JADI IMAGING HOLDINGS BERHAD

Registration No.: 200001023711 (526319-P)

ANNUAL REPORT **2021**

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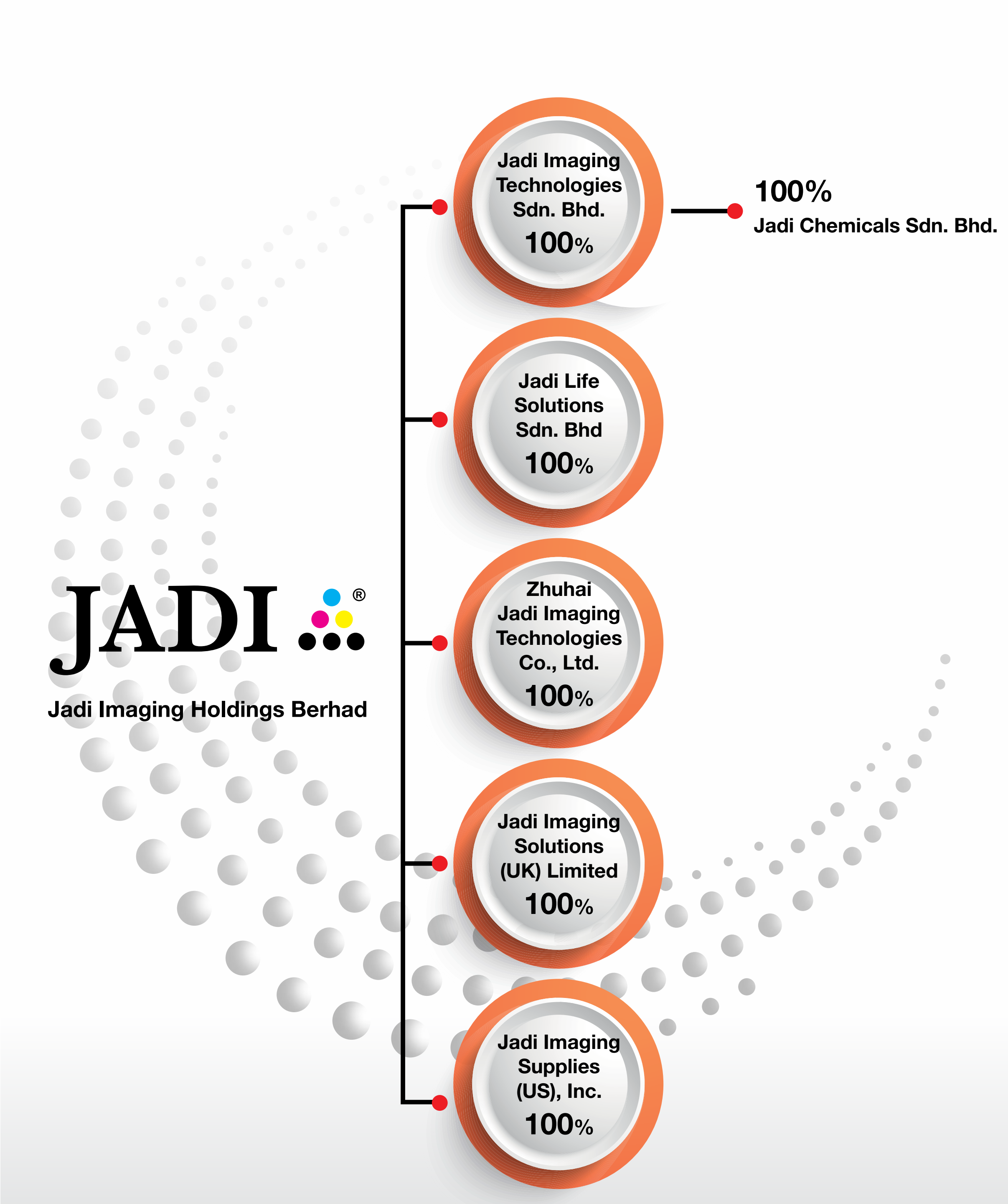
CORPORATE STRUCTURE



OUR VISION

To be an integrated company which provides solutions for the global imaging supplies industry.

OUR MISSION

Customer satisfaction in every decision.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Liew Kim Siong
Executive Chairman / Group CEO

Liew Kit
Executive Director /
Group Sales & Marketing Manager

Dato' Seri Dr. Raymond Liew Lee Leong
Senior Independent
Non-Executive Director

Lim Chee Khang
Independent Non-Executive Director

Dato' Dr. Lee Chung Wah @ Lee Chung Fu
Independent Non-Executive Director

Liew Hock Yee
Non-Independent
Non-Executive Director [1]

Dai ShuChun
Non-Independent Non-Executive Director

[1] *Redesignated on 30 June 2021*

AUDIT COMMITTEE

Dato' Seri Dr. Raymond Liew Lee Leong *(Chairman)*
Lim Chee Khang *(Member)*
Dato' Dr. Lee Chung Wah @ Lee Chung Fu *(Member)*

REMUNERATION COMMITTEE

Lim Chee Khang *(Chairman)*
Dato' Seri Dr. Raymond Liew Lee Leong *(Member)*
Dato' Dr. Lee Chung Wah @ Lee Chung Fu *(Member)*

NOMINATION COMMITTEE

Dato' Seri Dr. Raymond Liew Lee Leong *(Chairman)*
Lim Chee Khang *(Member)*
Dato' Dr. Lee Chung Wah @ Lee Chung Fu *(Member)*

COMPANY SECRETARIES

Wong Wai Foong
(MAICSA 7001358)
(SSM PC No. 202008001472)

Fong Seah Lih
(MAICSA 7062297)
(SSM PC No. 202008000973)

REGISTERED OFFICE

No. 1, Jalan Peguam U1/25A
Seksyen U1
Hicom-Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Telephone No. : (603) 7804 0333
Facsimile No. : (603) 7804 3211

SHARE REGISTRAR

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

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Level 9, Menara Hong Leong
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

United Overseas Bank (Malaysia) Bhd
2A Ground Floor, Wisma SunwayMas
Jalan Tengku Ampuan Zabedah C9/C
Section 9, 40100 Shah Alam, Selangor

AUDITORS

Baker Tilly Monteiro Heng PLT
Baker Tilly Tower, Level 10, Tower 1
Avenue 5, Bangsar South City
59200 Kuala Lumpur
Telephone No. : (603) 2297 1000
Facsimile No. : (603) 2282 9980

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

STOCK CODE

7223

Chairman's Statement

The SARS-CoV-2 which causes the Coronavirus Disease 2019 (COVID-19) continues to ravage life and economies worldwide by sending countries into repeated lockdowns to contain the virus' devastating spread. Amidst this challenging new norm in which we operate, the Group recorded a total sales revenue of RM45.1 million for the financial year ended 31st March 2021, a 4.65% decline as compared to the previous financial year's turnover of RM47.3 million. Bottomline-wise, the Group reported a net loss after tax of RM1.85 million as compared to a net loss after tax of RM34.7 million for the financial year ended 31st March 2020 just a year earlier.

Like many countries around the world, Malaysia is not spared from the wrath of the COVID-19 pandemic. Numerous lockdowns in different type of forms and phases of Movement Control Order ("MCO") have been imposed by the Malaysian authorities throughout the nation to control the spread of the viral outbreak. Despite the ongoing interruptions from the repeated lockdowns and the limit imposed on workforce, the Group was fortunate to be able to take the necessary measures as required to minimise the negative effects on its manufacturing operations. While striving to keep the operations as lean as possible to tide through the highly uncertain business environment, the Group has prepared well to operate under the new norm with effective implementation of Standard Operating Procedure (SOP) as advised by the authorities to avoid the occurrence of any workplace infection. Besides that, the Group remained agile and pivoted its consumer retail as well as e-commerce business division under Jadi Life Solutions Sdn Bhd ("JLS") to begin offering products that enable consumers adapt to the new norm in their daily life. Among the new products offered which have helped mitigate the adverse effect of COVID-19 on the demand of print consumables are items such as high-quality face masks and hand sanitizer under the JADICARE private label.

Strict compliance to SOP and numerous risk mitigation measures have also enabled the Group to minimise the delay in the construction and commissioning of its new Chemically Produced Toner ("CPT") Plant expansion project which was carried out in partnership with Static Control Holdings Limited ("Static Control"), a wholly owned subsidiary of the Ninestar Group in China. The project which was initially slated for completion on 1st April 2020 was unfortunately delayed by the first MCO on 18th March 2020. However, through adequate planning and close coordination with the contractors involved, the project was finally completed and fully commissioned on 1st August 2020 despite the shortage in manpower, workforce restrictions and shipment delays for certain critical process equipment. Immediately after commissioning, the Group focused on increasing its production output while simultaneously climbing the learning curve to fulfil its contractual obligation with Static Control.

Unfortunately, due to the unabating COVID-19 new infections around the world, the overall demand for toner cartridges which are primarily used for office printing has also slowed drastically as most countries implemented work from home programs. Having considered all factors and circumstances, the Framework Supply Agreement ("FSA") with Static Control was officially terminated by the Group via a Bursa announcement on 15th April 2021 as Static Control has continued to fail in achieving the target purchase quantities for the 1st Year of Commitment as mutually agreed despite being notified repeatedly of their breach. Given the fact that the breach can no longer be remedied as the first year's commitment was coming to an end on 31st March 2021, the Board has decided to proceed with termination instead of reviewing the commitment dates in the agreement as the Board is of the opinion that the Group will be better off negotiating for a more favourable commercial terms with Static Control and other customers without being bound by the FSA. Notwithstanding termination of the FSA, the Group continues to supply its new chemical toner product to Static Control on a willing-seller-willing-buyer basis and has been aggressively promoting the same product to other customers with some having started buying as well.

The Group's operating environment is expected to remain extremely difficult in the near foreseeable future because of continuing price competition against a backdrop of slower global demand for commodity black toners, rising raw material costs due to upstream supply chain price pressure, and the frequent disruptive COVID-19 lockdowns which cause severe drop in operational efficiency as well as potentially long-lasting sales loss to the Group's toner business. Under the pressure of slower demand and intense price competition especially for the black toner segment, the Group anticipates the global aftermarket imaging supplies industry to continue with its path towards greater consolidation.

Amidst these challenges, the Group will remain extremely cautious in planning and managing its operations to adapt and ensure sustainability of all its businesses. Besides that, we will continue to look at effective ways to mitigate any adverse effects and risks arising from the COVID-19 pandemic. Below are some of the key ongoing measures that will continue to be executed across the board:

1. Establish and maintain strong customer base of compatible cartridge and parts manufacturers in China through its sales office and warehouse located in Zhuhai, which is known as the industry's leading manufacturing hub for compatible cartridges;
2. Differentiate the Company's colour toner product offerings by developing more higher margin and higher value colour toner products using the Company's know-how and technology in conventional toner and emulsion aggregation (chemical) toner;
3. Source for lower-priced alternative materials to cost-down toner formulations while maintaining uncompromising product quality and competitiveness vis-à-vis other toner manufacturers;
4. Implement lean management practices and kaizen to continuously improve productivity, quality, capacity, capability and costs for all manufacturing facilities;
5. Gain product leadership position through shorter time-to-market and improvement in product development capability;
6. Capitalize on JLS' capability in terms of its offline local distribution channel, online store, and presence on third party e-commerce platforms to expand the sales of existing as well as new products; and
7. Adapt by continuously seeking for new products that help consumers live under the new norm.

Being a socially and environmentally responsible company, the Group remains committed in ensuring that its operations is carried out in a proper and acceptable manner in strict compliance with relevant regulations. To ensure zero harm to our employees, the environment, and our surrounding communities, we manage all our scheduled waste and treat our industrial wastewater carefully in accordance with the guidelines and standards as stipulated by the Department of Environment. Through innovation, we have also successfully designed and built a cost-effective silencer for a new process equipment that not only reduces workplace noise to protect the wellbeing of our employees, but also improve the quality and outcome of our processed product. The continued investment into natural gas-fuelled thermal oil heating for our newly expanded CPT Plant which provides for a more efficient combustion thus leading to the release of cleaner air, is just another example of our steadfast commitment towards all our stakeholders.

In regard to new business ventures under JLS, the Group will continue to seek out and expand its range of product offerings to consumers via e-commerce platforms and offline retail channels. As announced on 1st September 2020, JLS has entered into an exclusive distribution agreement with Pentavite International Company Limited, a wholly owned subsidiary of By-Health Company Limited, to offer the renowned Australian-made Life-Space Probiotic products to the Malaysian market. With the National Pharmaceutical Regulatory Agency's (NPRA) full approvals being anticipated in the fourth quarter of 2021, JLS will soon be able to exclusively import and locally distribute these high-quality probiotic products to meet the growing health supplement demand among Malaysian consumers. This new foray into the health supplement industry will in a way complement JLS' existing healthcare-related products such as face mask and hand sanitizer especially during this time of pandemic when boosting one's immune health and general well-being cannot be overemphasized. Apart from that, in accordance with life under new norm and the prevalence of highly infectious airborne SARS-CoV-2 variants, JLS is planning to introduce more products that are aimed at protecting the health of the public when everyone starts to carry on with life as usual. As the plan is still in the preliminary stage of discussion, more details will become available later and will be announced in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE PROFILE

Jadi Imaging Holdings Berhad, through its wholly owned subsidiaries, is a world-class independent toner manufacturer. The Group is principally involved in the development, formulation, and manufacturing of toners for laser printers, photocopiers, facsimile machines, and multi-function office equipment.

Founded in 1993, the Group is headquartered in Hicom-Glenmarie Industrial Park, Shah Alam, and has another factory in Klang, Selangor, Malaysia, where its main manufacturing and R&D facilities are located. It also has an overseas sales office and distribution centre located at Zhuhai, China.

OVERVIEW

The FY2021 has been a challenging year for the Group with the COVID-19 pandemic adversely affecting economies all around the world. Despite the ongoing interruptions from repeated lockdowns locally and abroad, the Group has restructured its customer base and product range to cooperate with international distributors and cartridge makers who emphasize on offering quality products at competitive prices to the market.

During the financial year under review, the Group has also successfully expanded its production capacity for Chemically Produced Toner ("CPT") to focus on building its market share of high performance and high value products.

The Group, through Jadi Life Solutions Sdn Bhd ("JLS"), has further increased the product range of its e-commerce business to include not only bulk toners and compatible cartridges under its Jaditoner private label, but also the sale of premium stationery products under the Nusign brand, 3D printers and consumables under the Anet brand for the Office, School and IT Supplies ("OSIT") category. For health care products category, the Group has pivoted its consumer business during the pandemic to include the sale of high-quality face masks and hand sanitizer under the JADICARE private label.

FINANCIAL REVIEW

Financial Indicators		31 March 2021	31 March 2020 (Restated)	Variance
Revenue	RM'000	45,092	47,263	-4.59%
Loss before tax	RM'000	(1,708)	(34,848)	-95.10%
Loss, net of tax	RM'000	(1,849)	(34,748)	-94.68%
Net assets per share	RM	0.11	0.11	0.00%
Total borrowings	RM'000	21,805	11,504	89.54%
Debt equity ratio	%	19	10	87.99%

FINANCIAL REVIEW (CONT'D)

Revenue

For the financial year under review, there was a decline of 4.59% in the Group's revenue from RM47.3 million in the preceding year to RM45.1 million partly due to the change in sales strategy to streamline and reduce the sale of low margin products. Besides that, in view of the COVID-19 pandemic which resulted in numerous lockdowns and the collapse of businesses in many countries, the Group has adopted a more prudent approach in managing sales and credit to its customers in order to mitigate credit risk occasionally at the slight expense of sales.

Loss before taxation

The Group has recorded a loss before taxation of RM1.7 million as compared to the loss before taxation in the preceding year of RM34.8 million.

In the current financial year, the Group has recorded a total inventories written off and written down of RM1.68mil as compared to the net stock write-off amounted to RM6.4 million in the previous financial year.

Other operating expenses for the Group has reduced in the current financial year as compared to the preceding financial year. In the previous financial year, the Group has made a provision for restatement cost of JIS UK warehouse amounted to RM737k. The Group has assessed and recognised an impairment loss on plant and equipment and a right-of-use asset of RM10.3 million. During the current financial year, the Group has reassessed the recoverable amount of right-of-use asset and has reversed impairment of RM1.3 million.

	31 March 2021 RM'000	31 March 2020 (Restated) RM'000	Variance
Administrative expenses	5,505	6,656	-17.28%
Selling and distribution costs	2,510	2,784	-9.84%
Net impairment losses of financial assets	21	–	100.00%
Other operating expenses	1,807	15,480	-88.33%
	9,843	24,920	-60.50%

Gearing

The Group has recorded a total borrowing of RM21.80 million as of 31 March 2021 with gearing ratio of 19%. The increase in borrowing for the year under review was attributed to bank financing undertaken by the Group for investment in expanding the capacity of its Chemically Prepared Toner ("CPT") production plant.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

FUTURE OUTLOOK

The Group expects toner demand among cartridge makers in China to remain modest against the backdrop of a highly uncertain global business environment as caused by the COVID-19 pandemic coupled with the continuing shift in business model among some industry players outside China from one of cartridge remanufacturing to another involving primarily sales and distribution of Chinese-made compatible cartridges. Moving forward, the Group will carry on to develop its market share particularly in the high value product segment by capitalising on its technological know-how as well as expanded production capacity in Chemically Produced Toner ("CPT") while continuing to explore and establish stronger partnership with new and existing distributors/dealers.

Consistent with our strong belief in the importance of persistent innovation, the Group will continue to invest in research and development to further improve and develop more quality products that deliver excellent value to our worldwide customers.

Through JLS, the Group will strive to expand the sales of its e-commerce business by introducing more specially curated high-quality products with the objective of enhancing the quality of life for all consumers.

In view of the current challenging business environment and adverse impact caused by the COVID-19 pandemic around the world, the Group will remain cautious in its planning and will continuously look at optimising productivity through the increase in operational and manufacturing efficiencies.

Appreciation

On behalf of the Board of Directors, we would like to express our sincere gratitude and appreciation to our shareholders, business partners, customers and employees for their unwavering support and hard work. We look forward to continue building a strong relationship on a win-win basis with all our stakeholders in the years ahead.

DIRECTORS' PROFILES

The profiles of the Board of Directors of Jadi Imaging Holdings Berhad are as follows:

LIEW KIM SIONG

Executive Chairman / Group CEO

Liew Kim Siong, Malaysian, male, aged 63, was appointed to the Board as Executive Director of Jadi Imaging Holdings Berhad on 9 April 2002. He is presently the Executive Chairman and Group CEO of Jadi Imaging Holdings Berhad.

He obtained a Diploma in Accounting and Finance from the Association of Chartered Certified Accountants ("ACCA"), UK before pursuing a Master in Business Administration from University of Strathclyde, Scotland in 1995.

In 1984, he established Office Business Systems Sdn. Bhd., a company involved in the remanufacturing, sales and servicing of copiers and assumed the position of Managing Director. Subsequently in 1992, he established Technitone (M) Sdn. Bhd., a toner manufacturing company and was appointed Managing Director of the company. As a result of a change in partnership arrangements, he established Jadi Imaging Technologies Sdn. Bhd. in 1999 to acquire all the assets of Technitone (M) Sdn. Bhd. and was appointed Chief Executive Officer of the company. With over 33 years of experience in the copier and toner industries, he has been instrumental in the success, growth and development of the Jadi Imaging Group. As the Group Chief Executive Officer, he is responsible for the strategic direction as well as business development of the Group.

LIEW KIT

Executive Director / Group Sales & Marketing Manager

Liew Kit, Malaysian, male, aged 29, was appointed to the Board as Executive Director of Jadi Imaging Holdings Berhad on 1 June 2017. He obtained a Joint Honors Degree in the field of Business and Marketing Management and Branding from the University of Gloucestershire, before completing his Master in Business Administration in Coventry University with a Distinction in 2015.

Since 2012, he had participated in various roles throughout Jadi Imaging Technologies Sdn. Bhd. Including Business Development, E-Commerce, Marketing and Sales respectively. Appointed as the Marketing Manager in January 2017, his main responsibilities include overseeing the Group's marketing division. In January 2018, he was appointed as the Group's Sales & Marketing Manager overseeing the sales and marketing division.

LIEW HOCK YEE

Non-Independent Non-Executive Director

Liew Hock Yee, Malaysian, female, aged 36, was appointed to the Board as an Executive Director of Jadi Imaging Holdings Berhad on 1 June 2017.

She obtained her Bachelor of Commerce, majoring in Accounting and Finance in 2006 from University of Melbourne, Australia. She became a member of the Certified Practising Accountants of Australia (CPA) and a member of the Malaysian Institute of Accountants (MIA) in 2010.

She started her career as an auditor with Ernst & Young in 2007. Subsequently, she joined Jadi Imaging Technologies Sdn. Bhd. in 2010 as an Accountant with primary responsibilities in ensuring financial reports are prepared in accordance with the statutory and regulatory requirements. She was appointed as Chief Financial Officer of Jadi Imaging Holdings Berhad and its subsidiaries on 1 April 2020. She was redesignated as Non-Independent Non-Executive Director on 30 June 2021.

DIRECTORS' PROFILES

(CONT'D)

DATO' SERI DR. RAYMOND LIEW LEE LEONG

Independent & Non-Executive Director

Dato' Seri Dr. Raymond Liew Lee Leong, Malaysian, male, aged 64, was appointed to the Board as an Independent Non-Executive Director of Jadi Imaging Holdings Berhad on 20 July 2018. He has been appointed as the Chairman of the Audit Committee and Nomination Committees on 20 July 2018. He has been redesignated as a Senior Independent Non-Executive Director on 27 November 2018.

Dato' Seri Dr. Raymond Liew Lee Leong is an Entrepreneur Chartered Accountant and holds a Professional Doctorate (DrS) (UK) and a Master degree from Henley Management College (UK), a corporate advisor with many years of extensive work experience with professional firms and multi-national companies in brand repositioning, corporate advisory, insolvency, Mergers & Acquisitions to include corporate tax planning, investigative reviews and VAT/GST related exercises; and has since assisted in numerous corporate turnarounds and related due diligence corporate exercises.

Dato' Seri Dr. Raymond Liew Lee Leong is the President of McMillan Woods Global, an independent member firm of McMillan Woods Global network of which the global Head Office is based in London, United Kingdom.

With his extensive work knowledge, Dato' Seri Dr. Raymond Liew Lee Leong is a regular writer of technical articles and a frequent speaker at various professional seminars, conferences and training programmes. He is a Trustee of the Malaysian Accountancy Research & Education Foundation and was a Council member of the Malaysian Institute of Accountants and the Chartered Taxation Institute of Malaysia. He is currently an adjudicator for the National Annual Corporate Report Awards for the past many years.

Dato' Seri Dr. Raymond Liew Lee Leong is a member of The Malaysian Institute of Accountants (MIA), Chartered Tax Institute of Malaysia (CTIM), Institute of Internal Auditors of Malaysia (IIAM) and a fellow member of The Association of Certified Chartered Accountants (UK). He holds licences for audit, tax and insolvency certificates with the Ministry of Finance (MOF).

LIM CHEE KHANG

Independent & Non-Executive Director

Lim Chee Khang, Malaysian, male, aged 55, was appointed to the Board as an Independent Non- Executive Director of Jadi Imaging Holdings Berhad on 20 July 2018. He has been appointed as the Chairman of the Remuneration Committee on 20 July 2018.

He is a member of the Honourable Society of Lincoln's Inn and has graduated with Bachelor of Laws (Honours) degree from London School of Economics and Political Science, London. He was called to the Bar of England and Wales in 1992. He has been practising as an advocate & solicitor in Malaysia since 1993. Mr Lim Chee Khang co-founded Messrs. Jal & Lim, Advocates & Solicators in 1996. He is currently the Partner of Jal & Lim.

DIRECTORS' PROFILES

(CONT'D)

DATO' DR. LEE CHUNG WAH @ LEE CHUNG FU

Independent &
Non-Executive Director

Dato' Dr. Lee Chung Wah @ Lee Chung Fu, Malaysian, male, aged 46, was appointed to the Board as an Independent Non-Executive Director of Jadi Imaging Holdings Berhad on 27 November 2018.

Graduated with a Bachelor of Business degree from University of Southern Queensland, Australia and a doctorate of Business Administration from University of Atlanta, USA.

Dato' Dr. Lee Chung Wah @ Lee Chung Fu spent the last decade in financial technology scene when he assumed the position of CEO and executive director of a few subsidiaries under INSAS Technology Berhad, the technology division of INSAS BHD, where he was in charge of several business units in this region. As an active Fintech entrepreneur, Dato' Dr. Lee Chung Wah @ Lee Chung Fu was listed as an inventor to several granted patents under the Patent Cooperation Treaty (PCT) and World Intellectual Property Organization (WIPO) in Australia, Singapore, United States of America and others. Prior to that, he was the general manager of INSAS Berhad from 2006-2007.

Presently, Dato' Dr. Lee Chung Wah @ Lee Chung Fu sits on the board of The One Smart City Ltd., a related company of China High Precision and Automation Group, a company listed on HKSE. He is also a director of Salcon WP Sdn Bhd, a subsidiary of Salcon Berhad, a company listed on main board, Bursa Malaysia. As a serial techno entrepreneur and investor, he is one of the partners of International Supply Chain Alliance Ltd. Hong Kong, a leading supply chain & logistics platform internet company which owns www.oym56lm.com with main operations in the Greater China. Besides his main businesses, he serves as an Independent Non-Executive Director of Versalink Limited, an SGX listed company since 2020. He is the chairman of Nomination Committee, a member of Audit and Remuneration Committees. Dato' Dr. Lee Chung Wah @ Lee Chung Fu also sits on the board of several private limited companies in Malaysia, Singapore and Hong Kong.

