



JADI IMAGING HOLDINGS BERHAD

Registration No.:200001023711 (526319-P)

The background of the page is a vibrant, abstract composition of numerous overlapping circles in various colors including blue, pink, yellow, orange, and purple. The circles vary in size and opacity, creating a sense of depth and movement. The overall effect is a colorful, energetic pattern that fills the right and bottom portions of the page.

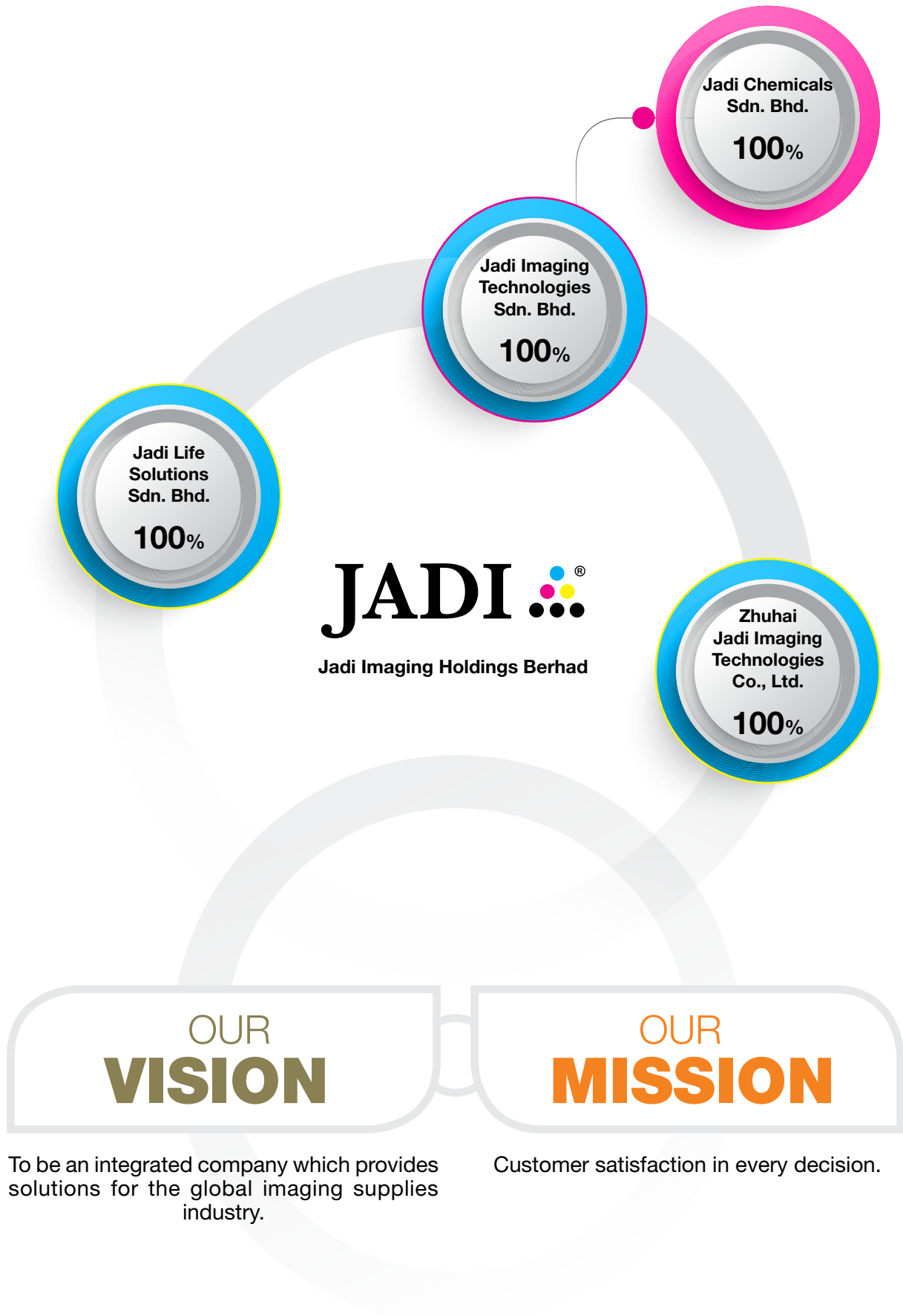
ANNUAL REPORT 2023

TABLE OF CONTENTS

| | |
|------------|---|
| 2 | Corporate Structure |
| 3 | Corporate Information |
| 4 | Management Discussion and Analysis |
| 7 | Directors' Profile |
| 9 | Profile of Key Senior Management |
| 10 | Statement to Shareholders |
| 20 | Sustainability Statement |
| 27 | Corporate Governance Overview Statement |
| 42 | Audit Committee Report |
| 47 | Statement on Risk Management and Internal Control |
| 51 | Additional Compliance Information |
| 52 | Statement of Directors' Responsibility in Relation to The Audited Financial Statements |
| 53 | Financial Statements |
| 125 | List of Properties |
| 126 | Analysis of Shareholdings |
| 128 | Notice of Twenty-Second Annual General Meeting |
| | Proxy Form |



