# JADI IMAGING HOLDINGS BERHAD

Registration No.:200001023711 (526319-P)

# ANNUAL REPORT 2022

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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

**Ong Gim Hai**
*Executive Director*

**Leow Wey Seng**
*Independent Non-Executive Director*

**Dai ShuChun**
*Non-Independent Non-Executive Director*

**Ling Chi Hoong**
*Independent Non-Executive Director*

**Tan Su Ning**
*Independent Non-Executive Director*

## AUDIT COMMITTEE

**Leow Wey Seng** *(Chairman)*
**Ling Chi Hoong** *(Member)*
**Tan Su Ning** *(Member)*

## REMUNERATION COMMITTEE

**Leow Wey Seng** *(Chairman)*
**Ling Chi Hoong** *(Member)*
**Tan Su Ning** *(Member)*

## NOMINATION COMMITTEE

**Ling Chi Hoong** *(Chairman)*
**Leow Wey Seng** *(Member)*

## COMPANY SECRETARIES

**Tan Kok Siong**
[SSM PC No. 202008001592
(LS0009932)]

## 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

**Workshire Share Registration Sdn Bhd**
A1-2-2 Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan

Telephone No. : (603) 6413 3271

## 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**

# MANAGEMENT DISCUSSION AND ANALYSIS

## CORPORATE PROFILE

Jadi Imaging Holdings Berhad ("the Company"), through its wholly owned subsidiaries ("the Group"), 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.

## BUSINESS AND OPERATIONS OVERVIEW

The financial year 2022 has been a challenging year for the Group with the COVID-19 pandemic adversely affecting economies all around the world. Lockdowns initiated by government has created supply shortages and supply chain disruption. The Group is now adopting a more prudent approach in managing sales and credit to its customers in order to mitigate credit risk at the expense of lower sales. The Ukraine war, which started in early 2022, will further exacerbate supply shortages leading to inflation and a possibility of global recession.

## FINANCIAL REVIEW

| Financial Indicators | | 31 March 2022 | 31 March 2021 | Variance |
|---|---|---|---|---|
| Revenue | RM'000 | 43,060 | 45,092 | -4.51% |
| Loss before tax | RM'000 | (7,890) | (1,708) | >100% |
| Loss, net of tax | RM'000 | (7,866) | (1,849) | >100% |
| Net assets per share | RM | 0.10 | 0.11 | -7.48% |
| Total borrowings | RM'000 | 16,806 | 21,805 | -22.93% |
| Debt equity ratio | % | 16 | 19 | -15.79% |

### Revenue

For the financial year under review, there was a decline of 4.51% in the Group's revenue from RM45.1 million in the preceding year to RM43.1 million. This was partly due to the decreased of sales in China, which was impacted by the international logistics jams, the global chip shortages and lockdown in China that slowing down the demand of compatible cartridges.

### Loss before taxation

The Group has recorded a loss before taxation of RM7.89 million as compared to the loss before taxation in the preceding year of RM1.7 million.

In the current financial year, the Group has recorded total inventories written off of RM5.6 million as compared to the stock write-off amounted to RM1.4 million in the previous financial year.

### Gearing

The Group has recorded a total borrowing of RM16.8 million as of 31 March 2022 with gearing ratio of 16%, as compared to 19% in the previous financial year. It is in line with the Managements' direction to reduce the overall borrowings.

# 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. 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.

Barring any unforeseen circumstances, the Board of Directors ("the Board") is cautiously optimistic of the Group's prospects for the financial year ending 31 March 2023 after having considered all relevant aspects, including the economic and industry outlook.

In Malaysia, the printing industry dipped from RM10.1 billion in 2019 to RM9.4 billion in 2020 and rose to RM9.7 billion in 2021 due to the COVID-19 pandemic. The printing industry is expected to grow from RM9.7 billion in 2021 to RM12.4 billion in 2027 at a Compound Annual Growth Rate ("CAGR") of 4.2%. Globally, the printing toners market grew from USD8.8 billion in 2018 to USD10.7 billion in 2019, before dipping to USD10.4 billion and USD9.8 billion in 2020 and 2021 respectively, due to the COVID-19 pandemic affecting the printing packaging industries globally. The global printing toners market is projected to increase from USD9.8 billion in 2021 to USD14.6 billion in 2027 at a CAGR of 6.9%.

The growth in demand for printing toners globally will be driven by the rapidly growing food and beverages, pharmaceutical, apparel, electronic gadgets, and other industries globally due to the widespread usage of print toners in the packaging of products in these industries. In the government sector and its related institutions and departments, apart from sharing information or files in electronic forms, paper documents are required to support daily works. *(Source: Independent market research report on outlook of the printing inks markets in Malaysia and globally prepared by Providence Strategic Partners Sdn Bhd)*

In summary, notwithstanding the continued recovery of the Malaysian and global economies, the Board noted that the overview and outlook of the printer and printing inks markets appeared mixed. As such, the Board is cautiously optimistic for the demand of its products for the financial year ending 31 March 2023 after having considered the relevant aspects, such as the global economic recovery from the COVID-19 pandemic, the change in printing demand and trend as well as consumer behaviour.

## APPRECIATION

On behalf of the Board, 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:

## ONG GIM HAI

*Executive Director*

**Ong Gim Hai**, Malaysian, male, aged 47, was appointed to the Board as Executive Director of Jadi Imaging Holdings Berhad on 29 October 2021.

He graduated with B.Eng. Bachelor of Engineering in Electrical and Electronic Engineering from University of Sussex Brighton, United Kingdom.

Mr Ong has 20 years of experience in the IT and computer industry, helping multi-nationals to establish and to grow operations in ASEAN ranging from start-ups to established organisations. In January 2004, he joined Mercury Interactive Hewlett-Packard as pre-sales consultant and subsequently being promoted to sales manager in the year of 2006 to manage large enterprise account and develop new business within assigned accounts. Mr Ong then joined VMware Inc in the year of 2008 as enterprise account manager. In 2010, Mr Ong joined Palo Alto Networks as country manager, managing operations in Malaysia. In 2015 to 2016, Mr Ong represented Nutanix Malaysia and Brunei as managing director, managing sales operations in Malaysia and Brunei.

Mr Ong currently sits on the Board of Key Alliance Group Berhad as an Executive Director.

## LEOW WEY SENG

*Independent Non-Executive Director*

- *Chairman of Audit Committee*
- *Chairman of Remuneration Committee*
- *Member of Nomination Committee*

**Leow Wey Seng**, Malaysian, male, aged 40, was appointed to the Board as Independent Non-Executive Director of Jadi Imaging Holdings Berhad on 29 October 2021.

He holds a Bachelor of Business (specialised in Accounting) from Monash University Australia. He is a fellow of Certified Practicing Accountants, Australia, a member of Malaysian Institute of Accountants and also a member of ASEAN Chartered Professional Accountants.

Mr Leow has more than five (5) years of assurance and advisory experience and more than two (2) years of experience focusing in the financial advisory with Deloitte, a Big Four accounting firm.

Currently, Mr Leow is a director of an advisory firm providing whistleblowing services to assist clients in identifying and addressing weaknesses reported through whistleblowing channel and provision of corporate advisory services. He is also managing a rubber conveyor belt trading business, which is family owned, serving multiple local and international clients in quarry, cement, port and various manufacturing plants.

Mr Leow currently sits on the Board of Focus Dynamics Group Berhad, Vizione Holdings Berhad and Parlo Berhad.

# DIRECTORS' PROFILES

**(CONT'D)**

## LING CHI HOONG

*Independent Non-Executive Director*

- *Chairman of Nomination Committee*
- *Member of Audit Committee*
- *Member of Remuneration Committee*

**Ling Chi Hoong**, Malaysian, male, aged 39, was appointed to the Board as an Independent Non-Executive Director of Jadi Imaging Holdings Berhad on 29 October 2021.

He graduated with a LLB (Hons) Degree from the International Islamic University Malaysia in 2007. He was admitted as an Advocate and Solicitor of the High Court of Malaya.

Mr Ling is a partner in a legal 500 law firm, specialises in areas of capital market and corporate commercial. Mr Ling was previously Head of Legal & Corporate Affairs for various companies listed in Bursa Malaysia Securities Berhad ("Bursa Securities") and Singapore Exchange. Prior to that, he held position of Head of Group Legal in an oil & gas conglomerate listed in Bursa Securities. He was also previously attached to an American Fortune 500 largest energy MNC in their legal & contract department handling Asia Pacific contracts and compliance matters.

Mr Ling currently sits on the Board of LKL International Berhad and Vizione Holdings Berhad. He is also sitting on the Board of Trustees of JCCW Trustee (M) Berhad and Arkwood Trustee (M) Berhad.

## TAN SU NING

*Independent Non-Executive Director*

- *Member of Audit Committee*
- *Member of Remuneration Committee*

**Tan Su Ning**, Malaysian, female, aged 30, was appointed to the Board as an Independent Non-Executive Director of Jadi Imaging Holdings Berhad on 4 January 2022.

She graduated with a LLB (Hons.) degree from University of London (external) and was admitted as an Advocate and Solicitor of the High Court of Malaya in 2018.

Ms Tan started her legal practice with an established law firm in 2018. Subsequently, she joined Messrs Lim Chong Phang & Amy and Messrs Chong+Kheng Hoe in 2019. Ms Tan's practice primarily focuses on corporate and commercial disputes including breach of directors' duties, shareholders' dispute as well as litigation concerning capital market and securities laws. Besides, she also advises public and private corporation on legal and regulatory compliance. She is currently a partner of Messrs Terrence Lee & Co.

Ms Tan does not hold any directorship in any other public companies and listed issuers.

# DIRECTORS' PROFILES

**(CONT'D)**

## DAI SHUCHUN

*Non-Independent Non-Executive Director*

**Dai ShuChun**, China, male, aged 44, was appointed to the Board as a Non- Independent Non-Executive Director of Jadi Imaging Holdings Berhad on 16 October 2019. He graduated with a Bachelor of Automation Specialty degree from Zhengzhou University.

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

Mr Dai does not hold any directorship in any other public companies and listed issuers.

***Notes:-***

1. *None of the Directors has any family relationship with any director and/or major shareholder of the Company.*
2. *None of the Directors has any business arrangement with the Company in which he/she has personal interest.*
3. *None of the Directors has any conflict of interest with the Company.*
4. *None of the Directors has any conviction for offences (other than traffic offences) within the past five (5) years.*
5. *None of the Directors has any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year ended 31 March 2022.*

# PROFILE OF KEY SENIOR MANAGEMENT

The Management of the Group is headed by the Executive Director of the Company, Mr Ong Gim Hai and the following key senior management:

| ELAINE CHAN | *Finance Manager* |
|---|---|

**Elaine Chan**, Malaysian, female, aged 48, was appointed as Finance Manager on 23 May 2022. An accountant by profession and a finalist of Chartered Certified Accountants (ACCA, UK), she has been in the accounting and finance trade for a span of more than 20 years.

Her recent job prior to joining the group was at Eastern Press Sdn. Berhad (A member of Top Glove Group) as the Finance Manager. She also had stints at other public listed institutions as well as MNCs (Japanese & USA).

Her work experience has given her the opportunity to be involved in the implementation of GST at Japanese MNC, played a key role in the Merger & Acquisition exercise of Eastern Press Sdn. Bhd. by Top Glove Group and to be team lead in the implementation of SAP system in a public listed company.

***Notes:-***

1. *None of the Key Senior Management holds any directorship in any other public companies and listed issuer.*
2. *None of the Key Senior Management has any family relationship with any director and/or major shareholder of the Company.*
3. *None of the Key Senior Management has any business arrangement with the Company in which she has personal interest.*
4. *None of the Key Senior Management has any conflict of interests with the Company.*
5. *None of the Key Senior Management has any conviction for offences (other than traffic offences) within the past five (5) years.*
6. *None of the Key Senior Management has any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year ended 31 March 2022.*

# AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of Jadi Imaging Holdings Berhad ("Jadi" or "the Company") is pleased to present the Audit Committee ("AC") Report for the financial year ended ("FYE") 31 March 2022.

## 1. COMPOSITION OF THE AUDIT COMMITTEE

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

| Designation | Name | Directorship |
|---|---|---|
| Chairman | Leow Wey Seng | Independent Non-Executive Director |
| Member | Ling Chi Hoong | Independent Non-Executive Director |
| Member | Tan Su Ning | Independent Non-Executive Director |

Mr Leow Wey Seng is a qualified Chartered Accountant, who is a member of both the Malaysian Institute of Accountants and ASEAN Chartered Professional Accountants, as well as a fellow of Certified Practicing Accountants, Australia.

The Board assesses the composition and performance of the AC and its members through an annual Board Committee effectiveness assessment. Based on the assessment conducted for the FYE 31 March 2022, the Board was of the view that the present composition of the AC is appropriate. The Board was also satisfied that the AC and its members discharged their functions, duties and responsibilities, in accordance with the AC's Terms of Reference.

## 2. MEETINGS AND ATTENDANCE

The AC had met five (5) times during the FYE 31 March 2022. The composition and the attendance record of AC members are as follows:-

| Name and Designation of the Members of AC | Number of Attendance |
|---|---|
| **Dato' Seri Dr. Raymond Liew Lee Leong**<br>Chairman, Senior Independent Non-Executive Director<br>*(Resigned w.e.f. 5 November 2021)* | 3/3 |
| **Lim Chee Khang**<br>Member, Independent Non-Executive Director<br>*(Resigned w.e.f. 5 November 2021)* | 3/3 |
| **Dato' Dr. Lee Chung Wah@ Lee Chung Fu**<br>Member, Independent Non-Executive Director<br>*(Resigned w.e.f. 5 November 2021)* | 3/3 |
| **Leow Wey Seng**<br>Chairman, Independent Non-Executive Director<br>*(Appointed w.e.f. 5 November 2021)* | 2/2 |
| **Ling Chi Hoong**<br>Member, Independent Non-Executive Director<br>*(Appointed w.e.f. 5 November 2021)* | 2/2 |
| **Tan Su Ning**<br>Member, Independent Non-Executive Director<br>*(Appointed w.e.f. 4 January 2022)* | 1/1 |

## 2. MEETINGS AND ATTENDANCE (CONT'D)

The Group's other Board members, Key Senior Management and representatives of the External Auditors and Internal Auditors were present by invitation to provide opinion and/or brief the AC on specific issues, as and when necessary, with the Company Secretary in attendance. Certain designated members of the Management were also invited to attend the AC meetings, at the invitation of the AC.

The Chairman of the AC reports to the Board on matters deliberated at every AC meeting and recommendations made by the AC.

## 3. TERMS OF REFERENCE

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

## 4. INDEPENDENCE AND COMPETENCY OF THE AUDIT COMMITTEE

The Company recognised the need to uphold independence of its External Auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AC of the Company were former key audit partners of the External Auditors appointed by the Group.

During the FYE 31 March 2022, all current members of the AC had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to effectively discharge their duties. The details of the seminars/conferences/training programmes attended by the AC members are set out in the Corporate Governance Overview Statement on pages 35 to 49 of this Annual Report.

## 5. SUMMARY OF WORK PERFORMED BY THE AUDIT COMMITTEE

During the financial year under review, the AC carried out its duties and responsibilities in accordance with its Terms of Reference. The AC 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 the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the relevant laws, regulations and applicable accounting standards as well as highlighted significant issues and any accounting adjustments to the Board.

- Reviewed the Directors' Report and Audited Financial Statements ("AFS") for the financial year ended 31 March 2021 of the Group and recommended to the Board for approval and inclusion into the Annual Report of the Company to be submitted to Bursa Securities.

# AUDIT COMMITTEE REPORT

**(CONT'D)**

## 5. SUMMARY OF WORK PERFORMED BY THE AUDIT COMMITTEE (CONT'D)

***Financial Results (Cont'd)***

The following reviews have been carried out to ensure that the Group's and the Company's quarterly interim financial statements and related disclosures present a true and fair view of the Group's and of the Company's financial position and performance and are in compliance with the applicable approved financial reporting standards in Malaysia as well as the applicable disclosure provisions of MMLR of Bursa Securities:

| Date of Review/Approval | Review of Financial Statements |
|---|---|
| 20 May 2021 | Fourth quarter financial results for the FYE 31 March 2021 |
| 22 July 2021 | AFS for the FYE 31 March 2021 |
| 28 September 2021 | First quarter financial results for the FYE 31 March 2022 |
| 26 November 2021 | Second quarter financial results for the FYE 31 March 2022 |
| 25 February 2022 | Third quarter financial results for the FYE 31 March 2022 |

***External Audit***

- Reviewed the External Auditors' audit scope and audit plan as well as the reports on the audit of the statutory financial statements of the Group.
- Reviewed and discussed with the External Auditors of their audit findings and areas of concern highlighted, including significant and unusual events or transactions, audit recommendations and Management's response to the audit findings raised and audit recommendations.
- Discussed with the External Auditors the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements applicable to the Group.
- Reviewed the independence, objectivity and effectiveness of the External Auditors in meeting their responsibilities, including their provision of non-audit services and corresponding fees.
- Reviewed and recommended the re-appointment of External Auditors and audit fees to the Board for its approval.
- Met the External Auditors in the absence of Executive Management once on 20 May 2021 during the FYE 31 March 2022 to discuss audited related matters.

The AC received confirmation from the External Auditors, Messrs Baker Tilly Monteiro Heng PLT ("Baker Tilly") that they adhered to the By-Laws (on Professional Conduct and Ethics) of the Malaysian Institute of Accountants ("By-Laws") in relation to communication of breaches of auditors independence, in which they have not identified or aware of any matter that impairs their professional independence and they were in compliance with the independence requirements set out in the By-Laws.

The AC was satisfied that Baker Tilly was unlikely to create any conflict of interest nor impair the independence, suitability and performance of Baker Tilly and thus, recommended to the Board to seek shareholders' approval for the re-appointment of Baker Tilly as External Auditors for the FYE 31 March 2022.

# AUDIT COMMITTEE REPORT

**(CONT'D)**

## 5. SUMMARY OF WORK PERFORMED BY THE AUDIT COMMITTEE (CONT'D)

***Internal Audit***

- Reviewed and approved the adequacy of the scope and areas of coverage of the Internal Audit Plan for the FYE 31 March 2022.

- Reviewed the Internal Audit Reports containing 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.

The AC reviewed the audit findings and recommendations on the areas of concern highlighted by the Internal Auditors and the respective Management's responses thereto. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow-up reports to ensure that all highlighted key risks and control weaknesses are being properly addressed.

The ARMC was satisfied with the reasonable assurance given by Management on the processes for the monitoring of the Group's internal control and risk management and their continuance to operate as intended.

***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").

The AC was satisfied with the reasonable assurance given by Management on the processes for the monitoring of the Group's internal control and risk management and their continuance to operate as intended.

## 6. RECURRENT RELATED PARTY TRANSACTIONS AND RELATED PARTY TRANSACTIONS

The AC was satisfied that the processes that the Group has in place for identifying, evaluating, approving, reporting and monitoring of Recurrent Related Party Transactions and/or Related Party Transactions were adequate to ensure all the transactions have been made at arm's length basis and not prejudicial to the interest of the Group or its minority shareholders and will be tracked and reported in a timely manner.

## 7. SUMMARY OF THE ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The internal audit function of the Group has been outsourced to Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia"). 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 is also a Certified Public Accountant, a member of Malaysian Institute of Certified Public Accountant and has Certification in Business Continuity Management from Business Continuity Institute (UK).

# AUDIT COMMITTEE REPORT

**(CONT'D)**

## 7. SUMMARY OF THE ACTIVITIES OF THE INTERNAL AUDIT FUNCTION (CONT'D)

The internal audit function's principal role is to assist the AC and the Board in conducting independent assessment and systematic reviews on the Group's internal control system and governance practices, so as to provide reasonable and objective assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance. The AC reviews the adequacy of the scope, functions, competency and resources of the internal audit function to ensure that it is adequately resourced with competent and proficient internal auditors.

Tricor Axcelasia acts as the Internal Auditor of the Group and reports directly to the AC. The Internal Auditors would make reference to the Group's policies and procedures, established practices, listing requirements and recommended industry practices whenever required. Tricor Axcelasia is free from any relationships or conflicts of interest which could impair their objectivity and independency of the internal audit function, and does not have any direct operational responsibility or authority over any of the activities audited. As such, the AC is of the opinion that the internal audit function is effective and is able to function independently.

The number of staffs 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, the following activities were carried out by the internal audit function:-

(a) Prepared and tabled the risk-based Internal Audit Plan for the FYE 31 March 2022 for the AC's review and endorsement;

(b) Conducted internal audit reviews based on the reviewed and approved Internal Audit Plans, details of which as follows:

| Entity | Auditable Processes |
|---|---|
| **Jadi Imaging Technologies Sdn Bhd** | ➢ Supply Chain Management |

(c) Issued Internal Audit Reports incorporating audit recommendations and Management's responses in relation to the audit findings on the areas of improvement in the systems and controls of the Group to the AC and Management; and

(d) Presented internal audit reports to the AC for review and consideration.

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 AC for their review and approval. The outsourced internal audit function also carries out follow up reviews and reports to the AC on the status of implementation of action plans committed by Management pursuant to the recommendations highlighted in the internal audit reports. The Board through the AC, received and reviewed the internal audit reports at the scheduled quarterly meetings.

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.