DIRECTORS' PROFILES

(CONT'D)

DAI SHUCHUN

Non-Independent & Non-Executive Director

Dai ShuChun, China, male, aged 43, was appointed to the Board as a Non-Independent Non-Executive Director of Jadi Imaging Holdings Berhad on 16 October 2019. Graduated with a Bachelor of Automation Specialty degree from Zhengzhou University.

Presently, Dai ShuChun is Deputy General Manager of the consumables business department of Ninestar Corporation.

Notes:-

1. *Liew Kim Siong is the father of Liew Kit and Liew Hock Yee. Save as disclosed herein, none of the Directors have any family relationship with any director and/or major shareholder of the Company.*
2. *None of the Directors have any business arrangement with the Company in which he has personal interest.*
3. *None of the Directors have any conflict of interest with the Company.*
4. *None of the Directors have any conviction for offences within the past 5 years.*
5. *None of the Directors have any sanction and/or penalty imposed on them by any regulatory body during the financial year ended 31 March 2021.*
6. *Please refer to the Analysis of Shareholdings of this Annual Report for details of the Directors' shareholdings in the Company.*
7. *The details of attendance of the Directors at the Board Meetings are set out on page 36 of the Corporate Governance Overview Statement in this Annual Report.*

PROFILE OF KEY SENIOR MANAGEMENT

The Management of the Group is headed by the Group Chief Executive Officer, Mr Liew Kim Siong, and he is assisted by the Executive Directors, i.e. Mr Liew Kit, Ms Liew Hock Yee (redesignated as Non-Independent Non-Executive Director on 30 June 2021) and the following key senior management:

KOH CHIN CHIN

Finance Manager

Koh Chin Chin, Malaysian, female, aged 51, was appointed as Finance Manager on 18 August 2016. She is a Chartered Accountant by profession, a member of the Malaysian Institute of Accountants and an Associate of The Chartered Institute of Management Accountants, United Kingdom. She has gained extensive working experience in the areas of auditing, accounting, taxation, GST, corporate affairs and finance, having worked with public listed companies with various industries prior to joining the Group.

Notes:-

1. *None of the Key Senior Management hold directorships in any other public companies and listed issuer.*
2. *None of the Key Senior Management have any family relationship with any director and/or major shareholder of the Company.*
3. *None of the Key Senior Management have any business arrangement with the Company in which he has personal interest.*
4. *None of the Key Senior Management have any conflict of interest with the Company.*
5. *None of the Key Senior Management have any conviction for offences within the past 5 years.*
6. *None of the Key Senior Management have any sanction and/or penalty imposed on them by any regulatory body during the financial year ended 31 March 2021.*

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Report of the Audit Committee ("AC") for the financial year under review.

1. COMPOSITION AND MEETINGS

AC currently has three (3) members, who are all Independent Non-Executive Directors as follows:-

Name	Number of Attendance	Remark
Dato' Seri Dr. Raymond Liew Lee Leong – Chairman *(Senior Independent Non-Executive Director)*	4/4	
Lim Chee Khang – Member *(Independent Non-Executive Director)*	3/4	
Dato' Dr. Lee Chung Wah @ Lee Chung Fu – Member *(Independent Non-Executive Director)*	4/4	

(Total: 4 meetings during the year)

Audit Committee

Dato' Seri Dr. Raymond Liew Lee Leong - Chairman
Lim Chee Khang
Dato' Dr. Lee Chung Wah @ Lee Chung Fu

The Group's external auditors, certain designated members of the management and internal auditors also attended some of the meetings, at the invitation of the committee.

The details of the training attended by the committee are set out in the Corporate Governance Overview Statement appearing on page 37 and 38 of this Annual Report.

The Terms of Reference of AC is available for reference in the Group's website at www.jadi.com.my.

2. SUMMARY OF WORK PERFORMED BY THE AUDIT COMMITTEE

During the financial year, the Committee carried out its duties and responsibilities in accordance with its terms of reference. The Committee has discharged its duties as set out below:

Financial Results

- Reviewed and recommended to the Board for approval, the quarterly and statutory financial results of the Company and its subsidiaries, including related announcements to ensure adherence to listing requirements, the relevant laws, regulations and applicable accounting standards as well as highlighted significant issues and any accounting adjustments to the Board.

External Audit

- Reviewed the external auditors' audit plan and reports on the audit of the statutory financial statements of the Group.
- Reviewed the independence, objectivity and effectiveness of the external auditors in meeting their responsibilities, including non-audit services and corresponding fees.
- Reviewed and recommended the reappointment of external auditors and audit fees to the Board for its approval.
- Met the external auditors twice (on 22 June 2020 and 20 May 2021) during the financial year ended 31 March 2021 in the absence of Executive Management to discuss audited related matters.

Internal Audit

- Reviewed and approved the internal audit plan for the Group.
- Reviewed the results of the internal audit reviews with the internal auditors.
- Reviewed the adequacy of the scope, function, competency and resources of the internal audit functions.

Risk Management

- Overseeing the Group's internal control system and risk management. AC continuously monitor and review effectiveness of the internal control with the support of internal auditor and Risk Management Committee ("RMC").

3. SUMMARY OF THE ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group has been outsourced to Tricor Axcelasia Sdn Bhd. The Engagement Director is Mr Derek Lee who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA). Mr Derek Lee also Certified Public Accountant, a member of Malaysian Institute of Certified Public Accountant and has Certification in Business Continuity Management from Business Continuity Institute (UK). The internal auditor reports directly to the AC.

The number of staff deployed for the internal audit reviews consist of 3-4 staffs including the Engagement Director during the financial year under review. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia. The internal audit staffs on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work, and the internal audit reviews were conducted using a risk based approach and were guided by the International Professional Practice Framework.

During the financial year under review, a summary of the activities carried out by the internal audit function are as follows:

(a) Prepared the risk based internal audit plan for the review and approval of the Audit Committee.
(b) Carried out reviews in accordance with the risk based internal audit plan reviewed and approved by the Audit Committee. Details of the reviews carried out are as follows:

Entity	Business Processes
Jadi Imaging Technologies Sdn Bhd	➢ Production Management

Findings from the internal audit reviews conducted were discussed with Senior Management and subsequently presented, together with Management's response and proposed action plans, to the Audit Committee for their review and approval. The outsourced internal audit function also carries out follow up reviews and reports to the Audit Committee on the status of implementation of action plans committee by Management pursuant to the recommendations highlighted in the internal audit reports.

Notwithstanding the above, although a number of internal control deficiencies were identified during the internal audit reviews, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

The total professional fees paid for the outsourcing of the internal audit function for the financial year ended 31 March 2021 was RM22,500.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

1. Disclaimer Statement

Bursa Malaysia Securities Berhad ("Bursa Securities") takes no responsibility for the contents of this Share Buy-Back Statement ("Statement"), makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. Rationale for the Proposed Renewal of Share Buy-Back Authority for the Purchase by Jadi Imaging Holdings Berhad ("JADI" or the "Company") of its own Ordinary Shares ("Shares") on the Main Market of Bursa Securities of up to ten per centum (10%) of its Existing Issued and Paid-up Share Capital ("Proposed Renewal")

Any Share Buy-Back, if implemented pursuant to the Proposed Renewal, is expected to potentially benefit the Company and its shareholders as follows:-

(a) It will enable the Company to utilise its surplus financial resources which is not immediately required for other uses to purchase JADI Shares from the market. This may help to stabilise the supply and demand of JADI Shares traded on the Main Market of Bursa Securities and thereby support its fundamental value;

(b) The purchase of its own shares by JADI, whether to be held as treasury shares or subsequently cancelled, will effectively reduce the number of JADI Shares carrying voting and participation rights. Therefore, the shareholders of the Company may enjoy an increase in the value of their investment in JADI due to the increase in the Company's earnings per share; and

(c) The purchased JADI Shares can be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

3. Accumulated Losses

Based on the audited financial statements for the financial year ended 31 March 2021, the accumulated losses account of the Company stood at RM23,298,056.

In accordance with Section 74 of the Companies Act, 2016 in Malaysia which became effective 31 January 2017, all shares issued by a company shall have no par or nominal value. Therefore, the share premium account now effectively forms part of the Company's share capital effective 31 January 2017 and at the end of the financial year end.

The Company has adopted the transitional provision under the Company Act, 2016 in Malaysia where the share premium account of the Company has been reclassified and become part of the share capital as at 31 July 2019.

4. Source of Funds

The funding for the Proposed Renewal will be from internally generated funds and/or borrowings. The actual amount of borrowings will depend on the financial resources available at the time of the Proposed Renewal. The Proposed Renewal will reduce the cash of the Company by an amount equivalent to the purchase price of JADI Shares and the actual number of JADI Shares bought back. There is no restriction on the type of funds which may be utilized for the Proposed Renewal so long as it is backed by an equivalent amount of retained profits of the Company.

In the event that the Company decides to utilize external borrowings to finance the Proposed Renewal, the Board would ensure that the Company has sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cash flow of the Company.

5. Direct and Indirect Interests of the Directors and Substantial Shareholders

Save for the proportionate increase in the percentage of shareholding and/or voting rights in their capacity as the shareholders of the Company, pursuant to the Proposed Renewal, none of the Directors, Substantial Shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Renewal and/or resale of treasury shares.

The direct and indirect interest of the Directors and Substantial Shareholders of JADI as at 9 August 2021 are set out in the tables below together with the effect of the Proposed Renewal assuming that JADI implements the Proposed Renewal in full and all the shares so purchased are fully cancelled:

Minimum Scenario:
Assuming that none of the outstanding ESOS Options are exercised.

Maximum Scenario:
Assuming the full exercise of 125,233,012 outstanding ESOS Options.

(a) Effects of the Proposed Renewal on Directors' Shareholdings

Minimum Scenario

	Before Proposed Renewal				After Proposed Renewal (i)			
	Direct Shareholding		Indirect Shareholding		Direct Shareholding		Indirect Shareholding	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Liew Kim Siong	22,017,045	2.093%	284,743,985 [1]	27.069%	22,017,045	2.326%	284,743,985 [1]	30.077%
Liew Kit	4,000,000	0.380%	–	0.000%	4,000,000	0.423%	–	0.000%
Liew Hock Yee	4,000,000	0.380%	–	0.000%	4,000,000	0.423%	–	0.000%
Dato' Seri Dr. Raymond Liew Lee Leong	–	0.000%	–	0.000%	–	0.000%	–	0.000%
Lim Chee Khang	–	0.000%	–	0.000%	–	0.000%	–	0.000%
Dato' Dr. Lee Chung Wah @ Lee Chung Fu	–	0.000%	–	0.000%	–	0.000%	–	0.000%
Dai ShuChun	–	0.000%	–	0.000%	–	0.000%	–	0.000%
Liew Choon	4,086,666	0.388%	–	0.000%	4,086,666	0.432%	–	0.000%

5. **Direct and Indirect Interests of the Directors and Substantial Shareholders (Cont'd)**

(a) **Effects of the Proposed Renewal on Directors' Shareholdings (Cont'd)**

Maximum Scenario

	Before Proposed Renewal				After Proposed Renewal (i)			
	Direct Shareholding		Indirect Shareholding		Direct Shareholding		Indirect Shareholding	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Liew Kim Siong	22,017,045	1.870%	284,743,985 [1]	24.189%	22,017,045	2.078%	284,743,985 [1]	26.877%
Liew Kit	4,000,000	0.340%	–	0.000%	4,000,000	0.378%	–	0.000%
Liew Hock Yee	4,000,000	0.340%	–	0.000%	4,000,000	0.378%	–	0.000%
Dato' Seri Dr. Raymond Liew Lee Leong	–	0.000%	–	0.000%	–	0.000%	–	0.000%
Lim Chee Khang	–	0.000%	–	0.000%	–	0.000%	–	0.000%
Dato' Dr. Lee Chung Wah @ Lee Chung Fu	–	0.000%	–	0.000%	–	0.000%	–	0.000%
Dai ShuChun	–	0.000%	–	0.000%	–	0.000%	–	0.000%
Liew Choon	4,086,666	0.347%	–	0.000%	4,086,666	0.386%	–	0.000%

Notes:-

(i) Assuming that the purchase of JADI Shares pursuant to the Proposed Renewal is based on the maximum number of JADI Shares that may be purchased.

1 Deemed interested by virtue of his shareholdings in LSI Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 ("the Act").

(b) **Effects of the Proposed Renewal on Substantial Shareholders' Shareholdings**

Minimum Scenario

	Before Proposed Renewal				After Proposed Renewal (i)			
	Direct Shareholding		Indirect Shareholding		Direct Shareholding		Indirect Shareholding	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
LSI Holdings Sdn Bhd	284,743,985 [1]	27.069%	–	0.000%	284,743,985 [1]	30.077%	–	0.000%
Liew Kim Siong	22,017,045	2.093%	284,743,985 [1]	27.069%	22,017,045	2.326%	284,743,985 [1]	30.077%
Ng Poh Imm	–	0.000%	284,743,985 [1]	27.069%	–	0.000%	284,743,985 [1]	30.077%
Static Control Holdings Limited	94,170,040 [2]	8.952%	–	0.000%	94,170,040 [2]	9.947%	–	0.000%
Ninestar Corporation	–	0.000%	94,170,040 [2]	8.952%	–	0.000%	94,170,040 [2]	9.947%
Zhuhai Seine Technology Co., Ltd	–	0.000%	94,170,040 [2]	8.952%	–	0.000%	94,170,040 [2]	9.947%
Zhuhai Hengxinfengye Technology Co., Ltd	–	0.000%	94,170,040 [2]	8.952%	–	0.000%	94,170,040 [2]	9.947%

5. Direct and Indirect Interests of the Directors and Substantial Shareholders (Cont'd)

(b) Effects of the Proposed Renewal on Substantial Shareholders' Shareholdings (Cont'd)

MaximumScenario

Name	Before Proposed Renewal				After Proposed Renewal (i)			
	Direct Shareholding		Indirect Shareholding		Direct Shareholding		Indirect Shareholding	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
LSI Holdings Sdn Bhd	284,743,985 [1]	24.189%	–	0.000%	284,743,985 [1]	26.877%	-	0.000%
Liew Kim Siong	22,017,045	1.870%	284,743,985 [1]	24.189%	22,017,045	2.078%	284,743,985 [1]	26.877%
Ng Poh Imm	–	0.000%	284,743,985 [1]	24.189%	–	0.000%	284,743,985 [1]	26.877%
Static Control Holdings Limited	94,170,040 [2]	8.000%	–	0.000%	94,170,040 [2]	8.889%	-	0.000%
Ninestar Corporation	–	0.000%	94,170,040 [2]	8.000%	–	0.000%	94,170,040 [2]	8.889%
Zhuhai Seine Technology Co., Ltd	–	0.000%	94,170,040 [2]	8.000%	–	0.000%	94,170,040 [2]	8.889%
Zhuhai Hengxinfengye Technology Co., Ltd	–	0.000%	94,170,040 [2]	8.000%	–	0.000%	94,170,040 [2]	8.889%

Notes:-

(i) Assuming that the purchase of JADI Shares pursuant to the Proposed Renewal is based on the maximum number of JADI Shares that may be purchased.

1 Deemed interested by virtue of his/her shareholdings in LSI Holdings Sdn Bhd pursuant to Section 8 of the Act.

2 Deemed interested by virtue of his/her shareholdings in Static Control Holdings Limited pursuant to Section 8 of the Act.

6. Potential Advantages and Disadvantages of the Proposed Renewal

For the potential advantages of the Proposed Renewal to the Company and its shareholders, kindly refer to Section 2 of this Statement. The potential disadvantages of the Proposed Renewal to the Company and its shareholders are as follows:-

(a) the Proposed Renewal will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge in the future;

(b) the cashflow of the Company may be affected if the Company decides to utilise bank borrowings to finance a Share Buy-Back;

(c) as the Proposed Renewal can only be made out of the retained profits of the Company, it will result in a reduction in the financial resources available for distribution to shareholders of the Company in the immediate future; and

(d) the Proposed Renewal may reduce the consolidated net assets of the Company if the purchase price of JADI Shares is higher than the consolidated net assets of the Company at the time of purchase.

Nevertheless, any Share Buy-Back to be undertaken pursuant to the Proposed Renewal is not expected to have any potential material disadvantages to the Company and its shareholders as the Company would purchase JADI Shares only after the Board has given due consideration to its potential impact on the Company's earnings and financial position and the Board is of the opinion that it would be in the best interest of the Company and its shareholders to do so.

7. Financial Effects

The financial effects of the Share Buy-Back under the Proposed Renewal are set out below:

(a) Share Capital

	No. of Shares as at 09/08/2021	**No. of Shares as at 09/08/2021**
Authorised Share Capital	N/A	N/A
Issued and paid-up share capital	1,051,910,451	1,051,910,451
Upon full exercise of outstanding ESOS Options	–	125,233,012
	1,051,910,451	1,177,143,463
Less:- Shares purchased amounting to ten per cent (10%) of issued and paid-up capital pursuant to Proposed Renewal	(105,191,045)	(117,714,346)
Reduced issued and paid-up capital in the event that the purchased Jadi Shares are cancelled	946,719,406	1,059,429,117

The Proposed Renewal will have no effect on the issued and paid-up share capital of JADI if all the Purchased JADI Shares are to be retained as treasury shares.

(b) Earnings

The effects of the Share Buy-Back under the Proposed Renewal on the earnings of the Group would depend on the purchase price and the number of JADI Shares purchased. The effective reduction in the issued and paid-up share capital of the Company pursuant to a Share Buy-Back will, generally, with all else being equal, have a positive impact on the consolidated earnings per share of the Company.

Buy-Back Authority is not expected to have any impact on the policy of the Board in recommending dividends, if any, to shareholders of JADI. However, the Board may distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority.

8. Implication of the Malaysian Code on Take-Overs and Mergers 1998 (the "Code")

As at 09 August 2021, LSI Holdings Sdn Bhd ("LSI") and Liew Kim Siong collectively hold 29.16% of the voting issued and paid-up share capital of JADI.

Assuming that the Proposed Renewal is carried out in full and there is no exercise of the ESOS options in any period of six (6) months, the collective shareholdings of the LSI and Liew Kim Siong will increase to 32.4% of the total voting issued and paid-up share capital of JADI. Further, assuming that the Proposed Renewal is carried out in full and the ESOS options are exercised in full in any period of six (6) months, the collective shareholdings of LSI and Liew Kim Siong will increase to 28.96% of the total voting issued and paid-up share capital of JADI.

Pursuant to the Code, if a person or a group of persons acting in concert holding more than 33% but less than 50% of the voting shares of the Company and such person or group of persons acting in concert acquires in any period of six (6) months more than 2% of the voting shares of the Company, there is an obligation to undertake a mandatory general offer for the remaining JADI Shares not already owned by the said person or group of persons acting in concert.

8. Implication of the Malaysian Code on Take-Overs and Mergers 1998 (the "Code") (Cont'd)

Practice Note 2.9.10 of the Code allows an exemption from the obligation to undertake a mandatory general offer to a holder of voting shares who, as a result of a reduction of the voting shares of the company through a buy-back scheme under the Act, has increased his holding of voting shares to more than 33% or, if his existing holding of voting shares is more than 33% but less than 50%, by more than 2% in any six (6) month period, if the increase in his holding is inadvertent and as a result of any action that is outside his direct participation.

In the event that JADI decides to purchase its own Shares which will result in LSI's and Liew Kim Siong's shareholdings in JADI increasing by more than 2% in any period of six (6) months, LSI and Liew Kim Siong will seek a waiver from the SC under Practice Note 2.9.10 of the Code before the Company purchases its own Shares.

9. Purchases Made Since Last Financial Year

The Company did not undertake any Share Buy-Back during the financial year ended 31 March 2021.

10. Public Shareholding Spread

According to JADI's Record of Depositors as at 09 August 2021, there were 5,906 public shareholders holding not less than 100 JADI Shares, with a total shareholding of 72.76% of the Company's issued and paid-up share capital.

The public shareholding spread of the Company is expected to be reduced to 56.37% assuming the Company implements the Share Buy-Back in full i.e. up to 10% of the issued and paid-up share capital of the Company and assuming no ESOS options are exercised into new Jadi Shares. Further, the purchased JADI Shares are assumed to be purchased from the market from shareholders of JADI who are deemed public, and the number of JADI Shares held by the Directors and substantial shareholders of JADI and/or persons connected to them remains unchanged.

Notwithstanding the above, the Company, in implementing any Share Buy-Back, will be mindful in ensuring that the aforesaid public shareholding spread requirement is met and maintained at all times.

11. Directors' Statement

Your Directors, having considered all aspects of the Proposed Renewal, are of the opinion that the Proposed Renewal is in the best interest of the Company.

12. Directors' Recommendation

Your Directors are of the opinion that the Proposed Renewal is in the best interests of the Company and its shareholders. Accordingly, your Directors recommend that you vote in favor of the resolution in relation to the Proposed Renewal to be tabled at the forthcoming Annual General Meeting.

13. Other Information

There is no other information concerning the Proposed Renewal that shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal and the extent of the risks involved in doing so.

SUSTAINABILITY STATEMENT

This Sustainability Statement is prepared in accordance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Sustainability Reporting Guide and Toolkits issued by Bursa Securities. This Statement covers the Group's operation for the financial year ended 31 March 2021.

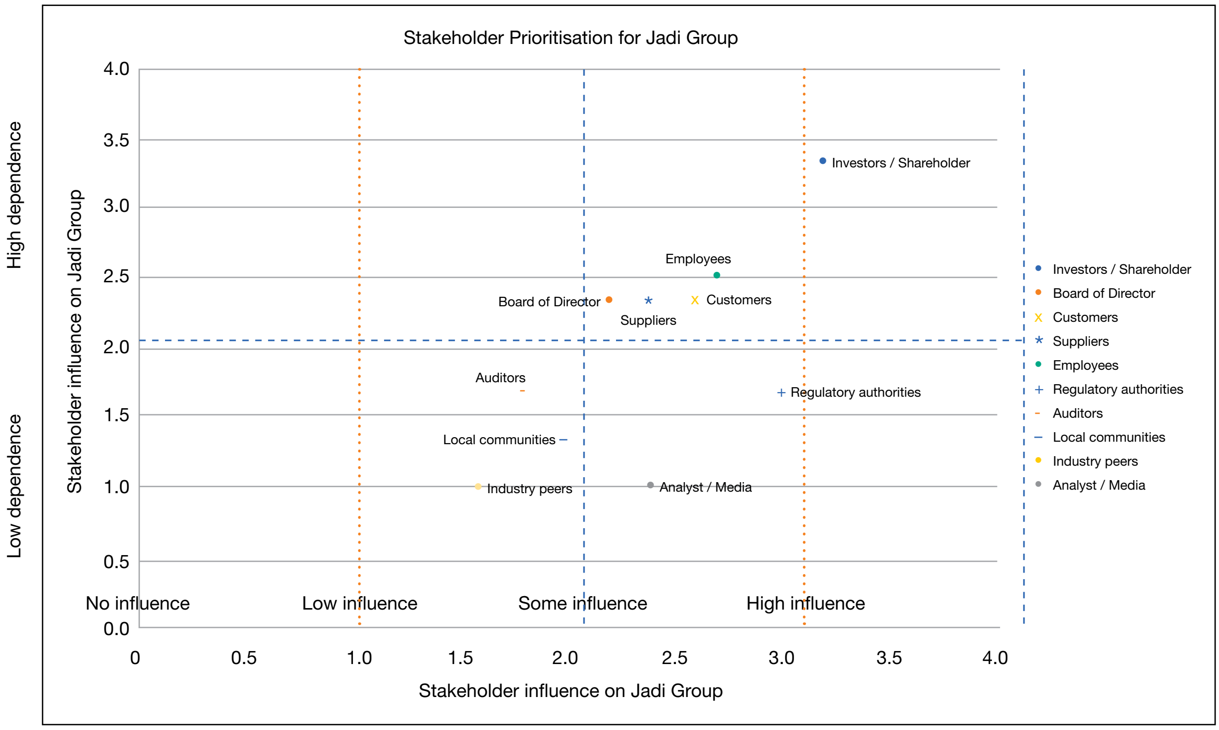
The Group recognises the importance of being committed to create long-term sustainable value for all stakeholders. Sustainability has become a significant factor contributing to business growth and competitiveness internationally. We therefore strive to look after the interests of our key stakeholders – including investors, shareholders, customers, suppliers, employees and the community. In this regard, the Group is committed to integrating corporate social responsibility practices into our daily operational activities while pursuing its corporate goals.

SUSTAINABILITY GOVERNANCE STRUCTURE

The sustainability governance structure provides oversight over key sustainability principles across the Group's operations. The Board of Directors formulates a strategic direction, guided by a sustainability framework based on economic, environmental, occupational health and safety and social considerations. The Senior Management implements the identified sustainability initiatives and supported by the Heads of Department.

STAKEHOLDER ENGAGEMENT

An effective stakeholder engagement is crucial to enable us to understand our stakeholders' needs and identify material matters that are important to the stakeholders in our business operations. The Group has conducted different channels of engagement to collate valuable feedback from our stakeholders regarding their interests and concerns. We have identified and prioritised our stakeholders based on their level of influence to the Group and the Group's impact on them. Our key stakeholders are Investors / Shareholders, Board of Directors, Customers, Suppliers, Employees, Regulatory authorities, Auditors, Local communities, Industry peers and Analyst / Media.