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

Ling Chi Hoong
Independent Non-Executive Director

Leow Wey Seng
Independent Non-Executive Director

Tan Su Ning
Independent Non-Executive Director

Dai ShuChun
Non-Independent Non-Executive Director
(retired on 21 September 2022)

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

Wong Yuet Chyn
(MAICSA 7047163)
(SSM PC No. 202008002451)

AdelineTang Koon Ling
(LS0009611)
(SSM PC No. 202008002271)

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

Telephone No. : (603) 6413 3271
Facsimile No. : (603) 6413 3270
Email : infosr@wscs.com.my

Principal Bankers

Hong Leong Bank Berhad
Level 9, Menara Hong Leong
6, Jalan Damansara
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

HLB Ler Lum Chew PLT
A-23-1, Level 23
Hampshire Place Office
157 Hampshire
No. 1 Jalan Mayang Sari
Off Jalan Tun Razak
50450 Kuala Lumpur
Malaysia
Telephone No. : (603) 7890 5588

Stock Exchange

**Main Market of Bursa Malaysia
Securities Berhad**

Stock Code

7223



MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE PROFILE

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

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

OVERVIEW

FY2023 continues a trend of a weakening economy after the COVID lockdowns were lifted. With global inflation running amok in most countries, coupled with the war in Ukraine, it has caused significant stress in the worldwide economy. Countries are increasing interest rates, which has a direct impact on the cost of doing business as a whole. All these issues have left the world economy in a weakened state, and the signs of a recession loom large on the horizon.

FINANCIAL REVIEW

| Financial Indicators | | 31 March 2023 | 31 March 2022 (Restated) | Variance |
|----------------------|--------|---------------|-----------------------------|----------|
| Revenue | RM'000 | 32,767 | 43,060 | -23.90% |
| Loss before tax | RM'000 | (11,122) | (7,890) | 40.96% |
| Loss, net of tax | RM'000 | (11,028) | (7,874) | 40.06% |
| Net assets per share | RM | 0.09 | 0.10 | -7.44% |
| Total borrowings | RM'000 | 9,677 | 16,806 | -42.42% |
| Debt equity ratio | % | 9.9 | 16.0 | -37.79% |

Revenue

For the financial year under review, there was a decline of 23.9% in the Group's revenue from RM43.1 million in the preceding year to RM32.8 million. The sharp fall in sales was underpinned by the lower demand from China. Although the Chinese market has fully opened after the long Covid lockdowns, unfortunately the anticipated recovery has not taken place directly contributing to low sales.

Loss before taxation

The Group has recorded a loss before taxation of RM11.1 million as compared to the loss before taxation in the preceding year of RM7.9 million.

Higher operating costs, resulting from the implementation of minimum wages by the Malaysian government in 2022 and the increase in energy costs, have further taxed the profitability of the company.

Gearing

The Group has recorded a total borrowing of RM9.7 million as of 31 March 2023 with gearing ratio of 9.9% as compared to 16% in the previous financial year. It's in line with the managements' direction to reduce the overall borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

FUTURE OUTLOOK

The printing toner market size was valued at USD 3.5 billion in 2022 and is set to grow significantly at a compounded annual growth rate (“CAGR”) of over 4.5% through the period from 2023 to 2032, owing to the booming pharmaceutical and electronic sectors in North America and Europe. Closer to home, Asia Pacific printing toners market is estimated to be worth USD 2 billion by 2032, growing at more than 5% CAGR through from 2023 to 2032. Rapid industrialisation, primarily in India, China, and Japan is driving the demand for commercial laser printing as well as the growing packaging industry in the region due to strong growth in the food & beverage, pharmaceutical and personal care industries, are the major factor expected to largely contribute to the APAC market growth in the coming years.

After the onset of the Covid 19 pandemic, social distancing guidelines and overall industry lockdowns had a detrimental effect on the market. Manufacturers halted their operations to produce essential commodities such as hand sanitisers, which disrupted the supply chains of the toner product. However, the pandemic also caused an upsurge in demand for packaging across varied industries, which resulted in a high demand for toner. Moreover, the prevalent need for packaging that could withstand disinfection without damaging the labels has also created massive growth potential for the toner market which has been lucrative for business growth.

Premised against these backdrops, our company’s future outlook in the toner manufacturing industry will be influenced by various factors, amongst others, technological advancements, environmental concerns, market competition, and economic conditions. Understanding these factors will be crucial for our company to adapt and thrive in an ever-changing market landscape.