## 7. SUMMARY OF THE ACTIVITIES OF THE INTERNAL AUDIT FUNCTION (CONT'D)

The total costs incurred by the Company in respect of the outsourced internal audit function of the Group and the internal audit services performed by Tricor Axcelasia for the FYE 31 March 2022 was RM22,500.

For further details on the risk management, internal controls and internal audit functions of the Company and the Group, please refer to the Statement on Risk Management and Internal Control on pages 50 to 53 in this Annual Report.

This AC Report was made in accordance with a resolution of the Board dated 22 July 2022.

# STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN SHARES UP TO TEN PER CENTUM (10%) OF THE TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")

**THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, banker, solicitor, accountant or other professional advisers immediately.

## 1. DISCLAIMER STATEMENT

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the contents of this Statement prior to its issuance as it is an exempt document pursuant to Paragraph 2.1 of the Practice Note 18 of Main Market Listing Requirements ("MMLR") of Bursa Securities. Bursa Securities takes no responsibility for the contents of this 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.

**Shareholders are advised to read the contents of this Statement carefully before voting on the Ordinary Resolution to give effect to the Proposed Renewal of Share Buy-Back Mandate.**

## 2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

Jadi Imaging Holdings Berhad ("JADI" or "the Company") had at its Twentieth ("20th") Annual General Meeting ("AGM") held on 28 September 2021 obtained the shareholders' approval to purchase up to ten per centum (10%) of the total number of issued shares of the Company. The said approval will be expiring at the conclusion of the forthcoming Twenty-First ("21st") AGM of the Company unless the approval is renewed.

No Ordinary Shares of the Company ("JADI Shares" or "Shares") were purchased to date since the approval was obtained at the 20th AGM.

The Company proposes to seek the approval from the shareholders of the Company at the forthcoming 21st AGM for the Proposed Renewal of Share Buy-Back Mandate.

The approval from the shareholders, if renewed, would be effective immediately upon the passing of the Ordinary Resolution for the Proposed Renewal of Share Buy-Back Mandate at the forthcoming 21st AGM and shall remain in force until:-

a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time it will lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to terms and conditions;

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

STATEMENT TO SHAREHOLDERS

**(CONT'D)**

## 3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

Any Proposed Share Buy-Back, if implemented pursuant to the Proposed Renewal of Share Buy-Back Mandate, is expected to potentially benefit the Company and its shareholders in the following manner:-

(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 as well as the market price of JADI Shares traded on the Main Market of Bursa Securities and thereby support its fundamental value;

(b) The JADI Shares to be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back Mandate ("Purchased Shares"), 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 consolidated Earnings per Share ("EPS"), as a result of the decreased share capital base used for the computation of the Company's EPS; and

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

## 4. MAXIMUM NUMBER OR PERCENTAGE OF SHARES TO BE ACQUIRED

The maximum number of JADI Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company in compliance with Paragraph 12.09 of the MMLR of Bursa Securities.

As at 30 June 2022, being the latest practicable date ("LPD") prior to the printing of this Statement, the maximum number of JADI Shares that can be purchased and/or held by the Company will be as follows:-

| | **No. of Shares** |
|---|---|
| Total number of issued shares of JADI *(excluding treasury shares)* | 1,076,370,451 |
| 10% of the total number of issued shares *(excluding treasury shares)* | 107,637,045 |
| **Maximum number of Shares which may be purchased in respect of the Proposed Share Buy-Back** | 107,637,045 |

The actual number of JADI Shares to be purchased by the Company pursuant to the Proposed Share Buy-Back, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on, among others, the market conditions and sentiments of the stock market, the availability of financial resources and the retained profits of the Company at the time of the purchase(s).

# STATEMENT TO SHAREHOLDERS

**(CONT'D)**

## 5. MAXIMUM AMOUNT OF FUNDS TO BE ALLOCATED

The maximum amount of funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the aggregate balance standing in the audited retained profits of the Company pursuant to Section 127 of the Companies Act 2016 ("the Act") and any prevailing laws.

Based on the Audited Consolidated Financial Statements for the financial year ended 31 March 2022 of JADI, the accumulated loss of the Company stood at RM31,025,599.

## 6. SOURCE OF FUNDS

The funding for the Proposed Share Buy-Back will be from internally generated funds and/or external borrowings, depending on the number of shares purchased and the purchase consideration. Any use of internally generated funds for the Proposed Share Buy-Back is not expected to have a material impact on the cash flow position of the Company. In the event that the Proposed Share Buy-Back is financed by external borrowings, the Board will ensure that the Company is capable of repaying such external borrowings and such repayment is not expected to have a material impact on the cash flow position of the Company. There is no restriction on the type of funds which may be utilised for the Proposed Share Buy-Back, as long as it is backed by an equivalent amount of retained profits of the Company. In addition, the Board will ensure that the Company satisfies the solvency test as stated in Section 112(2) of the Act before implementing the Proposed Share Buy-Back.

The amount and proportion of funding will depend on the quantum of purchase and consideration, the availability of funds at the time of purchase(s) and other relevant cost factors.

## 7. DIRECT AND INDIRECT INTERESTS OF THE DIRECTORS, MAJOR/SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the proportionate increase in the percentage of shareholding and/or voting rights in their capacity as the shareholders of the Company as a result of the Proposed Share Buy-Back, none of the Directors, Major/Substantial Shareholders of JADI and/or persons connected to them, if any, has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Mandate or the subsequent resale of treasury shares (if any).

## 8. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

### 8.1 Potential Advantages

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders, if implemented, are as follows:-

(a) allows the Company to utilise its financial resources where there is no immediate use, to purchase JADI Shares. The Share Buy-Back would effectively reduce the number of shares carrying voting and participation rights, unless the Purchased JADI Shares are re-sold on the stock market of Bursa Securities or distributed to the shareholders as share dividends. Consequently, whether the Purchased JADI Shares are held as treasury shares or cancelled, all else being equal, the consolidated EPS of JADI Group could be enhanced, further increasing the value of the shareholders' investment in the Company;

(b) allows the Company the flexibility in achieving its desired capital structure, in terms of its debt and equity composition, and the size of its equity base;

## 8. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK (CONT'D)

### 8.1 Potential Advantages (Cont'd)

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders, if implemented, are as follows:- (Cont'd)

(c) allows the Company to take preventive measures against speculation, stabilise the supply and demand of JADI Shares traded on the stock market of Bursa Securities and reduce the volatility of JADI Shares prices. The stability of JADI Shares prices would enhance and maintain investors' confidence in order to facilitate future fund-raising exercises of the Company via the equity market; and

(d) purchased JADI Shares retained as treasury shares will provide the Company with opportunities for potential capital gains, if the said Purchased Shares are resold at prices higher than the purchase prices and such proceeds may be subsequently used for investment opportunities arising in the future, working capital and/or distribution as dividends to shareholders. In the event the treasury shares are distributed as share dividends, it shall serve as a reward to the shareholders of the Company.

### 8.2 Potential Disadvantages

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders, if implemented, are as follows:-

(a) the Proposed Share Buy-Back will reduce the financial resources of the Group and may result in the Group foregoing other better investment opportunities that may emerge in the future;

(b) if the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back, the cash flow of the Company may be affected to the extent of the interest costs associated with such borrowings;

(c) as the funds to be allocated for the Proposed Share Buy-Back must be made wholly out of the retained profits of the Company, it will result in a reduction of the amount of retained profits available for distribution of dividends to the 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 Proposed Share Buy-Back to be undertaken pursuant to the approval obtained on the Proposed Renewal of Share Buy-Back Mandate 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, which need to be balanced against investment opportunities and other proposals that can enhance the value to its shareholders and the Board is of the opinion that it would be in the best interest of the Company and its shareholders to do so.

# STATEMENT TO SHAREHOLDERS

**(CONT'D)**

## 9. TREATMENT OF SHARES PURCHASED

In accordance with Section 127(4) of the Act, the Board may, at their discretion, deal with the Purchased Shares until all the Purchased Shares have been dealt with in the following manner:-

(a) to cancel the shares so purchased; or
(b) to retain the shares so purchased in treasury to be resold on Bursa Securities if the opportunity arises for the Company to realise gains from the resale; or to be distributed to shareholders as share dividends to reward the shareholders of the Company; or
(c) to retain part of the shares so purchased as treasury shares and cancel the remainder of the shares,

or in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

Based on Section 127(7) of the Act, where such Purchased Shares are held as treasury shares, the Board may at their discretion:-

(i) distribute all or part of the treasury shares as dividends to our shareholders, such dividends to be known as "shares dividends";
(ii) resell all or part of the treasury shares in accordance with the MMLR;
(iii) transfer all or part of the treasury shares for the purposes of or under an employees' share scheme established by the Company and/or its' subsidiaries;
(iv) transfer all or part of the treasury shares as purchase consideration;
(v) cancel all or part of the treasury shares;
(vi) sell, transfer or otherwise use the Shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or
(vii) deal with the treasury shares in the manners as allowed by the Act, MMLR, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities from the time being in force.

While the Purchased Shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distribution and otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares, or of a class of shares in the Company for any purpose including, without limiting the generality of the provision of Section 127 of the Act, the provision of any law or the requirements of the Company's Constitution or the MMLR on substantial shareholdings, take-overs, notices, requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

An immediate announcement will be made to Bursa Securities in respect of the intention of the Board on the treatments of the Purchased Shares, i.e. notification of purchase, resale or transfer or cancellation of the Purchased Shares as per the MMLR.

As at the date of this Statement, the Board has yet to make any decision with regards to the treatment of the Shares so purchased in the future.

Where the Directors resolve to cancel the Shares so purchased or cancel any treasury shares, the number of the Company's issued shares shall be diminished by the cancellation of the Shares so cancelled. It is pertinent to note that the cancellation of Shares made pursuant to Section 127(15) of the Act shall not be deemed to be a reduction in share capital.

# STATEMENT TO SHAREHOLDERS

**(CONT'D)**

## 10. FINANCIAL EFFECTS

The financial effects of the Proposed Share Buy-Back on the share capital, NA, earnings, working capital, dividends and shareholdings of Directors and Substantial Shareholders of the Company or the Group are set out below:-

### 10.1 Share Capital

The effect of the Proposed Share Buy-Back on the issued share capital of the Company will depend on whether the Purchased JADI Shares are cancelled or retained as treasury shares. The Proposed Share Buy-Back will result in a reduction of the issued share capital of the Company if the Purchased JADI Shares are cancelled.

Based on the Company's issued share capital as at LPD, the effect of the Proposed Share Buy-Back if carried out in full, assuming that all the Purchased JADI Shares will be cancelled are as follows:-

| | **No. of Shares as at 30 June 2022** |
|---|---|
| Total number of issued shares of JADI as at LPD *(excluding treasury shares)* | 1,076,370,451 |
| *Less:* | |
| Assuming all the Purchased Shares pursuant to the Proposed Share Buy-Back are cancelled | (107,637,045) |
| **Reduced number of issued shares upon completion of the Proposed Share Buy-Back** | 968,733,406 |

The Proposed Share Buy-Back will have no effect on the issued share capital of JADI, if all the Purchased JADI Shares are to be retained as treasury shares, resold or distributed as dividend to the shareholders. Nevertheless, certain rights attached to the Purchased Shares are suspended while they are held as treasury shares.

### 10.2 Earnings

The effects of the Proposed Share Buy-Back on the earnings of JADI and its subsidiaries ("JADI Group") would depend on the purchase price(s) and the number of JADI Shares purchased, the effective cost of funding to finance such purchases and/or loss in interest income if internally generated funds are utilised.

Further, if the Purchased Shares are retained as treasury shares or cancelled subsequently, the effective reduction in the number of shares being taken into account for the purpose of EPS computation of the Company will, generally, with all else being equal, have a positive impact on the consolidated EPS of JADI Group.

### 10.3 Net Assets

The effect of the Proposed Share Buy-Back on the net assets ("NA") of JADI Group is dependent on the number of Purchased Shares, the purchase price(s) of JADI shares, the effective cost of funding and the treatment of the shares purchased.

When the Company purchases its own Shares, regardless of whether they are retained as treasury shares or subsequently cancelled, the NA per share will decrease if the cost per share purchased is more than NA per share at the time of purchase. However, if the cost per share purchased is less than the NA per share at the time of purchase, the NA per share will increase.

STATEMENT TO SHAREHOLDERS

**(CONT'D)**

## 10. FINANCIAL EFFECTS (CONT'D)

### 10.3 Net Assets (Cont'd)

In the case where the Purchased JADI Shares treated as treasury shares and subsequently resold on the stock market of Bursa Securities, the NA per share upon resale will increase if the Company realises a capital gain from the resale and vice versa. If the treasury shares are distributed as share dividends, the NA of JADI Group will decrease by the cost of the treasury shares at the time of purchase.

### 10.4 Working Capital

The Proposed Share Buy-Back, as and when implemented, will result in an outflow of cash and thereby reduce the working capital and cash flow of JADI Group to the quantum, which will depend on amongst others, the purchase price(s) of JADI Shares and the number of JADI Shares purchased.

Nevertheless, for JADI Shares so purchased and kept as treasury shares, upon its resale at higher selling price than initial purchase price, the working capital and the cash flow of JADI Group will increase. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

### 10.5 Dividends

The Proposed Share Buy-Back is not expected to have any impact on the policy of the Board in recommending dividends, if any, to shareholders of JADI. However, any future dividend to be declared and paid will depend on, amongst others, the actual results and profit of JADI Group, its cash reserves, cash flow, capital commitment and future funding requirements.

The Board may distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Share Buy-Back.

## 11. SHAREHOLDINGS OF DIRECTORS AND MAJOR/SUBSTANTIAL SHAREHOLDERS

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders of JADI as at LPD, assuming that the Proposed Share Buy-Back is implemented up to the maximum of ten per centum (10%) of the total number of issued shares of the Company and that the Purchased Shares are from the shareholders other than the Directors and Major/Substantial Shareholders of JADI, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors and Major/Substantial Shareholders of JADI are set out below:-

➢ **Minimum Scenario:**

Assuming that none of the outstanding Employees' Share Option Scheme ("ESOS") Options are exercised.

➢ **Maximum Scenario:**

Assuming the full exercise of 120,955,567 outstanding ESOS Options.

# STATEMENT TO SHAREHOLDERS

**(CONT'D)**

## 11. SHAREHOLDINGS OF DIRECTORS AND MAJOR/SUBSTANTIAL SHAREHOLDERS (CONT'D)

### (a) Directors of JADI *

| | Number of Shares held as at 30 June 2022 | | | | After the Proposed Share Buy-Back(1) | | | |
|---|---|---|---|---|---|---|---|---|
| | Direct | | Indirect | | Direct | | Indirect | |
| Name of Directors | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Ong Gim Hai | – | – | – | – | – | – | – | – |
| Leow Wey Seng | – | – | – | – | – | – | – | – |
| Ling Chi Hoong | – | – | – | – | – | – | – | – |
| Dai ShuChun | – | – | – | – | – | – | – | – |
| Tan Su Ning | – | – | – | – | – | – | – | – |

***Notes:-***

* *There are no changes to the effect of the Proposed Share Buy-Back on the shareholdings of the Directors in both Minimum and Maximum Scenarios, in the event that the Directors' shareholding in JADI remain unchanged.*

*(1) Assuming the Proposed Share Buy-Back is implemented in full, i.e. up to 10% of the total number of issued shares of the Company (107,637,045 Shares) are held as treasury shares and that the Directors' shareholding in JADI remain unchanged.*

### (b) Major/Substantial Shareholders of JADI

#### (i) Minimum Scenario

| | Number of Shares held as at 30 June 2022 | | | | After the Proposed Share Buy-Back# | | | |
|---|---|---|---|---|---|---|---|---|
| | Direct | | Indirect | | Direct | | Indirect | |
| Name of Major/ Substantial Shareholders | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| XOX (Hong Kong) Limited | 302,292,700 | 28.08 | – | – | 302,292,700 | 31.20 | – | – |
| XOX Bhd | – | – | 302,292,700(1) | 28.08 | – | – | 302,292,700(1) | 31.20 |
| Static Control Holdings Limited | 94,170,040 | 8.75 | – | – | 94,170,040 | 9.72 | – | – |
| Ninestar Corporation | – | – | 94,170,040(2) | 8.75 | – | – | 94,170,040(2) | 9.72 |
| Zhuhai Hengxinfengye Technology Co., Ltd | – | – | 94,170,040(2) | 8.75 | – | – | 94,170,040(2) | 9.72 |
| Zhuhai Seine Technology Co., Ltd | – | – | 94,170,040(2) | 8.75 | – | – | 94,170,040(2) | 9.72 |

#### (ii) Maximum Scenario

| | Number of Shares held as at 30 June 2022 | | | | After the Proposed Share Buy-Back# | | | |
|---|---|---|---|---|---|---|---|---|
| | Direct | | Indirect | | Direct | | Indirect | |
| Name of Major/ Substantial Shareholders | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| XOX (Hong Kong) Limited | 302,292,700 | 28.08 | – | – | 302,292,700 | 28.05 | – | – |
| XOX Bhd | – | – | 302,292,700(1) | 28.08 | – | – | 302,292,700(1) | 28.05 |
| Static Control Holdings Limited | 94,170,040 | 8.75 | – | – | 94,170,040 | 8.74 | – | – |
| Ninestar Corporation | – | – | 94,170,040(2) | 8.75 | – | – | 94,170,040(2) | 8.74 |
| Zhuhai Hengxinfengye Technology Co., Ltd | – | – | 94,170,040(2) | 8.75 | – | – | 94,170,040(2) | 8.74 |
| Zhuhai Seine Technology Co., Ltd | – | – | 94,170,040(2) | 8.75 | – | – | 94,170,040(2) | 8.74 |

# STATEMENT TO SHAREHOLDERS

**(CONT'D)**

## 11. SHAREHOLDINGS OF DIRECTORS AND MAJOR/SUBSTANTIAL SHAREHOLDERS (CONT'D)

**(b) Major/Substantial Shareholders of JADI (Cont'd)**

***Notes:-***

# *Assuming the Proposed Share Buy-Back is implemented in full, i.e. up to 10% of the total number of issued shares of the Company (107,637,045 Shares) are held as treasury shares and that the Directors' shareholding in JADI remain unchanged.*

*(1) Deemed interest by virtue of Section 8(4) of the Act via its shareholding in XOX (Hong Kong) Limited.*

*(2) Deemed interest by virtue of Section 8(4) of the Act via its shareholding in Static Control Holdings Limited.*

## 12. PUBLIC SHAREHOLDING SPREAD

As at 30 June 2022, the public shareholding spread of the Company was 63.17%. The Proposed Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase to the extent that at least 25% of the total number of issued share of JADI is held in the hands of public shareholders at all times, in compliance with 25% public shareholding spread as required under Paragraph 8.02(1) of the MMLR of Bursa Securities.

The Board will endeavour to ensure that the Company complies with the public shareholding spread requirements at all times and shall not buy back the Company's Shares if the purchase would result in the public shareholding spread falling below 25% of its total number of issued shares.

## 13. IMPLICATION OF THE CODE

If any one of the Directors, Major/Substantial Shareholders and/or their respective parties acting in concert with them, as a result of the Proposed Share Buy-Back:-

(a) obtains control in the Company (which is the holding of, or entitlement to exercise or control the exercise of, more than 33% of the voting shares or voting rights of the Company); or

(b) increases his/their existing shareholdings of the Company (which is more than 33% but not more than 50% of the voting shares or voting rights of the Company) by more than 2% in any six (6) months period,

the affected Director, Major/Substantial Shareholder and/or parties acting in concert with them ("Affected Person(s)") would be obliged to undertake a mandatory offer for the remainder JADI Shares not already owned by them pursuant to the Code. However, a waiver to undertake a mandatory offer may be granted by the Securities Commission Malaysia ("SC") under Paragraph 24 of Practice Note 9 of the Code upon application by the Affected Person(s) before triggering the mandatory offer and subject to the affected Director, Major/Substantial Shareholder and/or parties acting in concert with them complying with certain conditions.

The Board is aware of the implications of the Code and will be mindful of such implications when making any purchase of JADI Shares pursuant to the Proposed Share Buy-Back.

However, in the event an obligation to undertake a mandatory offer is expected to arise with respect to any party or parties resulting from the Proposed Share Buy-Back, which is an action outside its direct participation, the relevant parties will make necessary application to the SC for an exemption from undertaking a mandatory offer pursuant to the Code prior to any buy-back of the Shares.

## 14. PURCHASE OF JADI SHARES, RESALE, TRANSFER AND/OR CANCELLATION OF TREASURY SHARES IN THE PRECEDING TWELVE (12) MONTHS

There have not been any purchases of JADI Shares nor resale, transfer and/or cancellation of treasury shares of the Company in the previous twelve (12) months preceding the date of this Statement. As at the date of this Statement, the Company holds 119,672 treasury shares.

## 15. MARKET PRICE OF THE COMPANY'S SHARES

The following table sets out the monthly highest and lowest prices of JADI Shares traded on the stock market of Bursa Securities for the preceding twelve (12) months from June 2021 up to May 2022:-

| Month | Highest (RM) | Lowest (RM) |
|---|---|---|
| **2021:** | | |
| June | 0.105 | 0.085 |
| July | 0.095 | 0.080 |
| August | 0.090 | 0.080 |
| September | 0.145 | 0.085 |
| October | 0.135 | 0.090 |
| November | 0.100 | 0.080 |
| December | 0.110 | 0.080 |

| Month | Highest (RM) | Lowest (RM) |
|---|---|---|
| **2022:** | | |
| January | 0.115 | 0.100 |
| February | 0.110 | 0.095 |
| March | 0.095 | 0.080 |
| April | 0.105 | 0.085 |
| May | 0.105 | 0.090 |

The last transacted market price of JADI Shares on 30 June 2022, being the LPD before printing this Statement was RM0.080 per share.