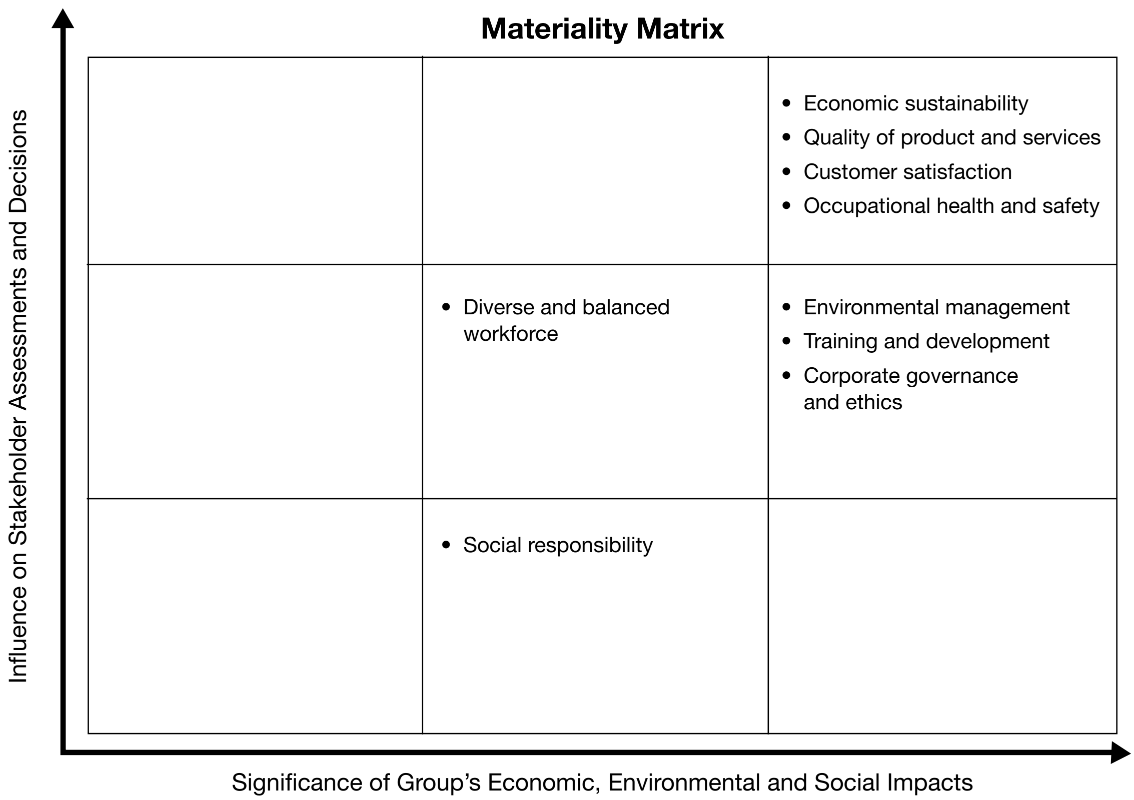
STAKEHOLDER ENGAGEMENT (CONT'D)

We continuously engage with our stakeholders via different channels as set below.

Key stakeholders	Engagement method	Areas of interest	How we address these areas
Investors/ Shareholders	• Annual general meetings • Annual reports, quarterly reports & announcements	• Company performance & growth • Dividend & Share performance • Sustainability	• Economic sustainability • Corporate governance and ethics
Board of Directors	• Board meetings • Company organised events • Annual general meetings	• Corporate governance • Company strategy & direction	• Economic sustainability • Corporate governance and ethics
Customers	• Regular visits & meetings • Customer feedback forms • Exhibitions & trade fairs	• Product quality • On time delivery • Stock availability • Production capacity • Affordability • Customer relations management	• Quality of product and services • Customer satisfaction
Suppliers	• Regular meetings • Supplier evaluation audit	• Maintaining partnership • Procurement practices • Term of payment	• Economic sustainability • Corporate governance and ethics
Employees	• Policies & procedures • Employee performance appraisals • Meetings & briefings	• Remuneration & benefits • Occupational health & safety • Career development & opportunities	• Diverse & balanced workforce • Occupational heatlh and safety • Training and development
Regulatory authorities	• Statutory submissions • Meetings	• Environmental & safety compliance	• Environmental management
Auditors	• Annual audit/periodic reviews	• Operational & quality assurance practices	• Corporate governance and ethics
Local communities	• Online platforms (eg. Social media & online applications)	• Job opportunities for local communities • Social and environmental concerns	• Environmental management • Social responsibilities
Industry peers	• Exhibitions & trade fairs • Collaborations	• Market trend	• Economic sustainability
Analyst/Media	• Interviews • Annual general meetings	• Industry outlook • Financial performance	• Economic sustainability • Corporate governance and ethics

MATERIALITY

The Group has conducted materiality assessment to identify and assess economic, environmental and social issues which are material to the Group and its stakeholders.



ECONOMIC SUSTAINABILITY

Being in an extremely challenging landscape due to the ever-changing consumer behaviour, the Group believes that actively sharing its views and exchanging ideas with customers and industry peers are essential in keeping abreast with latest market developments. This enables us to create values to all our stakeholders; enhancing value for our shareholders, creating development opportunities for our employees and contributing to our local communities surrounding us.

CUSTOMER SATISFACTION

We continuously visit and communicate with our customers to ensure effective customer engagement. We carry out Customer Feedback Survey, mainly covering product quality satisfaction, after sales service, and timeliness of delivery. This is carried out on a quarterly basis to monitor the Group's performance and customers' satisfaction.

QUALITY OF PRODUCT AND SERVICES

Prompt action are taken upon receipt of customer complaints. Our Quality Assurance & Control team will perform relevant tests and investigation to identify the root-cause of complaints received. Corrective actions will then be taken to resolve customer issues immediately. Besides that, preventive measures are also instituted to prevent future recurrence and improve customer satisfaction.

SUSTAINABILITY STATEMENT

(CONT'D)

CORPORATE GOVERNANCE AND ETHICS

The Group is cognizant that a sound corporate governance, ethical conduct and compliance to regulations are foundation in protecting the interest of all stakeholders. This will not only enhance increase the confidence level of investors but also fundamental to maintaining an effective and transparent business operation.

The Directors and all employees are required to conform to the Code of Ethics and Conduct which define the ethical standards and conduct at work when discharging their respective duties and responsibilities. The Code includes the guiding principles of conduct on confidential information, misconducts, conflict of interest and several other principles of conduct to uphold the best governance practices.

The Code of Ethics and Conduct also facilitates a whistle blowing function. Any employee is encouraged to whistle blow on any form of violation of the Code. The internal audit function which is appointed by Audit Committee ("AC") will report independently to the AC on its annual review results. The Group's Whistle Blowing guidance is available for reference in the Group's website at www.jadi.com.my.

The details of the Code of Ethics and Conduct are available for reference in the Group's website at www.jadi.com.my.

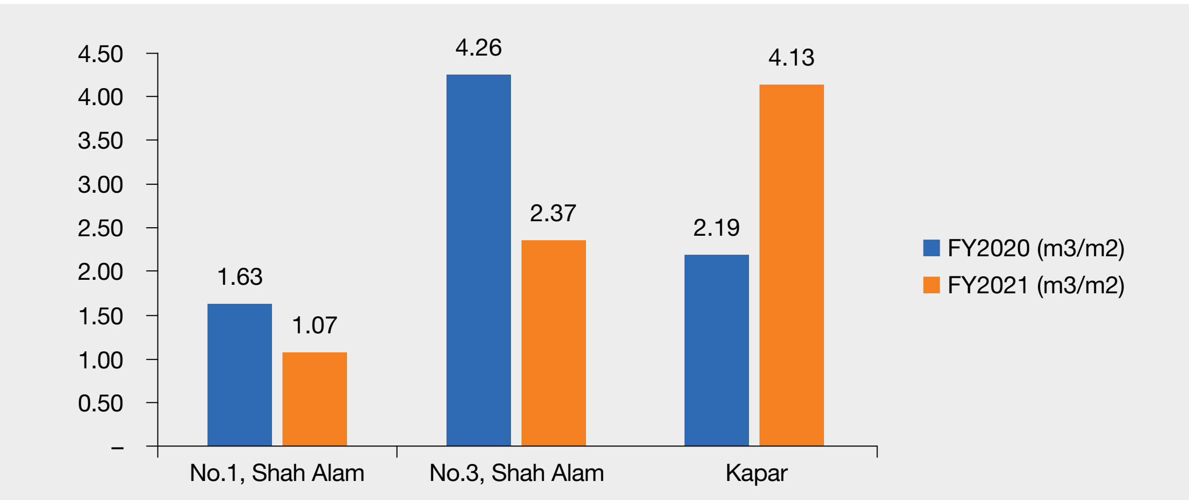
ENVIRONMENT

Being a global toner manufacturer, the Group is cautious in handling its product in a proper manner and in accordance with the relevant laws and regulations. The Group is continuously looking out for ways to incorporate sustainability practises into the entire manufacturing and supply chain process. The Group consciously make concerted effort to promote awareness and commitment to contributing towards a greener environment, with the following initiatives:

Waste

We categorise our waste into two categories – scheduled waste and non-scheduled waste. Scheduled wastes which comprise of chemical wastes generated from the production of toner, thermal fluids and sludges are collected by third party contractor for disposal or treatment. Non-scheduled wastes are mainly made up of wood, plastic, scrap metal that are sent to recycling facilities for recovery and reuse. We are committed to proper waste management with storage, collection and reuse of recyclables.

Water

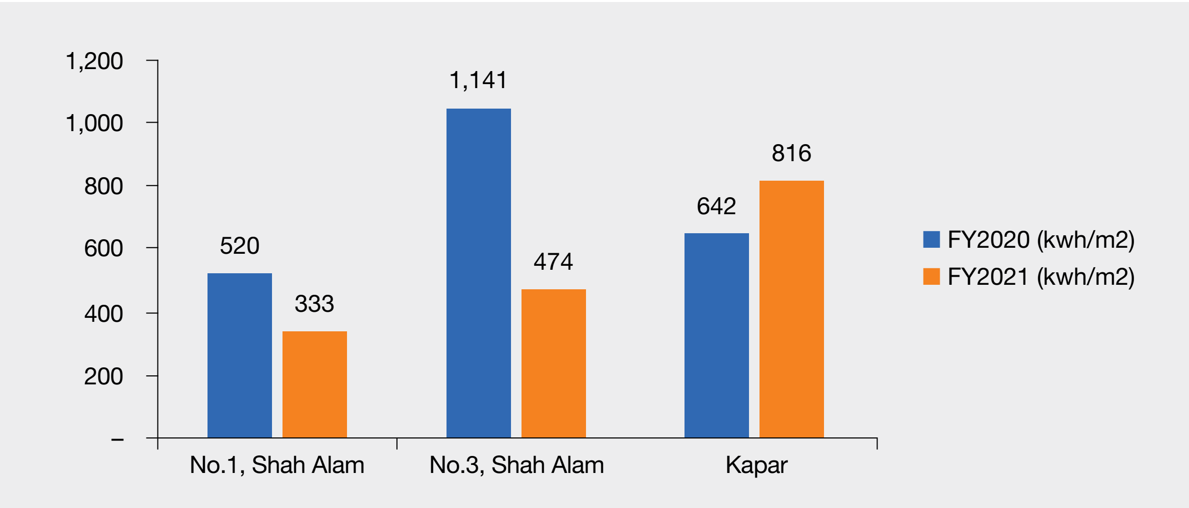


A waste water treatment plant is installed at Jalan Kapar factory and is operating around the clock to treat waste water generated by the Company's water-based chemical toner plant.

ENVIRONMENT (CONT'D)

Energy and Air Emissions

Energy management initiatives are in place to minimize electricity consumption especially at our toner production lines and to mitigate possible increases in electricity tariff from time to time by our main electricity provider, Tenaga Nasional Berhad ("TNB"). Thermal insulation and clear roofs have been installed in parts of our largest factory located in Kapar to allow natural sunlight into the factory to reduce electricity consumption from lighting. We have also switched to LED lighting in certain areas of our factories to further reduce energy consumption. Lights and air-conditioning units are switched off when they are not required. Training is provided to employees to raise awareness on energy conservation.



Proper air filters are installed at the chimneys of all factories, to ensure that air emissions do not cause any adverse impact to the surrounding environment and community.

OUR PEOPLE

Training and development

As the Group is growing in a fast-evolving market, the Group acknowledges the importance of investing in its employees. Both internal and external training programmes are organized to upgrade employees' skills and job knowledge, assisting them to work towards achieving their goals and aspirations. We continuously seek ways to develop our people and aligning our strategic goals in an ever changing business environment. We provide our people with a range of learning opportunities in the following ways:

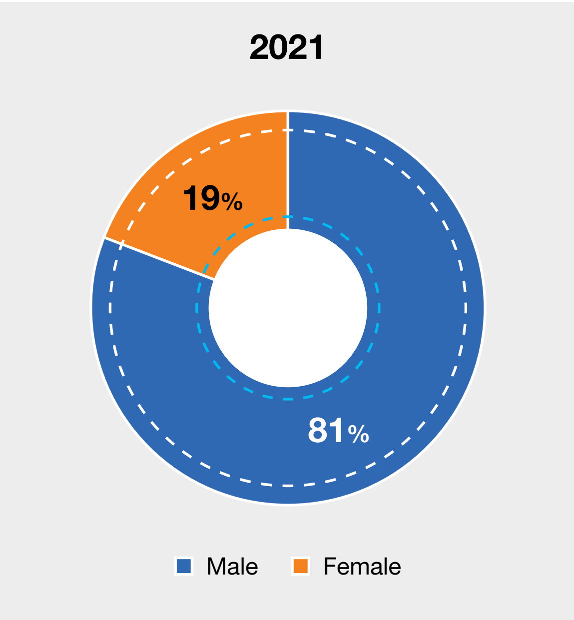
- On-the-job training
- Training and workshops on product knowledge, operation, quality and job specific skills

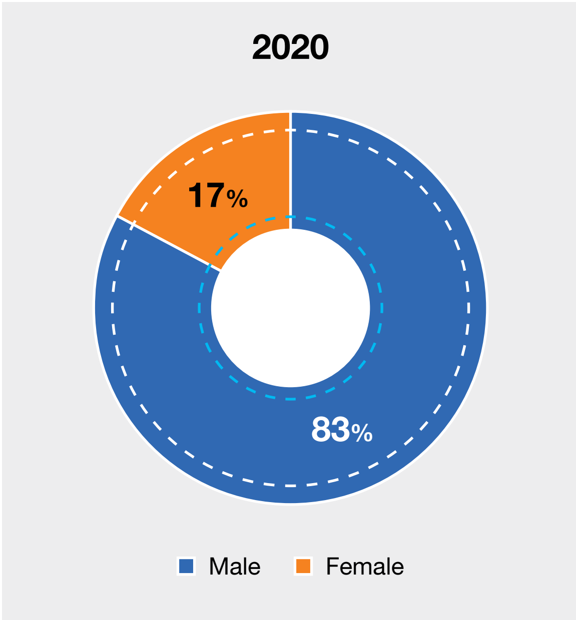
Diverse and balanced workforce

The Group embraces diversity at workplace, in terms of age, gender, race, ethnicity and social background. By having a diverse workforce, the Group is able to tap into a pool of people from diverse backgrounds with different experiences and perspectives. This also enables the Group to increase its competitiveness by having the ability to generate creative solutions to market/customer problems.

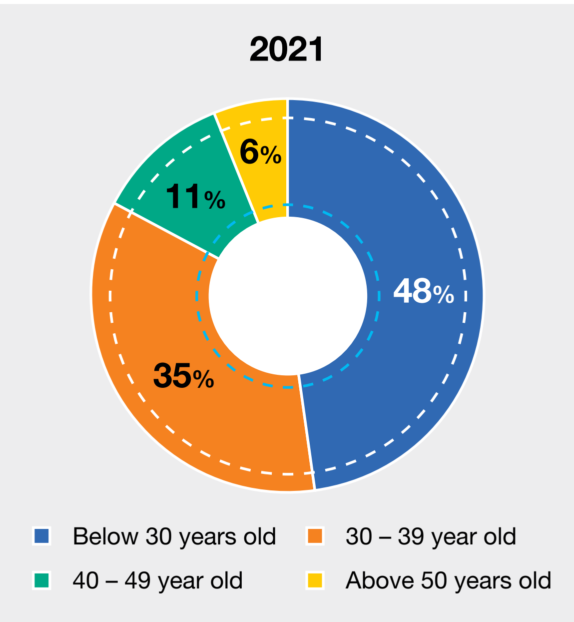
OUR PEOPLE (CONT'D)

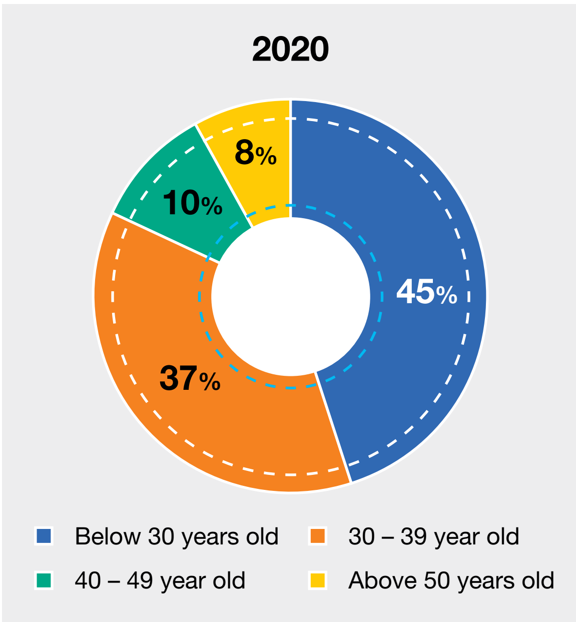
Breakdown by Employment by Gender





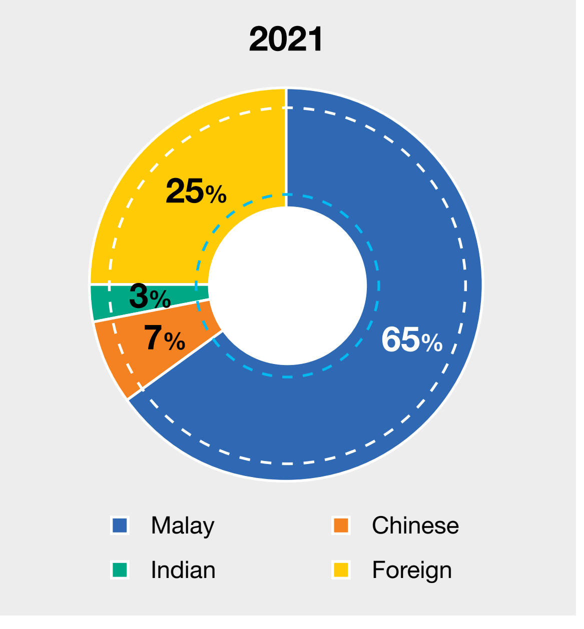
Breakdown by Employment by Age Group

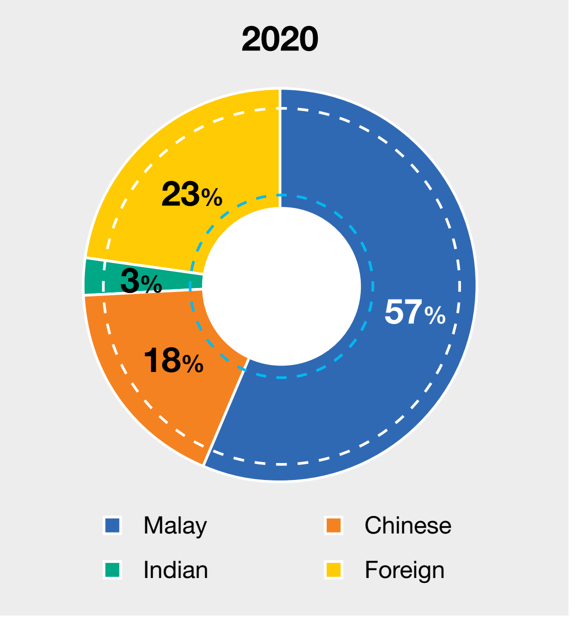




OUR PEOPLE (CONT'D)

Breakdown by Employment by Ethnic





Occupational health and safety

The Group continuously strives to provide a conducive working environment for all its employees. As part of our commitment to workplace safety and the environment, a Health, Safety and Environment ("HSE") Committee is tasked to oversee all occupational health and safety, as well as environmental protection initiatives. Physical audit and email reminder are sending out by our in-house HSE Officer to create awareness on health and safety among our employees. Fire drills are also held to ensure our employees are well prepared in the event of an emergency.

Social responsibility

In recent years, the Group has been employing workers from local community surrounding its Kapar factory, as well as suitable candidates from East Coast of Peninsular Malaysia and East Malaysia. This has indirectly contributed to the development of community within the abovementioned areas. The Group also continues to explore new business opportunities with local suppliers and contractors, eventually supporting the development of our local economy. The Group recognises its responsibility to be a good corporate citizen.

CONCLUSION

With various initiatives conducted, the Group is strive to achieve a sustainable balance between its commitments to our customers, the needs of our community and requirements of other stakeholders in pursuing economic success.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Jadi Imaging Holdings Berhad recognises the importance of adopting corporate governance and is committed to ensuring that good corporate governance practices are applied throughout the Group to protect and enhance shareholders' value and safeguard the Group's assets.

In accordance with Practice Note 9 of Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Corporate Governance Guide (3rd edition) issued by Bursa Securities, the Board is pleased to provide Corporate Governance Overview Statement in which the Group has applied the new Malaysian Code on Corporate Governance 2017 ("MCCG"). The Corporate Governance Overview Statement is to be read together with Corporate Governance Report, based on a prescribed format as outlined in paragraph 15.25 of the Listing Requirements.

The Corporate Governance Overview Statement and Corporate Governance Report are available for reference in the Group's website at www.jadi.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Roles and Responsibilities

The Board has established clearly defined roles and responsibilities to discharge its responsibilities in the best interests of the Group's shareholders and stakeholders. The Board sets the Group's strategic aims and ensure sufficient resources are in place to achieve these objectives. The Board assumes, amongst others, the following responsibilities:

- Reviews and adopts the Group's overall strategic plans, major investments and funding requirements for the Group by conducting discussion with Executive Directors;
- Promotes good corporate governance culture within the Group;
- Oversee and assess the conduct of the Group's business. The Group CEO will explain to the Board on the current Group's business as and when questions are raised during the Board meetings;
- Assess management performance to determine the Group's business is properly managed;
- Identifies principal risks and ensure proper internal controls are implemented to manage these risks;
- Ensure succession planning of senior management with right skillsets;
- Oversee and ensure effective communication with shareholders are implemented;
- Review and ensure the integrity of financial and non-financial management information; and
- Promotes sustainability to ensure long-term value creation.

The Board is responsible for the oversight and overall management of the Group. The responsibilities of the Board are stipulated in the Board Charter. The management of the Group is delegated to execute the strategies and business plans of the Group. Matters such as major capital expenditure, business acquisition and restructuring, corporate proposal and annual budget are reserved for the Board to make its decision.

2. Key Responsibilities of Chairman

Chairman of the Group plays an important role in leading the Board to function and instilling good corporate governance practices. The responsibilities of the Chairman, amongst others, are as follows:

- Leads an effective corporate governance system;
- Lead the Board and ensure the Board perform its responsibilities effectively. Ensure Board decisions are made in the best interest of the Group;
- Ensure the efficient organisation and conduct of the Board's function and meetings;
- Encourage active participation amongst the Board members to ensure effective contribution of all Directors at the Board's meeting; and
- Takes appropriate steps to provide effective communication with stakeholders.

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

3. Chairman and Chief Executive Officer ("CEO")

Although the Executive Chairman is also the Group Chief Executive Officer, all decisions of the Board are based on the decision of the majority of the Board's members and matters are deliberated with the active participation of all three independent non-executive directors. The Group Chief Executive Officer who is also the Executive Chairman overseas the day-to-day operations, understands the industry well and able to facilitate effective contribution about the industry market at the Board meetings. Notwithstanding that, no single Board member can make decision on behalf of the Board unless duly authorised by the entire Board.

4. Qualified and Competent Company Secretaries

Company Secretaries play an advisory role to the Board, particularly with regard to the Company's constitution, and its compliance with regulatory requirements and updates on new Listing Requirements to the Board. It is important that a suitably qualified and competent company secretary is appointed according to the requirements outlined in the Companies Act 2016.

Company Secretaries ensure that deliberations at Board and Board Committee meetings are well documented and follow-up on matters arising are subsequently communicated to the relevant Management for appropriate actions. A secured retrieval system which stores meeting papers, minutes of board and committees are properly maintained by them. They also constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in CG through continuous training. Hence, supporting the Board by ensuring adherence to board policies and procedures, rules, relevant laws and best practices in CG. The Company Secretaries also manage processes pertaining to general meetings and act as a focal point for stakeholders' communication and corporate governance.

5. Access to Information and Advice

Scheduled Board meetings are structured with a pre-set agenda, taking into account the formal schedule of matters reserved for the Board's decision. Board meetings are carried out on a quarterly basis, with additional meetings when urgent matters are required to be discussed. Notice of meetings is given in writing at least 7 days prior to the meeting. Board papers providing mainly information on the financial performance of the Group as well as minutes of meetings are circulated approximately 7 days prior to the Board meetings or such other period as deemed appropriate by the Board, to provide sufficient time for the Directors to consider and deliberate on issues to be raised at the Board meetings. Notwithstanding, urgent matters will be presented and discussed at the Board meetings. The Directors have full access to the senior management as well as the advice and services of the Company Secretaries, and they ensure that the Board proceedings are properly documented.

In addition, the Directors may also seek independent professional advice, at the Group's expense, if required. The Directors may also consult with the Executive Chairman and other Board members prior to seeking any independent professional advice.