1. **Technological Advancements:** Advancements in printer technology have the potential to significantly impact the toner industry. Digital printing has grown to capture more than 50 percent of the printing market share shunting offset printing to the side. As printer manufacturers develop more efficient printers, the demand for toner cartridges may decrease due to improved cartridge yields and better resource utilization. Additionally, the trend towards digital documentation and paperless initiatives may lead to reduced overall printing needs, further affecting toner consumption. Printing with light as a concept has only recently become a reality and is already set to revolutionize the printing industry. Traditional methods for in-person printing use lasers and heavy machinery to fabricate objects. However, printing with light puts this process on a more sustainable path. To stay ahead in the market, our company will explore opportunities to collaborate with printer manufacturers and develop toner products that complement the latest printer technologies as highlighted above.
2. **Environmental Concerns:** Growing environmental awareness among consumers and businesses is likely to influence their printing preferences. There will be an increasing demand for eco-friendly and sustainable printing solutions, which may lead to a shift towards environmentally friendly toner products. Investing in research and development to create more sustainable toner formulations and exploring ways to reduce the environmental impact of the toner production process will be crucial. Additionally, implementing recycling programs for used toner cartridges can also help position our company as a responsible and environmentally conscious player in the industry.
3. **Market Competition:** The printer consumables market is known for its intense competition, and this trend is expected to continue in the future. Our company will likely face challenges from new entrants into the market. The emergence of alternative technologies, such as inkless printing or digital document storage, could disrupt the traditional toner market and alter supply and demand dynamics. To maintain a competitive edge, it is essential for our company to invest in research and development, customer-centric marketing strategies, and excellent customer service to retain and attract clients.
4. **Economic Factors:** Economic conditions have a significant impact on consumer and business spending patterns. During periods of economic growth, there may be increased demand for printers and toner products as businesses expand their operations and consumers have higher disposable income. Conversely, economic downturns may lead to decreased spending on non-essential items, which could result in reduced demand for printing and toner products. Monitoring economic indicators and being agile in response to market fluctuations will be crucial to navigate through different economic scenarios.



MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

FUTURE OUTLOOK (CONT'D)

Consequently, by embracing technological innovations, addressing environmental sustainability, and staying ahead of market competition will be critical for our company's growth and success. We should remain vigilant and adaptable to changing economic conditions.

Appreciation

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

DIRECTORS' PROFILES

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

ONG GIM HAI

Executive Director

Ong Gim Hai, Malaysian, male, aged 48, 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 41, was appointed to the Board as an Independent Non-Executive Director of Jadi Imaging Holdings Berhad on 29 October 2021.

He holds a Bachelor of Business (Accounting) from Monash University Australia. He is a fellow of Certified Practising 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 a consulting firm providing strategic advice and financial solution for businesses and entrepreneurs. 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, Visione 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 40, 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 public 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 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 Blackstone Trustee 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 31, 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 & Co.

Ms Tan currently sits on the Board of LKL International Berhad.

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 2023.

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 49, 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 2023.



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 ("21st") Annual General Meeting ("AGM") held on 21 September 2022 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 ("22nd") 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 21st AGM.

The Company proposes to seek the approval from the shareholders of the Company at the forthcoming 22nd 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 22nd 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 24 July 2023, 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 (<i>excluding treasury shares</i>) | 1,076,370,451 |
| 10% of the total number of issued shares (<i>excluding treasury shares</i>) | 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).

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 2023 of JADI, the accumulated loss of the Company stood at RM38,902,306.



STATEMENT TO SHAREHOLDERS

(CONT'D)

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;
- (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

STATEMENT TO SHAREHOLDERS

(CONT'D)

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)

- (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 24 July 2023 |
|--|---|
| Total number of issued shares of JADI as at LPD (<i>excluding treasury shares</i>) | 1,076,370,451 |
| Less: | |
| Assuming all the Purchased Shares pursuant to the Proposed Share Buy-Back are cancelled | (107,637,045) |
| <hr/> | |
| Reduced number of issued shares upon completion of the Proposed Share Buy-Back | 968,733,406 |
| <hr/> | |

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.



STATEMENT TO SHAREHOLDERS

(CONT'D)

10. FINANCIAL EFFECTS (CONT'D)

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.

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.

STATEMENT TO SHAREHOLDERS

(CONT'D)

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:-

(a) Directors of JADI *

| Name of Directors | Number of Shares held as at 24 July 2023 | | | | After the Proposed Share Buy-Back) | | | |
|-------------------|--|---|----------|---|------------------------------------|---|----------|---|
| | Direct | | Indirect | | Direct | | Indirect | |
| Ong Gim Hai | - | - | - | - | - | - | - | - |
| Leow Wey Seng | - | - | - | - | - | - | - | - |
| Ling Chi Hoong | - | - | - | - | - | - | - | - |
| Dai ShuChun | - | - | - | - | - | - | - | - |
| Tan Su Ning | - | - | - | - | - | - | - | - |

(b) Major/Substantial Shareholders of JADI

| Name of Major/ Substantial Shareholders | Number of Shares held as at 24 July 2023 | | | | After the Proposed Share Buy-Back [#] | | | |
|---|--|-------|----------------------------|-------|--|-------|----------------------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | |
| 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 |

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.