*(Source: Bursa Malaysia)*

## 16. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed Renewal of Share Buy-Back Mandate stated above, is of the opinion that the Proposed Renewal of Share Buy-Back Mandate is fair, reasonable and in the best interest of the Company and accordingly, recommend that the shareholders of JADI vote in favour of the Ordinary Resolution pertaining to the Proposed Renewal of Share Buy-Back Mandate to be tabled at the Company's forthcoming 21st AGM.

## 17. FURTHER INFORMATION

### 17.1 Directors' Responsibility Statement

The contents of this Statement has been reviewed and approved by the Directors of JADI and they collectively and individually accept full responsibility for the accuracy of the information given in this Statement and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which, would make any statement herein misleading.

# STATEMENT TO SHAREHOLDERS

**(CONT'D)**

## 17. FURTHER INFORMATION (CONT'D)

### 17.2 Documents Available for Inspection

Copies of the following documents are available for inspection by members of the Company at the Registered Office of the Company at No. 1, Jalan Peguam U1/25A, Seksyen U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (excluding Public Holidays) from the date of this Statement up to and including the date of the forthcoming $21^{st}$ AGM:-

(a) the Constitution of JADI; and
(b) the audited consolidated financial statements of JADI for the past two (2) financial years ended 31 March 2021 and 31 March 2022.

There is no other information concerning the Proposed Renewal of Share Buy-Back Mandate that shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making an informed assessment as to the merits of approving the Proposed Renewal of Share Buy-Back Mandate 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 of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Sustainability Reporting Guide and Toolkits issued by Bursa Securities. This Statement covers the Company and its subsidiaries' ("the Group") operations for the financial year ended 31 March 2022.

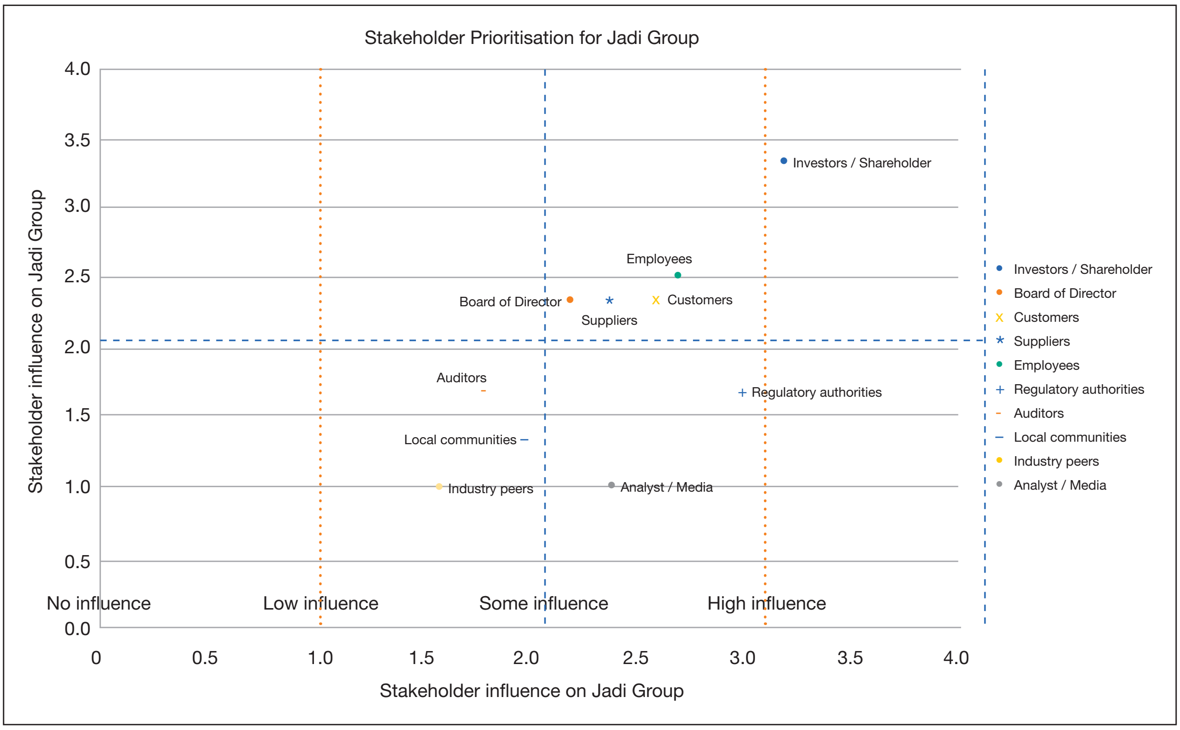
The Group recognises the importance of being committed to create long-term sustainable value for all stakeholders. Sustainability has become a significant factor contributing to business growth and competitiveness internationally. We therefore strive to look after the interests of our key stakeholders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



# SUSTAINABILITY STATEMENT

**(CONT'D)**

## 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<br>• Annual reports, quarterly reports & announcements | • Company performance & growth<br>• Dividend & Share performance<br>• Sustainability | • Economic sustainability<br>• Corporate governance and ethics |
| Board of Directors | • Board meetings<br>• Company organised events<br>• Annual general meetings | • Corporate governance<br>• Company strategy & direction | • Economic sustainability<br>• Corporate governance and ethics |
| Customers | • Regular visits & meetings<br>• Customer feedback forms<br>• Exhibitions & trade fairs | • Product quality<br>• On time delivery<br>• Stock availability<br>• Production capacity<br>• Affordability<br>• Customer relations management | • Quality of product and services<br>• Customer satisfaction |
| Suppliers | • Regular meetings<br>• Supplier evaluation audit | • Maintaining partnership<br>• Procurement practices<br>• Term of payment | • Economic sustainability<br>• Corporate governance and ethics |
| Employees | • Policies & procedures<br>• Employee performance appraisals<br>• Meetings & briefings | • Remuneration & benefits<br>• Occupational health & safety<br>• Career development & opportunities | • Diverse & balanced workforce<br>• Occupational heatlh and safety<br>• Training and development |
| Regulatory authorities | • Statutory submissions<br>• 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<br>• Social and environmental concerns | • Environmental management<br>• Social responsibilities |
| Industry peers | • Exhibitions & trade fairs<br>• Collaborations | • Market trend | • Economic sustainability |
| Analyst/Media | • Interviews<br>• Annual general meetings | • Industry outlook<br>• Financial performance | • Economic sustainability<br>• Corporate governance and ethics |

SUSTAINABILITY STATEMENT

**(CONT'D)**

## MATERIALITY ASSESSMENT AND MATERIAL SUSTAINABILITY MATTERS

The Group has conducted materiality assessment to assess and identify the economic, environmental and social issues which are material to the Group and its stakeholders. The identified material sustainability matters are tabulated in the Materiality Matrix below:

**Materiality Matrix**

Influence on Stakeholder Assessments and Decisions

| | | |
|---|---|---|
| | | • Economic sustainability<br>• Quality of product and services<br>• Customer satisfaction<br>• Occupational health and safety |
| | • Diverse and balanced workforce | • Environmental management<br>• Training and development<br>• Corporate governance and ethics |
| | • Social responsibility | |

Significance of Group's Economic, Environmental and Social Impacts

## ECONOMIC

### 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.

# SUSTAINABILITY STATEMENT

**(CONT'D)**

## ECONOMIC (CONT'D)

**Quality of Product and Services**

Prompt actions 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.

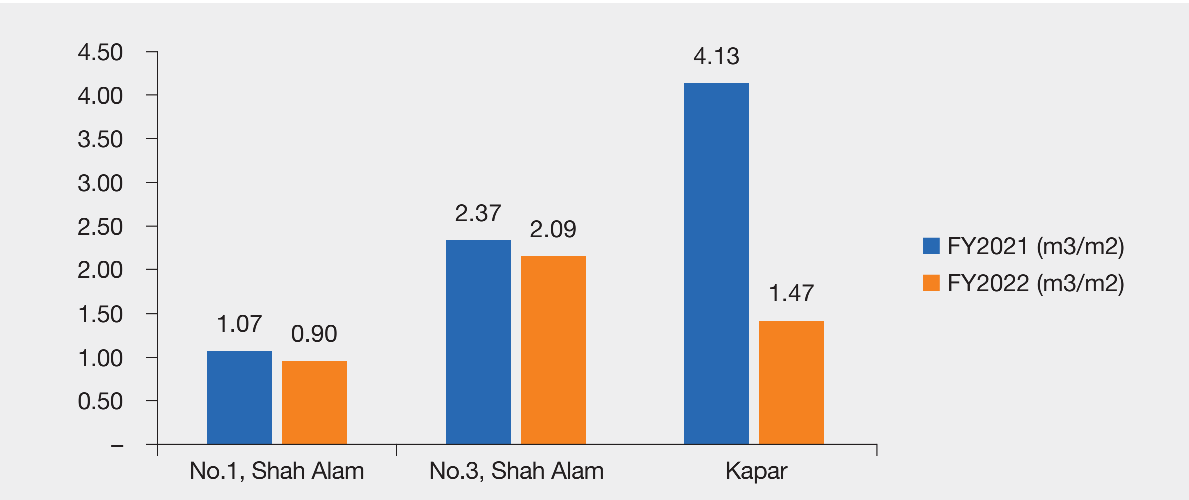
## ENVIRONMENT

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 continuously looking out for ways to incorporate sustainability practices 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**

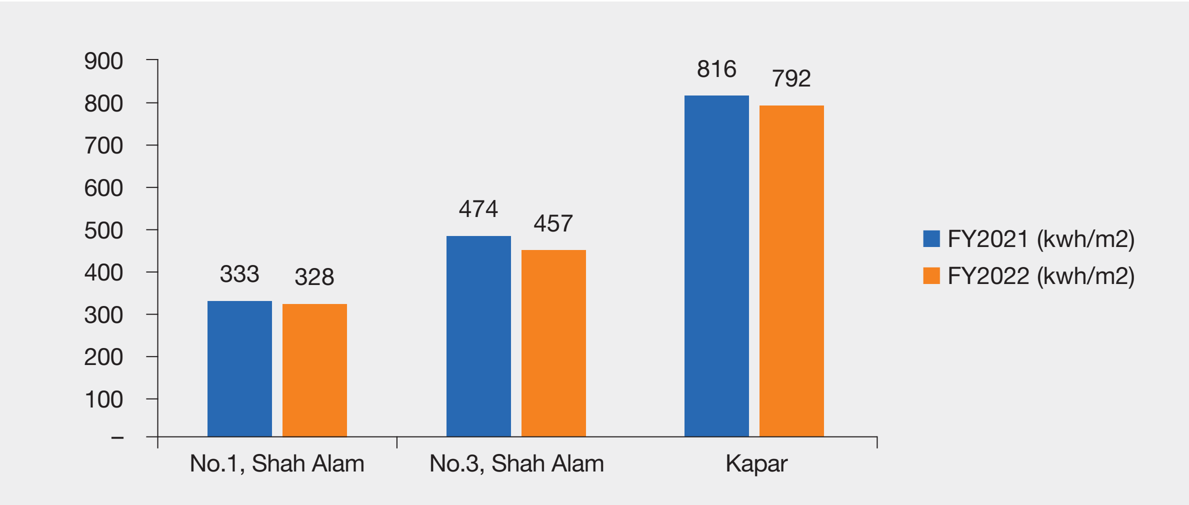



A waste water treatment plant is installed at Jalan Kapar factory and is operating around the clock to treat waste water generated by the Company's water-based chemical toner plant.

## ENVIRONMENT (CONT'D)

### Energy and Air Emissions

Energy management initiatives are in place to minimise 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. 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 organised 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; and
- 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.

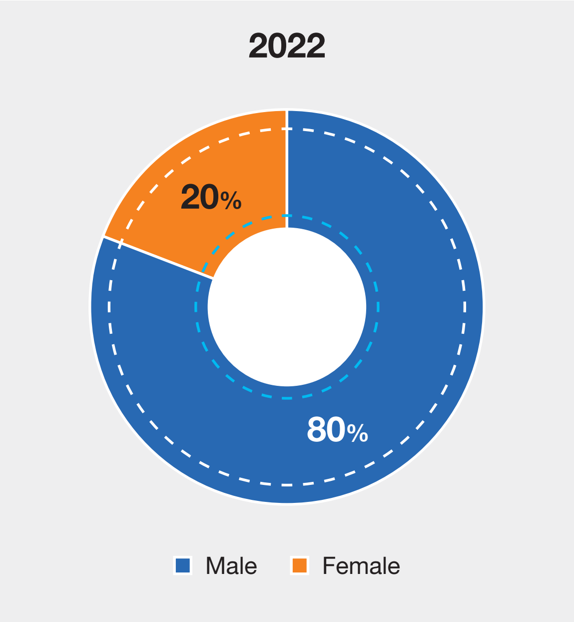
# SUSTAINABILITY STATEMENT

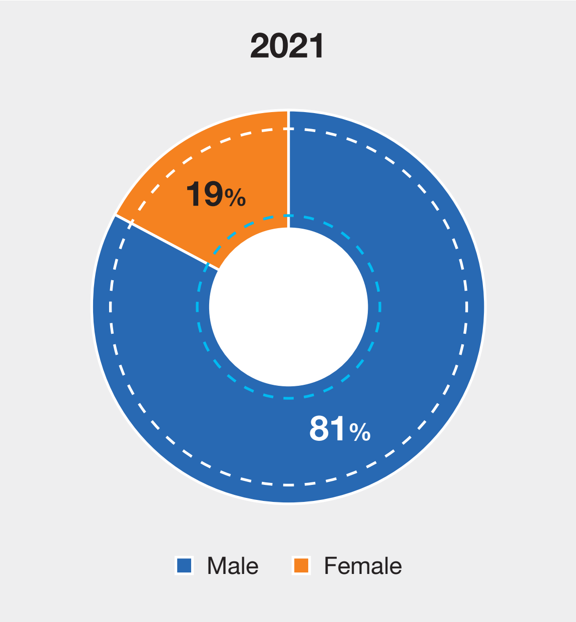
**(CONT'D)**

## OUR PEOPLE (CONT'D)

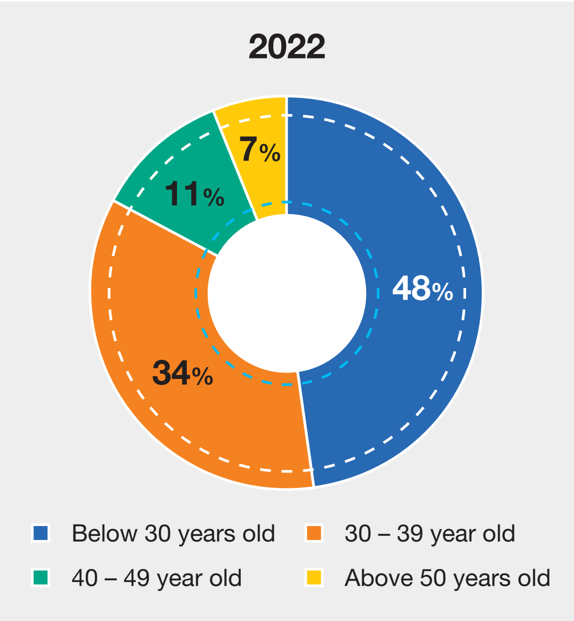
**Diverse and Balanced Workforce (Cont'd)**

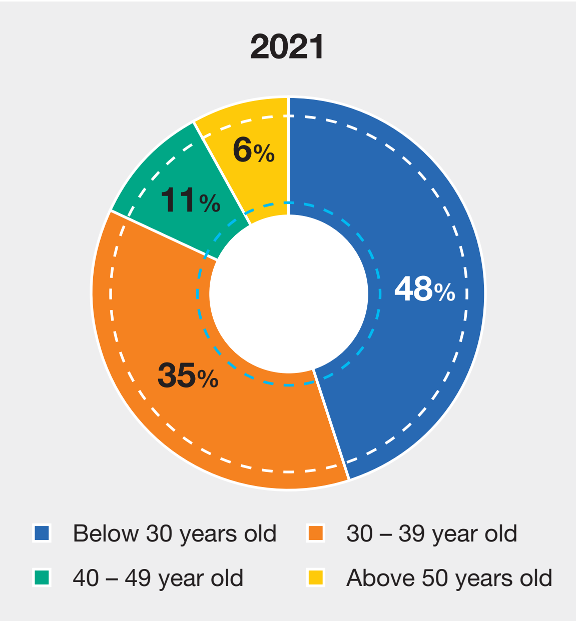
***Breakdown by Employment by Gender***




***Breakdown by Employment by Age Group***

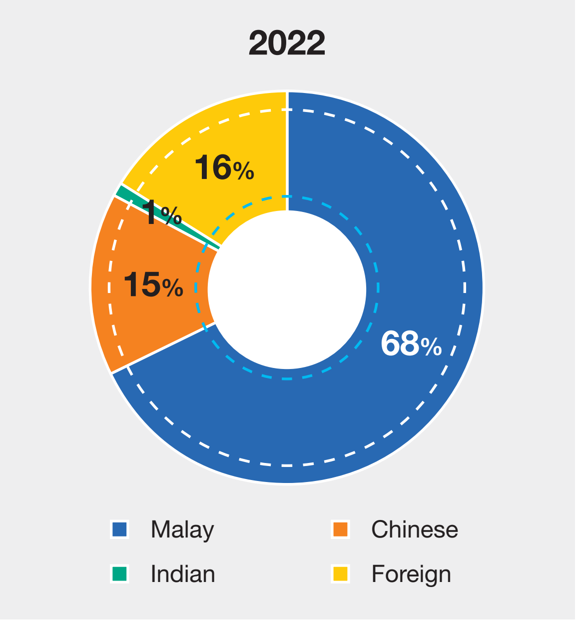


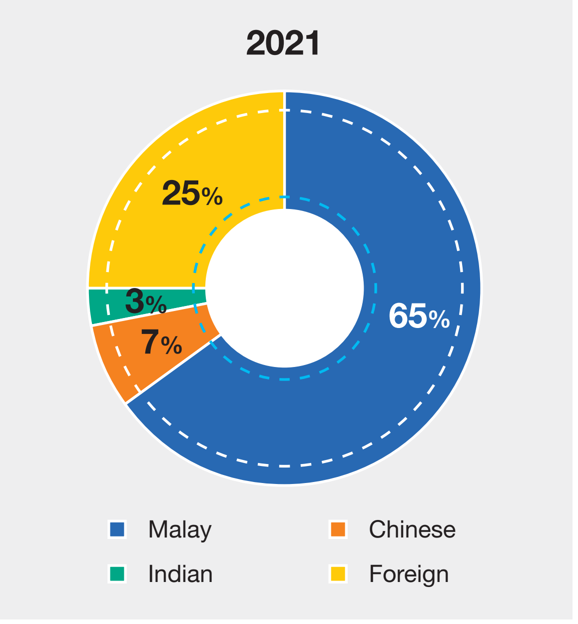



## OUR PEOPLE (CONT'D)

**Diverse and Balanced Workforce (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 healthy environment, a Health, Safety and Environment ("HSE") Committee is tasked to oversee all occupational health and safety related matters, as well as environmental protection initiatives. Physical audit and email reminder are sent 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.

**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 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 ("the Code") 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 the Audit Committee ("AC") will report independently to the AC.

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

# SUSTAINABILITY STATEMENT

**(CONT'D)**

**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 striving to achieve a sustainable balance between its commitments to customers, the needs of the community and requirements of other stakeholders in pursuing economic success.

# CORPORATE GOVERNANCE
# OVERVIEW STATEMENT

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

The Board is pleased to present and report on the manner the Group has adopted and applied the governance standards prescribed under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), as well as the principles and recommended best practices as set out in the latest Malaysian Code on Corporate Governance ("MCCG") and Corporate Governance Guide (4th edition) issued by Bursa Securities in this Corporate Governance Overview Statement.

This Corporate Governance Overview Statement is to be read together with the Corporate Governance Report ("CG Report") 2022 of the Company consisting the detailed application of each practices set out in the MCCG by the Group during the financial year ended ("FYE") 31 March 2022, based on the prescribed format as outlined in Paragraph 15.25 of the MMLR of Bursa Securities. The CG Report 2022 is available together with this Annual Report for reference on the Bursa Securities' website and the Group's website at www.jadi.com.my.

The Board is of the opinion that the Group has, in all material aspects, applied the principles and adopted the recommended best practices as set out in the MCCG for the FYE 31 March 2022, except for its departures on the following practices: -

| Practices under MCCG | Description of Practices |
|---|---|
| Practice 1.2 | A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed. |
| Practice 1.3 | The positions of Chairman and CEO are held by different individuals. |
| Practice 4.4 | Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities. |
| Practice 5.6 | In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates. |
| Practice 5.9 | The board comprises at least 30% women directors. |
| Practice 5.10 | The board discloses in its annual report the company's policy on gender diversity for the board and senior management. |
| Practice 7.1 | The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website. |
| Practice 8.2 | The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000. |

Explanations for these departures are further elaborated in the CG Report 2022.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**(CONT'D)**

## 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:

(a) Reviews and adopts the Group's overall strategic plans on economic, environmental and social considerations, major investments and funding requirements for the Group by conducting discussion with Executive Director;
(b) Promotes good corporate governance culture within the Group;
(c) Oversee and assess the conduct of the Group's business as well as Management's proposals and implementation. The Executive Director will explain to the Board on the current Group's business as and when questions are raised during the Board meetings;
(d) Assess management performance to determine the Group's business is properly managed;
(e) Identifies principal risks and ensure proper internal controls are implemented to manage these risks;
(f) Ensure succession planning of senior management with right skill sets;
(g) Oversee and ensure the policy for effective communication with shareholders are implemented;
(h) Review and ensure the adequacy and integrity of the financial and non-financial management information and the internal controls system of the Group; and
(i) Promotes sustainability to ensure long-term value creation.

