activities	(2,212,755)	(57,923)	(2,270,678)
Net cash from investing activities	8,410,105	(972,467)	7,437,638
Net cash from financing activities	2,280,301	1,030,390	3,310,691
	<u> </u>	<u> </u>	<u> </u>

The comparative figures of the Group and of the Company have been prepared for the financial period from 1 September 2017 to 31 December 2018. Accordingly, the comparative amounts presented in the financial statements are not entirely comparable.

LIST OF PROPERTIES OWNED

AS AT 30 APRIL 2020

Beneficial owner / Location	Description / Existing Use	Land / Built in area (sq. ft.)	Age of building (years) as at 30.04.2020	Type of land / tenure (Year of expiry for leasehold)	Net book value as at 30.04.2020 RM'000	Date of acquisition
D'nonce (M) Sdn. Bhd.						
No. 12 Hujung Perusahaan 2, Kawasan MIEL, Prai Industrial Estate, 13600 Penang. #	Industrial land and building / Factory	1,875 / 2,500	29	60 years - leasehold (2045)	285	05.11.1990
51-14 B & C, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Penang. #	Building / Corporate Head Office	* / 3,670	25	Freehold	1,383	14-B: 21.03.1994 14-C: 18.04.1994
BAM Villa, Unit 42C-7-5C, Taman Maluri, Cheras, 56000 Kuala Lumpur.	Condominium	* / 975	27	99 years - leasehold (2090)	84	02.01.1992
Attractive Venture Sdn. Bhd.						
Plot 425, Tingkat Perusahaan 6A, Free Trade Zone, 13600 Prai, Penang. #	Industrial land and building / Factory	46,800 / 29,614	31	60 years - leasehold (2046)	4,376	17.08.1998
Lot 1218 Jalan Sri Putri 3/4, Taman Putri Kulai, 81000 Kulai, Johor. #	Industrial land and building / Factory	5,381 / 2,777	24	Freehold	770	10.05.1995
Lot 1220 Jalan Sri Putri 3/4, Taman Putri Kulai, 81000 Kulai, Johor. #	Industrial land and building / Factory	2,400 / 2,777	24	Freehold	488	04.07.1997
Plot 37, 1652 Mukim 11, Lorong Perusahaan Maju 7, Taman Perindustrian Bukit Tengah, Phase IV, 13600 Prai, Penang.	Industrial land and building / Factory	44,800 / 50,000	18	60 years - leasehold (2052)	4,308	27.08.1997
Plot 314, Penang Science Park, Bukit Minyak, Mukim 13, Daerah Seberang Perai Tengah, Penang.	Industrial land and building / Factory	111,148 / 51,955	3	60 years - leasehold (2072)	8,895	29.04.2011
No. 2733, Tingkat Perusahaan 6A, Free Trade Zone, 13600 Prai, Penang. #	Industrial land and building / Factory	43,706 / 25,649	16	60 years - leasehold (2049)	4,782	01.07.2015

LIST OF PROPERTIES OWNED

AS AT 30 APRIL 2020 (CONT'D)

Beneficial owner / Location	Description / Existing Use	Land / Built in area (sq. ft.)	Age of building (years) as at 30.04.2020	Type of land / tenure (Year of expiry for leasehold)	Net book value as at 30.04.2020 RM'000	Date of acquisition
Attractive Venture (JB) Sdn. Bhd.						
1273, Jalan Sri Putri 3/4, Taman Putri Kulai, 81000 Kulai, Johor. #	Building / Factory	2,400 / 2,777	24	Freehold	488	10.09.1999
No. 17 1/4, Jalan Air Hitam, 81400 Saleng, Senai, Johor. #	Building / Factory	103,226 / 31,300	23	Freehold	3,559	14.12.2010
D'nonce (Johore) Sdn. Bhd.						
8 Jalan Mutiara Emas 5/17, Taman Mount Austin, Johore Bahru, 81100 Johor.	Industrial land and building / Office	3,120 / 2,568	23	Freehold	253	05.08.1996
ISCM Industries (Thailand) Co., Ltd.						
188 Moo 1, Kanchanavanich Road, Tambol Samnakkam, Sadao, Songkhla, 90320, Thailand. #	Industrial land and building / Factory	876,169 / 270,695	20	Freehold	28,783	15.03.2007
ISCM Technology (Thailand) Co., Ltd.						
Plot No. 33, Thanu, U-Thai, Pranakorn Sri Ayutthaya, Thailand. #	Vacant industrial land	62,517 / *	0	Freehold	1,732	21.01.2011
70/6 Moo 9, Rojana Industrial Park, Tambol Thanu, U-Thai Ayutthaya, 13210 Thailand. #	Industrial land and building / Factory	27,900 / 21,533	11	Freehold	3,068	05.02.2016
Total					40,807	