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

6. Board Charter

The Board Charter is a source of reference and primary induction literature, providing insights to prospective Board members and senior management. The Board is structured to protect the best interests of shareholders and stakeholders by practising a high level of good governance. The Board delegates to the Group CEO to oversee the business operation of the Group. The management of the Group is delegated to the senior management execute the strategies and business plans of the Group.

During the Management's monthly meeting among the Head of Departments, risks are identified and appropriate internal controls are put in place to manage these risks. Succession planning of senior management is discussed by Nomination Committee by appointment of Executive Directors based on its relevant criteria. Internal auditors are appointed by the Board to review and highlight the adequacy and integrity of the internal control system. The details on the internal control system including its effectiveness are stipulated in the Statement on Internal Control and Risk Management.

Notwithstanding that, the Board also delegates to several Board Committees to carry out their fiduciary duties and responsibilities effectively. The following principal Board Committees have been established to assist the Board in discharging its duties effectively:

- Audit Committee ("AC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")

The terms of reference of each Board Committee have been approved by the Board and, where applicable, comply with the recommendations of the Code. These Committees have the authority to examine particular issues and report to the Board with their recommendations. Nonetheless, the ultimate responsibility for the final decision on such matters lies with the Board.

Board Charter was approved on 16 April 2013. Roles and responsibilities of directors are also included in the Board Charter. The Board Charter will be reviewed and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities. The details of the Board Charter are available for reference in the Group's website at www.jadi.com.my.

7. Formalised Ethical Standards through Code of Ethics and Whistle Blowing Policy

The Board has formalised a Code of Ethics and Conduct to define the ethical standards and conduct at work, which the Directors and all employees are required to conform to when discharging their respective duties and responsibilities. The Code includes the guiding principles of conduct on confidential information, misconducts, conflict of interest and several other principles of conduct to uphold the best governance practices.

The Code of Ethics and Conduct also facilitates a whistle blowing function. Any employee is encouraged to whistle blow on any form of violation of the Code. The internal audit function which is appointed by AC will report independently to the AC on its quarterly review results. The Group's Whistle Blowing guidance is available for reference in the Group's website at www.jadi.com.my.

The Code is reviewed regularly as and when it is deemed necessary by the Board. Summary of the Code of Ethics and Conduct forms part of the Board Charter. The details of the Code of Ethics and Conduct are available for reference in the Group's website at www.jadi.com.my.

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

8. Strategies Promoting Sustainability

   In relation to sustainability, the Board understands the importance of striking the balance between shareholder expectations and the needs and concerns of all other stakeholders. The Board is committed to ensuring that the Group's sustainability strategies and framework are continuously reviewed for effectiveness and adequacy. The Board also focuses on environmental sustainability of the Group's operations with emphasis on sustainable product design and the use of environmentally sound ingredients will be included as part of the criteria in any new product development. The Board will take into consideration these three aspects of doing business: they are environment, social and governance ("ESG"). Managing and balancing ESG are essential to ensure long-term viability of the Group's business, in the interests of various stakeholders.

9. Board Composition and Diversity

   Executive Chairman
   Liew Kim Siong

   Executive Directors
   Liew Kit
   Liew Hock Yee (redesignated as Non-Independent Non-Executive Director on 30 June 2021)

   Senior Independent Non-Executive Director
   Dato' Seri Dr. Raymond Liew Lee Leong

   Independent Non-Executive Directors
   Lim Chee Khang
   Dato' Dr. Lee Chung Wah @ Lee Chung Fu

   Non-Independent Non-Executive Director
   Dai ShuChun

   As at financial year ended 31 March 2021, the Board has seven (7) members, comprising the Executive Chairman, two (2) Executive Directors, one (1) Senior Independent Non-Executive Director, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad which require at least three (3) directors or one-third (1/3) of the Board members, whichever is the higher, to be Independent Directors.

   All Board members participate fully in decisions on key issues involving the Group. The Executive Directors are responsible for implementing the policies and decisions of the Board and managing the Group's day-to-day operations. Together with the Independent Non-Executive Directors, they ensure that strategies are fully discussed and examined taking into account the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business. In addition to the role and guidance of the Independent Non-Executive Directors, each Director nevertheless brings an independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

   During the financial year ended 31 March 2021, the Board has one (1) female Executive Director which accounts for 14% of the Board members. The Board will take steps to include, where appropriate, women candidates as during the nomination process of Board members. This is to form a balanced mix of essential skills, experience and knowledge to ensure the capable management and leadership of the Group.

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

9. Board Composition and Diversity (Cont'd)

9.1 Tenure of Independent Directors

As recommended in the MCCG and provided in the Board Charter, the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. Board justification and recommendation has to be provided to the shareholders in the annual general meeting for the re-appointment. If the Board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process. During the financial year, all of the Independent Non-Executive Directors' service tenure is within the nine (9) years term. Dato' Seri Dr. Raymond Liew Lee Leong and Mr Lim Chee Khang, Independent Non-Executive Directors were appointed to the Board on 20 July 2018, Dato' Dr. Lee Chung Wah @ Lee Chung Fu was appointed as Independent Non-Executive Director on 27 November 2018 and Mr. Dai ShuChun has been appointed on 16 October 2019 as a Non-Independent Non-Executive Director. With their diverse backgrounds and many years of experience gained from their field of expertise, this will contribute to making Board decision more effectively, objectively and independently.

10. Appointment of Directors to the Board

Nomination Committee ("NC") and Board members will review the Board composition and ensure its board diversity in terms of skills, knowledge, experience and gender; and mindful that it will contribute to better management and leadership to the Group. When potential candidates have been shortlisted, NC will deliberate on their skills, knowledge, expertise and experience, independence and capability to discharge their responsibilities. NC will assess the candidates and make recommendations to the Board for approval. In accordance with the Company's Constitution, all Board members who are appointed by the Board shall be subject to election by shareholders at the first opportunity of their appointment.

During the recent recruitment, the appointment of Director is undertaken by the Board as a whole guided by formal recommendations from NC which received nomination of candidates from shareholders and existing directors of the Group. The Board may consider utilising independent sources such as directors' registry, recruitment agency or industry and professional associations to identify suitably qualified candidates when necessary.

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

11. Nomination Committee

Nomination Committee ("NC") members are comprised of three (3) Independent Non-Executive Directors: Dato' Seri Dr. Raymond Liew Lee Leong, Mr Lim Chee Khang and Dato' Dr. Lee Chung Wah @ Lee Chung Fu. Dato' Seri Dr. Raymond Liew Lee Leong, Senior Independent Non-Executive Director has been nominated to be NC Chairman and they meet as and when required.

The attendance of NC is as follows:

Name	Number of Attendance	Remark
Dato' Seri Dr. Raymond Liew Lee Leong – Chairman *(Senior Independent Non-Executive Director)*	1/1	
Lim Chee Khang *(Independent Non-Executive Director)*	1/1	
Dato' Dr. Lee Chung Wah @ Lee Chung Fu *(Independent Non-Executive Director)*	1/1	

(Total: 1 meeting during the year)

Nomination Committee

Dato' Seri Dr. Raymond Liew Lee Leong - Chairman
Lim Chee Khang
Dato' Dr. Lee Chung Wah @ Lee Chung Fu

NC has clearly defined written terms of reference approved by the Board and is responsible for nominating new nominees to the Board and assessing the performance of the directors of the Group. The Terms of Reference of NC is available for reference in the Group's website at www.jadi.com.my.

During the financial year under review, NC has undertaken the following activities:

(a) Reviewed, considered and recommended to the Board for approval, the re-election of Directors who retired in accordance with Articles of the Company's Constitution;
(b) Assessed the competence, experience, integrity and character of the newly appointed directors;
(c) Reviewed and discussed succession planning of the Group;
(d) Reviewed and recommended the revised NC's Terms of Reference in compliance with the latest amendments to the Listing Requirements and MCCG, to the Board for approval; and
(e) Assessed and evaluated the performance and effectiveness of the Board as a whole and individual Board member, taking into consideration directors' time commitment and directors' continuous training development.

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

12. Annual Assessment of Directors

A good size and balance of the Board composition ensures that no individual or group of individuals can dominate its decision-making process. The MCCG recommends that the majority of the Board members must comprise of independent directors in the event, the Board Chairman is not an independent director. The Board and its committees have undertaken an annual assessment of the independence of its independent directors. The evaluation forms adopted are based on the prescribed forms recommended by Bursa Securities and MCCG, covering Board's structure, operations, role and responsibilities as a whole, assessment of individual director's input quality, time commitment, character, integrity, competency and experience.

During the financial year under review, the Board has performed peer-to-peer assessments on the effectiveness of the board as a whole, the committees of the board and the contribution of each individual director, including the Independent Non-Executive Directors. The assessment also included the assessment of independence of independent non-executive directors. After the assessment, the Board satisfies the level of independence by all independent directors. All decisions are made by the Board as a whole, with an objective judgement.

13. Time commitment

The Board meets at quarterly intervals, with additional meetings held when urgent issues and important decisions are required to be taken between the scheduled meetings.

The Board held four (4) meetings during the financial year ended 31 March 2021 and they were attended by the following Directors:

Name	Number of Attendance	Remark
Liew Kim Siong – Chairman *(Executive Chairman/Group CEO)*	4/4	
Liew Kit *(Executive Director/General Manager)*	4/4	
Liew Hock Yee *(Executive Director/Chief Financial Officer)*	4/4	
Dato' Seri Dr. Raymond Liew Lee Leong – Chairman *(Senior Independent Non-Executive Director)*	4/4	
Lim Chee Khang – Member *(Independent Non-Executive Director)*	3/4	
Dato' Dr. Lee Chung Wah @ Lee Chung Fu – Member *(Independent Non-Executive Director)*	4/4	
Dai ShuChun *(Non-Independent Non-Executive Director)*	4/4	

(Total: 4 meetings during the year)

All the Directors have complied with the minimum 50% attendance at Board meetings during the financial year as stipulated by the Listing Requirements. All directors are expected to devote sufficient time to carry out its responsibility and are required to notify the Chairman of their intention of accepting new directorship.

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

13. Time commitment (Cont'd)

The notification shall include an indication of time that will be spent on the new appointment. The Chairman has to also notify the Board if he has any new directorship or significant commitments outside the Group.

14. Training

All the Directors have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad. All Executive Directors have been with the Company for several years and are familiar with their duties and responsibilities. In addition, any newly-appointed Directors will be given briefings and orientation by the Executive Directors and senior management on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as Directors.

The Board via the Nomination Committee will continuously evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

During the financial year ended 31 March 2021, the following Directors have attended the following seminars and training courses:

No	Name of Director	Seminar / Training Courses Attended
1	**Liew Hock Yee**	(a) Crowe Malaysia - Transfer Pricing: What are the tax reporting requirements you need to know to comply with the rules in Malaysia? (b) Mazars - Transfer pricing aspects of intragroup loans and guarantees
2	**Dato' Seri Dr. Raymond Liew Lee Leong**	(a) ZOOM LiveTalk - Capital Market Forum (b) MIA & ACCA - IFRS Property, Plant & Equipment (c) MIA ZOOM LiveTalk - Digital Transformation Forum (d) ZOOM LiveTalk - Business Strategies Forum (e) ICAEW ZOOM LiveTalk - Managing CashFlow Forum (f) ZOOM LiveTalk - Property Management A Practical Perspective and its tax implications (g) ZOOM LiveTalk - Business Survival Forum (h) ZOOM LiveTalk - Business Advertisement Forum (i) ACCA - AXP Solution Forum (j) MIA - 34th AGM (k) ACCA - Branding & Communication (l) McM Global - Auditing & standard compliance (m) Tricor - IPO Pre & Post Forum (n) Tricor - Transforming Bix performance via digitalisation (o) McM - Budget 2021 Talk (p) HHQ Law Firm - Loan Financing Talk (q) McM - Budget 2021 Talk to MRCA (r) BURSA - Fraud Risk Management Forum (s) McM - Budget 2021 Forum (t) ACCA - COVID-19 Climate Capitalism Forum (u) McM Global - Auditing & standard compliance (v) ACCA - President Mark Millar Address

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

14. Training (Cont'd)

During the financial year ended 31 March 2021, the following Directors have attended the following seminars and training courses: (Cont'd)

No	Name of Director	Seminar / Training Courses Attended
3	**Dato' Dr. Lee Chung Wah @ Lee Chung Fu**	Organized by the Singapore Institute of Directors (a) Listed entity director essentials (b) Board dynamics (c) Board performance (d) Stakeholder engagement (e) Audit committee essentials (f) Board risk committee essentials (g) Nominating committee essentials (h) Remuneration committee essentials

Saved as disclosed above, Mr Liew Kim Siong, Mr. Liew Kit, Mr. Lim Chee Khang and Mr. Dai ShuChun were not attend any training programme during the financial year under review. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Group.

Directors would also be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and Company Secretaries during the Committee and/or Board meetings.

15. Remuneration policies

The attendance of Remuneration Committee ("RC") is as follows:

Name	Number of Attendance	Remark
Lim Chee Khang – Chairman *(Independent Non-Executive Director)*	1/1	
Dato' Seri Dr. Raymond Liew Lee Leong *(Senior Independent Non-Executive Director)*	1/1	
Dato' Dr. Lee Chung Wah @ Lee Chung Fu *(Independent Non-Executive Director)*	1/1	

(Total: 1 meeting during the year)

Remuneration Committee

Lim Chee Khang – Chairman
Dato' Seri Dr. Raymond Liew Lee Leong
Dato' Dr. Lee Chung Wah @ Lee Chung Fu

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

15. Remuneration policies (Cont'd)

The responsibility of RC is to recommend to the Board the remuneration framework for the remuneration packages of each Director. The remuneration of Directors is determined at levels which enable the Group to attract and retain the Directors with the relevant experience and expertise needed to assist in managing the Group effectively. In the case of Executive Directors of the Group, their remuneration is structured to link rewards to corporate and individual performance. The Board as a whole determines the remuneration of the Non-Executive Directors with the Directors concerned abstaining from deliberation and voting in respect of his/her own individual remuneration. The remuneration and entitlements of the Non- Executive Directors reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned. The determination of the remuneration will be decided by the Board as a whole.

RC met one (1) time during the year under review and the meeting were attended by Dato' Seri Dr. Raymond Liew Lee Leong and Dato' Dr. Lee Chung Wah @ Lee Chung Fu, chaired by Mr Lim Chee Khang. During the financial year under review, RC had reviewed RC's Terms of Reference to ensure in compliance with the latest amendments to the Listing Requirements and MCCG, to the Board for approval. RC and Board members had also reviewed the fees and BIK for Executive Directors and Non- Executive Directors to be approved by shareholders at the forthcoming AGM.

Directors' Remuneration

The Group does not have a formalised remuneration policies and procedures for Directors and Senior Management. The Board is guided by the present remuneration practices and procedures to determine their remuneration. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of the Directors.

The remuneration of Directors is determined at levels which enable the Group to attract and retain the Directors with the relevant experience and expertise needed to assist in managing the Group effectively. In the case of Executive Directors of the Group, their remuneration is structured to link rewards to corporate and individual performance.

Details of the remuneration of the Directors of the Group and categorised into appropriate components during the financial year ended 31 March 2021 are as follows:

	Company		**Group**	
	Fees (RM'000)	**Salaries and other (RM'000)**	**Fees (RM'000)**	**Salaries and other emoluments (RM'000)**
Liew Kim Siong	39	–	39	818 #
Liew Kit	33	–	33	228
Liew Hock Yee	33	–	33	219
Liew Choon *	–	–	–	314
Dato' Seri Dr. Raymond Liew Lee Leong	64	–	64	–
Lim Chee Khang	61	–	61	–
Dato' Dr. Lee Chung Wah @ Lee Chung Fu	59	–	59	–
Dai Shu Chun	41	–	41	–
	330	–	330	1,579

Other emoluments include other allowances and BIK for the Directors in Board
* Under the Group's subsidiary: Jadi Chemicals Sdn Bhd

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

15. Remuneration policies (Cont'd)

Disclosure on remuneration of Key Senior Management

In determining the remuneration packages of the Group's key Senior Management personnel, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents. The Group believes it may not be in its best interest to disclose on named basis the key Senior Management personnel, having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities.

The aggregate remuneration paid to the key Senior Management was RM155,845, representing 1.8% of the total employees remuneration of the Group, commensurate with their performance. The Group believes that such disclosure still allows stakeholders a fair view of the remuneration paid as it is linked to the Group's performance.

The Terms of Reference of RC which clearly sets out its duties and functions has been approved by the Board. The Terms of Reference is made available on the Group's website at www.jadi.com.my.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee ("AC")

During the financial year under review, the AC comprises three (3) Independent Non-Executive Directors. The composition of the AC, including its roles and responsibilities are set out in page 14 and 15 under the Audit Committee Report in this Annual Report. The Terms of Reference of AC has been updated on 5 July 2019 to be in line with the recent amendments in the MCCG.

The AC members have broad experience, knowledge and expertise from various industries allow them to discharge their duties effectively. They have committed their time and during meetings, they continuously probe with hard questions on the financials until they are completely satisfied with the feedback provided. Details of the AC members' experience and qualifications are set out in profile on the Directors' Profiles on pages 9 to 12.

All the AC members receive training and continuous professional developments set out in this statement on page 37 and 38.

2. Assessment of suitability and independence of external auditors

The Board maintains a formal and transparent professional relationship with the auditors through AC. The role of the AC in relation to this is described in the Audit Committee Report in this Annual Report. AC has been explicitly accorded the power to communicate with the auditors of the Group.

During the financial year, the Committee had two (2) private sessions with the external auditors without the presence of the management. During the financial year under review, the AC has assessed the external auditors based on question and answer with the external auditors to assess the suitability and independence of the external auditors. AC is satisfied with Baker Tilly technical competency and audit independence during the financial year. A written assurance by Baker Tilly is disclosed in the Independent Auditors' Report to confirm their independence throughout the audit engagement. None of the Board members were former key audit partners. As per stipulated in the Terms of Reference of AC, in the event if a former key audit partner to be appointed as a member of AC, at least two (2) years of cooling-off period have to be observed prior to the appointment.

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

3. Sound framework to manage risks

   Risk Management Committee ("RMC") comprising directors and senior management staff was established by the Board with specific terms of reference. RMC reports directly to AC. RMC activities are reported to the AC at their scheduled meeting.

   RMC has established a risk management framework to manage the Group's risk. The key risk profile has been identified and evaluated. RMC reviews the Group's risk management process periodically and makes recommendations to the Board for approval. The Board continues to identify, evaluate and manage significant risks. The Board has ultimate responsibility for reviewing the Group's risks, approving the risk management framework and the effectiveness of risk management of the Group.

   The key risks relating to the Group's strategic and business plans are addressed at the Board and Senior Management Meetings on a periodical basis. In addition, the responsibility of managing the risks of each department within the Group lies with the respective Heads of Department and it is during the periodic management meetings where significant risks identified and the corresponding internal controls implemented are communicated to the Group Chief Executive Officer ("CEO") and Senior Management.

   At the Board level, the top three primary risks are;

   (i) ensuring that the key leadership positions are filled and that succession planning/talent management process is in place annually;
   (ii) that processes are in place so that products are manufactured with ample attention paid to its quality and standards;
   (iii) that all overseas operation is being governed from Head Office and that the leadership team is fully aware of the risk and exposure of the Group.

   The Statement on Risk Management and Internal Control of the Group as set out in this Annual Report provides an overview of the state of risk management and internal controls within the Group.

4. Internal audit function

   The Group's internal audit function is outsourced to a professional service firm and they report directly to AC. During the financial year under review, AC has assessed the performance of internal auditors based on question and answer with them on their competency and reports presented by the internal auditors. AC was satisfied with the outsourced Internal Auditor, Tricor Axcelasia Sdn Bhd's technical competency and audit independence during the financial year under review.

   The Audit Committee Report and Statement on Risk Management and Internal Control set out in this Annual Report provides an overview of the state of internal control within the Group.

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

1. Compliance with applicable financial reporting standards

   In presenting the annual audited financial statements and quarterly announcements of unaudited consolidated financial results to shareholders, the Board is responsible for presenting a balanced and understandable assessment of the Group's financial position and prospects. AC has been delegated in overseeing the Group's financial reporting processes, accuracy and quality of its financial reporting. The Audit Committee Report set out in this Annual Report provides an overview of the duties and functions of the Committee. A statement by the Directors of their responsibilities in preparing the financial statements is set out in the Directors' Responsibility Statement In Respect Of The Preparation Of The Annual Audited Financial Statements contained in this Annual Report.

2. Communications with Stakeholders

   The Board acknowledges the importance of timely, regular and effective communication with stakeholders.

   The Group has established a dedicated section on the Group's website at www.jadi.com.my whereby shareholders as well as members of the public may access the latest information on the aforesaid website which provides information relating to annual reports, press releases, quarterly results and announcements.

   The Group also participates in the overseas exhibition events and through social media and other electronic channels to give the stakeholders and public at large a better understanding of the businesses of the Group.

3. Conduct of General Meetings

   Annual General Meeting ("AGM") is an important platform to engage with our shareholders and have direct interaction with them.

   The Notice of AGM is circulated to shareholders at least twenty-eight (28) days before the date of the meeting to enable them to go through the Annual Report and the resolutions proposed. Shareholders who are unable to attend may appoint their respective proxies to ask questions and vote on their behalf at the general meetings.

   Shareholders are encouraged to raise questions pertaining to the Annual report, financial statements, corporate developments, resolutions and businesses of the Group. Board members, senior management and the external auditors attended the last AGM and the Board had provided explanations to all shareholders' queries during the meeting.

   All resolutions set out in the Notice of the last AGM were voted by way of poll at which an independent scrutineer was appointed to validate the votes cast at the last AGM. The outcome of the AGM was announced to Bursa Malaysia.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Jadi Imaging Holdings Berhad is pleased to present its Statement on Risk Management and Internal Control for financial year ended 31 March 2021, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidance"). This statement outlines the nature and state of the internal controls and risk management of the Group during the financial year.

BOARD RESPONSIBILITY

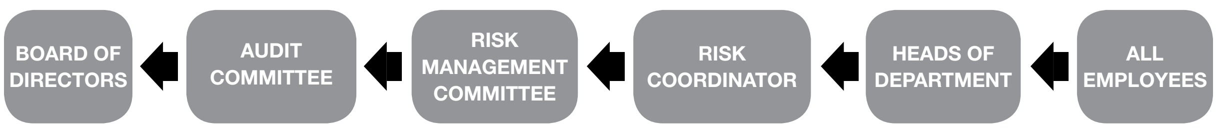
The Board acknowledges that it is ultimately responsible for the Group's systems of risk management and internal control and for reviewing the adequacy and effectiveness of the risk management and internal control systems to ensure that shareholders' interests and the Group's assets are safeguarded. In this respect, the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems has been delegated to the Audit Committee ("AC"), which is empowered by its terms of reference.

Due to inherent limitations in any system on risk management and internal controls, such systems put into effect by Management can only manage rather than eliminate all the risks that may impede the achievement of the Group's business objectives or goals. Therefore, the risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

To instil sound risk management practice and good corporate governance, the Group's established a structured Risk Management Framework with a systematic process to proactively identify, evaluate, mitigate, continuous monitoring and reviewing possible risks. The key risks relating to the Group's strategic and business plans are addressed at the Board and Senior Management Meetings on a periodical basis. In addition, the responsibility of managing the risks of each department within the Group lies with the respective Heads of Department and it is during the periodic management meetings where significant risks identified and the corresponding internal controls implemented are communicated to the Chief Executive Officer ("CEO") and Senior Management.

The Group's Risk Management Oversight Structure is comprised of the following:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RISK MANAGEMENT FRAMEWORK (CONT'D)

1) Board of Directors

The Board will review the Group's risk management framework effectiveness periodically and provide guidance on the Group's risk appetite.

2) Audit Committee

AC is tasked to oversee and ensure effective implementation of all risk management policies.

3) Risk Management Committee ("RMC")

RMC reviews the status and monitors the overall implementation of the Group's risk management policies. Periodic review of the Group's key risk profile will be conducted by RMC. The RMC is comprised of at least three (3) members from amongst the Directors and Senior management.

4) Risk Coordinator ("RC")

RC coordinates and documents all risk management activities from each Head of Department, ensure proper communication throughout the Group.

5) Heads of Department

Heads of Department will carry out risk identification and evaluate the effectiveness of existing controls with its department team members.

6) All Employees

All employees shall have the responsibility to manage risks associated with all activities and functions within their control.

The Group's risk management process comprises the following essential activities:

The above-mentioned risk management process of the Group serves as the on-going process used to identify, evaluate and manage significant risks for the year under review and up to the date of approval of this statement.

MATERIAL RISKS

The Group's material risks identified and action plans being deliberated are outlined below:

Risk	Description	Mitigation
Quality assurance management	Risk of generating product quality out of specification may result in high product costing and unable to deliver on-time.	• Adhere to the Group's quality inspection standard operating procedure.
Machinery breakdown	Risk of machinery breakdown may affect production output.	• Internal preventive maintenance program. • Maintaining critical spare parts inventory.

INTERNAL AUDIT FUNCTION

The Group has appointed an independent professional service firm, Tricor Axcelasia Sdn Bhd to assists the Board and Audit Committee by providing an independent assessment of the adequacy and effectiveness of the Group's internal control system.

The Engagement Director is Mr Derek Lee who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA). Mr Derek Lee also Certified Public Accountant, a member of Malaysian Institute of Certified Public Accountant and has Certification in Business Continuity Management from Business Continuity Institute (UK).

The number of staff deployed for the internal audit reviews consist of 3-4 staffs including the Engagement Director during the financial year under review. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia. The internal audit staffs on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.

The internal audit reviews were conducted using a risk-based approach and were guided by the International Professional Practice Framework. During the FYE 2021, the Internal Auditors performed audit reviews in accordance with the approved annual audit plan covering Production Management Process.