The Board is responsible for the oversight and overall management of the Group, which includes reviewing and adopting strategic plans for the Group, as well as ensuring appropriate risk management and internal control systems are in place by regularly reviewing such systems to ensure their adequacy, integrity and effectiveness. Management of the Group, which is led by the Executive Director, is delegated to execute the strategies and business plans of the Group. Matters such as major capital expenditure, business acquisition and restructuring, corporate proposals and annual budget are reserved for the Board to make its decision.

The responsibilities of the Board, as well as the segregated roles and responsibilities of the Chairman, Independent Non-Executive Directors and Executive Directors of the Company are stipulated in the Board Charter. All the Independent Non-Executive Directors are independent of the Executive Directors, Management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

### 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:

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

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

Mr Liew Kim Siong had been acting as the Group's Executive Chairman and CEO during the financial year under review up to his resignation which took effect on 3 January 2022.

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

### 3. Chairman and Chief Executive Officer ("CEO") (Cont'd)

Although the Executive Chairman is also the Group CEO, 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 CEO who is also the Executive Chairman oversees 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.

As at the date of this Statement, the Company has not appointed another Chairman and CEO in replacement of Mr Liew Kim Siong. The Board would endeavor to identify suitable candidate to be appointed as Chairman of the Company, whilst Mr Ong Gim Hai, the Executive Director of the Company shall assume the role and responsibilities of the Group CEO, amongst others, as follows:-

(a) Develop and implement strategic direction for the Group;
(b) Oversee heads of departments who are responsible for all functions contributing to the success of the Group;
(c) Ensure efficiency and effectiveness of the operation of the Group; and
(d) Assess business opportunities which are of potential benefit to the Group.

### 4. Qualified and Competent Company Secretaries

Company Secretaries play an advisory role to the Board, particularly with regards to the Company's adherence to its Constitution, its compliance with regulatory requirements, codes or guidance and legislations from time to time and update on new MMLR 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 personnel for appropriate actions. A secured retrieval system which stores meeting papers, minutes of Board and Board 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.

The Board is satisfied with the service and support rendered by the Company Secretaries in discharging their functions. The Company Secretaries had and will continuously undertake professional development.

### 5. Access to Information and Independent Professional 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 to review and approve the Group's financial results, with additional meetings held as and when urgent matters are required to be discussed and decided by the Board.

Notice of meetings is given in writing at least seven (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 also circulated approximately seven (7) days prior to the meeting 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. 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 Company's expense, if required, in furtherance of discharging their duties with adequate knowledge. The Directors may also consult with the other Board members prior to seeking any independent professional advice.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**(CONT'D)**

## 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 Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with its Management and shareholders.

The Board Charter is structured to protect the best interests of shareholders and stakeholders by practicing a high level of good governance. The Board delegates to the Executive Director to oversee the business operation of the Group. The management of the Group is delegated to the senior management to execute the strategies and business plans of the Group.

Notwithstanding the above, the Board also delegates specific fiduciary duties and responsibilities to several Board Committees. The following principal Board Committees have been established to assist the Board in discharging its duties and oversight function effectively:-

(a) Audit Committee
(b) Nomination Committee
(c) Remuneration Committee

The Terms of Reference of each Board Committee have been approved by the Board and, where applicable, comply with the recommendations of the MCCG. These Committees have the authority to examine particular issues and report to the Board with their recommendations, as well as acting on behalf of the Board within the authority as laid out in the Terms of Reference. Nonetheless, the ultimate responsibility for the final decision on such matters lies with the Board.

The 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 in line with 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 on the Group's website at www.jadi.com.my.

### 7. Formalised Ethical Standards through Code of Ethics and Conduct and Whistleblowing Policy

The Board has formalised a Code of Ethics and Conduct ("the Code") to define the ethical standards and conduct at work, which the Directors and all employees of the Group 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 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 the Audit Committee will report directly and independently to the Audit Committee on quarterly basis during the meeting, if any whistleblowing report is received.

The Code is reviewed regularly as and when it is deemed necessary by the Board. The summary of the Code forms part of the Board Charter and the details of the Code together with the Group's Whistleblowing Policy are available for reference on the Group's website www.jadi.com.my.

### 8. Strategies Promoting Sustainability

In relation to sustainability, the Board understands the importance of striking the balance between shareholders' 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.

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

### 8. Strategies Promoting Sustainability (Cont'd)

The Board will take into consideration the three aspects in doing its business, i.e. environmental, 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. The Group has established a formal sustainability framework and undertake material sustainability initiatives, setting the Group's sustainability strategies priorities and targets as outlined in the Company's Sustainability Statement presented on pages 27 and 34 of this Annual Report.

### 9. Board Composition and Diversity

The Company's current Board composition is as follows:-

<u>Executive Director</u>
Ong Gim Hai

<u>Independent Non-Executive Directors</u>
Leow Wei Seng
Ling Chi Hoong
Tan Su Ning

<u>Non-Independent Non-Executive Director</u>
Dai ShuChun

The Company is led and managed by an experienced Board, comprising members who have a wide range of experience in fields such as management, finance and law to effectively direct and supervise the Group's business activities and oversee the overall management of the Group. A brief profile of each Director is presented on pages 6 and 8 of this Annual Report.

#### 9.1 Board Composition

As at FYE 31 March 2022, the Board has five (5) members, comprising one (1) Executive Director, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The composition of the Board is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities, which requires at least two (2) directors or one-third (1/3) of the Board members, whichever is the higher, to be Independent Directors. The Company has also fulfilled the best practice under the MCCG to have at least half of the Board members comprises a majority of independent directors.

All Board members participate fully in decisions on key issues involving the Group. The Executive Director is 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, the Executive Director 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.

The Board believes that the current Board composition is appropriate given the collective skills and experiences of the Directors, the Group's current size and nature of the Group's business. The Board will continue to monitor and review the Board's size and composition as may be needed.

#### 9.2 Board Diversity

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**(CONT'D)**

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

### 9. Board Composition and Diversity (Cont'd)

#### 9.2 Board Diversity (Cont'd)

As at FYE 31 March 2022, the Board has one (1) female Independent Non-Executive Director, which accounts for 20% of the Board members. Although the Group has yet to have a Gender Diversity Policy, the Board is supportive of the recommended practice under the MCCG in promoting female's representation at the Board level, whereby a Board should comprise at least 30% women directors. The Board will take steps to include, where appropriate, women candidates as nominee during the nomination process of Board members. This is to form a balance mix of essential skills, experience and knowledge to ensure the capable management and leadership of the Group.

The Board is of the opinion that the Directors, with their diversified background and extensive experience, bring a wide range of technical skills and expertise to the Group and have contributed significantly towards performance monitoring, control as well as governance.

#### 9.3 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. If the Board intends to retain a Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board has to provide its justification and recommendation to the shareholders and seek for their approval at the Company's Annual General Meeting ("AGM") for the said re-appointment. If the Board continues to retain the independent director after the ninth year, the board should seek annual shareholders' approval through a two-tier voting process.

As at the date of this Statement, all of the Independent Non-Executive Directors' service tenure are within the nine (9) years term.

### 10. Appointment of Directors to the Board

The Nomination Committee and the Board members would 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, the Nomination Committee will assess and deliberate on their skills, knowledge, expertise and experience, independence and capability to discharge their responsibilities, before making 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 next Annual General Meeting, and shall then be eligible for re-election.

During the recent recruitment, the appointment of Director is undertaken by the Board as a whole, guided by formal recommendations from the Nomination Committee which received nomination of candidates from major shareholders and existing Directors of the Group. Nonetheless, the Nomination Committee and the Board do not solely rely on recommendations from major shareholders or existing Directors and would consider utilising independent sources such as directors' registry, recruitment agency or industry and professional associations to identify suitably qualified candidates when necessary.

### 11. Board Committees

The Board, in view of assisting the discharge of its stewardship role, has established Board Committees delegated with certain responsibilities as detailed below, as well as the authority to examine specific issues and operate within their respective Terms of Reference ("TOR") as approved by the Board and report to the Board with their proceedings, deliberations and recommendations. The ultimate responsibility for decision making, however, lies with the Board.

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

**11. Board Committees (Cont'd)**

**(a) Audit Committee ("AC")**

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors.

The composition, attendance for meetings and summary of work of activities of the AC are set out in the AC Report on pages 10 to 15 of this Annual Report. The TOR of AC is available for reference on the Company's website at www.jadi.com.my.

**(b) Nomination Committee ("NC")**

The NC comprises two (2) members, both of whom are Independent Non-Executive Directors.

NC has clearly defined written TOR 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 roles and responsibilities of the NC are set out in the TOR of NC, which is available for reference on the Company's website at www.jadi.com.my.

As of the date of this Statement, the composition of the NC is as follows:-

| Designation | Name | Directorship |
|---|---|---|
| Chairman | Ling Chi Hoong | Independent Non-Executive Director |
| Member | Leow Wey Seng | Independent Non-Executive Director |

The NC meets as and when is required. For the FYE 31 March 2022, the NC met once and the meeting was attended by all of its members.

During the financial year under review, the 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 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 TOR in compliance with the latest amendments to the MMLR 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.

All recommendations of the NC are subject to the approval of the Board.

**(c) Remuneration Committee ("RC")**

The RC comprises three (3) Independent Non-Executive Directors, all of whom are Independent Non-Executive Directors.

The RC has been entrusted with the responsibility of determining, reviewing and proposing the remuneration of the Executive and Non-Executive Directors (including Non-Executive Chairman) and Senior Management of the Company to the Board on an on-going basis. The roles and responsibilities of the RC are set out in the TOR of RC, which is available for reference on the Company's website at www.jadi.com.my.

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

**11. Board Committees (Cont'd)**

**(c) Remuneration Committee ("RC") (Cont'd)**

As of the date of this Statement, the composition of the RC is as follows:-

| Designation | Name | Directorship |
|---|---|---|
| Chairman | Leow Wey Seng | Independent Non-Executive Director |
| Member | Ling Chi Hoong | Independent Non-Executive Director |
| Member | Tan Su Ning | Independent Non-Executive Director |

The RC meets as and when required. For the FYE 31 March 2022, the RC met once and the meeting was attended by all of its members.

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 Directors' fees and emolument benefits reviewed by the RC are subject to the endorsement of the Board and approval of the shareholders at the Company's AGM. The Board as a whole proposed the remuneration of the Non-Executive Directors. The Directors concerned who are shareholders will abstain from deliberation and voting in respect of his/her own individual remuneration at the AGM to approve their fees. 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.

During the financial year under review, the RC had reviewed the TOR of RC to ensure in compliance with the latest amendments to the MMLR and MCCG and proposed the same to the Board for approval. The RC and the Board had also reviewed the Directors' fees and emolument benefits for Executive and Non-Executive Directors to be approved by the shareholders at the forthcoming AGM.

All recommendations of the RC are subject to the approval of the Board.

**12. Annual Assessment of Directors**

A good size and balance of the Board composition ensures that no individual or group of individuals can dominate the Board's decision-making process. The Board, through the NC, have undertaken an annual assessment of the Board's effectiveness based on the composition, conduct, responsibilities of the Board and the Board Committees in accordance with the Board Charter and the respective Board Committees' TORs, as well as the independence of the Independent Directors. The evaluation forms adopted are based on the prescribed forms recommended by Bursa Securities and MCCG, covering Board's structure, operations, roles and responsibilities as a whole, assessment of individual director's input quality, time commitment, character, integrity, competency and experience.

The observations of the assessment indicated that the performance of the Board, the Board Committees and the individual Directors during the financial year under review had been satisfactory and effective in overall discharge of functions and duties.

Based on the assessment, taking into consideration the nature and the scope of Jadi Group's operations and business requirements, the Board is satisfied with the current size and composition of the Board and Board Committees and opined that it is appropriate and well balanced with diversity of skill set, knowledge and experience which would facilitate effective decision-making. The Board is also satisfied with the level of independence demonstrated by the Independent Directors throughout the year and their abilities to exercise objective judgement and act in the best interest of the Company. The results of the individual Director's assessments had also supported the Board's decision to endorse the retiring Directors standing for re-election.

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

### 13. Board Meetings and Time Commitment

The Board meets at quarterly intervals to review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group, with additional meetings held when urgent issues and important decisions are required to be taken between the scheduled meetings. Any Director who has a direct or deemed interest in the subject matter shall declare his interest at the meeting and abstain from deliberation and voting on the respective resolution. Additionally, where appropriate, the Board and/or Board Committees may also resolve and approve various matters by way of written resolutions.

The Board held five (5) meetings during the FYE 31 March 2022 and the attendance record of each Director at the Board meetings during their tenure of office is as follows :

| Name and Designation of Directors | Total No. of Meetings attended during tenure of office |
|---|---|
| **Ong Gim Hai**<br>Executive Director<br>*(Appointed on 29 October 2021)* | 2/2 |
| **Leow Wey Seng**<br>Independent Non-Executive Director<br>*(Appointed on 29 October 2021)* | 2/2 |
| **Ling Chi Hoong**<br>Independent Non-Executive Director<br>*(Appointed on 29 October 2021)* | 2/2 |
| **Tan Su Ning**<br>Independent Non-Executive Director<br>*(Appointed on 4 January 2022)* | 1/1 |
| **Dai ShuChun**<br>Non-Independent Non-Executive Director | 4/5 |
| **Liew Kim Siong**<br>Executive Chairman/Group CEO<br>*(Resigned on 3 January 2022)* | 4/4 |
| **Liew Kit**<br>Executive Director/General Manager<br>*(Resigned on 5 November 2021)* | 3/3 |
| **Liew Hock Yee**<br>Non-Independent Non-Executive Director<br>*(Resigned on 5 November 2021)* | 3/3 |
| **Dato' Seri Dr. Raymond Liew Lee Leong**<br>Senior Independent Non-Executive Director<br>*(Resigned on 5 November 2021)* | 3/3 |
| **Lim Chee Khang**<br>Independent Non-Executive Director<br>*(Resigned on 5 November 2021)* | 3/3 |
| **Dato' Dr. Lee Chung Wah @ Lee Chung Fu**<br>Independent Non-Executive Director<br>*(Resigned on 5 November 2021)* | 3/3 |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**(CONT'D)**

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

### 13. Board Meetings and Time Commitment (Cont'd)

All the Directors have complied with the minimum 50% attendance at Board meetings during the financial year as stipulated by the MMLR of Bursa Securities. The Directors' commitment, resources and time allocated to the Company are evident from the attendance record and the Board is satisfied with the level of time and commitment given by each Directors of the Company towards fulfilling their duties and responsibilities.

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 in other public listed companies. 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. Currently, all the Directors of the Company hold not more than five (5) directorships in public listed companies, which is in compliance with Paragraph 15.06 of the MMLR.

### 14. Directors' Training

The Directors are mindful of the importance of continuing training and education to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance development. The Board, through 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.

The details of the seminars, conferences and/or training programmes attended by the current Board of Directors during the period are as follows:-

| Name of Directors | Seminars/Conferences/Training/Programmes Attended | Date(s) |
|---|---|---|
| Ong Gim Hai | • Decoding Transactions and RPT Rules | 14 & 15 April 2021 |
| Leow Wey Seng | • Mandatory Accreditation Program for Directors of Public Listed Companies<br>• IFRS: Financial Instruments<br>• Leading the Post-Pandemic Finance Function<br>• Preference Shares - from Issuance to Redemption/ Conversion (Live webinar)<br>• Global Leaders Insights 2021 - Online | 31 May-2 June 2021<br>5 June 2021<br>10 June 2021<br>21 June 2021<br>15 December 2021 |
| Ling Chi Hoong | • Mandatory Accreditation Program for Directors of Public Listed Companies<br>• TCFD 101: Getting started with Climate-related Financial Reporting<br>• Introduction to Climate-related Disclosures: Starting the Climate Journey<br>• TCFD 102: Building Experience in Climate-related Financial Reporting | 28-30 June 2021<br>2 March 2022<br>5 March 2022<br>9 March 2022 |
| Dai ShuChun | • Company Strategy Development Training | 17-18 September 2021<br>4-5 November 2021<br>14-15 January 2022 |
| Tan Su Ning | • Mandatory Accreditation Program for Directors of Public Listed Companies | 23-25 May 2022 |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**(CONT'D)**

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

### 14. Directors' Training (Cont'd)

All Directors have completed the Mandatory Accreditation Programme as prescribed by Bursa Securities. The Directors will continue to attend other relevant education and/or training programmes to keep abreast with latest developments and knowledge on a continuous basis in compliance with the MMLR of Bursa Securities.

The Board has also been regularly updated on recent developments in the areas of statutory and regulatory requirements as well as governance matters from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Board Committee and/or Board meetings, to enable the Directors to discharge their responsibilities effectively.

### 15. 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 or proposed their remuneration. The Board is mindful that fair remuneration is critical and has established RC to develop remuneration strategies that drive performance and provide levels of reward which reflect the performance of the Executive Directors, Non-Executive Directors and Senior Management personnel.

The remuneration for Executive Directors and Senior Management consists of basic salary and other emoluments and it is based on the achievements and contribution of each person measured against their respective Key Performance Indicators. The Board shall determine the remuneration of Executive Directors and Senior Management taking into consideration the recommendations of the RC.

The Non-Executive Directors will receive a fixed base Directors' Fee, not by a commission or on percentage of profits/turnover, as consideration for their expected roles and responsibilities, including any additional work and contributions required to discharge their duties as a Board member. The proposed aggregate amount of Directors' Fees to be paid to Non-Executive Directors is not linked to their individual performance and it is subject to the approval of the shareholders at a General Meeting.

The Company will seek the shareholders' approval at the forthcoming Twenty-First ("21st") AGM for Directors' Fees payable to the Directors for the period from 1 April 2022 until the next AGM of the Company and Directors' Benefits payable to the Directors for the period from this 21st AGM until the next AGM of the Company in 2023. This is to facilitate the payment of the Directors' fees and benefits on a monthly basis and/or as and when incurred and shall be applicable to the subsequent financial year thereon.

Details of the Directors' Remuneration of the Directors who served the Company during the FYE 31 March 2022 are as disclosed in Practice 8.1 of the CG Report.

### 16. 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 Company believes it may not be in its best interest to disclose the top five (5) Key Senior Management personnel's remuneration components including salary, bonus, benefits-in-kind and other emoluments in the bands of RM50,000 on named basis in accordance with the recommendation of Practice 8.2 of the MCCG, 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 RM138,888, representing 1.6% the total employees' remuneration of the Group, in commensurate with their performance and responsibilities. The Company believes that such disclosure would still allow stakeholders to have a fair view of the remuneration paid as it is linked to the Group's performance.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**(CONT'D)**

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### 1. Effective and Independent Audit Committee

The AC comprises three (3) Independent Non-Executive Directors. The Chairman of the AC is Mr Leow Wey Seng, an Independent Non-Executive Director, who is not the Chairman of the Board, so as not to impair the objectivity of the Board's view of the AC's findings and recommendation.

The current composition of the AC fulfills the requirement set out under Paragraph 15.09 of the MMLR of Bursa Securities, which stipulates the necessary skills and experiences required to be a member of the AC, with all the AC members possessing the necessary financial, commercial expertise and capital markets skills, experience required to meet their responsibilities. On an on-going basis, the AC members will undertake continuous professional training and development, to keep themselves abreast of the latest developments in accounting and auditing standards, guidelines and practices.

The Board through the NC assesses the composition and performance of the AC annually, through an annual Board Committee effectiveness assessment. The Board is satisfied that the AC members discharged their functions, duties and responsibilities in accordance with the AC's TOR. The AC's TOR was reviewed and updated regularly to reflect the requirements of the applicable practices of MCCG.

None of the AC member is a former key audit partner of the Company's External Auditors and the Board does not foresee any new appointment of a former key audit partner to the Board. The Board had also adopted and incorporated the policy that requires a former key audit partner of the Company to observe the required cooling-off period of at least three (3) years before being appointed as a member of the AC in its TOR, as required under Practice 9.2 of the MCCG.

The AC also maintains transparent and professional arrangements in dealing with the Internal and External Auditors. Details of the composition of the AC, including its roles and responsibilities and a summary of activities conducted by the AC are set out in the AC Report on pages 10 to 15 of this Annual Report.

### 2. Assessment of Suitability and Independence of External Auditors

The Board maintains a formal and transparent professional relationship with the External Auditors, Messrs Baker Tilly Monteiro Heng PLT ("Baker Tilly") through AC. The role of the AC in relation thereto is described in the AC Report in this Annual Report. The AC has been explicitly accorded the power to communicate with the External Auditors of the Group. During the financial year under review, the AC had one (1) private session with the External Auditors without the presence of any Executive Director and Management.