* Not applicable

Revalued amount

ANALYSIS OF SHAREHOLDINGS

AS AT 7 AUGUST 2020

Total Number of Issued Shares	:	262,257,900
Class of Shares	:	Ordinary Shares
Number of Shareholders	:	3,474
Voting Rights	:	On show of hand – One vote per person On a poll – One vote for one Ordinary Share

ANALYSIS OF SHAREHOLDINGS AS AT 7 AUGUST 2020

SIZE OF SHAREHOLDINGS	NO. OF		% OF TOTAL	
	SHAREHOLDERS	SHAREHOLDERS	NO. OF SHARES	ISSUED CAPITAL
Less than 100 shares	60	1.72	2,409	0 [^]
100 to 1,000 shares	602	17.33	500,136	0.19
1,001 to 10,000 shares	1,703	49.02	9,780,297	3.73
10,001 to 100,000 shares	930	26.77	31,135,758	11.87
100,001 to less than 5% of issued shares	177	5.10	130,061,000	49.59
5% and above of issued shares	2	0.06	90,778,300	34.62
TOTAL	3,474	100.00	262,257,900	100.00

[^] Negligible

SUBSTANTIAL SHAREHOLDERS AS AT 7 AUGUST 2020

Names	Number of Shares Held			
	Direct	%	Deemed	%
Blackstream Investments Pte Ltd	66,293,300	25.28	-	-
Lim Siang Kai	-	-	66,293,300 *	25.28
Toe Teow Heng	31,907,900	12.17	-	-

* Deemed interested by virtue of his shareholdings of more than 20% equity interest in Blackstream Investments Pte Ltd pursuant to Section 8 of the Companies Act, 2016

DIRECTORS' SHAREHOLDINGS AS AT 7 AUGUST 2020

Names	Number of Shares Held			
	Direct	%	Deemed	%
Lim Siang Kai	-	-	66,293,300	25.28
Tho Yow Yin	3,000,000	1.14	-	-
Lam Kwong Fai (Lin Guanghui)	-	-	-	-
Chong Kim Teck	-	-	-	-
Dato' Moktar Bin Mohd Noor	-	-	-	-
Wan Kum Tho	-	-	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 7 AUGUST 2020 (CONT'D)

THIRTY LARGEST SHAREHOLDERS AS AT 7 AUGUST 2020

No.	Name	No. of Shares Held	Percentage
1.	RHB NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR RHB SECURITIES SINGAPORE PTE. LTD. (A/C CLIENTS)	66,293,300	25.28
2.	CIMB GROUP NOMINEES (ASING) SDN. BHD EXEMPT AN FOR DBS BANK LTD (SFS-PB)	24,485,000	9.34
3.	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RET AIL CLIENTS)	11,823,400	4.51
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW KIM CHOON	9,141,900	3.49
5.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR TOE TEOW HENG	8,422,900	3.21
6.	HO PHON GUAN	8,000,000	3.05
7.	OH CHYE SOON	6,045,000	2.30
8.	GRACE CHEAH YEONG SEN	5,500,000	2.10
9.	CHING KOOI CHOO	4,100,000	1.56
10.	LEE KAH CHOON	2,636,000	1.01
11.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG SAY KHEONG (MARGIN)	2,500,000	0.95
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AHMAD BIN HJ IBNIHAJAR	2,500,000	0.95
13.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG KAE WEN (PNG)	2,400,000	0.92
14.	CHEW KWI PEK @ CHEW KWI GAIK	2,315,400	0.88
15.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TCY GLOBAL SDN BHD (MARGIN)	2,195,000	0.84
16.	LEE YOONG-UEI	2,000,000	0.76
17.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,830,000	0.70
18.	THO YOW YIN	1,600,000	0.61
19.	TOH EAN SENG	1,550,000	0.59
20.	ROSLANT BIN ABU	1,549,600	0.59
21.	LENA LEONG OY LIN	1,500,000	0.57
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THO YOW YIN (471294)	1,400,000	0.53
23.	LOW CHEE MIN	1,400,000	0.53
24.	LIM OON JIN	1,370,000	0.52
25.	LIM THEAM HOCK	1,188,800	0.45
26.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. OOI BENG LEE	1,117,000	0.43
27.	LEOW CHOONG SAN	1,050,000	0.40
28.	ANG OON LING	1,000,000	0.38
29.	CHEE WAI HONG	1,000,000	0.38
30.	TEO TIN JIEN	1,000,000	0.38
	Total	486,872,536	35.09