The result of the audit review was discussed with the Senior Management and subsequently, the audit findings, management action plans as well as the implementation progress of previous auditable processes were reported to the Audit Committee. The Board through the Audit Committee received and reviewed the internal audit reports at the scheduled quarterly meetings.

The costs incurred for the Internal Audit Function for FYE 2021 was RM22,500 (FYE2020: RM22,500).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

1) The Group has a well-defined organisation structure with clear lines of accountability, approval and control procedures to provide a sound framework within the organization in facilitating proper decision making at the appropriate authority levels of Management including matters that require Board's approval.

2) The Audit Committee reviews the quarterly financial reports, annual financial statements and the internal audit report on a periodic basis. Discussions with Management were held to deliberate on the actions that are required to be taken to address internal control matters identified by the outsourced internal audit function.

3) The Executive Directors are closely involved in the running of business and operations of the Group and they report to the Board on significant changes in the business and external environment which affect the operations of the Group at large.

4) Management meetings are conducted regularly with the Executive Directors, Senior Management and/or Head of Departments in attendance. The meetings discuss and decide on all operational issues as well as inform and update all Senior Management and Head of Departments on all major policies and business strategies directed by the Board.

5) Policies and procedures on hiring and training scheme of staff have been established at Group level with individual business group having the flexibility to adapt these policies for their specific needs. Staffs are guided on where and how they can contribute their knowledge and skills through continuous upgrading to meet the demand of their working requirements. Heads of Department assume the responsibility of developing staff with relevant and appropriate skills by reviewing and recommending trainings to the Human Resource department on a yearly basis.

6) Established internal policies and procedures for key business units within the Group.

7) Certain operations of the Group are ISO 9001:2015 certified. With such a certification, audits are conducted by external parties periodically to ensure compliance with the terms and conditions of the certification.

8) All purchases and maintenance expenditures for the Group are centralised and coordinated by a Procurement Department that ensures adherence to approved procedures as well as to leverage on economies of scale. Major expenditures are subjected to tender procedure whenever possible and are appraised by the Management before they are approved by the Board.

9) The Group has established an Anti-Bribery and Corruption Policy ("ABC Policy") to provide guidance to all employees including external parties whom have business dealings with the Group on matters involving bribery and corruption practices. The Group is committed to upholding ethical business conduct at all times and ensuring compliance with all applicable laws in countries where it operates.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITOR

The external auditors have reviewed this Statement of Risk Management and Internal Control pursuant to the scope set out in AAPG3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 March 2021 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

CONCLUSION

In line with the Guidance, the Chief Executive Officer ("CEO") and Chief Financial Officer have provided assurance to the Board, where to their best knowledge, the Group's risk management and internal control system are operating adequately and effectively, in all material aspects during the financial year under review.

The Board is of the view that the risk management and internal control systems are satisfactory and shall continue to take the appropriate and necessary measures to improve the Group's risk management and internal controls systems in meeting the Group's corporate objectives.

This statement was approved by the Board of Directors on 22 July 2021.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad:-

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 March 2021.

2. AUDIT AND NON-AUDIT FEES

(a) Amount of audit fees incurred by the Company and on a Group basis are amounted to RM56,000 and RM144,276 respectively.

(b) Amount of non-audit fees incurred by the Company and on a Group basis are amounted to RM6,000 and RM6,000 respectively.

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders, either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The details of related party transactions for the financial year are disclosed in Note 28 to the financial statements.

5. REVALUATION POLICY ON LANDED PROPERTIES

The Group has not adopted a policy of regular revaluation of its landed properties as at the end of the financial year.

STATEMENT ON DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the financial statements of the Group and the Company are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2021 and of the results and cashflows of the Group and the Company for the financial year ended on that date.

In preparing the financial statements, the Directors have:

(a) adopted suitable accounting policies and applied them consistently;
(b) made judgements and estimates that are prudent and reasonable;
(c) ensured the adoption of applicable approved accounting standards; and
(d) used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring that proper accounting records which disclose the financial position of the Group and the Company with reasonable accuracy at any time are kept in accordance with the Companies Act, 2016 in Malaysia. The Directors are also responsible for ensuring that a proper system of internal control is in place to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss for the financial year, net of tax	(1,848,869)	(14,208,340)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 March 2021.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company 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 which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors, except those as disclosed in Note 33 to the financial statements,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 16,040,000 new ordinary shares pursuant to the Employees' Share Option Scheme ("ESOS") as follows:

			Number of option over ordinary shares			
Grant Date	**Expiry Date**	**Exercise Price**	**At 1 April 2020**	**Exercised**	**Forfeited**	**At 31 March 2021**
5 August 2019	5 August 2024	RM0.0522	46,709,000	(16,040,000)	(2,661,000)	28,008,000

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

During the financial year, the Company did not issue any debentures.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 March 2021, the Company held 119,672 treasury shares out of its 1,052,030,123 total number of issued shares. Such treasury shares are held at a carrying amount of RM22,042. Further details are disclosed in Note 21 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the ESOS. During the financial year, the ESOS Committee has approved the percentage of exercisable options by the eligible directors and employees of the Group from the maximum percentage of 20% in each year to 100% up to the expiry of the ESOS.

The salient features of the ESOS scheme are, inter alia, as follows:

(i) Eligible directors or employees of the Group are those who have fulfilled the following conditions:

- if he is employed on a full time basis and has not served a notice to resign or received a notice of termination;
- if he is employed under an employment contract for a fixed duration excluding those who are employed on a short-term contract;
- if his employment has been confirmed in writing and not under a probationary period;
- if he has attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings; and if he fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee at its sole and absolute discretion from time to time.

(ii) The maximum number of new JADI Shares, which may be allotted and issued pursuant to the Proposed ESOS shall not exceed in aggregate 15% of the total number of issued shares of the Company (excluding treasury shares), at any point in time throughout the duration of the Proposed ESOS.

(iii) The maximum number of new JADI Shares that may be offered to an Eligible Person under the Proposed ESOS shall be determined at the discretion of the ESOS Committee after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority and/ or length of service of the Eligible Person.

(iv) Not more than 70% of the ESOS Options available under the Proposed ESOS shall be allocated, in aggregate, to the executive Directors and senior management of JADI Group who are Eligible Persons, on the basis that they are crucial to the performance of the Group.

(v) On or before the expiry of the above initial 5-year period, the Proposed ESOS maybe extended at the sole and absolute discretion of the Board upon recommendation of the ESOS Committee without having to obtain approval from the Company's shareholders in general meeting, for a further period of up to 5 years immediately from the expiry of the first 5 years, but will not in aggregate exceed 10 years from the Effective Date or such longer period as may be allowed by the relevant authorities.

(vi) The Exercise Price shall be based on the 5-day VWAP of JADI Shares immediately preceding the date of the Offer, with a discount of not more than 10% during the duration of the ESOS, at the ESOS Committee's sole and absolute discretion.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Liew Kim Siong*
Liew Hock Yee*
Liew Kit*
Lim Chee Khang
Dato' Seri Dr. Raymond Liew Lee Leong
Dato' Dr. Lee Chung Wah @ Lee Chung Fu
Dai ShuChun

* Directors of the Company and certain subsidiaries

Other than as stated above, the name of director of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Liew Choon

DIRECTORS' INTERESTS

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

Interests in the Company

	Number of ordinary shares			
	At 1 April 2020	**Bought**	**Sold**	**At 31 March 2021**
In the Company				
Direct Interests:				
Liew Kim Siong	22,017,045	–	–	22,017,045
Liew Hock Yee	–	4,000,000	–	4,000,000
Liew Kit	–	4,000,000	–	4,000,000
Indirect interests:				
Liew Kim Siong *	284,743,985	–	–	284,743,985

	Number of Employee Share Options			
	At 1 April 2020	**Granted**	**Exercised**	**At 31 March 2021**
In the Company				
Direct Interests:				
Liew Hock Yee	4,000,000	–	(4,000,000)	–
Liew Kit	4,000,000	–	(4,000,000)	–

* Deemed interest through LSI Holdings Sdn. Bhd.

DIRECTORS' INTERESTS (CONT'D)

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Liew Kim Siong, Liew Hock Yee and Liew Kit are deemed to have interests in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than the issue of options pursuant to the ESOS.

INDEMNITY TO DIRECTORS AND OFFICERS

The Company has paid insurance premiums amounting to RM6,375 for Directors and Officers Liability insurance up to a limit of RM3 million for the period from 9 December 2020 to 8 December 2021 for the Directors and Officers.

Except for the above mentioned, there was no indemnities given to or insurance affected or any director, officer or auditor of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 15 to the financial statements.

Other than those subsidiaries not required to be audited in their countries of incorporation as disclosed in Note 15 to the financial statements, the available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event during and subsequent to the end of the financial year are disclosed in Note 33 to the financial statements.

DIRECTORS' REPORT

(CONT'D)

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

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

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

LIEW KIM SIONG
Director

LIEW KIT
Director

Date: 22 July 2021

STATEMENT BY DIRECTORS

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

We, **LIEW KIM SIONG** and **LIEW KIT**, being two of the directors of Jadi Imaging Holdings Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements 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 31 March 2021 and of their financial performance and cash flows for the financial year then ended.

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

LIEW KIM SIONG
Director

LIEW KIT
Director

Kuala Lumpur

Date: 22 July 2021

STATUTORY DECLARATION

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

I, **KOH CHIN CHIN**, being the officer primarily responsible for the financial management of Jadi Imaging Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are, in my opinion, 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.

KOH CHIN CHIN
(MIA membership no: 18660)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 22 July 2021.

Before me,

Commissioner for Oaths
HADINUR MOHD SYARIF W761

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JADI IMAGING HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Jadi Imaging Holdings Berhad, which comprise the statements of financial position as at 31 March 2021 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 151.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021, and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Plant and equipment and right-of-use assets (Note 11 and 13)

The Group assesses impairment of property, plant and equipment and right-of-use assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Accordingly, the Group performed impairment test on plant and equipment and right-of-use assets relating to its manufacturing segment and product distribution segment by determining the recoverable amount of respective cash-generating unit.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group uses its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margins. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial positions and results if the actual cash flows are less than the expected.

Our response:

Our audit procedures focus on evaluating the cash flow projections and the Group's projection procedures which included, among others:

- understanding the recoverable amount methodology adopted by the Group in accordance with the requirements of MFRS 136 *Impairment of Assets*;
- comparing the actual results with previous budgets to assess the performance of the business and reliability of forecasting process;
- comparing the Group's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections; and
- testing the mathematical accuracy of the impairment assessment.

INDEPENDENT AUDITORS' REPORT

(CONT'D)

Key Audit Matters (Cont'd)

Valuation of property, plant and equipment (Note 11)

Freehold land and buildings are carried at revalued amount. Revaluation of these assets is based on valuation performed by independent professional property valuers. The valuation methods adopted by the valuers include direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, size, tenure, title restrictions, neighbourhood and other relevant factors. Judgement is made in determining the appropriate valuation methods and the key assumptions used in the valuations. Any changes in these assumptions will have an impact on the carrying amounts of the freehold land and buildings.

Our response:

Our procedures included, among others;

- evaluating the competence, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the terms of engagement to assess whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation reports for all significant properties and discussed with external valuers on their valuation approach and the significant judgements they made, including the selection of comparable properties and adjustments for differences in key attributes made to the transacted value of comparable properties; and
- assessing the valuation approach used and the key assumptions based on our knowledge of the properties.

Inventories (Note 17)

The Group has significant inventories amounting to RM38,939,190 as at 31 March 2021. The accounting policies of the inventories of the Group is to state inventories at the lower of cost and net realisable value of inventories.

We focused on this area because significant judgement is required in estimating the net realisable values.

Our response:

Our audit procedures included, among others:

- observing year end physical inventory count to examine physical existence and condition of the inventories;
- checking subsequent sales and reviewing the Group's assessment on estimated net realisable value on selected inventory items;
- reviewing the significant component auditors' working papers on the valuation of inventories; and
- reviewing whether the inventories have been written-down to their net realisable value for inventory items with net realisable value lower than their cost.

Key Audit Matters (Cont'd)

Company

Investment in subsidiaries (Note 15)
The Company determines whether there is any indication of impairment in investment in subsidiaries. If any of such indication exist, the Company makes estimation on the recoverable amounts of the investment in subsidiaries. We focused on this area because the Company's assessment of the recoverable amount involved significant judgement. The recoverable amounts of investment in subsidiaries were determined based on value-in-use which includes the discount rate applied in the recoverable amount calculation and the assumption supporting the underlying cash flow projections which include future sales, gross profit margins, discount rate and operating expenses. **Our response:** Our audit procedures focused on evaluating the cash flow projections and the Company's forecasting procedures which included, among others: ▪ comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process; ▪ comparing the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections; and ▪ testing the mathematical accuracy of the impairment assessment.

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.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

(CONT'D)

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 the 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 15 to the financial statements.

OTHER MATTERS

1. The financial statements of the Group and of the Company for the financial year ended 31 March 2020 were audited by another firm of chartered accountants whose report dated 27 August 2020 expressed an unmodified opinion on those financial statements.

2. 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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ng Jou Yin
No. 03460/11/2021 J
Chartered Accountant

Kuala Lumpur

Date: 22 July 2021

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Group 2021 RM	Group 2020 RM (Restated)	Company 2021 RM	Company 2020 RM
Revenue	5	45,092,064	47,262,583	–	–
Cost of sales		(38,304,727)	(57,786,261)	–	–
Gross profit/(loss)		6,787,337	(10,523,678)	–	–
Other income		2,866,448	1,255,254	557,924	3,404,202
Administrative expenses		(5,504,420)	(6,655,689)	(575,781)	(551,535)
Selling and distribution expenses		(2,510,168)	(2,784,173)	–	–
Net impairment losses of financial assets		(21,220)	–	–	–
Other expenses		(1,807,153)	(15,480,458)	(14,223,274)	(2,624,444)
Operating profit/(loss)	6	(189,176)	(34,188,744)	(14,241,131)	228,223
Finance income	6	225,983	68,579	33,693	30,330
Finance costs	8	(1,745,299)	(727,845)	–	–
(Loss)/Profit before tax		(1,708,492)	(34,848,010)	(14,207,438)	258,553
Taxation	9	(140,377)	100,178	(902)	–
(Loss)/Profit for the financial year		(1,848,869)	(34,747,832)	(14,208,340)	258,553
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		92,415	(162,785)	–	–
Items that will not be reclassified subsequently to profit or loss					
Revaluation gain on land and building, net of deferred tax		1,419,934	12,444,355	–	–
Other comprehensive income for the financial year		1,512,349	12,281,570	–	–
Total comprehensive (loss)/ income for the financial year		(336,520)	(22,466,262)	(14,208,340)	258,553

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

STATEMENTS OF COMPREHENSIVE INCOME

(CONT'D)

	Note	Group 2021 RM	Group 2020 RM (Restated)	Company 2021 RM	Company 2020 RM
(Loss)/Profit attributable to:					
Owners of the Company		(1,848,869)	(34,747,832)	(14,208,340)	258,553
Total comprehensive (loss)/ income attributable to:					
Owners of the Company		(336,520)	(22,466,262)	(14,208,340)	258,553
Basic loss per share (sen):	10(a)	(0.18)	(3.35)		
Diluted loss per share (sen):	10(b)	(0.17)	(3.32)		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Note	31.3.2021 RM	Group 31.3.2020 RM (Restated)	1.4.2019 RM (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	11	77,399,061	59,419,351	59,255,598
Investment properties	12	83,400	85,800	88,200
Right-of-use assets	13	4,574,851	3,778,916	8,479,210
Intangible assets	14	550,126	–	–
Other investments	16	50,000	50,000	50,000
Total non-current assets		82,657,438	63,334,067	67,873,008
Current assets				
Inventories	17	38,939,190	39,989,165	48,949,562
Current tax assets		21	21	3,558
Trade and other receivables	18	13,309,496	17,541,772	11,898,898
Cash and short-term deposits	19	17,478,364	18,541,535	15,059,496
Total current assets		69,727,071	76,072,493	75,911,514
TOTAL ASSETS		152,384,509	139,406,560	143,784,522
EQUITY				
Equity attributable to owners of the Company				
Share capital	20	107,184,910	106,126,270	94,185,469
Treasury shares	21	(22,042)	(22,042)	(22,042)
Other reserves	22	28,220,868	26,594,619	14,209,592
(Accumulated losses)/Retained earnings		(23,298,056)	(21,529,859)	13,129,492
TOTAL EQUITY		112,085,680	111,168,988	121,502,511
LIABILITIES				
Non-current liabilities				
Loans and borrowings	23	16,535,337	9,880,644	13,861
Lease liabilities	24	5,986,851	7,093,974	7,799,041
Deferred tax liabilities	25	4,457,571	2,124,250	823,189
Total non-current liabilities		26,979,759	19,098,868	8,636,091
Current liabilities				
Loans and borrowings	23	5,269,426	1,623,150	32,259
Lease liabilities	24	1,401,184	1,358,072	1,068,235
Trade and other payables	26	5,911,231	5,420,253	12,545,426
Provisions	27	737,229	737,229	–
Total current liabilities		13,319,070	9,138,704	13,645,920
TOTAL LIABILITIES		40,298,829	28,237,572	22,282,011
TOTAL EQUITY AND LIABILITIES		152,384,509	139,406,560	143,784,522

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

STATEMENTS OF FINANCIAL POSITION

(CONT'D)

	Note	Company 2021 RM	Company 2020 RM
ASSETS			
Non-current asset			
Investment in subsidiaries	15	103,763,420	78,052,860
Total non-current asset		103,763,420	78,052,860
Current assets			
Trade and other receivables	18	1,500	38,174,714
Cash and short-term deposits	19	885,569	1,332,890
Total current assets		887,069	39,507,604
TOTAL ASSETS		104,650,489	117,560,464
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	20	107,184,910	106,126,270
Treasury shares	21	(22,042)	(22,042)
Other reserves	22	386,510	191,938
(Accumulated losses)/Retained earnings		(2,986,336)	11,222,004
TOTAL EQUITY		104,563,042	117,518,170
Current liability			
Trade and other payables	26	87,447	42,294
Total current liability		87,447	42,294
TOTAL LIABILITY		87,447	42,294
TOTAL EQUITY AND LIABILITY		104,650,489	117,560,464

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Share capital RM	Treasury shares RM	Share option reserve RM	Foreign currency translation reserve RM	Revaluation reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM
		Attributable to owners of the Company						
Group								
At 1 April 2020, as restated		106,126,270	(22,042)	191,938	(200,680)	26,603,361	(21,529,859)	111,168,988
Total other comprehensive (loss)/ income for the financial year								
Loss for the financial year		–	–	–	–	–	(1,848,869)	(1,848,869)
Revaluation reserve, net of tax		–	–	–	–	1,419,934	–	1,419,934
Foreign currency translation reserve		–	–	–	92,415	–	–	92,415
Total comprehensive (loss)/income		–	–	–	92,415	1,419,934	(1,848,869)	(336,520)
Realisation of revaluation reserve		–	–	–	–	(80,672)	80,672	–
Transactions with owners:								
Issuance of ordinary shares	20	1,058,640	–	(221,352)	–	–	–	837,288
Share based payment transactions	22(a)	–	–	415,924	–	–	–	415,924
Total transactions with owners		1,058,640	–	194,572	–	–	–	1,253,212
At 31 March 2021		107,184,910	(22,042)	386,510	(108,265)	27,942,623	(23,298,056)	112,085,680

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

STATEMENTS OF CHANGES IN EQUITY

(CONT'D)

	Note	Share capital RM	Treasury shares RM	Share option reserve RM	Foreign currency translation reserve RM	Revaluation reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM
		|------- Attributable to owners of the Company -------|						
Group								
At 31 March 2019, previously reported		94,185,469	(22,042)	–	3,752,117	14,247,487	9,790,782	121,953,813
- Initial application of MFRS 16		–	–	–	–	–	(306,041)	(306,041)
At 1 April 2019, previously reported		94,185,469	(22,042)	–	3,752,117	14,247,487	9,484,741	121,647,772
Prior year adjustments:								
- Initial application of MFRS 16		–	–	–	–	–	(145,261)	(145,261)
- Others		–	–	–	(3,790,012)	–	3,790,012	–
Total prior year adjustments		–	–	–	(3,790,012)	–	3,644,751	(145,261)
At 1 April 2019, as restated		94,185,469	(22,042)	–	(37,895)	14,247,487	13,129,492	121,502,511
Total other comprehensive (loss)/ income for the financial year								
Loss for the financial year, restated		–	–	–	–	–	(34,747,832)	(34,747,832)
Revaluation reserve, net of tax		–	–	–	–	12,444,355	–	12,444,355
Foreign currency translation reserve		–	–	–	(162,785)	–	–	(162,785)
Total comprehensive (loss)/income		–	–	–	(162,785)	12,444,355	(34,747,832)	(22,466,262)
Realisation of revaluation reserve		–	–	–	–	(88,481)	88,481	–
Transactions with owners:								
Issuance of ordinary shares	20	11,940,801	–	–	–	–	–	11,940,801
Share based payment transactions	22(a)	–	–	191,938	–	–	–	191,938
Total transactions with owners		11,940,801	–	191,938	–	–	–	12,132,739
At 31 March 2020		106,126,270	(22,042)	191,938	(200,680)	26,603,361	(21,529,859)	111,168,988

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

STATEMENTS OF CHANGES IN EQUITY

(CONT'D)

	Note	Share capital RM	Treasury shares RM	Share option reserve RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
		|--------- Attributable to owners of the Company			---------|	
Company						
At 1 April 2019		94,185,469	(22,042)	–	10,963,451	105,126,878
Total comprehensive income for the financial year		–	–	–	258,553	258,553
Transactions with owners:						
Issuance of ordinary shares		11,940,801	–	–	–	11,940,801
Share based payment transactions		–	–	191,938	–	191,938
Total transactions with owners		11,940,801	–	191,938	–	12,132,739
At 31 March 2020		106,126,270	(22,042)	191,938	11,222,004	117,518,170
Total comprehensive loss for the financial year		–	–	–	(14,208,340)	(14,208,340)
Transactions with owners:						
Issuance of ordinary shares	20	1,058,640	–	(221,352)	–	837,288
Share based payment transactions	22(a)	–	–	415,924	–	415,924
Total transactions with owners		1,058,640	–	194,572	–	1,253,212
At 31 March 2021		107,184,910	(22,042)	386,510	(2,986,336)	104,563,042

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Group		Company	
	2021 RM	2020 RM (Restated)	2021 RM	2020 RM
Cash flows from operating activities				
(Loss)/Profit before tax:	(1,708,492)	(34,848,010)	(14,207,438)	258,553
Adjustments for:				
Amortisation of intangible assets	78,589	–	–	–
Bad debts written off	102,176	–	–	–
Depreciation of:				
- property, plant and equipment	3,612,880	9,092,877	–	–
- investment properties	2,400	2,400	–	–
- right-of-use assets	892,979	1,337,324	–	–
Finance costs	1,745,299	727,845	–	–
Gain on disposal of property, plant and equipment	(56,000)	(8,473)	–	–
Interest income	(225,983)	(68,579)	(33,693)	(30,330)
Inventories written off	1,358,844	12,406,755	–	–
Additional/(Reversal of) inventories written down	325,636	(5,963,281)	–	–
Net additional/(reversal of) impairment				
- amount owing by a subsidiary	–	–	–	(3,404,202)
- investment in subsidiaries	–	–	14,221,974	2,441,402
- trade receivables	21,220	–	–	–
- property, plant and equipment	–	6,210,633	–	–
- right-of-use assets	(1,300,000)	4,071,181	–	–
Property, plant and equipment written off	–	4,127	–	–
Provision for reinstatement cost	–	737,229	–	–
Share options granted under ESOS	415,924	191,938	–	–
Unrealised gain on foreign exchange	(225,868)	(164,988)	–	–
Operating profit/(loss) before changes in working capital	5,039,604	(6,271,022)	(19,157)	(734,577)
Inventories	(623,632)	2,516,923	–	–
Trade and other receivables	(2,755,658)	1,759,016	–	–
Trade and other payables	548,427	(5,863,674)	45,153	7,836
Repayment to a director	–	(1,465,000)	–	–
Net cash flows generated from/(used in) operations	2,208,741	(9,323,757)	25,996	(726,741)
Income tax paid	(908)	(10)	(902)	–
Net cash flows generated from/(used in) operating activities	2,207,833	(9,323,767)	25,094	(726,741)

STATEMENTS OF CASH FLOWS

(CONT'D)

	Note	Group 2021 RM	Group 2020 RM (Restated)	Company 2021 RM	Company 2020 RM
Cash flows from investing activities					
Acquisition of intangible assets		(628,715)	–	–	–
Change in pledged deposits		964,010	–	–	–
Interest received		225,983	68,579	33,693	30,330
Investment in subsidiaries		–	–	(3,500,000)	
Placement of fixed deposits		–	(1,554,010)	–	–
Proceeds from disposal of property, plant and equipment		56,000	44,072	–	–
Purchase of:					
- property, plant and equipment	(a)	(10,936,907)	(8,693,818)	–	–
- right-of-use assets	(a)	(68,881)	–	–	–
Net cash (used in)/from investing activities		(10,388,510)	(10,135,177)	(3,466,307)	30,330
Cash flows from financing activities					
Repayment from/(Advances to) subsidiaries		–	–	2,156,604	(9,952,454)
Interest paid		(1,745,299)	(727,845)	–	–
Drawdown of banker acceptance	(b)	2,737,000	–	–	–
Drawdown of term loans	(b)	10,738,419	11,761,581	–	–
Proceeds from issuance of shares:					
- Private placement		–	11,940,801	–	11,940,801
- ESOS		837,288	–	837,288	–
Repayments of banker acceptance	(b)	(1,087,000)	–	–	–
Repayments of term loans	(b)	(2,087,450)	(257,787)	–	–
Repayments of lease liabilities	(b)	(1,384,789)	(1,169,639)	–	–
Net cash from financing activities		8,008,169	21,547,111	2,993,892	1,988,347
Net (decrease)/increase in cash and cash equivalents		(172,508)	2,088,167	(447,321)	1,291,936
Cash and cash equivalents at beginning of the financial year		16,077,525	14,149,496	1,332,890	40,954
Effect of foreign exchange rate changes on cash and cash equivalents		73,347	(160,138)	–	–
Cash and cash equivalents at end of the financial year	19	15,978,364	16,077,525	885,569	1,332,890

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

(a) Purchase of property, plant and equipment and right-of-use assets

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Purchase of:				
- property, plant and equipment	17,970,316	1,660,409	–	–
- right-of-use assets	368,881	–	–	–
Finance by way of lease arrangements	(300,000)	–	–	–
Advance payment	(7,033,409)	7,033,409	–	–
Cash payments on purchase of property, plant and equipment and right-of-use assets	11,005,788	8,693,818	–	–
Represented by:				
- property, plant and equipment	10,936,907	8,693,818	–	–
- right-of-use assets	68,881	–	–	–
	11,005,788	8,693,818	–	–

(b) Reconciliation of liabilities arising from financing activities

	At 1 April RM	Cash flows RM	Non-cash: Initial application of MFRS 16 RM (Restated)	Non-cash: Acquisition of new leases RM	Non-cash: Foreign exchange movement RM	At 31 March RM (Restated)
Group						
2021						
Lease liabilities	8,452,046	(1,384,789)	–	300,000	20,778	7,388,035
Term loans	11,503,794	8,650,969	–	–	–	20,154,763
Bankers' acceptance	–	1,650,000	–	–	–	1,650,000
	19,955,840	8,916,180	–	300,000	20,778	29,192,798
2020						
Lease liabilities	46,120	(1,169,639)	9,570,291	–	5,274	8,452,046
Term loans	–	11,503,794	–	–	–	11,503,794
	46,120	10,334,155	9,570,291	–	5,274	19,955,840

(c) Total cash outflows for leases as a lessee

During the financial year, the Group had total cash outflows for leases of RM1,403,167 (2020: RM1,169,639).