In reviewing the audit and non-audit services provided by the External Auditors, the AC ensures that the independence and objectivity of the External Auditors are not compromised. The External Auditors are engaged mainly to perform statutory audit on Jadi Group's financial statements. During the financial year, it was reported that the non-audit related review undertaken by the External Auditors includes review of the Statement on Risk Management and Internal Control.

The External Auditors are also invited to attend every AGM whereby the financial statements of the company for the financial year are laid before the shareholders for notation and discussion, to respond and reply to any enquiries raised with regards to the conduct of the Group's statutory audit and the preparation of the Group's financial statements.

During the financial year under review, the AC has assessed the external auditors based on questions and answers with the External Auditors to assess their suitability and independence. A written assurance by Baker Tilly is also disclosed in the Independent Auditors' Report to confirm their independence throughout the audit engagement.

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

**2. Assessment of Suitability and Independence of External Auditors (Cont'd)**

The AC, having assessed the independence of the External Auditors as well as reviewed the level of non-audit services rendered by them for the FYE 31 March 2022, was satisfied with their performance, technical competency, suitability and independence. The AC has recommended the re-appointment of Baker Tilly as the External Auditors of the Company and the Group for the ensuing year to the Board, upon which shareholders' approval will be sought at the 21$^{st}$ AGM.

**3. Sound Framework to Manage Risks**

Risk Management Committee ("RMC") comprising directors and senior management staff was established by the Board with specific TOR. RMC reports directly to AC on the activities conducted by the RMC during the financial year under review 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 Executive Director and Senior Management. The Internal Auditors are appointed by the Board to review and highlight the adequacy and integrity of the Group's internal control systems.

At the Board level, the top three (3) 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 Board is of the view that the overall risk management and internal control in place for the financial year under review are operating adequately and effectively for the purpose of safeguarding Jadi Group's assets as well as shareholders' investments and the interests of employees and other stakeholders and is considered adequate for the Group's business operations.

The information and further details on the Group's risk management framework and internal audit function are disclosed under the Statement on Risk Management and Internal Control on pages 50 to 53 of this Annual Report.

**4. Internal Audit Function**

The Group's internal audit function has been outsourced to an independent professional service firm, Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia"). Tricor Axcelasia acts as the Internal Auditors of the Group and reports directly to the AC.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**(CONT'D)**

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

### 4. Internal Audit Function (Cont'd)

The internal audit function's principal role is to assist the AC and the Board in conducting independent assessment and systematic reviews on the Group's internal control system and governance practices, so as to provide reasonable and objective assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance. The AC reviews the adequacy of the scope, functions, competency and resources of the internal audit function to ensure that it is adequately resourced with competent and proficient internal auditors.

During the financial year under review, AC has assessed the performance of the Internal Auditors based on questions and answers with them on their competency and reports presented by the Internal Auditors. Tricor Axcelasia is free from any relationships or conflicts of interest which could impair their objectivity and independency of the internal audit function, and does not have any direct operational responsibility or authority over any of the activities audited. The AC was satisfied with the outsourced Internal Auditors, Tricor Axcelasia's technical competency and audit independence during the financial year under review is of the opinion that the internal audit function is effective and is able to function independently.

The activities of the Internal Auditors during the financial period under review are set out in the AC Report on pages 10 to 15 of this Annual Report.

## 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 ("AFS") 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. The AC has been delegated to oversee the Group's financial reporting processes, accuracy and quality of its financial reporting. A statement by the Directors in relation to their responsibilities in preparing the financial statements is set out in the Statement of Directors' Responsibility in relation to the AFS on page 55 of this Annual Report.

### 2. Communications with Stakeholders

The Board acknowledges the importance of timely, regular and effective communication of the Group's material developments, information and financial results, etc. with the Company's stakeholders.

To augment the process of disclosure, the Company has established a dedicated Investor Centre section on the Company's website at www.jadi.com.my, whereby shareholders as well as members of the public could access to the latest information relating to annual reports, press releases, quarterly results and announcements of the Group via the aforesaid website. Shareholders are also encouraged to access Bursa Securities' website at www.bursamalaysia.com to obtain the latest corporate governance related information of the Group. Continuous improvement and development of the website will be undertaken by the Company to ensure easy and convenient access.

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

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

**3. Conduct of General Meetings**

In addition to disseminating information via announcements and/or disclosures to Bursa Securities, the Company's website, circulars and press releases, the Company's General Meetings, i.e. AGM or any Extraordinary General Meetings serve as an important platform for the Board to engage with the shareholders and have direct interaction with them.

Shareholders are encouraged to participate in the Questions and Answers session and raise questions or seek further information pertaining to the Annual Report, financial statements, corporate developments, resolutions and businesses of the Group. Board members and key senior management were present at all General Meetings of the Company, in order to engage directly and to take up any relevant queries from the shareholders. The External Auditors of the Company were also present to provide their professional and independent clarification on any issues and concerns raised by the shareholders.

The Notice of the Twentieth ("20th") AGM of the Company was circulated to shareholders at least twenty-eight (28) days before the date of the meeting, to enable the shareholders to have ample time to read through the Annual Report and the resolutions proposed. Shareholders who are unable to attend to attend may appoint their respective proxies to ask questions and vote on their behalf at the General Meetings.

Due to the Covid-19 situation and restrictions imposed by the Government on physical meetings, the 20th AGM was conducted fully virtual through online meeting platform via TIIH Online website provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on 28 September 2021. All resolutions set out in the Notice of 20th AGM were put to vote electronically (e-vote). The 20th AGM that was conducted virtually provided an opportunity for shareholders to participate remotely at the meeting and pose relevant questions to the Chairman and the Board via real time submission of typed texts.

All resolutions set out in the Notice of the 20th AGM were voted by way of poll, at which an independent scrutineer was appointed to validate the votes casted at the 20th AGM. The outcome of the 20th AGM was announced to Bursa Securities on the even date.

**4. Leveraging on Technology for Remote Shareholders' Participation and E-Voting**

The Company will continue to leverage on technology to facilitate remote shareholders' participation and e-voting for the conduct of polls on all resolutions via remote participation and voting facilities for its forthcoming 21st AGM to be held on 21 September 2022.

Shareholders are encouraged to attend the forthcoming 21st AGM through the remote participation and voting ("RPV") facilities via the online meeting platform stated in the Notice of 21st AGM.

## COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement, and considers that the Statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied by the Company. The Board considers and is satisfied that the Group has fulfilled its obligation under the MMLR of Bursa Securities and all applicable laws and regulations, as well as applied to the best practices of MCCG at its best throughout the FYE 31 March 2022.

This Statement was made in accordance with a resolution of the Board dated 22 July 2022.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors ("the Board") of Jadi Imaging Holdings Berhad ("the Company") is pleased to present the Statement on Risk Management and Internal Control ("SORMIC") of the Company and its subsidiaries ("the Group") for the financial year ended ("FYE") 31 March 2022, which has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Malaysian Code on Corporate Governance ("MCCG") 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 system of the Group during the financial year.

## BOARD RESPONSIBILITY

The Board acknowledges that it is ultimately responsible for maintaining the Group's sound systems of risk management and internal control and in reviewing the adequacy, integrity 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.

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

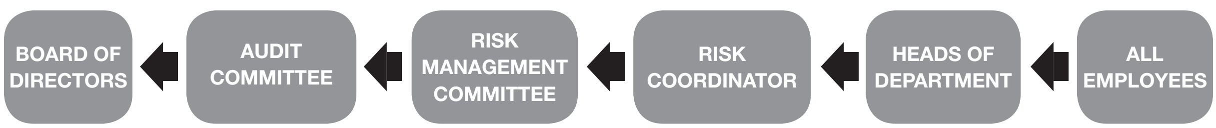
## RISK MANAGEMENT FRAMEWORK

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

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

To instil sound risk management practice and good corporate governance, the Group 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 Executive Director and Senior Management.

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



## 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")**

   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 risk identification process reviews and identifies issues arising from changes in both external business environment and internal operating conditions. The risk measurement guidelines comprising financial and non-financial qualitative measure of risk consequences are also applied in allocating risk likelihood rating and risk impact rating. The risk control actions are designed and implemented based on the sequence of priority. These processes and procedures are undertaken by the Executive Director, Key Senior Management and Management team in their daily course of work on an ongoing basis.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**(CONT'D)**

## RISK MANAGEMENT FRAMEWORK (CONT'D)

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 SORMIC.

## 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.<br>• Maintaining critical spare parts inventory. |

## 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 organisation in facilitating proper decision making at the appropriate authority levels of Management including matters that require Board's approval.

2. The AC 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.

## KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

The other key elements of the Group's internal control systems are:- (Cont'd)

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 STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY THE EXTERNAL AUDITORS

The External Auditors have reviewed this SORMIC pursuant to the MMLR of Bursa Securities and Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysia Institute of Accountants, for inclusion in the Annual Report of the Company for the FYE 31 March 2022.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this SORMIC intended to be included in this Annual Report is not prepared, in all material aspects, 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 Executive Director 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 until the date of issuance of this SORMIC.

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.

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

This SORMIC was made in accordance with a resolution of the Board dated 22 July 2022.

# ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with Paragraph 9.25(1) and Part A of Appendix 9C of the Main Market 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 2022.

## 2. AUDIT AND NON-AUDIT FEES

(a) Amount of audit fees incurred by the Company and by Group basis for the financial year ended 31 March 2022 are amounted to RM56,000 and RM144,983 respectively.

(b) Amount of non-audit fees incurred by the Company and by Group basis for the financial year ended 31 March 2022 are amounted to RM6,000 each respectively.

## 3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors, Chief Executive and Major Shareholders' interest, 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 the recurrent related party transactions for the financial year ended 31 March 2022 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.

## 6. EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("ESOS") was established on 5 August 2019. A total of 24,460,000 options were exercised, whilst 3,548,000 options were forfeited during the financial year under review. There was no outstanding ESOS options as at 31 March 2022 and no new ESOS options were granted during the financial year ended 31 March 2022.

# STATEMENT ON DIRECTORS' RESPONSIBILITY
## IN RELATION TO THE AUDITED 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, i.e. Malaysian Financial Reporting Standards and International Financial Reporting Standards, as well as the provisions of the Companies Act 2016 ("the Act") 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 2022 and of the results and cash flows of the Group and the Company for the financial year ended on that date.

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 for the financial year ended 31 March 2022, 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 the applicable approved accounting standards, subject to any material departures disclosed and explained in the financial statements;

(d) reviewed the adequacy and integrity of the internal control system and management information system in the Company and within the Group;

(e) identified the principal risks and ensuring that an appropriate internal control system is in place to manage these risks; and

(f) assessed the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and 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 Act in Malaysia and to enable them to ensure that the financial statements comply with the Act.

The Directors have a general responsibility 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. The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

The Directors are satisfied that appropriate accounting policies were used and applied consistently in preparing the financial statements of the Group and the Company for the financial year ended 31 March 2022. The Directors are also of the view that the relevant approved financial reporting standards have been observed and adopted in the preparation of these financial statements.

This Statement was approved by the Board of Directors on 22 July 2022.

# 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 2022.

## 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 | (7,865,563) | (16,088,023) |

## 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 2022.

## 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.

# DIRECTORS' REPORT

**(CONT'D)**

## 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 24,460,000 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 2021** | **Exercised** | **Forfeited** | **At 31 March 2022** |
| 5 August 2019 | 5 August 2024 | RM0.0522 | 28,008,000 | (24,460,000) | (3,548,000) | – |

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

The Company did not issue any debentures during the financial year.

## 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 2022, the Company held 119,672 treasury shares out of its 1,076,490,123 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' REPORT

**(CONT'D)**

## OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

As at 31 March 2022, all the eligible employees are fully exercised the ESOS. The forfeited ESOS represents the eligible employees resigned prior to exercising the ESOS.

## 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:

| | |
|---|---|
| Leow Wey Seng | (Appointed on 29 October 2021) |
| Ling Chi Hoong | (Appointed on 29 October 2021) |
| Ong Gim Hai* | (Appointed on 29 October 2021) |
| Tan Su Ning | (Appointed on 4 January 2022) |
| Liew Kim Siong | (Resigned on 3 January 2022) |
| Liew Hock Yee | (Resigned on 5 November 2021) |
| Liew Kit | (Resigned on 5 November 2021) |
| Lim Chee Khang | (Resigned on 5 November 2021) |
| Dato' Seri Dr. Raymond Liew Lee Leong | (Resigned on 5 November 2021) |
| Dato' Dr. Lee Chung Wah @ Lee Chung Fu | (Resigned on 5 November 2021) |
| 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
Liew Kim Siong
Liew Kit

## DIRECTORS' INTERESTS

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 shown below) 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.

# DIRECTORS' REPORT

**(CONT'D)**

## DIRECTORS' BENEFITS (CONT'D)

The Directors' benefits are as follows:

| | Group RM | Company RM |
|---|---|---|
| **Directors of the Company** | | |
| **Current** | | |
| **Fees** | 127,306 | 127,306 |
| Salaries and allowances | 100,000 | – |
| Defined contribution plan | 12,000 | – |
| Other emoluments | 385 | – |
| | 239,691 | 127,306 |
| **Past** | | |
| Fees | 161,300 | 161,300 |
| **Directors of subsidiaries** | | |
| **Current** | | |
| Salaries and allowances | 1,177,886 | – |
| Defined contribution plan | 142,128 | – |
| Other emoluments | 11,905 | – |
| | 1,331,919 | – |
| **Past** | | |
| Salaries and allowances | 38,700 | – |
| Defined contribution plan | 4,644 | – |
| Other emoluments | 231 | – |
| | 43,575 | – |
| **Total** | 1,776,485 | 288,606 |

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 RM6,430 for Directors and Officers Liability insurance up to a limit of RM3 million for the period from 9 December 2021 to 8 December 2022 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.

# DIRECTORS' REPORT

**(CONT'D)**

## 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.

## AUDITORS

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

Auditors' remuneration are as follows:

| | Group RM | Company RM |
|---|---|---|
| Baker Tilly Monteiro Heng PLT | 132,000 | 56,000 |
| Other auditor | 12,983 | – |
| | 144,983 | 56,000 |

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:

**LEOW WEY SENG**
Director

**ONG GIM HAI**
Director

Date: 22 July 2022

# STATEMENTS OF COMPREHENSIVE INCOME
## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Revenue | 5 | 43,060,270 | 45,092,064 | – | – |
| Cost of sales | | (42,101,408) | (38,304,727) | – | – |
| **Gross profit** | | 958,862 | 6,787,337 | – | – |
| Other income | | 2,185,195 | 2,866,448 | 516,092 | 557,924 |
| Administrative expenses | | (5,311,999) | (5,504,420) | (766,368) | (575,781) |
| Selling and distribution expenses | | (2,625,019) | (2,510,168) | – | – |
| Net impairment losses of financial assets | | (70,697) | (21,220) | – | – |
| Other expenses | | (1,511,493) | (1,807,153) | (15,846,880) | (14,223,274) |
| **Operating loss** | 6 | (6,375,151) | (189,176) | (16,097,156) | (14,241,131) |
| Finance income | 6 | 122,294 | 225,983 | 9,133 | 33,693 |
| Finance costs | 8 | (1,637,166) | (1,745,299) | – | – |
| **Loss before tax** | | (7,890,023) | (1,708,492) | (16,088,023) | (14,207,438) |
| Taxation | 9 | 24,460 | (140,377) | – | (902) |
| **Loss for the financial year** | | (7,865,563) | (1,848,869) | (16,088,023) | (14,208,340) |
| **Other comprehensive income, net of tax** | | | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | | | |
| Exchange differences on translation of foreign operations | | 247,650 | 92,415 | – | – |
| Realisation of exchange translation reserve upon deregistration of a subsidiary | | 74,322 | – | – | – |
| *Items that will not be reclassified subsequently to profit or loss* | | | | | |
| Revaluation gain on land and building, net of deferred tax | | 298,392 | 1,419,934 | – | – |
| **Other comprehensive income for the financial year** | | 620,364 | 1,512,349 | – | – |
| **Total comprehensive loss for the financial year** | | (7,245,199) | (336,520) | (16,088,023) | (14,208,340) |

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

# STATEMENTS OF COMPREHENSIVE INCOME

**(CONT'D)**

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Loss attributable to:** | | | | | |
| Owners of the Company | | (7,865,563) | (1,848,869) | (16,088,023) | (14,208,340) |
| **Total comprehensive loss attributable to:** | | | | | |
| Owners of the Company | | (7,245,199) | (336,520) | (16,088,023) | (14,208,340) |
| **Basic loss per share (sen):** | 10(a) | (0.73) | (0.18) | | |
| **Diluted loss per share (sen):** | 10(b) | (0.73) | (0.17) | | |

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

# STATEMENTS OF FINANCIAL POSITION
## AS AT 31 MARCH 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 11 | 75,106,406 | 77,399,061 | – | – |
| Investment properties | 12 | 81,000 | 83,400 | – | – |
| Right-of-use assets | 13 | 3,712,126 | 4,574,851 | – | – |
| Intangible assets | 14 | 471,537 | 550,126 | – | – |
| Investment in subsidiaries | 15 | – | – | 88,432,753 | 103,763,420 |
| Other investments | 16 | 50,000 | 50,000 | – | – |
| **Total non-current assets** | | 79,421,069 | 82,657,438 | 88,432,753 | 103,763,420 |
| **Current assets** | | | | | |
| Inventories | 17 | 30,219,636 | 38,939,190 | – | – |
| Current tax assets | | 21 | 21 | – | – |
| Trade and other receivables | 18 | 14,590,962 | 13,309,496 | 5,096,569 | 1,500 |
| Cash and short-term deposits | 19 | 13,849,766 | 17,478,364 | 2,706,292 | 885,569 |
| **Total current assets** | | 58,660,385 | 69,727,071 | 7,802,861 | 887,069 |
| **TOTAL ASSETS** | | 138,081,454 | 152,384,509 | 96,235,614 | 104,650,489 |
| **EQUITY** | | | | | |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 20 | 108,799,270 | 107,184,910 | 108,799,270 | 107,184,910 |
| Treasury shares | 21 | (22,042) | (22,042) | (22,042) | (22,042) |
| Other reserves | 22 | 28,365,664 | 28,220,868 | – | 386,510 |
| Accumulated losses | | (31,025,599) | (23,298,056) | (19,025,397) | (2,986,336) |
| **TOTAL EQUITY** | | 106,117,293 | 112,085,680 | 89,751,831 | 104,563,042 |

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

# STATEMENTS OF FINANCIAL POSITION

**(CONT'D)**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 23 | 12,805,622 | 16,535,337 | – | – |
| Lease liabilities | 24 | 4,736,132 | 5,986,851 | – | – |
| Deferred tax liabilities | 25 | 4,527,339 | 4,457,571 | – | – |
| **Total non-current liabilities** | | 22,069,093 | 26,979,759 | – | – |
| **Current liabilities** | | | | | |
| Loans and borrowings | 23 | 4,000,437 | 5,269,426 | – | – |
| Lease liabilities | 24 | 1,462,297 | 1,401,184 | – | – |
| Trade and other payables | 26 | 4,432,334 | 5,911,231 | 6,483,783 | 87,447 |
| Provisions | 27 | – | 737,229 | – | – |
| **Total current liabilities** | | 9,895,068 | 13,319,070 | 6,483,783 | 87,447 |
| **TOTAL LIABILITIES** | | 31,964,161 | 40,298,829 | 6,483,783 | 87,447 |
| **TOTAL EQUITY AND LIABILITIES** | | 138,081,454 | 152,384,509 | 96,235,614 | 104,650,489 |

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

| | | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Share capital RM | Treasury shares RM | Share option reserve RM | Foreign currency translation reserve RM | Revaluation reserve RM | Accumulated losses RM | Total RM |
| **Group** | | | | | | | | |
| **At 1 April 2021** | | 107,184,910 | (22,042) | 386,510 | (108,265) | 27,942,623 | (23,298,056) | 112,085,680 |
| **Total other comprehensive (loss)/ income for the financial year** | | | | | | | | |
| Loss for the financial year | | - | - | - | - | - | (7,865,563) | (7,865,563) |
| Reclassified to profit or loss upon deregistration of a subsidiary | | – | – | – | 74,322 | – | – | 74,322 |
| Revaluation reserve, net of tax | | – | – | – | – | 298,392 | – | 298,392 |
| Foreign currency translation reserve | | – | – | – | 247,650 | – | – | 247,650 |
| Total comprehensive (loss)/income | | – | – | – | 321,972 | 298,392 | (7,865,563) | (7,245,199) |
| Realisation of revaluation reserve | | – | – | – | – | (89,058) | 89,058 | – |
| ***Transactions with owners:*** | | | | | | | | |
| Issuance of ordinary shares | 20 | 1,614,360 | – | (337,548) | – | – | – | 1,276,812 |
| Share based payment transactions | 22(a) | – | – | (48,962) | – | – | 48,962 | – |
| Total transactions with owners | | 1,614,360 | – | (386,510) | – | – | 48,962 | 1,276,812 |
| **At 31 March 2022** | | 108,799,270 | (22,042) | – | 213,707 | 28,151,957 | (31,025,599) | 106,117,293 |