STATEMENT TO SHAREHOLDERS

(CONT'D)

12. PUBLIC SHAREHOLDING SPREAD

As at 24 July 2023, 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.

STATEMENT TO SHAREHOLDERS

(CONT'D)

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 2022 up to May 2023:-

| Month | Highest (RM) | Lowest (RM) |
|-----------|--------------|-------------|
| 2022: | | |
| June | 0.095 | 0.080 |
| July | 0.080 | 0.070 |
| August | 0.085 | 0.075 |
| September | 0.080 | 0.075 |
| October | 0.075 | 0.065 |
| November | 0.085 | 0.070 |
| December | 0.090 | 0.075 |

| Month | Highest (RM) | Lowest (RM) |
|----------|--------------|-------------|
| 2023: | | |
| January | 0.085 | 0.075 |
| February | 0.085 | 0.070 |
| March | 0.085 | 0.065 |
| April | 0.070 | 0.060 |
| May | 0.065 | 0.050 |

The last transacted market price of JADI Shares on 24 July 2023, being the LPD before printing this Statement was RM0.025 per share.

(Source: Investing.com)

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 22nd 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.

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, Section 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 22nd 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 2022 and 31 March 2023.

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 2023.

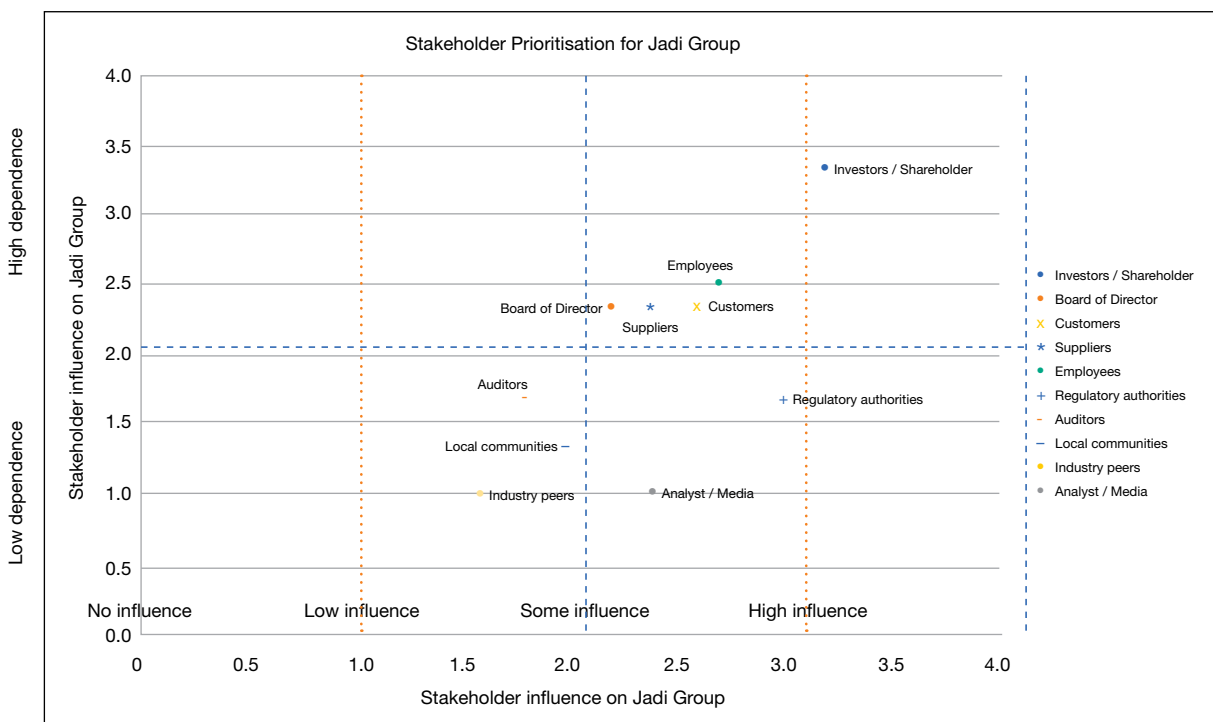
The Group recognises the importance of being committed to create long-term sustainable value for all stakeholders. Sustainability has become a significant factor contributing to business growth and competitiveness internationally. We therefore strive to look after the interests of our key stakeholders – 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)