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The principal place of business and registered office of the Company is located at No. 1, Jalan Penguam U1/25A, Seksyen U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The Company is principally engaged investment holding. The principal activities of the subsidiaries are detailed in Note 15 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 July 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendments to MFRS 16 Leases issued by Malaysian Accounting Standards Board ("MASB") on 5 June 2020 or/and 6 April 2021.

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

Amendment to MFRS 16 Leases

The Group has early adopted the amendments to MFRS 16 that exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2022.

The Group elected the practical expedient not to assess whether a rent concession received from landlord is a lease modification. The effects of adoption of the above amendment is disclosed in Note 6 to the financial statements as rent concession income.

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

(a) The Group and the Company have not adopted the following new MFRS and amendments/ improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurances Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statement of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018 - 2020*
# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Annual Improvements to MFRS Standards 2018 – 2020

Annual Improvements to MFRS Standards 2018 – 2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

- MFRS 9 *Financial Instruments* – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements to remove any potential confusion regarding the treatment of lease incentives.

- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (continued)

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

(c) The Group and the Company are currently assessing the impact of initial application of the above applicable amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2. BASIS OF PREPARATION (CONT'D)

2.5 Basis of measurement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

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

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

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

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

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

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

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

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

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

(b) Non-controlling interests

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

(c) Transactions eliminated on consolidation

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b) to the financial statements.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

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

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

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

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

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates that do not result in the Group losing significant influence, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

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

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

(a) Subsequent measurement

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

(i) Financial assets

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

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

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.11(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

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

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows: (Cont'd)

(i) Financial assets (Cont'd)

- **Fair value through other comprehensive income ("FVOCI")**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.11(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss. The Group and the Company have not designated any financial asset as financial assets at FVOCI.

- **Fair value through profit or loss ("FVPL")**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment. The Group and the Company have not designated any equity instruments designated as FVOCI.

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

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows: (Cont'd)

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

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

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

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

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

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

3.4 Financial instruments (Cont'd)

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire, or
(ii) 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; 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.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of 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.

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.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

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

3.5 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment (other than freehold land and buildings) are measured at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

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

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

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(ii) Subsequent costs

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

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

3.5 Property, plant and equipment (Cont'd)

(iii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2%
Furniture, fittings and office equipment	20%
Motor vehicles	20%
Plant, equipment and machineries	10%
Renovations	10%
Tools and equipment	10% - 33.33%

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

(iv) Derecognition

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

3.6 Leases

(a) Definition of lease

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

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group present right-of-use assets and lease liabilities as separate line items in the statements of financial position.

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

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Right-of-use asset

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group use its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

<u>Short-term leases and leases of low value assets</u>

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group is intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b), then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. The Group uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

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

3.7 Investment properties (Cont'd)

All properties are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Freehold apartments	50 years

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use.

3.8 Intangible assets

Research and development costs

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The development costs are amortised on a straight-line basis over the period of 8 years during which their economic benefits are expected to be consumed. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

3.9 Inventories

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

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

- raw materials: cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

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

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

3.10 Cash and cash equivalents

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

3.11 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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

3.11 Impairment of assets (Cont'd)

(a) Impairment of financial assets (Cont'd)

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit-impaired. A financial asset is credit- impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

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 non-financial assets or cash- generating units ("CGUs"). 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 business combination.

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

3.11 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets (Cont'd)

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. 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. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.12 Share capital

(a) Ordinary shares

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

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

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

3.13 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution plans are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

(c) Share-based payments

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model. Details regarding the determination of the fair value of equity-settled share- based payments are set out in Note 22(a) to the financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

3.14 Provisions

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

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

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

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

3.15 Borrowing costs

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

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

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

3.16 Revenue and other income

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

Revenue from sale of goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

The Group measures revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as sales and service tax/value added tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the expected costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

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

3.16 Revenue and other income (Cont'd)

(a) Sale of goods - manufacturing

The Group manufactures and sell a range of toners to local and foreign customers. Revenue from sale of manufactured goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term range of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts where applicable. The Group uses the expected value method because it is the method that the Group expects to better predict the estimated volume discounts to which it will be provided to the customers.

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

Where consideration is collected from customer in advance for sale of manufactured good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of manufactured goods to the customer.

(b) Sale of goods – trading

Revenue from sale of goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

The Group's customary business practice is to allow a customer to return any defected product and receive a full refund. The Group uses its experience in estimating returns for this product and customer class. The Group uses the expected value method because it is the method that the Group expects to better predict the amount of consideration to which the products will be refunded. With that, upon transfer the control of the product, the Group does not recognise revenue for products that it is highly probable to be returned.

Sales are made with zero credit term, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Revenue is recognised based on the price specified in the contract.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Rental income

Rental income is recognised on a straight-line basis over the lease term.

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

3.16 Revenue and other income (Cont'd)

(e) Management fees

Management fees are recognised overtime as the services are rendered.

(f) Dividend income

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

3.17 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

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

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

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

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

3.17 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

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

Where freehold land and buildings are carried at fair value in accordance with the accounting policy as disclosed in Note 3.5 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

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

(c) Sales and services tax

Revenues, expenses and assets are recognised net of amount of sales and services tax ("SST") except:

- where the SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the 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 the amount of SST included.

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

(d) Value added tax

The Group's sale of goods in the People's Republic of China ("PRC") are subject to value added tax ("VAT") at the applicable tax rate of 13% for PRC domestic sales. Input VAT on purchases can be deducted from output VAT. Revenue, expenses and assets are recognised net of the amount of VAT except where:

- where VAT incurred on the purchases of assets or services is not recoverable from the tax authority, in which case VAT is recognised as part of the cost of acquisition of the asset or as part of the expense items as applicable; and
- receivables and payables that are stated with the amount of VAT included.

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

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

3.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.19 Operating segments

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

3.20 Fair value measurements

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

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

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

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

There were no transfers between levels of the fair value hierarchy during the financial year.

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

3.21 Contingencies

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

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

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of property, plant and equipment and right-of-use assets (Note 11 and 13)

The Group assesses impairment of property, plant and equipment and right-of-use assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Accordingly, the Group performed impairment test on property, plant and equipment and right-of-use assets relating to its manufacturing segment and product distribution segment by determining the recoverable amount of the respective cash-generating unit.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group uses its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial positions and results if the actual cash flows are less than the expected.

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

(b) Valuation of property, plant and equipment (Note 11)

Freehold land and buildings are carried at revalued amount. Revaluation of these assets is based on valuation performed by independent professional property valuers. The valuation methods adopted by the valuers include combination of cost and direct comparison method, being replacement cost for similar assets and comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, size, tenure, title restrictions, neighbourhood and other relevant factors. Judgement is made in determining the appropriate valuation methods and the key assumptions used in the valuations. Any changes in these assumptions will have an impact on the carrying amounts of the freehold land and buildings.

(c) Write-down of obsolete or slow moving inventories (Note 17)

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

(d) Impairment in investment in subsidiaries (Note 15)

The Company determines whether there is any indication of impairment in investment in subsidiaries. If any of such indication exist, the Company makes estimation on the recoverable amounts of the investment in subsidiaries.

The recoverable amount of investment in subsidiaries were determined based on value-in-use which involves exercise of significant judgement on the discount rates applied and the assumptions supporting the underlying cash flow projections which include near-term impact from COVID-19 pandemic, future revenue, gross profit margin and operating expenses.

5. REVENUE

	Group 2021 RM	Group 2020 RM
Sale of trading goods	1,945,326	–
Sale of manufactured goods	43,146,738	47,262,583
	45,092,064	47,262,583
Timing of revenue recognition:		
At a point in time	45,092,064	47,262,583

(a) Disaggregation of revenue

The Group report the segment: product distribution and manufacturing in accordance with MFRS 8 Operating Segments. For the purpose of disclosure of disaggregation of revenue, it disaggregates revenue into trading and manufactured goods and timing of revenue recognition.

	Group		
	Product distribution RM	Manufacturing RM	Total RM
2021			
Trading goods	1,945,326	–	1,945,326
Manufactured goods	–	43,146,738	43,146,738
	1,945,326	43,146,738	45,092,064
Timing of revenue recognition:			
At a point in time	1,945,326	43,146,738	45,092,064
2020			
Manufactured goods	–	47,262,583	47,262,583
Timing of revenue recognition:			
At a point in time	–	47,262,583	47,262,583

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. OPERATING PROFIT/(LOSS)

Other than disclosed elsewhere in the financial statements, the following item have been charged/(credited) in arriving at operating profit/(loss):

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration:					
- statutory audits		144,276	90,457	56,000	29,000
- under provision in prior year		2,000	–	2,000	–
- non statutory audits		6,000	5,000	6,000	5,000
Amortisation of intangible assets	14	78,589	–	–	–
Bad debts written off		102,176	–	–	–
Depreciation of:					
- property, plant and equipment	11	3,612,880	9,092,877	–	–
- investment properties	12	2,400	2,400	–	–
- right-of-use assets	13	892,979	1,337,324	–	–
(Gain)/Loss on foreign exchange:					
- realised		(378,871)	(359,599)	(556,624)	61,980
- unrealised		(225,868)	(164,988)	-	-
Interest income		(225,983)	(68,579)	(33,693)	(30,330)
Inventories written off	17	1,358,844	12,406,755	–	–
Additional/(Reversal of) inventories written down	17	325,636	(5,963,281)	–	–
COVID 19-related rent concession income		179,688	–	–	–
Employee benefits expenses	7	8,450,615	8,632,826	329,727	284,890
Expenses relating to short-term leases		18,398	–	–	–
Gain on disposal of property, plant and equipment		(56,000)	(8,473)	–	–
Net (reversal of)/additional impairment on:					
- amount owing by a subsidiary		–	–	–	(3,404,202)
- investment in subsidiaries		–	–	14,221,974	2,441,402
- trade receivables	18(a)	21,220	–	–	–
- property, plant and equipment	11	–	6,210,633	–	–
- right-of-use assets	13	(1,300,000)	4,071,181	–	–
Property, plant and equipment written off		–	4,127	–	–

7. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Wages, salaries and allowances	7,122,804	7,687,753	329,727	284,890
Defined contribution plan	705,217	558,864	–	–
Other benefits	206,670	194,271	–	–
Share based payments	415,924	191,938	–	–
	8,450,615	8,632,826	329,727	284,890

Included in employee benefits expenses are:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors' remuneration				
Executive:				
Salaries, allowances	1,279,120	1,022,800	–	–
Fee	104,166	97,500	104,166	97,500
Defined contribution plan	153,576	124,044	–	–
Other emoluments	14,112	17,976	–	–
Share based payments	132,480	33,120	–	–
Total executive directors' remuneration	1,683,454	1,295,440	104,166	97,500
Non-executive:				
Fees	225,561	187,390	225,561	187,390
Total directors' remuneration	1,909,015	1,482,830	329,727	284,890

8. FINANCE COSTS

	Group	
	2021 RM	2020 RM (Restated)
Interest expense on:		
- lease liabilities	536,232	586,003
- term loans	1,143,801	129,742
- others	65,266	12,100
Total finance costs	1,745,299	727,845

9. TAXATION

The major components of income tax expense for the financial years ended 31 March 2021 and 31 March 2020 are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Income tax:				
- Underprovision in prior years	908	3,547	902	–
Deferred tax:				
- Current year	(25,475)	(27,941)	–	–
- Under/(Over) provision in prior years	164,944	(75,784)	–	–
	139,469	(103,725)	–	–
Income tax recognised in profit or loss	140,377	(100,178)	902	–

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the China subsidiary of the Group is 25% (2020: 25%).

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

9. TAXATION (CONT'D)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2021 RM	2020 RM (Restated)	2021 RM	2020 RM
(Loss)/Profit before tax	(1,708,492)	(34,848,010)	(14,207,438)	258,553
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	(410,038)	(8,363,522)	(3,409,785)	62,053
Different tax rate in foreign jurisdications	(106,390)	53,445	–	–
Expenses not deductible for tax purposes	428,904	8,104,393	3,543,687	825,508
Income not subject to tax	(451,682)	(1,925,652)	(133,902)	(887,561)
Tax savings arising from Pioneer status	(257,916)	–	–	–
Crystallisation of deferred tax liabilities arising from revaluation	(25,475)	(27,941)	–	–
Deferred tax assets not recognised	797,122	2,131,336	–	–
Under provision of income tax in prior years	908	3,547	902	–
Under/(Over) provision of deferred tax in prior years	164,944	(75,784)	–	–
Income tax expense for the financial year	140,377	(100,178)	902	–

10. LOSS PER SHARE

(a) Basic loss per ordinary share

Basic loss per share is based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2021 RM	2020 RM (Restated)
Loss attributable to owners of the Company:	(1,848,869)	(34,747,832)
Weighted average number of ordinary shares for basic earning per share (unit)	1,051,910,451	1,035,870,451
Basic loss per ordinary share (sen)	(0.18)	(3.35)

(b) Diluted loss per ordinary share

Diluted loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	Group	
	2021 RM	2020 RM (Restated)
Loss attributable to owners of the Company:	(1,848,869)	(34,747,832)
Weighted average number of ordinary shares for basic earning per share (unit)	1,051,910,451	1,035,870,451
Effect on dilution from ESOS	28,008,000	9,341,800
Weighted average number of ordinary shares for diluted earnings per share	1,079,918,451	1,045,212,251
Basic loss per ordinary share (sen)	(0.17)	(3.32)

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land at valuation RM	Buildings at valuation RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Plant and machineries RM	Renovation RM	Tools and equipment RM	Total RM
Group								
Cost, unless otherwise stated:								
At 1 April 2020	34,700,000	17,105,394	3,226,618	1,099,949	116,370,975	870,932	4,504,447	177,878,315
Additions	–	–	121,949	4,617	17,832,850	–	10,900	17,970,316
Disposals	–	–	–	(651,484)	–	–	–	(651,484)
Revaluation surplus/(deficit)	4,000,000	(805,394)	–	–	–	–	–	3,194,606
Exchange differences	–	–	3,939	3,045	2,675	5,454	3,047	18,160
At 31 March 2021	38,700,000	16,300,000	3,352,506	456,127	134,206,500	876,386	4,518,394	198,409,913
Accumulated depreciation								
At 1 April 2020	–	–	2,996,064	1,020,543	91,115,799	658,063	4,074,753	99,865,222
Depreciation for the financial year	–	419,180	122,029	31,926	2,832,329	66,770	140,646	3,612,880
Disposals	–	–	–	(651,484)	–	–	–	(651,484)
Elimination of accumulated depreciation on revaluation	–	(419,180)	–	–	–	–	–	(419,180)
Exchange differences	–	–	3,232	190	1,690	2,532	2,028	9,672
At 31 March 2021	–	–	3,121,325	401,175	93,949,818	727,365	4,217,427	102,417,110
Accumulated impairment losses								
At 1 April 2020/31 March 2021	–	–	–	–	18,593,742	–	–	18,593,742
Net carrying amount								
At 31 March 2021	38,700,000	16,300,000	231,181	54,952	21,662,940	149,021	300,967	77,399,061

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

	Freehold land at valuation RM	Buildings at valuation RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Plant and machineries RM	Renovation RM	Tools and equipment RM	Total RM
Group								
Cost, unless otherwise stated:								
At 1 April 2019	24,600,000	16,730,001	3,345,685	1,075,648	115,576,307	1,700,692	4,248,983	167,277,316
Additions	–	–	17,319	73,177	1,236,784	76,873	256,256	1,660,409
Disposals	–	–	(47,214)	(48,562)	(143,150)	–	–	(238,926)
Revaluation surplus	10,100,000	375,393	–	–	–	–	–	10,475,393
Write offs	–	–	(85,298)	–	(288,221)	(886,028)	–	(1,259,547)
Exchange differences	–	–	(3,874)	(314)	(10,745)	(20,605)	(792)	(36,330)
At 31 March 2020	34,700,000	17,105,394	3,226,618	1,099,949	116,370,975	870,932	4,504,447	177,878,315
Accumulated depreciation								
At 1 April 2019	–	2,973,975	2,981,340	995,496	83,302,575	1,493,936	3,891,287	95,638,609
Depreciation for the financial year	–	399,783	147,284	38,557	8,253,336	70,233	183,684	9,092,877
Disposals	–	–	(47,119)	(13,349)	(142,859)	–	–	(203,327)
Elimination of accumulated depreciation on revaluation	–	(3,373,758)	–	–	–	–	–	(3,373,758)
Write offs	–	–	(82,314)	–	(287,173)	(885,933)	–	(1,255,420)
Exchange differences	–	–	(3,127)	(161)	(10,080)	(20,173)	(218)	(33,759)
At 31 March 2020	–	–	2,996,064	1,020,543	91,115,799	658,063	4,074,753	99,865,222
Accumulated impairment losses								
At 1 April 2019	–	–	–	–	12,383,109	–	–	12,383,109
Impairment charge for the financial year	–	–	–	–	6,210,633	–	–	6,210,633
At 31 March 2020	–	–	–	–	18,593,742	–	–	18,593,742
Net carrying amount								
At 31 March 2020	34,700,000	17,105,394	230,554	79,406	6,661,434	212,869	429,694	59,419,351

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

(a) During the financial year, the freehold land and buildings are stated at valuation based on an independent professional valuation performed by JS Valuer Property Consultants (Selangor) Sdn. Bhd. using the combination of Cost and Comparison Method that makes reference to replacement cost of similar assets and recent transactions and sales evidence involving other similar properties in the vicinity. The most significant input to this valuation approach is cost per square feet and price per square feet of comparable properties.

(b) Had the revalued assets been carried at cost less accumulated depreciation, the carrying amount would have been as follows:

	Group	
	2021 RM	**2020 RM**
Freehold land	10,784,571	10,784,571
Buildings:		
Cost	16,329,701	16,329,701
Accumulated depreciation	(3,627,160)	(3,300,566)
	12,702,541	13,029,135

(c) Fair value information

The fair value of the land and buildings is categorised as Level 3.

There are no Level 1 or Level 2 property, plant and equipment or transfers between Level 1 and Level 2 fair values during the financial year.

(d) A freehold land and buildings with carrying amount of RM51,700,000 (2020: RM48,524,750) have been pledged to banks for banking facilities granted to subsidiaries as disclosed in Note 23 to the financial statements.

12. INVESTMENT PROPERTIES

Group	Freehold apartment RM
Cost	
At 1 April 2019/31 March 2020/2021	120,000
Accumulated depreciation	
At 1 April 2019	31,800
Depreciation charge for the financial year	2,400
At 31 March 2020	34,200
Depreciation charge for the financial year	2,400
At 31 March 2021	36,600
Net carrying amount	
At 31 March 2020	85,800
At 31 March 2021	83,400
Fair value	
At 31 March 2020	248,258
At 31 March 2021	249,980

Fair value information

Fair value of investment properties is categorised as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Freehold apartment	–	–	248,258	248,258
2021				
Freehold apartment	–	–	249,980	249,980

The fair value on the investment properties of the Group which are determined by the directors of the Company based on sales comparison approach. Sales price 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.

13. RIGHT-OF-USE ASSETS

The Group leases several assets including buildings, equipment and motor vehicle. Information about leases of the Group as lessee are presented below:

	Buildings RM	Forklift RM	Air Compressor RM	Motor Vehicle RM	Total RM
Group					
Cost					
At 1 April 2019					
- As previously reported	7,046,151	220,908	189,972	–	7,457,031
- Retrospective restatement	2,665,091	–	–	–	2,665,091
At 1 April 2019, as restated	9,711,242	220,908	189,972	–	10,122,122
Addition	703,013	–	–	–	703,013
Exchange differences	5,848	–	–	–	5,848
At 31 March 2020, as restated	10,420,103	220,908	189,972	–	10,830,983
Addition	–	–	–	368,881	368,881
Exchange differences	28,306	–	–	–	28,306
At 31 March 2021	10,448,409	220,908	189,972	368,881	11,228,170
Accumulated depreciation					
At 1 April 2019					
- As previously reported	1,761,538	12,272	14,496	–	1,788,306
- Retrospective restatement	(145,394)	–	–	–	(145,394)
At 1 April 2019, as restated	1,616,144	12,272	14,496	–	1,642,912
Depreciation charge for the financial year, restated	1,168,702	73,636	94,986	–	1,337,324
Exchange differences	650	–	–	–	650
At 31 March 2020, as restated	2,785,496	85,908	109,482	-	2,980,886
Depreciation charge for the financial year	707,655	67,946	80,490	36,888	892,979
Exchange differences	8,273	–	–	–	8,273
At 31 March 2021	3,501,424	153,854	189,972	36,888	3,882,138
Accumulated impairment losses					
At 1 April 2019	–	–	–	–	–
Impairment charge for the financial year, as previously reported	2,373,172	–	–	–	2,373,172
Prior year adjustment	1,698,009	–	–	–	1,698,009
At 31 March 2020, as restated	4,071,181	–	–	–	4,071,181
Reversal of impairment losses	(1,300,000)	–	–	–	(1,300,000)
At 31 March 2021	2,771,181	–	–	–	2,771,181
Net carrying amount					
At 31 March 2021	4,175,804	67,054	–	331,993	4,574,851
At 31 March 2020, restated	3,563,426	135,000	80,490	–	3,778,916

13. RIGHT-OF-USE ASSETS (CONT'D)

(a) The Group leases buildings for its office space and operation site. The lease of office space and operation site generally have lease term between 2 to 9 years.

The Group leases equipment and motor vehicle with lease term between 2 to 5 years.

(b) Impairment loss and subsequent reversal

During the previous financial year, the Group continued to report losses under its manufacturing segment which indicated existence of impairment. The Group assessed the recoverable amount and recognised an impairment loss of RM4,071,181. During the current financial year, the Group expands the business to product distribution segment. Accordingly, the Group reassessed the recoverable amount of right-of-use assets occupied by product distribution segment and reversed part of the initially recognised impairment by RM1,300,000.

The estimate of value in use was determined using a pre-tax discount rate of 9.07% (2020: 5.49%).

The impairment loss and subsequent reversal were recognised in the other expenses and other income respectively in the statements of other comprehensive income.

14. INTANGIBLE ASSETS

Group	Development costs RM
Cost	
At 1 April 2020	–
Additions	628,715
At 31 March 2021	628,715
Accumulated amortisation	
At 1 April 2020	–
Amortisation charge for the financial year	78,589
At 31 March 2021	78,589
Carrying amount	
At 31 March 2021	550,126

Development costs

The development costs principally comprise internally generated expenditure incurred for developing the new products for Chemically Produced Toner, where it is reasonably anticipated that the costs will be recovered through future activities.