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

# STATEMENTS OF CHANGES IN EQUITY

**(CONT'D)**

| | | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Note** | **Share capital RM** | **Treasury shares RM** | **Share option reserve RM** | **Foreign currency translation reserve RM** | **Revaluation reserve RM** | **Accumulated losses RM** | **Total RM** |
| **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 | \|--------- Attributable to owners of the Company ---------\| Share capital RM | Treasury shares RM | Share option reserve RM | Retained earnings/ (Accumulated losses) RM | Total equity RM |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| At 1 April 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 |
| Total comprehensive loss for the financial year | | – | – | – | (16,088,023) | (16,088,023) |
| ***Transactions with owners:*** | | | | | | |
| Issuance of ordinary shares | 20 | 1,614,360 | – | (337,548) | – | 1,276,812 |
| Share based payment transactions | 22(a) | – | – | (48,962) | 48,962 | – |
| Total transactions with owners | | 1,614,360 | – | (386,510) | 48,962 | 1,276,812 |
| **At 31 March 2022** | | 108,799,270 | (22,042) | – | (19,025,397) | 89,751,831 |

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

# STATEMENTS OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Loss before tax | | (7,890,023) | (1,708,492) | (16,088,023) | (14,207,438) |
| Adjustments for: | | | | | |
| Amortisation of intangible assets | | 78,589 | 78,589 | – | – |
| Bad debts written off | | – | 102,176 | – | – |
| Depreciation of: | | | | | |
| - property, plant and equipment | | 4,964,141 | 3,612,880 | – | – |
| - investment properties | | 2,400 | 2,400 | – | – |
| - right-of-use assets | | 1,109,255 | 892,979 | – | – |
| Finance costs | | 1,637,166 | 1,745,299 | – | – |
| Gain on disposal of property, plant and equipment | | (176,971) | (56,000) | – | – |
| Interest income | | (122,294) | (225,983) | (9,133) | (33,693) |
| Inventories written off | | 5,626,873 | 1,358,844 | – | – |
| Loss on derecognition of a subsidiary | | 74,322 | – | – | – |
| Reversal of inventories written off | | (44,125) | – | – | – |
| Net additional/(reversal of) impairment | | | | | |
| - investment in subsidiaries | | – | – | 15,846,759 | 14,221,974 |
| - trade receivables | | 70,697 | 21,220 | – | – |
| - right-of-use assets | | – | (1,300,000) | – | – |
| Reversal of provision for reinstatement cost | | (737,229) | – | – | – |
| Share options granted under ESOS | | – | 415,924 | – | – |
| Unrealised gain on foreign exchange | | (43,368) | (225,868) | – | – |
| **Operating profit/(loss) before changes in working capital** | | 4,549,433 | 4,713,968 | (250,397) | (19,157) |
| Inventories | | 3,139,752 | (297,996) | – | – |
| Trade and other receivables | | (2,832,348) | (2,755,658) | (95,069) | – |
| Trade and other payables | | (1,279,926) | 548,427 | 88,189 | 45,153 |
| Net cash flows generated from/(used in) operations | | 3,576,911 | 2,208,741 | (257,277) | 25,996 |
| Income tax paid | | (1) | (908) | – | (902) |
| Net cash flows generated from/(used in) operating activities | | 3,576,910 | 2,207,833 | (257,277) | 25,094 |

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

# STATEMENTS OF CASH FLOWS

**(CONT'D)**

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Acquisition of intangible assets | | – | (628,715) | – | – |
| Advances to subsidiaries | | – | – | (5,516,092) | – |
| Change in pledged deposits | | (52,764) | 964,010 | – | – |
| Interest received | | 122,294 | 225,983 | 9,133 | 33,693 |
| Investment in subsidiaries | | – | – | – | (3,500,000) |
| Proceeds from disposal of property, plant and equipment | | 176,971 | 56,000 | – | – |
| Purchase of: | | | | | |
| - property, plant and equipment | (a) | (940,588) | (10,936,907) | – | – |
| - right-of-use assets | (a) | – | (68,881) | – | – |
| Net cash used in investing activities | | (694,087) | (10,388,510) | (5,506,959) | (3,466,307) |
| **Cash flows from financing activities** | | | | | |
| Repayment from subsidiaries | | – | – | 6,308,147 | 2,156,604 |
| Interest paid | | (1,637,166) | (1,745,299) | – | – |
| Drawdown of banker acceptance | (b) | 3,250,000 | 2,737,000 | – | – |
| Drawdown of term loans | (b) | – | 10,738,419 | – | – |
| Proceeds from issuance of shares: | | | | | |
| - ESOS | | 1,276,812 | 837,288 | 1,276,812 | 837,288 |
| Repayments of banker acceptance | (b) | (4,670,000) | (1,087,000) | – | – |
| Repayments of term loans | (b) | (3,578,704) | (2,087,450) | – | – |
| Repayments of lease liabilities | (b) | (1,437,721) | (1,384,789) | – | – |
| Net cash (used in)/from financing activities | | (6,796,779) | 8,008,169 | 7,584,959 | 2,993,892 |
| **Net (decrease)/increase in cash and cash equivalents** | | (3,913,956) | (172,508) | 1,820,723 | (447,321) |
| **Cash and cash equivalents at beginning of the financial year** | | 15,978,364 | 16,077,525 | 885,569 | 1,332,890 |
| Effect of foreign exchange rate changes on cash and cash equivalents | | 232,594 | 73,347 | – | – |
| **Cash and cash equivalents at end of the financial year** | 19 | 12,297,002 | 15,978,364 | 2,706,292 | 885,569 |

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

# STATEMENTS OF CASH FLOWS

**(CONT'D)**

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

| | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|
| Purchase of: | | | | |
| - property, plant and equipment | 2,267,588 | 17,970,316 | – | – |
| - right-of-use assets | 227,663 | 368,881 | – | – |
| Finance by way of lease arrangements | (227,663) | (300,000) | – | – |
| Advance payment | (1,327,000) | (7,033,409) | – | – |
| Cash payments on purchase of property, plant and equipment and right-of-use assets | 940,588 | 11,005,788 | – | – |
| Represented by: | | | | |
| - property, plant and equipment | 940,588 | 10,936,907 | – | – |
| - right-of-use assets | – | 68,881 | – | – |
| | 940,588 | 11,005,788 | – | – |

## (b) Reconciliation of liabilities arising from financing activities

| | At 1 April RM | Cash flows RM | Non-cash: Acquisition of new leases RM | Non-cash: Foreign exchange movement RM | At 31 March RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2022** | | | | | |
| Lease liabilities | 7,388,035 | (1,437,721) | 227,663 | 20,452 | 6,198,429 |
| Term loans | 20,154,763 | (3,578,704) | – | – | 16,576,059 |
| Bankers' acceptance | 1,650,000 | (1,420,000) | – | – | 230,000 |
| | 29,192,798 | (6,436,425) | 227,663 | 20,452 | 23,004,488 |
| **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 |

## (c) Total cash outflows for leases as a lessee

During the financial year, the Group had total cash outflows for leases of RM1,562,321 (2021: RM1,441,696).

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

# 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 2022.

## 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 4 | Insurance Contracts |
| MFRS 7 | Financial Instruments: Disclosures |
| MFRS 9 | Financial Instruments |
| MFRS 16 | Leases* |
| MFRS 139 | Financial Instruments: Recognition and Measurement |

* Early adopted the amendments to MFRS 16 Leases issued by Malaysian Accounting Standards Board ("MASB") on 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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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 5 | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2023# |
| MFRS 7 | Financial Instruments: Disclosures | 1 January 2023# |
| MFRS 9 | Financial Instruments | 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 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 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*

NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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. (Cont'd)

***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.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

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

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

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

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

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

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

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) 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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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 *Revenue from Contracts with Customers*.

**(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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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)**

Debt instruments (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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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)**

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.

**(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

Financial liabilities at fair value through profit or loss

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.

Financial liabilities at amortised cost

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.

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

### 3.4 Financial instruments (Cont'd)

#### (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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

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

### 3.4 Financial instruments (Cont'd)

#### (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.

### 3.5 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.

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

### 3.5 Property, plant and equipment (Cont'd)

**(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.

**(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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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) to the financial statements, 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.

NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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, financial assets measured at fair value through other comprehensive income ("FVOCI") 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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

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

### 3.11 Impairment of assets (Cont'd)

#### (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 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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

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

### 3.12 Share capital (Cont'd)

#### (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.

### 3.13 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

**Equity-settled share-based payment**

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

### 3.15 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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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.

### 3.21 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.

NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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) 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.

**(b) 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.

NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 5. REVENUE

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| Sale of trading goods | 2,266,748 | 1,945,326 |
| Sale of manufactured goods | 40,793,522 | 43,146,738 |
| | 43,060,270 | 45,092,064 |
| **Timing of revenue recognition:** | | |
| At a point in time | 43,060,270 | 45,092,064 |

### (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** | **Manufacturing** | **Total** |
| | **RM** | **RM** | **RM** |
| **2022** | | | |
| Trading goods | 2,266,748 | – | 2,266,748 |
| Manufactured goods | – | 40,793,522 | 40,793,522 |
| | 2,266,748 | 40,793,522 | 43,060,270 |
| **Timing of revenue recognition:** | | | |
| At a point in time | 2,266,748 | 40,793,522 | 43,060,270 |
| **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 |

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 6. OPERATING LOSS

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

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| Auditors' remuneration: | | | | | |
| - statutory audits | | 144,983 | 144,276 | 56,000 | 56,000 |
| - (over)/under provision in prior year | | (6,500) | 2,000 | (6,500) | 2,000 |
| - non statutory audits | | 6,000 | 6,000 | 6,000 | 6,000 |
| Amortisation of intangible assets | 14 | 78,589 | 78,589 | – | – |
| Bad debts written off | | – | 102,176 | – | – |
| Depreciation of: | | | | | |
| - property, plant and equipment | 11 | 4,964,141 | 3,612,880 | – | – |
| - investment properties | 12 | 2,400 | 2,400 | – | – |
| - right-of-use assets | 13 | 1,109,255 | 892,979 | – | – |
| Gain on foreign exchange: | | | | | |
| - realised | | (978,376) | (378,871) | (515,972) | (556,624) |
| - unrealised | | (43,368) | (225,868) | – | – |
| Interest income | | (122,294) | (225,983) | (9,133) | (33,693) |
| Inventories written off | 17 | 5,626,873 | 1,358,844 | – | – |
| Inventories written down | 17 | – | 325,636 | – | – |
| Loss on derecognition of a subsidiary | 15 | 74,322 | – | – | – |
| Reversal of inventories written off | 17 | (44,125) | – | – | – |
| COVID 19-related rent concession income | | – | (179,688) | – | – |
| Employee benefits expenses | 7 | 8,779,105 | 8,450,615 | 288,606 | 329,727 |
| Expenses relating to short-term leases | | 124,600 | 56,907 | – | – |
| Gain on disposal of property, plant and equipment | | (176,971) | (56,000) | – | – |
| Net (reversal of)/additional impairment on: | | | | | |
| - investment in subsidiaries | | – | – | 15,846,759 | 14,221,974 |
| - trade receivables | 18(a) | 70,697 | 21,220 | – | – |
| - right-of-use assets | 13 | – | (1,300,000) | – | – |

NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 7. EMPLOYEE BENEFITS EXPENSES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Wages, salaries and allowances | 7,782,653 | 7,122,804 | 288,606 | 329,727 |
| Defined contribution plan | 780,060 | 705,217 | – | – |
| Other benefits | 216,392 | 206,670 | – | – |
| Share based payments | – | 415,924 | – | – |
| | 8,779,105 | 8,450,615 | 288,606 | 329,727 |

Included in employee benefits expenses are:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Directors' remuneration | | | | |
| Executive: | | | | |
| Salaries, allowances | 1,316,586 | 1,279,120 | – | – |
| Fee | 111,450 | 104,166 | 111,450 | 104,166 |
| Defined contribution plan | 158,772 | 153,576 | – | – |
| Other emoluments | 12,521 | 14,112 | – | – |
| Share based payments | – | 132,480 | – | – |
| Total executive directors' remuneration | 1,599,329 | 1,683,454 | 111,450 | 104,166 |
| Non-executive: | | | | |
| Current directors: | | | | |
| Fees | 77,306 | 225,561 | 77,306 | 225,561 |
| Past directors: | | | | |
| Fees | 99,850 | – | 99,850 | – |
| Total non-executive directors' remuneration | 177,156 | 225,561 | 177,156 | 225,561 |
| Total directors' remuneration | 1,776,485 | 1,909,015 | 288,606 | 329,727 |

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 8. FINANCE COSTS

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| Interest expense on: | | |
| - lease liabilities | 454,552 | 536,232 |
| - term loans | 1,132,097 | 1,143,801 |
| - others | 50,517 | 65,266 |
| Total finance costs | 1,637,166 | 1,745,299 |

## 9. TAXATION

The major components of income tax expense for the financial years ended 31 March 2022 and 31 March 2021 are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **RM** | **RM** | **RM** | **RM** |
| **Statements of comprehensive income** | | | | |
| **Income tax:** | | | | |
| - Underprovision in prior years | 1 | 908 | – | 902 |
| **Deferred tax:** | | | | |
| - Current year | (24,461) | (25,475) | – | – |
| - Underprovision in prior years | – | 164,944 | – | – |
| | (24,461) | 139,469 | – | – |
| Income tax recognised in profit or loss | (24,460) | 140,377 | – | 902 |

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the China subsidiary of the Group is 25% (2021: 25%).

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

NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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 | |
|---|---|---|---|---|
| | **2022 RM** | **2021 RM** | **2022 RM** | **2021 RM** |
| Loss before tax | (7,890,023) | (1,708,492) | (16,088,023) | (14,207,438) |
| Tax at Malaysian statutory tax rate of 24% (2021: 24%) | (1,893,606) | (410,038) | (3,861,126) | (3,409,785) |
| Expenses not deductible for tax purposes | 2,228,516 | 428,904 | 3,984,988 | 3,543,687 |
| Income not subject to tax | (369,740) | (451,682) | (123,862) | (133,902) |
| Tax savings arising from Pioneer status | – | (257,916) | – | – |
| Crystallisation of deferred tax liabilities arising from revaluation | (24,461) | (25,475) | – | – |
| Deferred tax assets not recognised | 38,791 | 797,122 | – | – |
| Different tax rate in foreign jurisdications | (3,961) | (106,390) | – | – |
| Under provision of income tax in prior years | 1 | 908 | – | 902 |
| Under provision of deferred tax in prior years | – | 164,944 | – | – |
| Income tax expense for the financial year | (24,460) | 140,377 | – | 902 |

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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 2022 RM | Group 2021 RM |
|---|---|---|
| Loss attributable to owners of the Company | (7,865,563) | (1,848,869) |
| Weighted average number of ordinary shares for basic earning per share (unit) | 1,076,370,451 | 1,051,910,451 |
| Basic loss per ordinary share (sen) | (0.73) | (0.18) |

### (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 2022 RM | Group 2021 RM |
|---|---|---|
| Loss attributable to owners of the Company | (7,865,563) | (1,848,869) |
| Weighted average number of ordinary shares for basic earning per share (unit) | 1,076,370,451 | 1,051,910,451 |
| Effect on dilution from ESOS | – | 28,008,000 |
| Weighted average number of ordinary shares for diluted earnings per share | 1,076,370,451 | 1,079,918,451 |
| Basic loss per ordinary share (sen) | (0.73) | (0.17) |

## 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 2021 | 38,700,000 | 16,300,000 | 3,352,506 | 456,127 | 134,206,500 | 876,386 | 4,518,394 | 198,409,913 |
| Additions | – | – | 12,695 | 41,074 | 2,068,130 | – | 145,689 | 2,267,588 |
| Disposals | – | – | – | – | (3,091,637) | – | (6,519) | (3,098,156) |
| Exchange differences | – | – | 6,647 | 6,090 | 4,310 | 8,793 | 5,603 | 31,443 |
| At 31 March 2022 | 38,700,000 | 16,300,000 | 3,371,848 | 503,291 | 133,187,303 | 885,179 | 4,663,167 | 197,610,788 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 April 2021 | – | – | 3,121,325 | 401,175 | 93,949,818 | 727,365 | 4,217,427 | 102,417,110 |
| Depreciation for the financial year | – | 392,621 | 98,041 | 10,939 | 4,278,420 | 68,378 | 115,742 | 4,964,141 |
| Disposals | – | – | – | – | (2,808,733) | – | (6,519) | (2,815,252) |
| Elimination of accumulated depreciation on revaluation | – | (392,621) | – | – | – | – | – | (392,621) |
| Exchange differences | – | – | 5,862 | 843 | 3,470 | 6,380 | 3,611 | 20,166 |
| At 31 March 2022 | – | – | 3,225,228 | 412,957 | 95,422,975 | 802,123 | 4,330,261 | 104,193,544 |
| **Accumulated impairment losses** | | | | | | | | |
| At 1 April 2021 | – | – | – | – | 18,593,742 | – | – | 18,593,742 |
| Disposals | – | – | – | – | (282,904) | – | – | (282,904) |
| At 31 March 2022 | – | – | – | – | 18,310,838 | – | – | 18,310,838 |
| **Net carrying amount** | | | | | | | | |
| At 31 March 2022 | 38,700,000 | 16,300,000 | 146,620 | 90,334 | 19,453,490 | 83,056 | 332,906 | 75,106,406 |

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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 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 |

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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 | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| Freehold land | 10,784,571 | 10,784,571 |
| Buildings: | | |
| Cost | 16,329,701 | 16,329,701 |
| Accumulated depreciation | (3,953,754) | (3,627,160) |
| | 12,375,947 | 12,702,541 |

(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 (2021: RM51,700,000) have been pledged to banks for banking facilities granted to subsidiaries as disclosed in Note 23 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 12. INVESTMENT PROPERTIES

| | Freehold apartment RM |
|---|---|
| **Group** | |
| **Cost** | |
| At 1 April 2020/31 March 2021/2022 | 120,000 |
| **Accumulated depreciation** | |
| At 1 April 2020 | 34,200 |
| Depreciation charge for the financial year | 2,400 |
| At 31 March 2021 | 36,600 |
| Depreciation charge for the financial year | 2,400 |
| At 31 March 2022 | 39,000 |
| **Net carrying amount** | |
| At 31 March 2021 | 83,400 |
| At 31 March 2022 | 81,000 |
| **Fair value** | |
| At 31 March 2021 | 249,980 |
| At 31 March 2022 | 230,536 |

**Fair value information**

Fair value of investment properties is categorised as follows:

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **2021** | | | | |
| Freehold apartment | – | – | 249,980 | 249,980 |
| **2022** | | | | |
| Freehold apartment | – | – | 230,536 | 230,536 |

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 2020 | 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 |
| Additions | 22,320 | – | 205,343 | – | 227,663 |
| Exchange differences | 45,638 | – | – | – | 45,638 |
| At 31 March 2022 | 10,516,367 | 220,908 | 395,315 | 368,881 | 11,501,471 |
| **Accumulated depreciation** | | | | | |
| At 1 April 2020 | 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 |
| Depreciation charge for the financial year | 951,314 | 67,054 | 17,111 | 73,776 | 1,109,255 |
| Exchange differences | 26,771 | – | – | – | 26,771 |
| At 31 March 2022 | 4,479,509 | 220,908 | 207,083 | 110,664 | 5,018,164 |
| **Accumulated impairment losses** | | | | | |
| At 1 April 2020 | 4,071,181 | – | – | – | 4,071,181 |
| Reversal of impairment losses | (1,300,000) | – | – | – | (1,300,000) |
| At 31 March 2021/2022 | 2,771,181 | – | – | – | 2,771,181 |
| **Net carrying amount** | | | | | |
| At 31 March 2022 | 3,265,677 | – | 188,232 | 258,217 | 3,712,126 |
| At 31 March 2021 | 4,175,804 | 67,054 | – | 331,993 | 4,574,851 |

(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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 14. INTANGIBLE ASSETS

| | Development costs RM |
|---|---|
| **Group** | |
| **Cost** | |
| At 1 April 2020 | – |
| Additions | 628,715 |
| At 31 March 2021/2022 | 628,715 |
| **Accumulated amortisation** | |
| At 1 April 2020 | – |
| Amortisation charge for the financial year | 78,589 |
| At 31 March 2021 | 78,589 |
| Amortisation charge for the financial year | 78,589 |
| At 31 March 2022 | 157,178 |
| **Carrying amount** | |
| At 31 March 2021 | 550,126 |
| At 31 March 2022 | 471,537 |

**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 2022 RM | Company 2021 RM |
|---|---|---|---|
| **Unquoted shares, at cost** | | | |
| At beginning of the financial year | | 18,108,035 | 14,608,035 |
| Additions during the financial year | (b) | – | 3,500,000 |
| Written off | | (1,743,254) | – |
| At end of the financial year | | 16,364,781 | 18,108,035 |
| Loans that are part of net investments | (c) | 103,970,245 | 103,454,153 |
| Equity contribution in respect of ESOS | | 607,862 | 607,862 |
| | | 120,942,888 | 122,170,050 |
| Less: Accumulated impairment losses | | | |
| At beginning of the financial year | | (18,406,630) | (4,184,656) |
| Additions during the financial year | (d) | (15,846,759) | (14,221,974) |
| Written off | | 1,743,254 | – |
| At end of the financial year | | (32,510,135) | (18,406,630) |
| | | 88,432,753 | 103,763,420 |

(a) Details of the subsidiaries are as follows:

| Name | Principal place of business/ Country of incorporation | Principal activities | Ownership interest 2022 % | Ownership interest 2021 % |
|---|---|---|---|---|
| **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 | Struck off | – | 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 Chemicals Sdn. Bhd. | Malaysia | Manufacturing and sale of toner resin | 100 | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

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

(a) Details of the subsidiaries are as follows: (Cont'd)

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

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

*** Jadi Imaging Solutions (UK) Limited had on 27 May 2021 filed an application of winding up with the Registrar. On 20 December 2021, the wholly-owned subsidiary had been struck off from the register and dissolved pursuant to Section 1003 of the Companies Act 2006.