ANALYSIS OF WARRANT HOLDINGS

AS AT 7 AUGUST 2020

ANALYSIS OF WARRANT HOLDINGS

Total Number of Warrant	:	90,202,000
Total Number of Warrant Outstanding	:	50,959,200
Exercise Price Per Warrant	:	RM0.25
Exercise Period of Warrant	:	26 November 2015 to 25 November 2020
Exercise Rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new D'nonce Technology Bhd share at the Exercise Price during the Exercise Period and shall be subjected to the provisions of the Deed Poll.

ANALYSIS OF WARRANT HOLDINGS AS AT 7 AUGUST 2020

SIZE OF SHAREHOLDINGS	NO. OF WARRANT HOLDERS	% OF TOTAL WARRANT HOLDERS	NO. OF WARRANTS	% OF TOTAL ISSUED CAPITAL
Less than 100 warrants	3	0.42	100	0 [^]
100 to 1,000 warrants	24	3.37	14,300	0.03
1,001 to 10,000 warrants	298	41.85	1,720,200	3.38
10,001 to 100,000 warrants	309	43.4	12,683,800	24.89
100,001 to less than 5% of issued shares	76	10.68	26,627,400	52.25
5% and above of issued shares	2	0.28	9,913,400	19.45
TOTAL	712	100.00	50,959,200	100.00

[^] Negligible

DIRECTORS' WARRANT HOLDINGS AS AT 7 AUGUST 2020

Names	Number of Shares Held			
	Direct	%	Deemed	%
Lim Siang Kai	-	-	-	-
Tho Yow Yin	-	-	-	-
Lam Kwong Fai (Lin Guanghui)	-	-	-	-
Chong Kim Teck	-	-	-	-
Dato' Moktar Bin Mohd Noor	-	-	-	-
Wan Kum Tho	-	-	-	-

THIRTY LARGEST WARRANT HOLDERS AS AT 07 AUGUST 2020

ANALYSIS OF WARRANT HOLDINGS

AS AT 7 AUGUST 2020 (CONT'D)

No.	Name	No. of Warrants Held	Percentage
1.	RHB NOMINEES (ASING) SDN BHD EXEMPT AN FOR RHB SECURITIES SINGAPORE PTE. LTD. (A/C CLIENTS)	6,313,400	12.39
2.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR LAW KIM CHOON (MARGIN)	3,600,000	7.06
3.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR NG KAE WEN (MARGIN)	1,600,000	3.14
4.	OH CHYE SOON	1,535,000	3.01
5.	LAM MEI PHENG	1,075,200	2.11
6.	GABRIEL LEE LING LING CIMB BANK FOR LIM GEOK ENG MARY (MY0955)	1,004,400	1.97
7.	HLB NOMINEES (TEMPATAN) SDN BHD. PLEGGED SECURITIES ACCOUNT FOR YAP PIN HO	1,000,000	1.96
8.	GRACE CHEAH YEONG SEN	998,300	1.96
9.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR HUGH KEE KEAH LEONG (STA 1)	850,000	1.67
10.	GOH WEE LIAM	780,000	1.53
11.	PUBLIC NOMINEES (TEMPATAN) SDN BHD. PLEGGED SECURITIES ACCOUNT FOR OH CHYE SOON (E-BBB)	714,400	1.40
12.	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR NG SAY KHEONG (MARGIN)	700,000	1.37
13.	TAN SWEE LEONG	600,000	1.18
14.	WONG LIAN ENG	599,800	1.18
15.	TAN WEN ZHONG	597,800	1.17
16.	ADVENT ELMER MAKAJIL	500,000	0.98
17.	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR LEONG CHI YAW	500,000	0.98
18.	KUA SIEW MEI	500,000	0.98
19.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR LIM KHEK KENG (E-TAI)	500,000	0.98
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR ONG GUAT CHU (E-TAI)	500,000	0.98
21.	LEE KOK HOONG	372,400	0.73
22.	CHEW KWI PEK @ CHEW KWI GAIK	350,000	0.69
23.	WONG KIN FATT	350,000	0.69
24.	GWJ TERK CHERN	347,100	0.68
25.	KOH ENG HONG	338,000	0.66
26.	TEO YAU KWANG @ DAVID	333,700	0.65
27.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR LIM JIT BOO (9992-1101)	300,000	0.59
28.	LEE YOONG-UEI	300,000	0.59
29.	OOI BOON LIANG	300,000	0.59
30.	SONNY YAP CHOON KAR	300,000	0.59
	Total	27,759,500	54.47