15. INVESTMENT IN SUBSIDIARIES

	Note	Company 2021 RM	2020 RM
Unquoted shares, at cost			
At beginning of the financial year		14,608,035	14,608,035
Additions during the financial year	(b)	3,500,000	–
At end of the financial year		18,108,035	14,608,035
Loans that are part of net investments	(c)	103,454,153	67,437,543
Equity contribution in respect of ESOS		607,862	191,938
		122,170,050	82,237,516
Less: Accumulated impairment losses			
At beginning of the financial year		(4,184,656)	(1,743,254)
Additions during the financial year	(d)	(14,221,974)	(2,441,402)
At end of the financial year		(18,406,630)	(4,184,656)
		103,763,420	78,052,860

(a) Details of the subsidiaries are as follows:

Name	Principal place of business/ Country of incorporation	Principal activities	Ownership interest 2021 %	Ownership interest 2020 %
Direct subsidiaries				
Jadi Imaging Technologies Sdn. Bhd.	Malaysia	Manufacturing and sale of toner	100	100
Jadi Imaging Supplies (US), Inc. **	United States of America	Dormant	100	100
Jadi Imaging Solutions (UK) Limited **	United Kingdom	Distributing of toner	100	100
Zhuhai Jadi Imaging Technologies Co., Ltd. *	The People's Republic of China	Trading of toner	100	100
Jadi Life Solutions Sdn. Bhd.	Malaysia	Retailling of consumer products via e-commerce	100	100
Subsidiaries of Jadi Imaging Technologies Sdn. Bhd.				
Jadi Imaging Solutions Sdn. Bhd. ^^	Malaysia	Wound up	–	100
Jadi Chemicals Sdn. Bhd.	Malaysia	Manufacturing and sale of toner resin	100	100

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows:

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

** Consolidated using unaudited management financial statements, auditors' report is not available.

^^ Jadi Imaging Solutions Sdn. Bhd. had on 17 November 2020 filed for an application of winding up with the Suruhanjaya Syarikat Malaysia. On 28 December 2020, the wholly-owned subsidiary had been struck off from the register and dissolved pursuant to Section 551(1) of the Companies Act 2016.

(b) During the financial year, the Company increased its equity interest in Jadi Life Solutions Sdn. Bhd. by issuance of 3,500,000 ordinary shares of RM1 each.

(c) Loans that are part of net investments represent amount owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiaries. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss, if any.

(d) During the financial year, an impairment loss of RM14,221,974 (2020: RM2,441,402) is provided in the profit or loss under other expenses, for the cost of investment in subsidiaries as the carrying amount of the cost of investment in the subsidiaries are higher than their recoverable amount. The recoverable amount was based on value-in- use and the cash flows were discounted at a rate of 11.92% on a pre-tax basis.

16. OTHER INVESTMENTS

	Group	
	2021	**2020**
	RM	**RM**
Non-current		
Fair value through profit or loss		
Corporate membership in golf club	50,000	50,000

17. INVENTORIES

	Group	
	2021 RM	2020 RM
At lower of cost and net realisable value:		
Raw materials	15,419,817	16,803,865
Finished goods	20,832,087	22,253,081
Spare parts	702,644	365,543
Work-in-progress	107,086	47,538
Goods in transit	1,877,556	519,138
	38,939,190	39,989,165
Recognised in profit or loss:		
Inventories recognised as cost of sales	36,620,247	51,342,787
Inventories written off	1,358,844	12,406,755
Inventories written down	325,636	–
Reversal of inventories written down	–	(5,963,281)

18. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Current					
Trade					
Trade receivables	(a)	8,743,624	7,811,907	–	–
Less: Impairment for trade receivables		(21,672)	–	–	–
Trade receivables, net		8,721,952	7,811,907	–	–
Non-trade					
Other receivables					
- Third parties		430,198	562,919	–	–
- Amounts owing by subsidiaries	(b)	–	–	–	38,173,214
Prepayments	(c)	1,934,544	7,323,247	–	–
Refundable deposits		508,115	608,621	1,500	1,500
Value Added Tax refundable		1,714,687	1,235,078	–	–
		4,587,544	9,729,865	1,500	38,174,714
Total trade and other receivables		13,309,496	17,541,772	1,500	38,174,714

18. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

Trade receivables are non-interest bearing and the credit terms of trade receivables offered by the Group range from 30 to 60 days (2020: 30 to 60 days).

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement of the impairment of trade receivables are as follows:

	Group	
	2021	**2020**
	RM	**RM**
At 1 April	–	–
Charges for the financial year		
- collectively assessed	21,220	–
Exchange differences	452	–
At 31 March	21,672	–

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

The information about the credit exposures is disclosed in Note 30(c)(i) to the financial statements.

(b) Amount owing from subsidiaries

Amount owing from subsidiaries were non-trade in nature, unsecured, interest free, repayable on demand and were expected to be settled in cash.

(c) Prepayments

Included in prepayments of the Group is an amount of RM1,327,000 (2020: RM7,033,409) being down payment paid for expansion of manufacturing activities which is not ready for its intended use. During the financial year, RM7,033,409 (2020: Nil) has been reclassified as property, plant and equipment representing plant and machineries available for use.

19. CASH AND SHORT-TERM DEPOSITS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	(a)	9,951,334	9,694,698	885,569	144,905
Short term deposits placed with licensed banks	(b)	7,527,030	8,846,837	–	1,187,985
Cash and short-term deposits as presented in statements of financial position		17,478,364	18,541,535	885,569	1,332,890
Less: Pledged deposits	(c)	(1,500,000)	(2,464,010)	–	–
Cash and short-term deposits as presented in statements of cash flows		15,978,364	16,077,525	885,569	1,332,890

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates.

(b) Included in deposits with licensed banks are short-term deposits made for varying periods of between 1 and 30 days depending on the immediate cash requirements of the Group and earn interests at the respective short-term deposit rates. The interest rate is 1.50% to 3.35% (2020: 2.40% to 3.35%) per annum at the end of the reporting date.

(c) Deposits with licensed banks of the Group amounting to RM1,500,000 (2020: RM2,464,010) are pledged to licensed bank as securities for credit facilities granted to the Group as disclosed in Note 23 to the financial statements.

20. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2021 Unit	2020 Unit	2021 RM	2020 RM
Issued and fully paid up:				
At 1 April				
Issuance of shares	1,035,990,123	941,820,083	106,126,270	94,185,469
pursuant to:				
- ESOS	16,040,000	–	1,058,640	–
- Private placement	–	94,170,040	–	12,195,381
Transactioncosts of share issue	–	–	–	(254,580)
At 31 March	1,052,030,123	1,035,990,123	107,184,910	106,126,270

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the Company issued 16,040,000 new ordinary shares from the exercise of the Company's Employee Share Option Scheme ("ESOS") at the exercise price of as disclosed in Note 22(a) to the financial statements.

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

21. TREASURY SHARES

	Group and Company			
	Number of ordinary shares		Amount	
	2021 Unit	2020 Unit	2021 RM	2020 RM
At 1 April/31 March	119,672	119,672	22,042	22,042

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

22. OTHER RESERVES

	Note	Group 31.3.2021 RM	Group 31.3.2020 RM (Restated)	Group 1.4.2019 RM (Restated)	Company 2021 RM	Company 2020 RM
Share option reserve	(a)	386,510	191,938	–	386,510	191,938
Foreign currency translation reserve	(b)	(108,265)	(200,680)	(37,895)	–	–
Revaluation reserve	(c)	27,942,623	26,603,361	14,247,487	–	–
		28,220,868	26,594,619	14,209,592	386,510	191,938

(a) Share option reserve

The share option reserve comprises the cumulative value of services received from directors and employees for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

During the financial year, the ESOS Committee has approved the percentage of exercisable options by the eligible directors and employees of the Group from the maximum percentage of 20% in each year to 100% up to the expiry of the ESOS.

The salient features of the ESOS scheme are, inter alia, as follows:

(i) Eligible Directors or employees of the Group are those who have fulfilled the following conditions:

- if he is employed on a full time basis and has not served a notice to resign or received a notice of termination;
- if he is employed under an employment contract for a fixed duration excluding those who are employed on a short-term contract;
- if his employment has been confirmed in writing and not under a probationary period;
- if he has attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings; and if he fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee at its sole and absolute discretion from time to time.

(ii) The maximum number of new JADI Shares, which may be allotted and issued pursuant to the Proposed ESOS shall not exceed in aggregate 15% of the total number of issued shares of the Company (excluding treasury shares), at any point in time throughout the duration of the Proposed ESOS.

(iii) The maximum number of new JADI Shares that may be offered to an Eligible Person under the Proposed ESOS shall be determined at the discretion of the ESOS Committee after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority and/ or length of service of the Eligible Person.

22. OTHER RESERVES (CONT'D)

(a) Share option reserve (Cont'd)

The salient features of the ESOS scheme are, inter alia, as follows (Cont'd):

(iv) Not more than 70% of the ESOS Options available under the Proposed ESOS shall be allocated, in aggregate, to the executive Directors and senior management of JADI Group who are Eligible Persons, on the basis that they are crucial to the performance of the Group.

(v) On or before the expiry of the above initial 5-year period, the Proposed ESOS maybe extended at the sole and absolute discretion of the Board upon recommendation of the ESOS Committee without having to obtain approval from the Company's shareholders in general meeting, for a further period of up to 5 years immediately from the expiry of the first 5 years, but will not in aggregate exceed 10 years from the Effective Date or such longer period as may be allowed by the relevant authorities.

(vi) The Exercise Price shall be based on the 5-day VWAP of JADI Shares immediately preceding the date of the Offer, with a discount of not more than 10% during the duration of the ESOS, at the ESOS Committee's sole and absolute discretion.

The number, weighted average exercise prices and share price at date of exercise of share options are as follows:

	Number of options shares	Exercised price RM	Weighted average remaining contractual life
Granted on 5 August 2019	51,829,000		
Forfeited	(5,120,000)		
Outstanding at 31 March 2020	46,709,000		4.35
Outstanding at 1 April 2020	46,709,000		
Exercised	(16,040,000)	0.0522	
Forfeited	(2,661,000)		
Outstanding at 31 March 2021	28,008,000		3.35

22. OTHER RESERVES (CONT'D)

(a) Share option reserve (Cont'd)

The fair value of share options granted since the effective date of the ESOS was measured using the Black-Scholes Model with the following inputs:

Grant date	5.8.2019
Weighted average fair value of share option at grant date (RM)	0.0138

Weighted average share price (RM)	0.0530
Share price at grant date (RM)	0.0555
Expected volatility (weighted average volatility) (%)	20%
Option life (expected weighted average life)	5 years
Expected dividends	Nil
Risk-free interest rate (%)	3%

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record 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. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Revaluation reserve

	Group	
	2021 RM	**2020 RM**
At 1 April	26,603,361	14,247,487
Revaluation surplus	3,613,786	13,849,151
Deferred tax liabilities relating to revaluation reserve	(2,193,852)	(1,404,796)
Realisation of revaluation reserve	(80,672)	(88,481)
At 31 March	27,942,623	26,603,361

The revaluation reserve relates to revaluation of freehold land and buildings, net of tax.

23. LOANS AND BORROWINGS

	Note	Group 2021 RM	2020 RM
Non-current			
Secured:			
Term loans	(a)	16,535,337	9,880,644
Current			
Secured:			
Term loans	(a)	3,619,426	1,623,150
Bankers' acceptances	(b)	1,650,000	–
		5,269,426	1,623,150
Total loans and borrowings		21,804,763	11,503,794

The maturities of the loans and borrowings at end of the reporting period are as follows:

	Group 2021 RM	2020 RM
On demand or within 1 year	5,269,426	1,623,150
More than 1 year and less than 2 years	3,770,437	4,023,832
More than 2 year and less than 5 years	9,515,095	5,856,812
More than 5 years	3,249,805	–
	21,804,763	11,503,794

(a) Term loans

Term loan 1 of a subsidiary of RM7,619,058 (2020: RM9,242,213) bears interest at 8.25% (2020: 8.25%) per annum and is repayable by monthly instalments of RM193,764 over five years commencing from the day of first drawdown and is secured and supported as follows:

(i) a first party legal charge over a freehold land at Hicom Glenmarie Industrial Park, Shah Alam, Selangor;
(ii) corporate guarantee provided by the Company.

Term loan 2 of a subsidiary of RM12,535,705 (2020: RM2,261,581) bears interest at 4.30% (2020: 5.49%) per annum and is repayable by monthly instalments of RM154,765 over seven years commencing from the day of first drawdown and is secured and supported as follows:

(i) a first party legal charge over a freehold land and building at Jalan Kapar, Klang, Selangor;
(ii) corporate guarantee provided by the Company;
(iii) personal guarantee executed by director of the Company;
(iv) fixed deposit placed with licensed bank.

23. LOANS AND BORROWINGS (CONT'D)

(b) Bankers' acceptances

The bankers' acceptance of the Group bear interests ranging from 3.76 to 3.91% (2020: Nil) per annum.

The bankers' acceptance of the Group is secured by way of

(i) a first party legal charge over a freehold land and building at Jalan Kapar, Klang, Selangor;
(ii) corporate guarantee provided by the Company;
(iii) personal guarantee executed by director of the Company;
(iv) fixed deposit placed with licensed bank.

24. LEASE LIABILITIES

		Group	
	31.3.2021 RM	31.3.2020 RM (Restated)	1.4.2019 RM (Restated)
Non-current			
Lease liabilities	5,986,851	7,093,974	7,799,041
Current			
Lease liabilities	1,401,184	1,358,072	1,068,235
	7,388,035	8,452,046	8,867,276

The incremental borrowing rates applied to the lease liabilities ranging from 4.09% to 6.90% (31.3.2020 and 1.4.2019: 6.90%) per annum.

Future minimum lease payments under leases together with the present value of net minimum lease payments are as follows:

		Group	
	31.3.2021 RM	31.3.2020 RM (Restated)	1.4.2019 RM (Restated)
Future minimum lease payments:			
Not later than 1 year	1,851,173	1,888,666	1,637,300
Later than 1 year and not later than 2 years	1,695,564	1,774,226	1,618,750
Later than 2 years and not laterthan 5 years	4,484,148	4,496,750	4,386,500
More than 5 years	718,750	2,156,250	3,593,750
Total minimum lease payments	8,749,635	10,315,892	11,236,300
Less: Future finance charges	(1,361,600)	(1,863,846)	(2,369,024)
Present value of lease liabilities	7,388,035	8,452,046	8,867,276

24. LEASE LIABILITIES (CONT'D)

Future minimum lease payments under leases together with the present value of net minimum lease payments are as follows: (Cont'd)

		Group	
	31.3.2021 RM	**31.3.2020 RM (Restated)**	**1.4.2019 RM (Restated)**
Analysis of present value of lease liabilities			
Not later than 1 year			
Later than 1 year and not later than 2 years	1,401,184	1,358,072	1,068,235
Later than 2 years and not later than 5 years	1,340,098	1,335,409	1,125,583
	3,938,198	3,703,972	3,362,325
More than 5 years	708,555	2,054,593	3,311,133
	7,388,035	8,452,046	8,867,276
Less: Amount due within 12 months	(1,401,184)	(1,358,072)	(1,068,235)
Amount due after 12 months	5,986,851	7,093,974	7,799,041

25. DEFERRED TAX LIABILITIES

		Group	
	Note	**2021 RM**	**2020 RM**
Deferred tax liabilities:			
At 1 April		2,124,250	759,953
Initial application of MFRS 16		–	63,226
Recognised directly to equity		2,193,852	1,404,796
Transfer to profit or loss	9	139,469	(103,725)
At 31 March		4,457,571	2,124,250

(a) Presented after appropriate off-setting as follows:

	Group	
	2021 RM	**2020 RM**
Deferred tax assets	7,260,951	5,855,607
Deferred tax liabilities	(11,718,522)	(7,979,857)
	(4,457,571)	(2,124,250)

25. DEFERRED TAX LIABILITIES (CONT'D)

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follows:

	Group	
	2021 RM	2020 RM
Deferred tax assets		
Employee benefit	80,812	–
Others	–	164,944
Unabsorbed renivestment allowance	4,918,716	4,918,716
Unabsorbed capital allowances	2,261,423	771,947
	7,260,951	5,855,607
Deferred tax liabilities		
Differences between carrying amount of property, plant and equipment and its tax base	(7,205,588)	(5,690,663)
Revaluation of land and buildings	(4,372,442)	(2,204,065)
Right-of-use assets	(85,129)	(85,129)
Unrealised gain on foreign exchange	(55,363)	–
	(11,718,522)	(7,979,857)

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

	Group	
	2021 RM	2020 RM
Unabsorbed tax losses	23,091,496	20,074,933
Unabsorbed capital allowances	11,757,497	9,651,298
Other taxable temporary differences	2,848,806	4,650,226
	37,697,799	34,376,457
Potential deferred tax assets at 24% (2020: 24%)	9,047,472	8,250,350

Pursuant to Section 11 of the Finance Act 2018 (Act 812), special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business losses, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

Any unused tax losses brought forward from year of assessment 2020 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2021 to 2027).

25. DEFERRED TAX LIABILITIES (CONT'D)

(c) The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows: (Cont'd)

The unused tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	Group	
	2021 RM	2020 RM
2025	6,034,521	6,034,521
2026	11,988,026	11,988,026
2027	2,052,387	2,052,386
2028	3,016,562	–
	23,091,496	20,074,933

26. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Trade					
Trade payables	(a)	4,565,964	3,602,863	–	–
Non-trade					
Other payables	(b)	618,848	1,380,169	–	11,294
Accruals		721,364	429,678	87,447	31,000
Sales and service tax payable		5,055	7,543	–	–
		1,345,267	1,817,390	87,447	42,294
Total trade and other payables		5,911,231	5,420,253	87,447	42,294

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2020: 30 to 90 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 3 months (2020: average term of 3 months).

27. PROVISIONS

	Group	
	2021 RM	2020 RM
Provision for reinstatement cost		
At the beginning of the financial year	737,229	–
Additons	–	737,229
At end of the financial year	737,229	737,229

The provision for reinstatement cost represents the Group's obligation to dismantle and remove the items and restore the site of which the warehouse is located at Alton, United Kingdom. The Group has estimated a range of possible outcome of the total cost, reflecting different assumptions about the pricing of the individual components of cost.

28. RELATED PARTY DISCLOSURES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiaries;
(ii) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

There were no significant transactions between the Company and its related parties during the financial year and the outstanding balances with the related parties of the Company are disclosed in Note 18 to the financial statements.

(c) Compensation of key management personnel

The Group considers the directors to be the key management personnel. Disclosure of their remuneration is made in Note 7 to the financial statements.

29. CAPITAL COMMITMENT

Capital commitment as at the reporting date is as follows:

	Group 2021 RM	Group 2020 RM
Capital expenditure approved and contracted for:		
Property, plant and equipment	144,535	9,266,202

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost ("AC")
(ii) Fair value through profit or loss ("FVPL")

	Carrying amount RM	AC RM	FVPL RM
2021			
Group			
Financial assets			
Trade and other receivables #	9,660,265	9,660,265	–
Other investments	50,000	–	50,000
Cash and short-term deposits	17,478,364	17,478,364	–
	27,188,629	27,138,629	50,000
Financial liabilities			
Loans and borrowings	21,804,763	21,804,763	–
Lease liabilities	7,388,035	7,388,035	–
Trade and other payables *	5,906,176	5,906,176	–
	35,098,974	35,098,974	–
Company			
Financial assets			
Trade and other receivables #	1,500	1,500	–
Cash and short-term deposits	885,569	885,569	–
	887,069	887,069	–
Financial liability			
Trade and other payables	87,447	87,447	–

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (Cont'd)

Exclude prepayments and Value Added Tax refundable
* *Exclude Sale and Service Tax payable*

	Carrying amount RM	AC RM	FVPL RM
2020			
Financial assets			
Group			
Trade and other receivables #	8,983,447	8,983,447	–
Other investments	50,000	–	50,000
Cash and short-term deposits	18,541,535	18,541,535	–
	27,574,982	27,524,982	50,000
Financial liabilities			
Loans and borrowings	11,503,794	11,503,794	–
Lease liabilities	8,452,046	8,452,046	–
Trade and other payables *	5,412,710	5,412,710	–
	25,368,550	25,368,550	–
Financial assets			
Company			
Trade and other receivables #	38,174,714	38,174,714	–
Cash and short-term deposits	1,332,890	1,332,890	–
	39,507,604	39,507,604	–
Financial liability			
Trade and other payables	42,294	42,294	–

Exclude prepayments and Value Added Tax refundable
* *Exclude Sale and Service Tax payable*

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

Group	Carrying amount Total RM	Fair value of financial instruments carried at fair value — Fair value				Fair value of financial instruments not carried at fair value — Fair value			
		Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2021									
Financial asset									
Other investments	50,000	–	–	50,000	50,000	–	–	–	–
Financial liability									
Term loans	16,535,337	–	–	–	–	–	–	16,535,337	16,535,337
2020									
Financial asset									
Other investments	50,000	–	–	50,000	50,000	–	–	–	–
Financial liability									
Term loans	9,880,644	–	–	–	–	–	–	9,880,644	9,880,644

There is no transfer between levels of fair values hierarchy during the financial year.

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value measurement (Cont'd)

Level 3 fair value

Fair value of financial instruments carried at fair value

The fair value is determined based on market comparison technique. The valuation is based on market multiples derived from market comparable information.

Fair value of financial instruments not carried at fair value

The fair value is determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at end of the reporting period.

Fair value hierarchy is not presented for those financial assets and financial liabilities of the Group which are not carried at fair value by any valuation method.

(c) Financial risk management objectives and policies

The Group's and the Company's activities are exposed to 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's and the Company's overall financial risk management objective is to optimise value for their shareholder.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to the credit risk arises primarily from trade and other receivables and from its investing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables

At the reporting date, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

Credit risk concentration profile

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region are as follows:

	Group			
	2021		2020	
	RM	% of total	RM	% of total
South East Asia	1,616,569	19%	740,759	9%
South America	–	0%	5,510	0%
East Asia	6,689,774	77%	6,481,032	83%
South Asia	36,203	0%	127,883	2%
North Asia	–	0%	74,738	1%
Middle East	12,619	0%	–	0%
Europe	353,239	4%	314,366	4%
Others	13,548	0%	67,619	1%
	8,721,952	100%	7,811,907	100%

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit characteristics and the days past due. The impairment losses also incorporate forward-looking information.

The information about the credit risk exposure on the Group's trade using the provision matrix are as follows:

	Gross carrying amount at default RM	Impairment losses RM
Group		
2021		
Neither past due nor impaired	5,792,475	–
1 to 30 days past due not impaired	1,615,701	–
31 to 60 days past due not impaired	803,409	–
61 to 90 days past due not impaired	248,284	–
91 to 120 days past due not impaired	–	–
More than 121 days past due not impaired	283,755	21,672
	8,743,624	21,672

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

Credit risk concentration profile (Cont'd)

The information about the credit risk exposure on the Group's trade using the provision matrix are as follows: (Cont'd)

	Gross carrying amount at default RM	Impairment losses RM
2020		
Neither past due nor impaired	4,219,583	–
1 to 30 days past due not impaired	943,583	–
31 to 60 days past due not impaired	793,882	–
61 to 90 days past due not impaired	1,110,506	–
91 to 120 days past due not impaired	364,116	–
More than 121 days past due not impaired	380,237	–
	7,811,907	–

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are disclosed in Note 18(a) to the financial statements.

Other receivables and other financial assets

For other receivables and other financial assets (including other investments and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Group and the Company consider these financial assets to have low credit risk. As at the reporting date, the Group and the Company did not recognised any loss allowance for impairment for other receivables.

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets (Cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between the entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.11(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

As at the end of the reporting date, the Group did not recognise any loss allowance for impairment for other receivables and other financial assets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to one of the subsidiaries. The Company monitors the results of the subsidiary and their repayment on an on-going basis. The nominal amount relating to the corporate guarantee provided by the Company is as follow:

	2021 RM	2020 RM
Secured		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	21,804,763	11,503,794

The Company considers these financial guarantees to have low credit risk. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) Liquidity risk

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	Total RM
		|------ Contractual cash flows			------|
Group					
2021					
Loans andborrowings	21,804,763	6,355,137	15,227,855	3,377,892	24,960,885
Lease liabilities	7,388,035	1,851,173	6,179,712	718,750	8,749,635
Trade and other payables *	5,906,176	5,906,176	–	–	5,906,176
Total undiscounted financial liabilities	35,098,974	14,112,486	21,407,567	4,096,642	39,616,696
2020 (Restated)					
Loans and borrowings	11,503,794	2,325,173	11,174,742	–	13,499,915
Lease liabilities	8,452,046	1,888,666	6,270,976	2,156,250	10,315,892
Trade and other payables *	5,412,710	5,412,710	–	–	5,412,710
Total undiscounted financial liabilities	25,368,550	9,626,549	17,445,718	2,156,250	29,228,517

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows: (Cont'd)

		Contractual cash flows			
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	Total RM
Company					
2021					
Trade and other payables	87,447	87,447	–	–	87,447
Financial guarantee contracts	–	21,804,763	–	–	21,804,763
Total undiscounted financial liabilities	87,447	21,892,210	–	–	21,892,210
2020					
Trade and other payables	42,294	42,294	–	–	42,294
Financial guarantee contracts	–	11,503,794	–	–	11,503,794
Total undiscounted financial liabilities	42,294	11,546,088	–	–	11,546,088

* *Exclude provision and Sales and Service Tax payable*

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from their loans and borrowings with floating interest rates. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM41,429 (2020: RM21,857) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iv) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases and cash and cash equivalents that are denominated in a foreign currency).

The Group does not engage in foreign currency hedging on its foreign currency exposures but the management is monitoring these exposures on an ongoing basis.

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period were as follows:

	USD **RM**	**RMB** **RM**	**JPY** **RM**	**EUR** **RM**
Group				
31 March 2021				
Trade receivables	1,989,814	–	64,020	–
Other receivables	2,066	–	587,304	–
Cash and bank balances	1,073,365	1,246,009	459,156	–
Trade payables	(899,502)	–	(2,382,285)	–
Other payables	(132,734)	–	–	–
Exposure in the statements of financial position	2,033,009	1,246,009	(1,271,805)	–

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management objectives and policies (Cont'd)

(iv) Foreign currency risk (Cont'd)

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period were as follows:

	USD RM	RMB RM	JPY RM	EUR RM
31 March 2020				
Trade receivables	895,862	–	60,238	–
Other receivables	–	–	–	–
Cash and bank balances	3,453,682	–	130,966	37,244
Trade payables	(625,864)	–	(2,228,619)	–
Other payables	–	–	–	(43,879)
Exposure in the statements of financial position	3,723,680	–	(2,037,415)	(6,635)
Company				
31 March 2021				
Cash and bank balances	34,334	–	–	–
31 March 2020				
Amount owing by subsidiaries	–	10,195,343	–	–
Cash and bank balances	35,803	–	–	–
Exposure in the statements of financial position	35,803	10,195,343	–	–

The Group's principal foreign currency exposure relates mainly to United States Dollar ("USD"), Chinese Renminbi ("RMB"), Japanese Yen ("JPY") and European Dollar ("EUR").