(b) In the previous 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 RM15,846,759 (2021: RM14,221,974) 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.

(e) Strike off of Jadi Imaging Solutions (UK) Limited

Jadi Imaging Solutions (UK) Limited, a 100%-owned subsidiary of the Group was struck off from the register of companies. Accordingly, Jadi Imaging Solutions (UK) Limited ceased to be a subsidiary of the Group.

There was no effect on the financial result of the Group.

The effect on the financial position of the Group on the above deconsolidation of subsidiary is as follows:

| | **Group 2022 RM** |
|---|---|
| Assets | – |
| Liabilities | – |
| Reclassification adjustment of foreign exchange translation reserve | 74,322 |
| Loss on deregistration of a subsidiary | 74,322 |

## 16. OTHER INVESTMENTS

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| **Non-current** | | |
| **Fair value through profit or loss** | | |
| Corporate membership in golf club | 50,000 | 50,000 |

## 17. INVENTORIES

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| **At lower of cost and net realisable value:** | | |
| Raw materials | 13,855,870 | 15,419,817 |
| Finished goods | 13,935,950 | 20,832,087 |
| Spare parts | 676,796 | 702,644 |
| Work-in-progress | 109,694 | 107,086 |
| Goods in transit | 1,641,326 | 1,877,556 |
| | 30,219,636 | 38,939,190 |

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| Recognised in profit or loss: | | |
| Inventories recognised as cost of sales | 36,403,115 | 36,620,247 |
| Inventories written off | 5,626,873 | 1,358,844 |
| Reversal of inventories written off | (44,125) | – |

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 18. TRADE AND OTHER RECEIVABLES

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Current** | | | | | |
| **Trade** | | | | | |
| Trade receivables | (a) | 6,803,972 | 8,743,624 | – | – |
| Less: Impairment for trade receivables | | (94,785) | (21,672) | – | – |
| Trade receivables, net | | 6,709,187 | 8,721,952 | – | – |
| **Non-trade** | | | | | |
| Other receivables | | | | | |
| - Third parties | | 5,183,145 | 430,198 | 95,069 | – |
| - Amount owing by a subsidiary | (b) | – | – | 5,000,000 | – |
| Prepayments | (c) | 604,632 | 1,934,544 | – | – |
| Refundable deposits | | 684,290 | 508,115 | 1,500 | 1,500 |
| Value Added Tax refundable | | 1,409,708 | 1,714,687 | – | – |
| | | 7,881,775 | 4,587,544 | 5,096,569 | 1,500 |
| Total trade and other receivables | | 14,590,962 | 13,309,496 | 5,096,569 | 1,500 |

## 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 (2021: 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 | |
|---|---|---|
| | **2022** **RM** | **2021** **RM** |
| **At 1 April** | 21,672 | – |
| Charges for the financial year | | |
| - collectively assessed | 70,697 | 21,220 |
| Exchange differences | 2,416 | 452 |
| **At 31 March** | 94,785 | 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 a subsidiary

Amount owing from a subsidiary 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 Nil (2021: RM1,327,000) being down payment paid for expansion of manufacturing activities which is not ready for its intended use. During the financial year, RM1,327,000 (2021: RM7,033,409) has been reclassified as property, plant and equipment representing plant and machineries available for use.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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** | **2022 RM** | **2021 RM** | **2022 RM** | **2021 RM** |
| Cash and bank balances | (a) | 9,787,870 | 9,951,334 | 197,159 | 885,569 |
| Short term deposits placed with licensed banks | (b) | 4,061,896 | 7,527,030 | 2,509,133 | – |
| Cash and short-term deposits as presented in statements of financial position | | 13,849,766 | 17,478,364 | 2,706,292 | 885,569 |
| Less: Pledged deposits | (c) | (1,552,764) | (1,500,000) | – | – |
| Cash and short-term deposits as presented in statements of cash flows | | 12,297,002 | 15,978,364 | 2,706,292 | 885,569 |

(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 1.30% to 1.50% (2021: 1.50% 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 (2021: RM1,500,000) 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 | |
| | 2022 Unit | 2021 Unit | 2022 RM | 2021 RM |
| **Issued and fully paid up (no par value):** | | | | |
| At 1 April | 1,052,030,123 | 1,035,990,123 | 107,184,910 | 106,126,270 |
| Issuance of shares pursuant to: | | | | |
| - ESOS | 24,460,000 | 16,040,000 | 1,614,360 | 1,058,640 |
| At 31 March | 1,076,490,123 | 1,052,030,123 | 108,799,270 | 107,184,910 |

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 24,460,000 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 | |
| | 2022 Unit | 2021 Unit | 2022 RM | 2021 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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 22. OTHER RESERVES

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| Share option reserve | (a) | – | 386,510 | – | 386,510 |
| Foreign currency translation reserve | (b) | 213,707 | (108,265) | – | – |
| Revaluation reserve | (c) | 28,151,957 | 27,942,623 | – | – |
| | | 28,365,664 | 28,220,868 | – | 386,510 |

### (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.

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 |
|---|---|---|---|
| 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 |
| Outstanding at 1 April 2021 | 28,008,000 | | |
| Exercised | (24,460,000) | 0.0522 | |
| Forfeited | (3,548,000) | | |
| Outstanding at 31 March 2022 | – | | – |

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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 | |
|---|---|---|
| | **2022**<br>**RM** | **2021**<br>**RM** |
| At 1 April | 27,942,623 | 26,603,361 |
| Revaluation surplus | 392,621 | 3,613,786 |
| Deferred tax liabilities relating to revaluation reserve | (94,229) | (2,193,852) |
| Realisation of revaluation reserve | (89,058) | (80,672) |
| At 31 March | 28,151,957 | 27,942,623 |

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

## 23. LOANS AND BORROWINGS

| | Note | Group 2022 RM | Group 2021 RM |
|---|---|---|---|
| **Non-current** | | | |
| Secured: | | | |
| Term loans | (a) | 12,805,622 | 16,535,337 |
| **Current** | | | |
| Secured: | | | |
| Term loans | (a) | 3,770,437 | 3,619,426 |
| Bankers' acceptances | (b) | 230,000 | 1,650,000 |
| | | 4,000,437 | 5,269,426 |
| Total loans and borrowings | | 16,806,059 | 21,804,763 |

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

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| On demand or within 1 year | 4,000,437 | 5,269,426 |
| More than 1 year and less than 2 years | 3,934,388 | 3,770,437 |
| More than 2 year and less than 5 years | 7,437,887 | 9,515,095 |
| More than 5 years | 1,433,347 | 3,249,805 |
| | 16,806,059 | 21,804,763 |

### (a) Term loans

Term loan 1 of a subsidiary of RM5,856,812 (2021: RM7,619,058) bears interest at 8.25% (2021: 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 RM10,719,247 (2021: RM12,535,705) bears interest at 4.49% (2021: 4.30%) 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; and
(iv) fixed deposit placed with licensed bank.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

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

### (b) Bankers' acceptances

The bankers' acceptance of the Group bear interests ranging from 3.75 to 3.82% (2021: 3.76 to 3.91%) 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; and
(iv) fixed deposit placed with licensed bank.

## 24. LEASE LIABILITIES

| | Group | |
|---|---|---|
| | **2022 RM** | **2021 RM** |
| **Non-current** | | |
| Lease liabilities | 4,736,132 | 5,986,851 |
| **Current** | | |
| Lease liabilities | 1,462,297 | 1,401,184 |
| | 6,198,429 | 7,388,035 |

The incremental borrowing rates applied to the lease liabilities ranging from 4.09% to 7.70% (2021: 4.09% to 6.90%) per annum.

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

| | Group | |
|---|---|---|
| | **2022 RM** | **2021 RM** |
| **Future minimum lease payments:** | | |
| Not later than 1 year | 1,828,814 | 1,851,173 |
| Later than 1 year and not later than 2 years | 1,595,956 | 1,695,564 |
| Later than 2 years and not later than 5 years | 3,698,942 | 4,484,148 |
| More than 5 years | – | 718,750 |
| Total minimum lease payments | 7,123,712 | 8,749,635 |
| Less: Future finance charges | (925,283) | (1,361,600) |
| Present value of lease liabilities | 6,198,429 | 7,388,035 |

## 24. LEASE LIABILITIES (CONT'D)

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| **Analysis of present value of lease liabilities:** | | |
| Not later than 1 year | 1,462,297 | 1,401,184 |
| Later than 1 year and not later than 2 years | 1,323,308 | 1,340,098 |
| Later than 2 years and not later than 5 years | 3,412,824 | 3,938,198 |
| More than 5 years | – | 708,555 |
| | 6,198,429 | 7,388,035 |
| Less: Amount due within 12 months | (1,462,297) | (1,401,184) |
| Amount due after 12 months | 4,736,132 | 5,986,851 |

## 25. DEFERRED TAX LIABILITIES

| | Note | Group 2022 RM | Group 2021 RM |
|---|---|---|---|
| Deferred tax liabilities: | | | |
| At 1 April | | 4,457,571 | 2,124,250 |
| Recognised directly to equity | | 94,229 | 2,193,852 |
| Transfer to profit or loss | 9 | (24,461) | 139,469 |
| At 31 March | | 4,527,339 | 4,457,571 |

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

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| Deferred tax assets | 9,662,239 | 8,176,939 |
| Deferred tax liabilities | (14,189,578) | (12,634,510) |
| | (4,527,339) | (4,457,571) |

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 25. DEFERRED TAX LIABILITIES (CONT'D)

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

| | Group | |
|---|---|---|
| | **2022 RM** | **2021 RM** |
| **Deferred tax assets** | | |
| Employee benefit | – | 80,812 |
| Unabsorbed reinvestment allowance | 7,419,558 | 7,419,558 |
| Unabsorbed capital allowances | 2,242,681 | 676,569 |
| | 9,662,239 | 8,176,939 |
| **Deferred tax liabilities** | | |
| Differences between carrying amount of property, plant and equipment and its tax base | (9,662,239) | (8,176,939) |
| Revaluation of land and buildings | (4,442,210) | (4,372,442) |
| Right-of-use assets | (85,129) | (85,129) |
| | (14,189,578) | (12,634,510) |

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

| | Group | |
|---|---|---|
| | **2022 RM** | **2021 RM** |
| Unabsorbed tax losses | 22,739,590 | 21,609,070 |
| Unabsorbed capital allowances | 38,715,515 | 39,334,280 |
| Other taxable temporary differences | 2,475,590 | 2,825,717 |
| | 63,930,695 | 63,769,067 |
| Potential deferred tax assets at 24% (2021: 24%) | 15,343,367 | 15,304,576 |

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendment to Section 44(5F) of Income Tax Act 1967, the time limit on the carried forward unused tax losses has been extended to maximum 10 consecutive years. This amendment is deemed to have effect for the year of assessment 2019 and subsequent year of assessment.

Any unused tax losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2028).

## 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 | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Year of assessment** | | |
| 2028 | 6,042,600 | 6,042,600 |
| 2029 | 12,031,746 | 12,031,746 |
| 2030 | 2,105,628 | 2,105,628 |
| 2031 | 1,429,096 | 1,429,096 |
| 2032 | 1,130,520 | – |
| | 22,739,590 | 21,609,070 |

## 26. TRADE AND OTHER PAYABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Trade** | | | | | |
| Trade payables | (a) | 2,261,022 | 4,565,964 | – | – |
| **Non-trade** | | | | | |
| Other payables | | | | | |
| - Third parties | (b) | 1,214,921 | 623,903 | 53,389 | – |
| - Amount owing to a subsidiary | (c) | – | – | 6,308,147 | – |
| Accruals | | 956,391 | 721,364 | 122,247 | 87,447 |
| | | 2,171,312 | 1,345,267 | 6,483,783 | 87,447 |
| Total trade and other payables | | 4,432,334 | 5,911,231 | 6,483,783 | 87,447 |

**(a) Trade payables**

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2021: 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 (2021: average term of 3 months).

Included in other payables of the Group is sales and service tax payable amounted to RM2,702 (2021: RM5,055).

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 26. TRADE AND OTHER PAYABLES (CONT'D)

### (c) Amount owing to a subsidiary

Amount owing to a subsidiary is unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.

## 27. PROVISIONS

| | Group | |
|---|---|---|
| | **2022 RM** | **2021 RM** |
| **Provision for reinstatement cost** | | |
| At the beginning of the financial year | 737,229 | 737,229 |
| Reversed during the financial year | (737,229) | – |
| At end of the financial year | – | 737229 |

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 and Note 26 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.

NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 29. CAPITAL COMMITMENT

Capital commitment as at the reporting date is as follows:

| | Group | |
|---|---|---|
| | **2022 RM** | **2021 RM** |
| Capital expenditure approved and contracted for: | | |
| Property, plant and equipment | – | 144,535 |

## 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** |
|---|---|---|---|
| **2022** | | | |
| **Group** | | | |
| **Financial assets** | | | |
| Trade and other receivables # | 12,576,622 | 12,576,622 | – |
| Other investments | 50,000 | – | 50,000 |
| Cash and short-term deposits | 13,849,766 | 13,849,766 | – |
| | 26,476,388 | 26,426,388 | 50,000 |
| **Financial liabilities** | | | |
| Loans and borrowings | 16,806,059 | 16,806,059 | – |
| Lease liabilities | 6,198,429 | 6,198,429 | – |
| Trade and other payables* | 4,429,632 | 4,429,632 | – |
| | 27,434,120 | 27,434,120 | – |
| **Company** | | | |
| **Financial assets** | | | |
| Trade and other receivables # | 5,096,569 | 5,096,569 | – |
| Cash and short-term deposits | 2,706,292 | 2,706,292 | – |
| | 7,802,861 | 7,802,861 | – |
| **Financial liability** | | | |
| Trade and other payables | 6,483,783 | 6,483,783 | – |

\# *Exclude prepayments and Value Added Tax refundable*
* *Exclude Sale and Service tax payable*

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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)

| | 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 | – |

# *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 — Level 1 RM | Level 2 RM | Level 3 RM | Total RM | Fair value of financial instruments not carried at fair value — Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | | |
| **Financial asset** | | | | | | | | | |
| Other investments | 50,000 | – | – | 50,000 | 50,000 | – | – | – | – |
| **Financial liability** | | | | | | | | | |
| Term loans | 12,805,622 | – | – | – | – | – | – | 12,805,622 | 12,805,622 |
| **2021** | | | | | | | | | |
| **Financial asset** | | | | | | | | | |
| Other investments | 50,000 | – | – | 50,000 | 50,000 | – | – | – | – |
| **Financial liability** | | | | | | | | | |
| Term loans | 16,535,337 | – | – | – | – | – | – | 16,535,337 | 16,535,337 |

There is no transfer between levels of fair values hierarchy during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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 shareholders. The Group and the Company do not use derivative financial instruments to hedge certain exposures and do not trade in financial instruments.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 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 | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | RM | % of total | RM | % of total |
| South East Asia | 1,246,409 | 19% | 1,616,569 | 19% |
| East Asia | 5,303,940 | 79% | 6,689,774 | 77% |
| South Asia | 18,315 | 0% | 36,203 | 0% |
| Middle East | 84,547 | 1% | 12,619 | 0% |
| Europe | 55,937 | 1% | 353,239 | 4% |
| Others | 39 | 0% | 13,548 | 0% |
| | 6,709,187 | 100% | 8,721,952 | 100% |

The Company does not have trade receivables as at reporting date.

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** | | |
| **2022** | | |
| Neither past due nor impaired | 3,358,538 | – |
| 1 to 30 days past due not impaired | 1,717,711 | – |
| 31 to 60 days past due not impaired | 564,381 | – |
| 61 to 90 days past due not impaired | 259,911 | – |
| 91 to 120 days past due not impaired | 271,003 | – |
| More than 121 days past due not impaired | 632,428 | 94,785 |
| | 6,803,972 | 94,785 |

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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 |
|---|---|---|
| **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 |

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:

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| **Secured** | | |
| Corporate guarantee given to banks for credit facilities granted to subsidiaries | 16,806,059 | 21,804,763 |

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 as the guarantee is provided as credit enhancement to subsidiaries' secured borrowing.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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:

| | | 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 |
| **Group** | | | | | |
| **2022** | | | | | |
| Loans and borrowings | 16,806,059 | 4,858,317 | 12,629,963 | 1,460,768 | 18,949,048 |
| Lease liabilities | 6,198,429 | 1,828,814 | 5,294,898 | – | 7,123,712 |
| Trade and other payables * | 4,429,632 | 4,429,632 | – | – | 4,429,632 |
| Total undiscounted financial liabilities | 27,434,120 | 11,116,763 | 17,924,861 | 1,460,768 | 30,502,392 |
| **2021** | | | | | |
| Loans and borrowings | 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 |

* *Exclude provision and Sales and Service Tax payable*

NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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** | | | | | |
| **2022** | | | | | |
| Trade and other payables | 6,483,783 | 6,483,783 | – | – | 6,483,783 |
| Financial guarantee contracts | – | 16,806,059 | – | – | 16,806,059 |
| Total undiscounted financial liabilities | 6,483,783 | 23,289,842 | – | – | 23,289,842 |
| **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 |

* *Exclude provision and Sales and Service Tax payable*

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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 RM31,932 (2021: RM41,429) 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<br>RM | RMB<br>RM | JPY<br>RM | EUR<br>RM |
|---|---|---|---|---|
| **Group** | | | | |
| **31 March 2022** | | | | |
| Trade receivables | 1,431,836 | – | 149,644 | – |
| Other receivables | 166,050 | – | – | – |
| Cash and bank balances | 1,359,438 | 3,214,171 | 512,311 | 129,571 |
| Trade payables | (331,399) | – | (1,101,661) | – |
| Other payables | (488,195) | – | – | (129,726) |
| Exposure in the statements of financial position | 2,137,730 | 3,214,171 | (439,706) | (155) |

## 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: (Cont'd)

| | 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) | – |
| **Company** | | | | |
| **31 March 2022** | | | | |
| Cash and bank balances | 4,304 | – | – | – |
| **31 March 2021** | | | | |
| Cash and bank balances | 34,334 | – | – | – |

The Group's principal foreign currency exposure relates mainly to United States Dollar ("USD"), Chinese Renminbi ("RMB"), Japanese Yen ("JPY") and European Dollar ("EUR").

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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.

| | Change in rate | Group Effect on profit or loss for the financial year 2022 RM | 2021 RM | Company Effect on profit or loss for the financial year 2022 RM | 2021 RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| USD | + 5% | 81,234 | 77,254 | 164 | 1,305 |
| | - 5% | (81,234) | (77,254) | (164) | (1,305) |
| RMB | + 5% | 122,138 | 47,348 | – | – |
| | - 5% | (122,138) | (47,348) | – | – |
| JPY | + 5% | (16,709) | (48,329) | – | – |
| | - 5% | 16,709 | 48,329 | – | – |
| EUR | + 5% | (6) | – | – | – |
| | - 5% | 6 | – | – | – |

## 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 2022 and 31 March 2021.

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 | |
|---|---|---|
| | **2022 RM** | **2021 RM** |
| Loans and borrowings | 16,806,059 | 21,804,763 |
| Lease liabilities | 6,198,429 | 7,388,035 |
| Less: Cash and bank balances | (13,849,766) | (17,478,364) |
| Net debt | 9,154,722 | 11,714,434 |
| Equity attributable to the owners of the Company | 106,117,293 | 112,085,680 |
| Gearing ratio | 0.09 | 0.10 |

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.

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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 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 |
|---|---|---|---|---|---|
| **2022** | | | | | |
| **Revenue** | | | | | |
| External revenue | 40,793,521 | 2,266,749 | – | | 43,060,270 |
| Inter-segment revenue | 31,870,574 | 214,170 | – | **(a)** | 32,084,744 |
| | 72,664,095 | 2,480,919 | – | | 75,145,014 |
| Consolidation adjustments | | | | | (32,084,744) |
| Consolidated revenue | | | | | 43,060,270 |
| **Results** | | | | | |
| Segment results | (5,868,844) | (927,062) | (16,088,023) | | (22,883,929) |
| Interest expense | | | | | (1,637,166) |
| Income tax expense | | | | | 24,460 |
| Consolidation adjustments | | | | **(b)** | 16,631,072 |
| Loss for the financial year | | | | | (7,865,563) |
| Depreciation of: | | | | | |
| - property, plant and equipment | 4,955,925 | 8,216 | – | | 4,964,141 |
| - investment properties | 2,400 | – | – | | 2,400 |
| - right-of-use assets | 1,109,255 | – | – | | 1,109,255 |
| Gain on disposal of property, plant and equipment | (176,971) | – | – | | (176,971) |
| Interest income | (113,161) | | (9,133) | | (122,294) |
| Inventories written off | 5,626,873 | – | – | | 5,626,873 |
| Loss on derecognition of a subsidiary | 74,322 | – | – | | 74,322 |
| Reversal of inventories written off | (41,903) | (2,222) | – | | (44,125) |
| Net additional of impairment losses on: | | | | | |
| - trade receivables | 70,697 | – | – | | 70,697 |

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 32. SEGMENT INFORMATION (CONT'D)

| | Manufacturing RM | Product distribution RM | Investment holding RM | | Total RM |
|---|---|---|---|---|---|
| **2022** | | | | | |
| **ASSETS** | | | | | |
| Segment assets | 154,587,923 | 7,352,133 | 96,235,614 | | 258,175,670 |
| Unallocated assets | | | | | |
| - Current tax assets | | | | | 21 |
| Consolidated adjustments | | | | **(c)** | (120,094,237) |
| **Consolidated total assets** | | | | | 138,081,454 |
| Additions to non-current assets other than financial instruments are: | | | | | |
| Property, plant and equipment | 2,267,588 | – | – | | 2,267,588 |
| Right-of-use assets | 227,663 | – | – | | 227,633 |
| **LIABILITIES** | | | | | |
| Segment liabilities | 55,011,990 | 5,740,088 | 6,483,783 | | 67,235,861 |
| Unallocated liabilities | | | | | |
| - Deferred tax liabilities | | | | | 4,527,339 |
| Consolidated adjustments | | | | | (39,799,039) |
| **Consolidated total liabilities** | | | | **(c)** | 31,964,161 |

## 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) |
| 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 |
| Net additional/(reversal) of impairment losses on: | | | | | |
| - trade receivables | 21,220 | – | – | | 21,220 |
| - right-of-use assets | (1,300,000) | – | – | | (1,300,000) |

# NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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 |

(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.