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 | <ul style="list-style-type: none"> Annual general meetings Annual reports, quarterly reports & announcements | <ul style="list-style-type: none"> Company performance & growth Dividend & Share performance Sustainability | <ul style="list-style-type: none"> Economic sustainability Corporate governance and ethics |
| Board of Directors | <ul style="list-style-type: none"> Board meetings Company organised events Annual general meetings | <ul style="list-style-type: none"> Corporate governance Company strategy & direction | <ul style="list-style-type: none"> Economic sustainability Corporate governance and ethics |
| Customers | <ul style="list-style-type: none"> Regular visits & meetings Customer feedback forms Exhibitions & trade fairs | <ul style="list-style-type: none"> Product quality On time delivery Stock availability Production capacity Affordability Customer relations management | <ul style="list-style-type: none"> Quality of product and services Customer satisfaction |
| Suppliers | <ul style="list-style-type: none"> Regular meetings Supplier evaluation audit | <ul style="list-style-type: none"> Maintaining partnership Procurement practices Term of payment | <ul style="list-style-type: none"> Economic sustainability Corporate governance and ethics |
| Employees | <ul style="list-style-type: none"> Policies & procedures Employee performance appraisals Meetings & briefings | <ul style="list-style-type: none"> Remuneration & benefits Occupational health & safety Career development & opportunities | <ul style="list-style-type: none"> Diverse & balanced workforce Occupational health and safety Training and development |
| Regulatory authorities | <ul style="list-style-type: none"> Statutory submissions Meetings | <ul style="list-style-type: none"> Environmental & safety compliance | <ul style="list-style-type: none"> Environmental management |
| Auditors | <ul style="list-style-type: none"> Annual audit/periodic reviews | <ul style="list-style-type: none"> Operational & quality assurance practices | <ul style="list-style-type: none"> Corporate governance and ethics |
| Local communities | <ul style="list-style-type: none"> Online platforms (eg. Social media & online applications) | <ul style="list-style-type: none"> Job opportunities for local communities Social and environmental concerns | <ul style="list-style-type: none"> Environmental management Social responsibilities |
| Industry peers | <ul style="list-style-type: none"> Exhibitions & trade fairs Collaborations | <ul style="list-style-type: none"> Market trend | <ul style="list-style-type: none"> Economic sustainability |
| Analyst Media | <ul style="list-style-type: none"> Interviews Annual general meetings | <ul style="list-style-type: none"> Industry outlook Financial performance | <ul style="list-style-type: none"> Economic sustainability 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 | | <ul style="list-style-type: none"> • Economic sustainability • Quality of product and services • Customer satisfaction • Occupational health and safety |
| | <ul style="list-style-type: none"> • Diverse and balanced workforce | <ul style="list-style-type: none"> • Environmental management • Training and development • Corporate governance and ethics |
| | <ul style="list-style-type: none"> • 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.

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.

SUSTAINABILITY STATEMENT

(CONT'D)

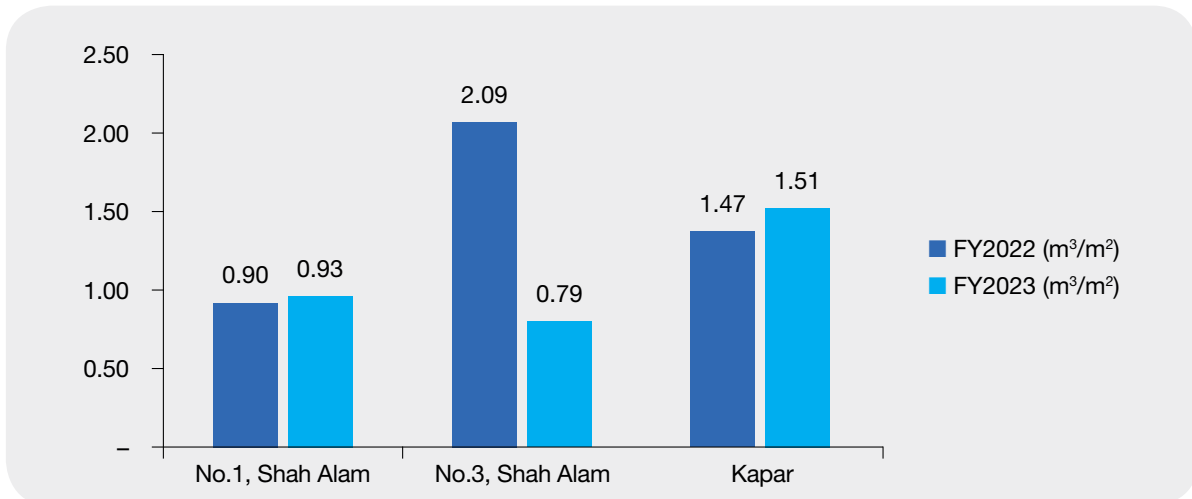
ENVIRONMENT

Being a global toner manufacturer, the Group is cautious in handling its products 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.