PROXY FORM

D'NONCE TECHNOLOGY BHD.
Company No. 200001000687 (503292-K)
(Incorporated in Malaysia)

NO. OF SHARES HELD	CDS ACCOUNT NO.
-	-

I / We _____
(Full Name in block letters & NRIC no./Passport No./Company no.)

of _____
(Address)

being a member of **D'NONCE TECHNOLOGY BHD.** hereby appoint _____
(Full name in block letters & NRIC no./Passport No.)

of _____
(Address)

No. of shares represented _____ Percentage (%) of shareholding represented _____

*and _____
(Full name in block letters & NRIC no./Passport No.)

of _____
(Address)

No. of shares represented _____ Percentage (%) of shareholding represented _____

*or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for me/us and on *my/our behalf at the 20th Annual General Meeting ("AGM") of the Company to be held at Pinang Ballroom, Level 3, Jen Hotel, Magazine Road 10300 Georgetown Pulau Pinang on Friday, 9 October 2020 at 10.00 a.m., and at any adjournment thereof and to vote as indicated below:

No.	Resolutions	For	Against
1.	To re-elect Mr Lam Kwong Fai (Lin Guanghui) as Director		
2.	To re-elect Mr Tho Yow Yin as Director		
3.	To re-elect Dato' Moktar Bin Mohd Noor as Director		
4.	To re-elect Mr Wan Kum Tho as Director		
5.	To approve the payment of Directors' Fees of up to RM1,000,000.		
6.	To approve the payment of Directors' Benefits of up to RM120,000.		
7.	To appoint Messrs. Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
8.	To authorise Directors to allot and issue shares pursuant to Authority to Issue Shares		

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 directions, your proxy will vote or abstain as he/she thinks fit.

Signed this..... day of 2020

Signature / Common Seal of Shareholder

Notes:

- A depositor whose name appears in the Record of Depositors on 5 October 2020 shall be regarded as a member entitled to attend and vote at the meeting or to appoint proxy to attend and vote on its behalf at the meeting.
- A proxy may but need not be a member of the Company.
- A member may appoint up to a maximum of two (2) proxies to attend and vote at a meeting of the Company.
- Where the member appoints more than one (1) proxy, such appointment shall be invalid unless the member specified the proportion of his shareholdings to be represented by each proxy.
- Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Exempt Authorised Nominee") 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 an exempt authorised nominee may appoint in respect of each omnibus account it holds.

The Exempt Authorised Nominee is entitled to :

- (i) appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote instead of him at the meeting of members and that such proxy need not be a member; and
 - (ii) appoint more than one (1) proxy in relation to the meeting provided that the member specifies the proportion of his shareholdings to be represented by each proxy.
- The proxy form shall be in writing under the hand of the member or his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
 - To be valid the proxy form duly completed and signed must be deposited at the registered office of the Company at 51-8-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the AGM; or adjournment thereof, or in the case of a poll not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy form shall not be treated as valid. The duly completed proxy forms transmitted by facsimile or electronic mail will not be accepted.
 - The lodging of a proxy form does not preclude a member from attending and voting in person at the AGM should the member subsequently decides to do so.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Secretaries
D'NONCE TECHNOLOGY BHD
Company No. 200001000687 (503292-K)
Registered Office
51-8-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Malaysia

1st fold here

www.dnoncetek.com



Your Dependable Partner

D'NONCE TECHNOLOGY BHD. (200001000687/503292-K)
51-14 B&C, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia
Tel: 604-228 1198 Fax: 604-228 3016