NOTES TO THE FINANCIAL STATEMENTS

**(CONT'D)**

## 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 | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Group** | | | | |
| South East Asia | 7,025,714 | 10,052,389 | 79,058,615 | 82,062,222 |
| South America | 562,780 | 509,431 | – | – |
| East Asia | 29,305,654 | 30,136,365 | 362,454 | 595,216 |
| South Asia | 702,789 | 609,995 | – | – |
| North Asia | 311,783 | 80,029 | – | – |
| Middle East | 2,788,439 | 2,188,903 | – | – |
| Europe | 2,307,634 | 1,350,946 | – | – |
| Others | 55,477 | 164,006 | – | – |
| | 43,060,270 | 45,092,064 | 79,421,069 | 82,657,438 |

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. Many countries including the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of the COVID-19 pandemic. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

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 2022.

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 2023 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.

# STATEMENT BY DIRECTORS

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

We, **LEOW WEY SENG** and **ONG GIM HAI**, 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 2022 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:

**LEOW WEY SENG**
Director

**ONG GIM HAI**
Director

Kuala Lumpur

Date: 22 July 2022

# STATUTORY DECLARATION

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

I, **ONG GIM HAI**, being the director 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.

**ONG GIM HAI**

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 22 July 2022.

Before me,

Commissioner for Oaths
**HADINUR MOHD SYARIF W761**

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF JADI IMAGING HOLDINGS BERHAD

**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 2022 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 63 to 145.

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 2022, 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.

# INDEPENDENT AUDITORS' REPORT

**(CONT'D)**

**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.

**Group**

**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.

**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; and
- reading the valuation reports for 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.

**Inventories (Note 17)**

The Group has significant inventories amounting to RM30,219,636 as at 31 March 2022. 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; and
- checking subsequent sales and reviewing the Group's assessment on estimated net realisable value on selected inventory items.

**Company**

We have determined that there are no key audit matters to communicate in our report which arose from the audit of financial statements of the Company.

# INDEPENDENT AUDITORS' REPORT

**(CONT'D)**

**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.

**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.

# INDEPENDENT AUDITORS' REPORT

**(CONT'D)**

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

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.

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

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

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

# INDEPENDENT AUDITORS' REPORT

**(CONT'D)**

### 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

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

**ONG TENG YAN**
No. 03076/07/2023 J
Chartered Accountant

Kuala Lumpur

Date: 22 July 2022

# LIST OF PROPERTIES

| Registered owner | Location | Description/ Existing use | Date of Acquisition | Approximate age of building years/ Tenure | Land area/ Built-up area (sq. ft.) | Audited net book value as at 31.03.2022 (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 | 21 years Freehold | 855 | 81 |
| Jadi Imaging Technologies Sdn. Bhd. | No. 3 Jalan Peguam U1/25, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam Selangor | Toner factory | 29 May 2006 | 27 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 | 24 July 2008 | 12 years Freehold | 257,278/ 123,128 | 38,000 |

# ANALYSIS OF SHAREHOLDINGS
## AS AT 30 JUNE 2022

| | | |
|---|---|---|
| Total Number of Issued Shares | : | **1,076,370,451 Ordinary Shares** *(excluding 119,672 Treasury Shares)* |
| Class of Shares | : | Ordinary Shares |
| Number of Shareholders | : | 7,744 |
| Voting Rights | : | One vote per ordinary share |

### DISTRIBUTION OF SHAREHOLDINGS

| Size of Holdings | No. of Holders | % | No. of Shares | % |
|---|---|---|---|---|
| Less than 100 | 2,289 | 29.56 | 118,303 | 0.01 |
| 100 – 1,000 | 787 | 10.16 | 231,105 | 0.02 |
| 1,001 – 10,000 | 1,213 | 15.66 | 7,238,476 | 0.67 |
| 10,001 – 100,000 | 2,599 | 33.56 | 104,664,682 | 9.73 |
| 100,001 – Less than 5% of issued shares | 853 | 11.02 | 567,655,145 | 52.74 |
| 5% and above of issued shares | 3 | 0.04 | 396,462,740 | 36.83 |
| **Total** | **7,744** | **100.00** | **1,076,370,451** | **100.00** |

### SUBSTANTIAL SHAREHOLDERS

| | Direct | | Indirect | |
|---|---|---|---|---|
| Name of Substantial Shareholders | No. of Shares held | % | No. of Shares held | % |
| XOX (Hong Kong) Limited | 302,292,700 | 28.08 | – | – |
| XOX Bhd | – | – | 302,292,700 (1) | 28.08 |
| Static Control Holdings Limited | 94,170,040 | 8.75 | – | – |
| Ninestar Corporation | – | – | 94,170,040 (2) | 8.75 |
| Zhuhai Seine Technology Co., Ltd | – | – | 94,170,040 (2) | 8.75 |
| Zhuhai Hengxinfengye Technology Co., Ltd | – | – | 94,170,040 (2) | 8.75 |

*Notes:*

(1) *Deemed interest by virtue of Section 8(4) of the Act via its shareholding in XOX (Hong Kong) Limited.*
(2) *Deemed interest by virtue of Section 8(4) of the Act via its shareholding in Static Control Holdings Limited.*

### DIRECTORS' SHAREHOLDINGS

| | Direct | | Indirect | |
|---|---|---|---|---|
| Name of Directors | No. of Shares held | % | No. of Shares held | % |
| Ong Gim Hai | – | – | – | – |
| Leow Wey Seng | – | – | – | – |
| Ling Chi Hoong | – | – | – | – |
| Dai ShuChun | – | – | – | – |
| Tan Su Ning | – | – | – | – |

# ANALYSIS OF SHAREHOLDINGS

**(CONT'D)**

## LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

| No. | Name of Shareholders | No. of Shares held | Percentage (%) |
|---|---|---|---|
| 1. | HSBC Nominees (Asing) Sdn Bhd<br>– *Exempt an for the HongKong and Shanghai Banking Corporation Limited (GCHK-LAZARUS)* | 200,000,000 | 18.58 |
| 2. | Affin Hwang Nominees (Asing) Sdn Bhd<br>– *Exempt an for Sanston Financial Group Limited (Account Client)* | 102,292,700 | 9.50 |
| 3. | Maybank Securities Nominees (Asing) Sdn Bhd<br>– *Pledged Securities Account for Static Control Holdings Limited* | 94,170,040 | 8.75 |
| 4. | CGS-CIMB Nominees (Asing) Sdn Bhd<br>– *Exempt an for CGS-CIMB Securities (Hong Kong) Limited (Foreign Client)* | 28,721,600 | 2.67 |
| 5. | Mega First Corporation Berhad | 17,719,300 | 1.65 |
| 6. | Lai Yee Voon | 17,500,000 | 1.63 |
| 7. | Citigroup Nominees (Asing) Sdn Bhd<br>– *UBS AG for Maybank Securities Pte. Ltd.* | 14,674,200 | 1.36 |
| 8. | Tee Shong Pen | 11,832,000 | 1.10 |
| 9. | HSBC Nominees (Asing) Sdn Bhd<br>– *Exempt an for Morgan Stanley & Co. International PLC (IPB Client Acct)* | 10,189,300 | 0.95 |
| 10. | Cartaban Nominees (Asing) Sdn Bhd<br>– *Exempt an for Barclays Capital Securities Ltd (SBL/PB)* | 9,644,000 | 0.90 |
| 11. | Chin Chin Seong | 9,500,000 | 0.88 |
| 12. | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>– *Pledged Securities Account for Foo Long Loke (MY1890)* | 9,334,600 | 0.87 |
| 13. | Public Nominees (Tempatan) Sdn Bhd<br>– *Pledged Securities Account for Lai Yee Kein (E-SPG)* | 7,982,700 | 0.74 |
| 14. | Leong Oow Lai | 6,073,461 | 0.56 |
| 15. | Tey Soon Dee | 6,050,000 | 0.56 |
| 16. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>– *Pledged Securities Account for Tan Chee Chuan* | 5,500,100 | 0.51 |
| 17. | Quek Yong Wah | 5,500,000 | 0.51 |
| 18. | Tai Yok Yen | 5,200,000 | 0.48 |
| 19. | How Bee Lay | 5,150,466 | 0.48 |

ANALYSIS OF SHAREHOLDINGS

**(CONT'D)**

## LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (CONT'D)

| No. | Name of Shareholders | No. of Shares held | Percentage (%) |
|---|---|---|---|
| 20. | Tan Yoke Theng | 5,000,000 | 0.46 |
| 21. | Chew Chin Hun | 4,978,000 | 0.46 |
| 22. | Won Tian Loong | 4,950,000 | 0.46 |
| 23. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>– *Pledged Securities Account for Tan Chee Chuan (7007197)* | 4,854,200 | 0.45 |
| 24. | Tiu Kee Guan | 4,500,000 | 0.42 |
| 25. | Yung Boon Hong @ Yang Kok Ching | 4,050,000 | 0.38 |
| 26. | Lim York Lai | 4,000,000 | 0.37 |
| 27. | Maybank Nominees (Tempatan) Sdn Bhd<br>– *Lee Gia Cian @ Cally* | 3,509,000 | 0.33 |
| 28. | Chin Chin Seong | 3,500,000 | 0.33 |
| 29. | Seah Tin Kim | 3,163,544 | 0.29 |
| 30. | Neoh Hong Choo | 3,097,000 | 0.29 |
| | **Total** | **612,636,211** | **56.92** |

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First ("21st") Annual General Meeting of **JADI IMAGING HOLDINGS BERHAD** will be conducted on a fully virtual basis through live streaming from the broadcast venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan ("Broadcast Venue") on Wednesday, 21 September 2022 at 2:00 p.m. to transact the following businesses:-

**A G E N D A**

**Ordinary Business**

1. To receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 3)**

2. To approve the payment of the Directors' Fees of RM606,000 for the period from 1 April 2022 until the next Annual General Meeting of the Company. **(Resolution 1)**

3. To approve the payment of the Directors' Benefits up to an amount of RM32,500 for the period from this 21st Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 2)**

4. To re-elect the following Directors who retire pursuant to Clause 78 of the Company's Constitution:-

   (i) Mr Ong Gim Hai **(Resolution 3)**
   (ii) Mr Leow Wey Seng **(Resolution 4)**
   (iii) Mr Ling Chi Hoong **(Resolution 5)**
   (iv) Ms Tan Su Ning **(Resolution 6)**

5. To note Mr Dai ShuChun's retirement by rotation in accordance with Clause 76 of the Company's Constitution. **(Please refer to Note 6)**

6. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

**Special Business**

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

7. **Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** **(Resolution 8)**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors of the Company be and are hereby authorised to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and shall continue to be utilised until 31 December 2022 as empowered by Bursa Malaysia Securities Berhad's ("Bursa Securities") letter dated 23 December 2021 to grant an extension for the additional temporary relief measures to listed issuers and thereafter does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company at the time of issuance and that the Directors be and are hereby empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Securities.

AND THAT such authority under this resolution shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting."

8. **Proposed Renewal of Shareholders' Mandate for the Authority to the Company to Purchase Its Own Shares up to Ten Per Centum (10%) of the Total Number of Issued Shares ("Proposed Renewal of Share Buy-Back Mandate")** **(Resolution 9)**

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") 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:

(i) 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

(ii) 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 the general meeting at which such resolution is passed, 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.

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

**(CONT'D)**

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 charged with responsibility for companies 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."

9. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD
**TAN KOK SIONG (LS0009932)**
**(SSM PC NO. 202008001592)**
Company Secretary

Kuala Lumpur

Date: 28 July 2022

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

**(CONT'D)**

**NOTES:-**

## 1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders/ proxies **WILL NOT BE ALLOWED** to attend this Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting. Shareholders who wish to participate remotely at the meeting will therefore have to register via the Remote Participation and Voting ("RPV") facilities operated by Mlabs Research Sdn Bhd at https://rebrand.ly/JADI-AGM.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the 21st AGM in order to participate remotely via RPV facilities.**

## 2. APPOINTMENT OF PROXY

(a) For the purpose of determining who shall be entitled to participate this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 13 September 2022. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

(b) A member entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate and vote in his place. A proxy may but need not be a member of the Company.

(c) A member of the Company who is entitled to participate and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate and vote instead of the member at the AGM.

(d) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(e) 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.

(f) 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.

(g) 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.

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

**(CONT'D)**

(h) The appointment of a proxy may be made in a hard copy form or by electronic means via email 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 AGM or adjourned AGM 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 Company's Share Registrar at Workshire Share Registration Sdn Bhd of A1-2-2 Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia.

(ii) By electronic means via email

The proxy form can be electronically lodged with the Company's Share Registrar via email at sharereg@wscs.com.my. The Company and Share Registrar may request any member to deposit original executed proxy form to the Share Registrar's office before or on the day of meeting for verification purpose.

The certificate of appointment of authorised representative should be executed in the following manner:

a. 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.

(i) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Workshire Share Registration Sdn Bhd of A1-2-2 Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote.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.

(j) Please ensure ALL the particulars as required in the proxy form is completed, signed and dated accordingly.

(k) Last date and time for lodging the proxy form is Monday, 19 September 2022 at 2:00 p.m.

(l) For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative executed in the manner as stated in the proxy form with the Company's Share Registrar at Workshire Share Registration Sdn Bhd of A1-2-2 Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia.

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

**(CONT'D)**

**3. Audited Financial Statements for the financial year ended 31 March 2022**

The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of the shareholders is not required pursuant to the provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders.

**4. Resolutions 1 and 2 – Directors' Fees and Directors' Benefits**

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors shall be approved at a general meeting. The proposed Resolutions 1 and 2 for the Directors' Fees and Directors' Benefits are calculated based on the current Board size and number of scheduled Board and Board Committee meetings to be held from this 21st AGM until the date of the next AGM. These resolutions are to facilitate payment of Directors' Fees and Directors' Benefits on a current financial year basis. In the event the proposed amount is insufficient, (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for the shortfall.

The proposed Resolution 1 is to approve the payment of the Directors' Fees payable to the Directors for the period from 1 April 2022 until the next AGM of the Company to be held in 2023, details of which as follows:-

| Category | Executive Director | Non-Executive Directors |
|---|---|---|
| **The Company** | **RM** | **RM** |
| Directors' Fees | 180,000 | 426,000 |

The proposed Resolution 2 is to approve the payment of the Directors' Benefits, including meeting allowance payable to the Directors for the period from this 21st AGM until the next AGM of the Company to be held in 2023. The details are appended below:-

| Category | Executive Director | Non-Executive Directors |
|---|---|---|
| **The Company** | **RM** | **RM** |
| Meeting Allowance per meeting per person | NIL | 500 |

**5. Resolutions 3, 4, 5 and 6 – Re-election of Directors**

Mr Ong Gim Hai, Mr Leow Wey Seng, Mr Ling Chi Hoong and Ms Tan Su Ning are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 21st AGM.

The Board had through the Nomination Committee carried out the assessment on the Directors and agreed that all Directors meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their role as Directors.

The Board had also through the Nomination Committee carried out assessment on the independence of Mr Leow Wey Seng, Mr Ling Chi Hoong and Ms Tan Su Ning and is satisfied that they met the criteria of independence as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

**(CONT'D)**

6. **Retirement of Dai ShuChun in accordance with Clause 76 of the Company's Constitution**

   Mr Dai ShuChun will be retiring by rotation in accordance with Clause 76 of the Company's Constitution and he had expressed his intention not to seek for re-election as a Director of the Company at the forthcoming 21st AGM. Hence, Mr Dai ShuChun will retain office until the conclusion of the forthcoming 21st AGM and retires in accordance with Clause 76 of the Company's Constitution. The Board would like to place on record its appreciation to Mr Dai ShuChun for his support, commitment and invaluable contributions rendered to the Group during his tenure of appointment.

7. **Resolution 7 – Re-appointment of Auditors**

   The Board has through the Audit Committee assessed the suitability and independence of the External Auditors, Messrs Baker Tilly Monteiro Heng PLT and considered the re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company. The Board and Audit Committee collectively agreed and satisfied that Messrs Baker Tilly Monteiro Heng PLT has the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

8. **Explanatory Notes on Special Business**

   (i) **Resolution 8 – Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

   The proposed Resolution 8 is prepared for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors to allot shares in the Company to be utilised for such purposes as the Directors consider would be in the interest of the Company, up to an amount not exceeding in total twenty per centum (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 2022. With effect from 1 January 2023, the Proposed 20% General Mandate will be reinstated to a ten per centum (10%) limit ("Proposed 10% General Mandate") in accordance to Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

   This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or at the expiration of the period within which the next AGM is required to be held, whichever is earlier.

   The General Mandate is to provide flexibility to the Company to allot new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this General Mandate is for possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, operational expenditure and acquisitions.

   As at the date of this notice, the Company did not issue any shares pursuant to the General Mandate granted to the Directors at the Twentieth AGM as there were no investment(s), acquisition(s) or working capital that require the utilisation of the General Mandate.

   (ii) **Resolution 9 – Proposed Renewal of Share Buy-Back Mandate**

   The proposed Resolution 9, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders as set out in the Annual Report 2022 of the Company for further information.

# PROXY FORM

**JADI IMAGING HOLDINGS BERHAD**
[Registration No. 200001023711 (526319-P)]
(Incorporated in Malaysia)

| No. of shares held: | |
|---|---|
| CDS Account No.: | |

I/We ____________________________________________ NRIC/ Passport/ Registration No. ___________________________
*[Full name in block as per NRIC/Passport]*

of ____________________________________________________________________________________________________
*(Address)*

Email Address: ____________________________________________________ Contact No.: ___________________________

being member(s) of **JADI IMAGING HOLDINGS BERHAD**, hereby appoint:

| **Full Name** *(in Block as per NRIC/Passport)* | **NRIC/Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|
| | | **No. of Shares** | **%** |
| **Address** | | | |
| **Email Address:** | | **Contact No.:** | |

and

| **Full Name** *(in Block as per NRIC/Passport)* | **NRIC/Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|
| | | **No. of Shares** | **%** |
| **Address** | | | |
| **Email Address:** | | **Contact No.:** | |

or failing him/her, the Chairman of the Meeting, as ^my/our proxy to vote for ^me/us and on ^my/our behalf at the Twenty-First Annual General Meeting of the Company, which will be conducted on a fully virtual basis through live streaming from the broadcast venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan ("Broadcast Venue") on **Wednesday, 21 September 2022** at **2:00 p.m.** or any adjournment thereof, and to vote as indicated below:-

| Resolution | Description of Resolution | For | Against |
|---|---|---|---|
| 1 | Approval on the payment of Directors' Fees of RM606,000 for the period from 1 April 2022 until the next Annual General Meeting of the Company. | | |
| 2 | Approval on the payment of Directors' Benefits up to an amount of RM32,500 for the period from this 21st Annual General Meeting until the next Annual General Meeting of the Company. | | |
| 3 | Re-election of Mr Ong Gim Hai as Director of the Company pursuant to Clause 78 of the Company's Constitution. | | |
| 4 | Re-election of Mr Leow Wey Seng as Director of the Company pursuant to Clause 78 of the Company's Constitution. | | |
| 5 | Re-election of Mr Ling Chi Hoong as Director of the Company pursuant to Clause 78 of the Company's Constitution. | | |
| 6 | Re-election of Ms Tan Su Ning as Director of the Company pursuant to Clause 78 of the Company's Constitution. | | |
| 7 | Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | | |
| 8 | Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016. | | |
| 9 | Proposed Renewal of Share Buy-Back Mandate. | | |

(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 ____________________ 2022

_________________________________
Signature*
**Member**

^ *Delete whichever is not applicable*
* *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.*

**Notes:-**

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(g) 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.

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(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.

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(j) Please ensure ALL the particulars as required in the proxy form is completed, signed and dated accordingly.

(k) Last date and time for lodging the proxy form is Monday, 19 September 2022 at 2:00 p.m.

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AFFIX
STAMP

**The Share Registrar**

**Workshire Share Registration Sdn Bhd**
[202101030155 (1430455-D)]

A1-2-2 Solaris Dutamas, No. 1, Jalan Dutamas 1,
50480 Kuala Lumpur

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**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**