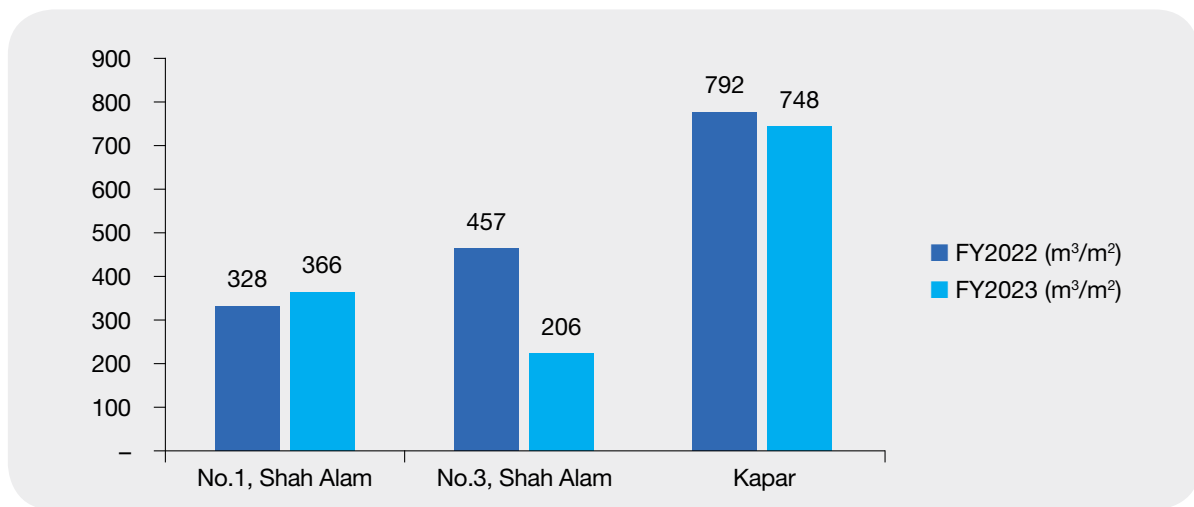


SUSTAINABILITY STATEMENT

(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.

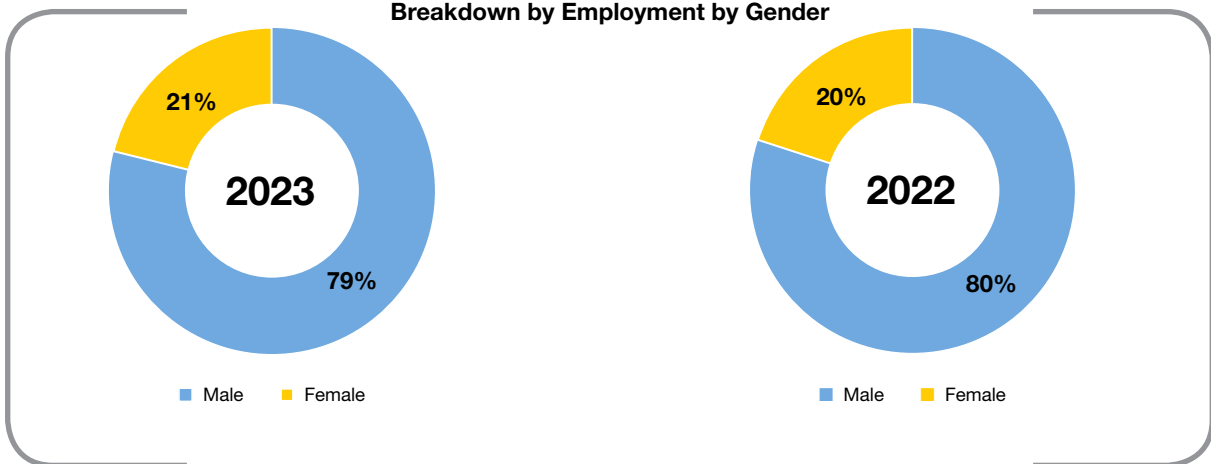
SUSTAINABILITY STATEMENT

(CONT'D)

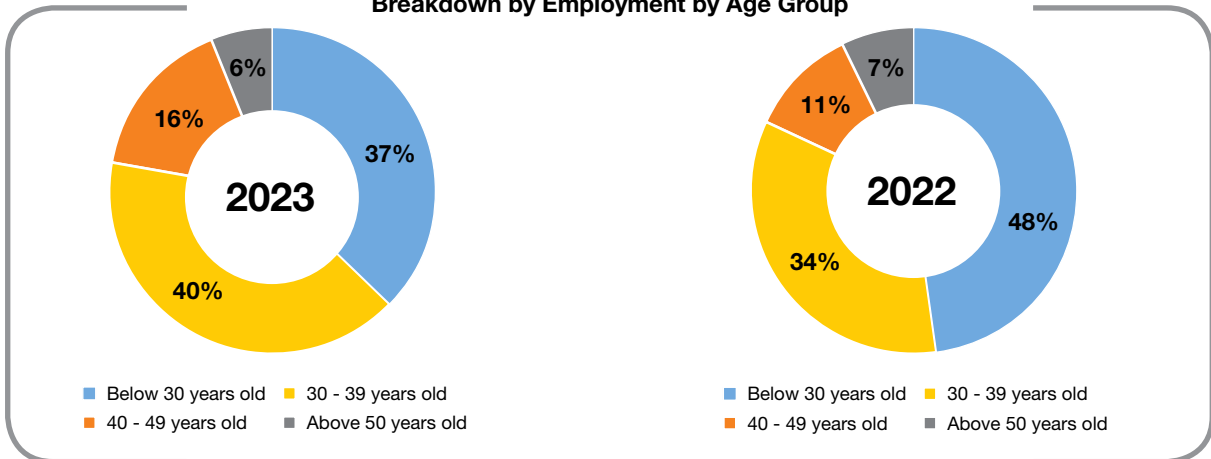
Diverse and Balanced Workforce

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.