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management objectives and policies (Cont'd)

(iv) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

A sensitivity analysis had been performed to determine the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in the foreign exchange rates against the respective functional currencies of the Group's entities. This analysis assumes that all other variables, in particular interest rates, remain constant. Based on the analysis, there is no material impact on the Group's profit net of tax on potential fluctuation of foreign currencies relevant to the Group.

		Group Effect on profit or loss for the financial year		Company Effect on profit or loss for the financial year	
	Change in rate	2021 RM	2020 RM	2021 RM	2020 RM
Group					
USD	+ 5%	77,254	141,500	1,305	1,361
	- 5%	(77,254)	(141,500)	(1,305)	(1,361)
RMB	+ 5%	47,348	–	–	387,423
	- 5%	(47,348)	–	–	(387,423)
JPY	+ 5%	(48,329)	(77,422)	–	–
	- 5%	48,329	77,422	–	–
EUR	+ 5%	–	(252)	–	–
	- 5%	–	252	–	–

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2021 and 31 March 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by capital. Net debt includes loans and borrowings, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

	Group	
	2021 RM	2020 RM (Restated)
Loans and borrowings	21,804,763	11,503,794
Lease liabilities	7,388,035	8,452,046
Less: Cash and bank balances	(17,478,364)	(18,541,535)
Net debt	11,714,434	1,414,305
Equity attributable to the owners of the Company	112,085,680	111,168,988
Gearing ratio	0.10	0.01

There was no change in the Group's approach to capital management during the financial year.

The Group is not subject to any externally imposed capital requirements.

32. SEGMENT INFORMATION

Operating segments are presented in respect of the Group's business and geographical segments. The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment transactions were carried out on terms and conditions not materially different from those obtainable in transactions with independent third parties.

(a) Business segments

The Group comprises the following main business segments:

(i) Manufacturing

Manufacturing and sale of toner.

(ii) Product distribution

Retailing of consumer products through e-commerce activities.

(iii) Investment holding

Investment of companies.

(b) Geographical segments

The Group comprises the following principal geographical areas:

(i) Malaysia

Manufacturing, sale of toner and product distribution.

(ii) Overseas

Trading and distributing of toner.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers. Segment assets are based on the geographical location of assets.

The management assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements as enumerated in the subsequent paragraphs below.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in manner similar to transactions with third parties.

32. SEGMENT INFORMATION (CONT'D)

	Manufacturing RM	Product distribution RM	Investment holding RM		Total RM
2021					
Revenue					
External revenue	43,146,738	1,945,326	–		45,092,064
Inter-segment revenue	48,306,220	175,329	–	**(a)**	48,481,549
	91,452,958	2,120,655	–		93,573,613
Consolidation adjustments					(48,481,549)
Consolidated revenue					45,092,064
Results					
Segment results	(6,102,609)	(924,986)	(14,207,438)		(21,235,033)
Interest expense					(1,745,299)
Income tax expense					(140,377)
Consolidation adjustments				**(b)**	21,271,840
Loss for the financial year					(1,848,869)

32. SEGMENT INFORMATION (CONT'D)

	Manufacturing RM	Product distribution RM	Investment holding RM	Total RM
2021				
Results (Cont'd)				
Bad debts written off	102,176	–	–	102,176
Depreciation of:				
- property, plant and equipment	3,607,767	5,113	–	3,612,880
- investment properties	2,400	–	–	2,400
- right-of-use assets	892,979	–	–	892,979
Gain on disposal of property, plant and equipment	(56,000)	–	–	(56,000)
Interest income	(192,290)		(33,693)	(225,983)
Inventories written off	1,338,615	20,229	–	1,358,844
Inventories written down	325,636	–	–	325,636
Net additional/ (reversal) of impairment losses on:				
- trade receivables	21,220	–	–	21,220
- right-of-use assets	(1,300,000)	–	–	(1,300,000)

32. SEGMENT INFORMATION (CONT'D)

	Manufacturing RM	Product distribution RM	Investment holding RM		Total RM
2021					
ASSETS					
Segment assets	172,551,164	3,283,393	104,650,489		280,485,046
Unallocated assets					
- Current tax assets					21
Consolidated adjustments				(c)	(128,100,558)
Consolidated total assets					152,384,509
Additions to non-current assets other than financial instruments are:					
Intangible assets	628,715	–	–		628,715
Property, plant and equipment	17,929,223	41,093	–		17,970,316
Right-of-use assets	368,881	–	–		368,881
LIABILITIES					
Segment liabilities	65,676,637	730,665	87,447		66,494,749
Unallocated liabilities					
- Deferred tax liabilities					4,457,571
Consolidated adjustments					(30,653,491)
Consolidated total liabilities				(c)	40,298,829

32. SEGMENT INFORMATION (CONT'D)

	Manufacturing RM	Product distribution RM	Investment holding RM		Total RM
2020					
Revenue					
External revenue	47,262,583	–	–		47,262,583
Inter-segment revenue	46,120,581	–	–	**(a)**	46,120,581
	93,383,164	–	–		93,383,164
Consolidation adjustments					(46,120,581)
Consolidated revenue					47,262,583
Results					
Segment results	(20,172,218)	–	258,553		(19,913,665)
Interest expense					(727,845)
Income tax expense					100,178
Consolidation adjustments				**(b)**	18,692,463
Loss for the financial year					(1,848,869)

32. SEGMENT INFORMATION (CONT'D)

	Manufacturing RM	Product distribution RM	Investment holding RM	Total RM
2020				
Results (Cont'd)				
Depreciation of:				
- property, plant and equipment	9,092,877	–	–	9,092,877
- investment properties	2,400	–	–	2,400
- right-of-use assets	1,337,324	–	–	1,337,324
Gain on disposal of property, plant and equipment	(8,473)	–	–	(8,473)
Interest income	(38,249)	–	(30,330)	(68,579)
Inventories written off	12,406,755	–	–	12,406,755
Reversal of inventories written down	(5,963,281)	–	–	(5,963,281)
Impairment losses on:				
- property, plant and equipments	6,210,633	–	–	6,210,633
- right-of-use assets	4,071,181	–	–	4,071,181
Property, plant and equipment written off	4,127	–	–	4,127

32. SEGMENT INFORMATION (CONT'D)

	Manufacturing RM	Product distribution RM	Investment holding RM		Total RM
2020					
ASSETS					
Segment assets	167,780,661	–	117,560,464	(c)	285,341,125
Unallocated assets					
- Current tax assets					21
Consolidated adjustments					(145,934,586)
Consolidated total assets					139,406,560
Additions to non-current assets other than financial instruments are:					
Property, plant and equipment	1,660,409	–	–		1,660,409
LIABILITIES					
Segment liabilities	149,883,931	–	42,294		149,926,225
Unallocated liabilities					
- Deferred tax liabilities					2,124,250
Consolidated adjustments				(c)	(123,812,903)
Consolidated total liabilities					28,237,572

(a) Inter-segment revenues are eliminated on consolidation.

(b) Profit from inter-segment sales are eliminated on consolidation.

(c) Inter-segment assets and liabilities are eliminated on consolidation.

32. SEGMENT INFORMATION (CONT'D)

Geographical information

The following is an analysis of the revenue and carrying amount of segment of non-current assets, analysed by geographical segments:

	Revenue		Non current assets	
	2021 RM	2020 RM	2021 RM	2020 RM
Group				
South East Asia	10,052,389	9,093,791	82,062,222	62,451,066
South America	509,431	2,036,072	–	–
East Asia	30,136,365	28,601,633	595,216	883,001
South Asia	609,995	1,805,077	–	–
North Asia	80,029	307,876	–	–
Middle East	2,188,903	1,709,033	–	–
Europe	1,350,946	2,134,978	–	–
Others	164,006	1,574,123	–	–
	45,092,064	47,262,583	82,657,438	63,334,067

Information on specific countries within each region disclosed above is not presented as the cost of doing so would be excessive relative to the benefit of their disclosures.

Major customer

There is no major customer, with revenue equal to or more than 10% of the Group's revenue arising from sales during the year and prior year.

33. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 March 2021.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 March 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

34. COMPARATIVE FIGURES

(a) During the financial year, the Group noted error in the previous financial year affecting the forex currency translation reserve of the Group as a result of disposal of a subsidiary in financial year 2019. Accordingly, adjustments have been made to restate the financial statements of the Group for the financial year ended 31 March 2019.

(b) In the previous financial year ended 31 March 2020, the Group had recognised Right-of-use assets ("ROU") and lease liabilities upon the adoption of MFRS 16 "Leases". The Group had recognised ROU assets and lease liabilities based on six years tenancy term instead of nine years as stipulated in the lease agreements. Adjustments had been made retrospectively by debiting right-of-use assets and crediting lease liabilities while additional finance costs and impairment losses on right-of-use assets were charged to profit or loss.

(c) The presentation and classification of items in the current year's financial statements are consistent with the previous financial year except certain comparative figures have been restated to conform with current year's presentation.

(d) The comparative figures have been audited by another firm of chartered accountants other than Messrs Baker Tilly Monteiro Heng PLT.

34. COMPARATIVE FIGURES (CONT'D)

Effects on consolidated statement of financial position for the financial year ended 31 March 2020 are as follows:

		As at 1.4.2019				As at 31.3.2020		
	Note	As previously reported RM	Adjustments RM	As restated RM	Note	As previously reported RM	Adjustments RM	As restated RM
Group								
Statements of financial position								
Non-current assets								
Right-of-use assets	(b)	5,668,725	2,810,485	8,479,210	(b)	2,582,671	1,196,245	3,778,916
Equity								
Accumulated losses	(a), (b)	9,484,741	3,644,751	13,129,492	(a), (b)	(23,388,606)	1,858,747	(21,529,859)
Other reserve	(a)	3,752,117	(3,790,012)	(37,895)	(a)	3,589,332	(3,790,012)	(200,680)
Non-current liability								
Lease liabilities	(b)	(4,639,078)	(3,159,963)	(7,799,041)	(b)	(3,773,221)	(3,320,753)	(7,093,974)
Current liability								
Lease liabilities	(b)	(1,272,452)	204,217	(1,068,235)	(b)	(1,551,315)	193,243	(1,358,072)

34. COMPARATIVE FIGURES (CONT'D)

Effects on consolidated statement of comprehensive income for the financial year ended 31 March 2020 are as follows:

	Note	As previously reported RM	Adjustments RM	As restated RM
For the financial year ended 31 March 2020				
Staements of comprehensive income				
Other expenses	(b)	13,825,365	1,655,093	15,480,458
Finance costs	(b)	625,950	101,895	727,845
Administrative expenses	(c)	6,626,673	29,016	6,655,689

Effects on consolidated statement of cash flows for the financial year ended 31 March 2020 are as follows:

	Note	As previously reported RM	Adjustments RM	As restated RM
For the financial year ended 31 March 2020				
Statements of cash flows				
Cash flows from operating activities				
Loss before tax		(33,062,006)	(1,786,004)	(34,848,010)
Adjustments to reconcile loss before tax of cash flows				
Depreciation of:				
- right-of-use assets	(b)	1,351,224	(13,900)	1,337,324
Finance costs	(b)	625,950	101,895	727,845
Impairment on right-of-use assets	(b)	2,373,172	1,698,009	4,071,181

LIST OF PROPERTIES

Registered owner	Location	Description/ Existing use	Date of certificate of fitness	Approximate age of building years/ Tenure	Land area/ Built-up area (sq. ft.)	Audited net book value as at 31.03.2021 (RM'000)
Jadi Imaging Technologies Sdn. Bhd.	No. 211 Tingkat 2 Block 1 Jalan Pegawai U1/33 Pangsapuri Sri Kerjaya Seksyen U1, 40150 Shah Alam Selangor	Apartment for foreign workers	1 August 2001	20 years Freehold	855	83
Jadi Imaging Technologies Sdn. Bhd.	No. 3 Jalan Peguam U1/25 Hicom-Glenmarie Industrial Park Seksyen U1, 40150 Shah Alam Selangor	Toner factory	28 February 2002	26 years Freehold	45,856/ 24,921	17,000
Jadi Imaging Technologies Sdn. Bhd.	GM3626 Lot 719, Mukim Kapar Tempat Sungai Dua Daerah Klang Selangor	Toner factory, Resin factory, R & D Centre & Lab	17 June 2011	11 years Freehold	257,278/ 123,128	38,000

ANALYSIS OF SHAREHOLDINGS
AS AT 09 AUGUST 2021

Issued and Paid-Up Share Capital	:	RM 107,184,910.00 comprising 1,051,910,451 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary shares of RM0.10 each
Number of Shareholders	:	8,117

ANALYSIS OF SHAREHOLDINGS

Holdings	No. of holders	Total holdings	%
1 - 99	2,211	115,480	0.010
100 - 1,000	773	235,805	0.022
1,001 - 10,000	1,298	7,878,713	0.748
10,001 - 100,000	2,926	119,467,434	11.357
100,001 – 52,595,521*	907	545,298,994	51.838
52,595,522 and above**	2	378,914,025	36.021
Total	8,117	1,051,910,451	100.000

Notes:

* *less than 5% of issued shares.*
** *5% and above of issued shares.*

SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Shareholders	No. of shares	%	No. of shares	%
LSI Holdings Sdn Bhd	284,743,985 [1]	27.069	–	–
Liew Kim Siong	22,017,045	2.093	284,743,985 [1]	27.069
Ng Poh Imm	–	–	284,743,985 [1]	27.069
Static Control Holdings Limited	94,170,040 [2]	8.952	–	–
Ninestar Corporation	–	–	94,170,040 [2]	8.952
Zhuhai Seine Technology Co., Ltd	–	–	94,170,040 [2]	8.952
Zhuhai Hengxinfengye Technology Co., Ltd	–	–	94,170,040 [2]	8.952

Notes:

[1] *Deemed interested by virtue of his/her shareholdings in LSI Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

[2] *Deemed interested by virtue of his/her shareholdings in Static Control Holdings Limited pursuant to Section 8 of the Companies Act, 2016.*

ANALYSIS OF SHAREHOLDINGS

(CONT'D)

DIRECTORS ' SHAREHOLDINGS

	Direct		Indirect	
Directors	**No. of shares**	**%**	**No. of shares**	**%**
Liew Kim Siong	22,017,045	2.093	284,743,985 [1]	27.069
Liew Kit	4,000,000	0.380	–	–
Liew Hock Yee	4,000,000	0.380	–	–
Dato' Seri Dr. Raymond Liew Lee Leong	–	–	–	–
Lim Chee Khang	–	–	–	–
Dato' Dr. Lee Chung Wah @ Lee Chung Fu	–	–	–	–
Dai ShuChun	–	–	–	–

Notes:

[1] *Deemed interested by virtue of his/her shareholdings in LSI Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

	Name	**No. of shares held**	**Percentage (%)**
1.	LSI Holdings Sdn Bhd	246,050,335	23.390
2.	Maybank Securities Nominees (Asing) Sdn Bhd *Pledged Securities Account For Static Control Holdings Limited*	94,170,040	8.952
3.	LSI Holdings Sdn Bhd	38,693,650	3.678
4.	Liew Kim Siong	22,017,045	2.093
5.	Tee Shong Pen	18,500,000	1.758
6.	Mega First Corporation Berhad	17,719,300	1.684
7.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Fong Kheng Hup*	12,600,000	1.197
8.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Fong Kheng Hup (MK0107)*	10,426,000	0.991
9.	Chin Chin Seong	9,500,000	0.903
10.	Teo Kwee Hock	9,035,080	0.858
11.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lai Yee Kein (E-SPG)*	7,982,700	0.758
12.	Noor Azriana Binti Noor Azerai	6,500,000	0.617
13.	Leong Oow Lai	6,073,461	0.577

LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (CONT'D)

	Name	No. of shares held	Percentage (%)
14.	Soon Cheng Boon	5,500,000	0.522
15.	Chew Chin Hun	4,958,000	0.471
16.	Won Tian Loong	4,950,000	0.470
17.	Seah Tin Kim	4,863,544	0.462
18.	Alliance Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Chee Chuan (7007197)*	4,654,200	0.442
19.	How Bee Lay	4,650,466	0.442
20.	Chin Chin Seong	4,500,000	0.427
21.	Liew Choon	4,086,666	0.388
22.	Liew Hock Yee	4,000,000	0.380
23.	Liew Kit	4,000,000	0.380
24.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Teo Siew Lai*	3,907,678	0.371
25.	Yung Boon Hong @ Yang Kok Ching	3,900,000	0.370
26.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ang Kok Seong (M55015)*	3,821,500	0.363
27.	Won Bau Khim	3,500,010	0.332
28.	Tan Chong Swee	3,500,000	0.332
29.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Jindar Singh A/L Sham Singh*	3,250,066	0.308
30.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Goh Soon Aun (E-BBB)*	3,100,000	0.294
	Total	570,409,741	54.226

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting ("20th AGM") of Jadi Imaging Holdings Berhad ("Company" or "Jadi") will be conducted fully virtual through online meeting platform via TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia on **28 September 2021, Tuesday** at **11.00 a.m.** for the following purposes:-

AGENDA

A. Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2021 together with the Reports of the Directors and Auditors thereon. [Please refer to the Explanatory Notes to the Agenda]

2. To re-elect the following Directors who are retiring in accordance with Clause 76 of the Constitution of the Company:-

   2.1 Liew Kit (Ordinary Resolution 1)
   2.2 Lim Chee Khang (Ordinary Resolution 2)

3. To approve the payment of the Directors' fees of RM292,500.00 for the financial year ending 31 March 2022. (Ordinary Resolution 3)

4. To approve the payment of the Directors' benefits of up to RM20,000.00 for the period from this 20th AGM until the Twenty-First Annual General Meeting. (Ordinary Resolution 4)

5. To re-appoint Messrs Baker Tilly Monteiro Heng PLT (AF 0117) as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. (Ordinary Resolution 5)

B. Special Business

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

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** (Ordinary Resolution 6)

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021.

THAT with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;

b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or

c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

(CONT'D)

7. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY- BACK** (Ordinary Resolution 7)

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(a) the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

(b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

i. To cancel all or part of the Purchased Shares;

ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;

iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;

iv. To resell all or part of the treasury shares;

v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;

vi. To transfer all or part of the treasury shares as purchase consideration;

vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or

viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

C. <u>Other Business</u>

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

By Order of the Board

WONG WAI FOONG (MAICSA 7001358) (SSM PC NO. 202008001472)
FONG SEAH LIH (MAICSA 7062297) (SSM PC NO. 202008000973)
Company Secretaries

Kuala Lumpur
30 August 2021

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

(CONT'D)

NOTES:-

1. ***IMPORTANT NOTICE***

   According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.

   *Members are to attend and post questions to the Board via real time submission of typed texts at the Questions & Answers platform and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its **TIIH Online** website at https://tiih.online.*

   Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.

2. *For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 September 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*

3. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*

4. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*

5. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*

6. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

7. *Where a member of the Company is an 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 the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*

8. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

9. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:*

   i. *In hard copy form*

   In the case of an appointment made in hard copy form, the proxy form must be deposited with the share registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   ii. *By electronic means*

   The proxy form, power of attorney and/or certificate of corporate representative(s) can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide on the conduct of the 20th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

   The power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

   The certificate of appointment of authorised representative should be executed in the following manner:

   a. *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*

   b. *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:*

      i. *at least two (2) authorised officers, of whom one shall be a director; or*
      ii. *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*

10. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*

11. *Last date and time for lodging the proxy form is* ***Sunday, 26 September 2021 at 11.00 a.m..***

12. ***It is important that you read the Administrative Guide for the conduct of the 20th AGM.***

13. *Shareholders are advised to check the Company's website at www.jadi.com.my and announcements from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.*

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

(CONT'D)

EXPLANATORY NOTES:

1. Audited Financial Statements for the financial year ended 31 March 2021

   The Audited Financial Statements in Agenda item 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders of the Company.

2. Ordinary Resolutions 1 and 2
   Re-election of Directors

   Clause 76 of the Constitution provides that at the Annual General Meeting in every subsequent year, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of the Annual General Meeting in every year provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

3. Ordinary Resolution 3
   Directors' Fees

   Ordinary Resolution 3 is to approve the payment of the following Directors' fees payable to Directors for the financial year ending 31 March 2022:-

Category	**Executive Chairman**	**Executive Directors**	**Non-Executive Directors**
The Company	**RM**	**RM**	**RM**
Directors' Fees (per annum)	37,500	30,000	225,000

4. Ordinary Resolution 4
   Directors' Benefits

   Ordinary Resolution 4 is to approve the payment of the Directors' benefits including meeting allowance payable to Directors for the period from 20th AGM until the next Annual General Meeting of the Company to be held in 2022. The details are appended below:-

Category	**Executive Directors**	**Non-Executive Directors**
	RM	**RM**
Meeting Allowance per meeting per person	N/A	200

5. Ordinary Resolution 5
   Re-appointment of Auditors

   The Board has through the Audit Committee, considered the re-appointment of Messrs Baker Tilly Monteiro Heng PLT Malaysia as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 20h AGM are disclosed in the Audit Committee Report of the 2021 Annual Report.

6. Ordinary Resolution 6
Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as the Company may use this 20% General Mandate within the validity period to meet its financial needs due to the unprecedented uncertainty surrounding the recovery of the Covid-19 pandemic and it will enable the Board to take swift action during the challenging time to ensure long term sustainability and interest of the Company and its shareholders.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the Nineteenth Annual General Meeting held on 22 December 2020 and will lapse at the conclusion of the 20th AGM to be held on 28 September 2021. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

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

The proposed Ordinary Resolution 7, if passed, will provide a mandate for the Company to purchase its own shares up to 10% of the total number of issued shares of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the approval is obtained from the shareholders of the Company at a general meeting. Please refer to the Statement to Shareholders in relation to the Proposed Renewal of Authority for Share Buy-Back attached in the Annual Report 2021 of the Company for further details.

JADI

JADI IMAGING HOLDINGS BERHAD
(200001023711)(526319-P)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.

No. of shares held

Telephone no. (During office hours) ______________________

I/We ______________________________________ NRIC (New)/ Company No. ______________________
(PLEASE USE BLOCK CAPITAL)

of ____
(FULL ADDRESS)

being member(s) of JADI IMAGING HOLDINGS BERHAD, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf, at the Twentieth Annual General Meeting ("20th AGM") of the Company will be conducted fully virtual through the online meeting platform via TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia on 2**8 September 2021, Tuesday** at **11.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Ordinary Business	**Resolution**	**For**	**Against**
Re-election of Liew Kit as Director pursuant to Clause 76 of the Company's Constitution	Ordinary Resolution 1		
Re-election of Lim Chee Khang as Director pursuant to Clause 76 of the Company's Constitution	Ordinary Resolution 2		
Payment of Directors' fees of RM292,500.00 for the financial year ending 31 March 2022	Ordinary Resolution 3		
Payment of Directors' benefits up to RM20,000.00 for the period from this 20th AGM until the Twenty-First Annual General Meeting	Ordinary Resolution 4		
Re-appointment of Messrs Baker Tilly Monteiro Heng PLT (AF 0117) as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.	Ordinary Resolution 5		
Special Business			
Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 6		
Proposed Renewal of Authority for Share Buy-Back	Ordinary Resolution 7		

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

Signed this __________ day of __________ 2021

____
Signature of Member(s) or/ Common Seal

*   *Manner of execution:*

(a)   If you are an individual member, please sign where indicated.
(b)   If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c)   If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:

(i)   at least two (2) authorised officers, of whom one shall be a director; or
(ii)   any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

<u>Notes</u>:-

1.   IMPORTANT NOTICE

According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.

*Members are to attend and post questions to the Board via real time submission of typed texts at the Questions & Answers platform and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its **TIIH Online** website at https://tiih.online.*

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4.   A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.

5.   If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

6.   Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

7.   Where a member of the Company is an 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 the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

8.   Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

9.   The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

i.   <u>In hard copy form</u>

In the case of an appointment made in hard copy form, the proxy form must be deposited with the share registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

ii.   <u>By electronic means</u>

The proxy form, power of attorney and/or certificate of corporate representatives(s) can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide on the conduct of the 20th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

The power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

The certificate of appointment of authorised representative should be executed in the following manner:

a.   If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

b.   If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

i.   at least two (2) authorised officers, of whom one shall be a director; or

ii.   any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

10.   Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

*11.   Last date and time for lodging the proxy form is **Sunday, 26 September 2021 at 11.00 a.m.***

*12.   **It is important that you read the Administrative Guide for the conduct of the 20th AGM.***

13.   Shareholders are advised to check the Company's website at <u>www.jadi.com.my</u> and announcements from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
JADI IMAGING HOLDINGS BERHAD
200001023711 (526319-P)
No. 1, Jalan Peguam U1/25A, Seksyen U1
Hicom-Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Malaysia

1st fold here

JADI

The World-Class Toner Manufacturer

JADI IMAGING HOLDINGS BERHAD
Registration No.:200001023711 (526319-P)

No. 1, Jalan Peguam U1/25A, Seksyen U1,
Hicom-Glenmarie Industrial Park,
40150 Shah Alam, Selangor, Malaysia.
Tel : (603) 7804 0333 Fax : (603) 7804 3211

www.jadi.com.my