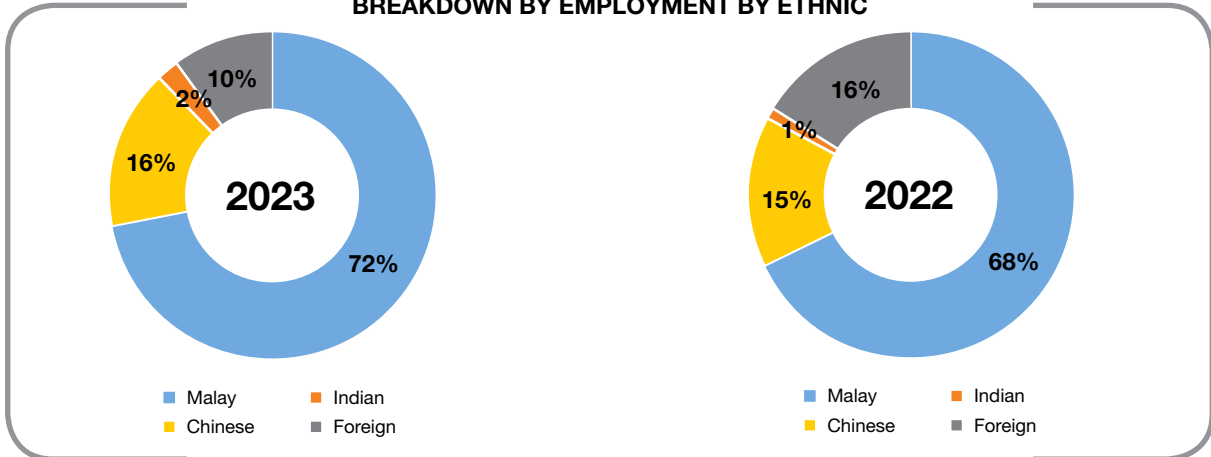
Breakdown by Employment by Gender



Breakdown by Employment by Age Group



BREAKDOWN BY EMPLOYMENT BY ETHNIC





SUSTAINABILITY STATEMENT

(CONT'D)

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.

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”) 2023 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 2023, based on the prescribed format as outlined in Paragraph 15.25 of the MMLR of Bursa Securities. The CG Report 2023 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 2023, 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 2023.

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 Director, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

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

As at the date of this Statement, the Company has not appointed Chairman and CEO. 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 corporate governance through continuous training. Hence, supporting the Board by ensuring adherence to board policies and procedures, rules, relevant laws and best practices in corporate governance. 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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

8. Strategies Promoting Sustainability

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

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 20 to 26 of this Annual Report.

9. Board Composition and Diversity

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

Executive Director

Ong Gim Hai

Independent Non-Executive Directors

Leow Wei Seng

Ling Chi Hoong

Tan Su Ning

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 7 to 8 of this Annual Report.

9.1 Board Composition

As at FYE 31 March 2023, the Board has four (4) members, comprising one (1) Executive Director and three (3) Independent Non-Executive Directors. 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. The Executive Director also 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. 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.

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**

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.

As at FYE 31 March 2023, the Board has one (1) female Independent Non-Executive Director, which accounts for 25% 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 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 AGM, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

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.

(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 42 to 46 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 its TOR, 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 2023, the NC met three times 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**11. Board Committees (Cont'd)****(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 its TOR, 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 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 2023, 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 MCGG 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

12. Annual Assessment of Directors

A good size and balance of the Board composition ensures that no individual or group of individuals can dominate 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.

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 2023 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 Executive Director | 5/5 |
| Leow Wey Seng Independent Non-Executive Director | 5/5 |
| Ling Chi Hoong Independent Non-Executive Director | 5/5 |
| Tan Su Ning Independent Non-Executive Director | 5/5 |
| Dai ShuChun Non-Independent Non-Executive Director (Retired on 21 September 2022) | 1/3 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**13. Board Meetings and Time Commitment (Cont'd)**

Save for Mr. Dai ShuChun who has retired on 21 September 2022, all 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 | <ul style="list-style-type: none"> Baker Tilly Malaysia Tax & Budget Webinar | 14 March 2023 |
| Leow Wey Seng | <ul style="list-style-type: none"> Australia Learning Insight (February – May) Australia Learning Insight (June) Rethinking Corporate Governance for the ESG World Australia Learning Insight (July – September) Latest Tax Developments Australia Learning Insight (November) Australia Learning Insight (December) My Firm, My Future, ESG and Business Strategy Australia Learning Insight (February – March) My Firm, My Future, ESG in Practice Positive Psychology at Work | 13 June 2022 22 August 2022 29 July 2022 26 September 2022 30 September 2022 01 December 2022 20 December 2022 17 February 2023 10 March 2023 15 March 2023 20 March 2023 |
| Ling Chi Hoong | <ul style="list-style-type: none"> Executive Certificate : Digital Currencies Executive Certificate : Financial Management For Leaders | 30 – 31 May 2022 26 – 27 September 2022 |
| Tan Su Ning | <ul style="list-style-type: none"> 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 Director, Non-Executive Directors and Senior Management personnel.

The remuneration for Executive Director 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 Director 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-Second ("22nd") AGM for Directors' fees and benefits payable to the Directors for the period from the 22nd AGM until the next AGM of the Company in 2024. 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 2023 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 RM121,000, 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 MCGG.

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 MCGG.

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 42 to 46 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 HLB Ler Lum Chew PLT 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

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

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 Messrs HLB Ler Lum Chew PLT is also disclosed in the Independent Auditors' Report to confirm their independence throughout the audit engagement.

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 Messrs HLB Ler Lum Chew PLT 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 22nd 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 47 to 50 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

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 42 to 46 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 52 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

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 Twenty-First ("21st") 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 may appoint their respective proxies to ask questions and vote on their behalf at the General Meetings.

The 21st AGM was conducted fully virtual basis through live streaming from the broadcast venue via Remote Participation and Voting ("RPV") facilities operated by Mlabs Research Sdn Bhd in Malaysia on 21 September 2022. All resolutions set out in the Notice of 21st AGM were put to vote electronically (e-vote). The 21st 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 21st AGM were voted by way of poll, at which an independent scrutineer was appointed to validate the votes casted at the 21st AGM. The outcome of the 21st 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 22nd AGM to be held on 21 September 2023.

Shareholders are encouraged to attend the forthcoming 22nd AGM through the RPV facilities via the online meeting platform stated in the Notice of 22nd 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 2023.

This Statement was approved by the Board of Directors on 18 July 2023.

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 2023.

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 Practising 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 2023, 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 2023. The composition and the attendance record of AC members are as follows:-

| Name and Designation of the Members of AC | Number of Attendance |
|--|----------------------|
| Leow Wey Seng Chairman, Independent Non-Executive Director | 5/5 |
| Ling Chi Hoong Member, Independent Non-Executive Director | 5/5 |
| Tan Su Ning Member, Independent Non-Executive Director | 5/5 |

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.

AUDIT COMMITTEE REPORT

(CONT'D)

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 2023, 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 27 to 41 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 2023 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.

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 |
|-------------------------|--|
| 31 May 2022 | Fourth quarter financial results for the FYE 31 March 2022 |
| 22 July 2022 | AFS for the FYE 31 March 2022 |
| 30 August 2022 | First quarter financial results for the FYE 31 March 2023 |
| 24 November 2022 | Second quarter financial results for the FYE 31 March 2023 |
| 28 February 2023 | Third quarter financial results for the FYE 31 March 2023 |

AUDIT COMMITTEE REPORT

(CONT'D)

5. SUMMARY OF WORK PERFORMED BY THE AUDIT COMMITTEE (CONT'D)***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 22 May 2022 during the FYE 31 March 2023 to discuss audited related matters.

The AC received confirmation from the External Auditors, Messrs HLB Ler Lum Chew PLT 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 Messrs HLB Ler Lum Chew PLT was unlikely to create any conflict of interest nor impair the independence, suitability and performance of Messrs HLB Ler Lum Chew PLT and thus, recommended to the Board to seek shareholders' approval for the re-appointment of Messrs HLB Ler Lum Chew PLT as External Auditors for the FYE 31 March 2023.

Internal Audit

- Reviewed and approved the adequacy of the scope and areas of coverage of the Internal Audit Plan for the FYE 31 March 2023.
- 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.

AUDIT COMMITTEE REPORT

(CONT'D)

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

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).

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.

AUDIT COMMITTEE REPORT

(CONT'D)

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

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 2023 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 | ➤ new Product Development |

- (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.

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 2023 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 47 to 50 in this Annual Report.

This AC Report was approved by the Board of Directors on 18 July 2023.

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 2023, 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, 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 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 Board.

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



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RISK MANAGEMENT FRAMEWORK (CONT'D)**1. Board of Directors**

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

2. Audit Committee ("AC")

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:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RISK MANAGEMENT FRAMEWORK (CONT'D)

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.

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 |
|---------------------|---|---|
| Machinery Breakdown | Risk of machinery breakdown may affect production output. | <ul style="list-style-type: none"> Internal preventive maintenance programme. 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

KEY ELEMENTS OF INTERNAL CONTROL

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.

INTERNAL AUDIT FUNCTION

The Group has engaged a professional firm to conduct internal audit and report directly to the Audit Committee. The scope and responsibilities of the function include the evaluation of the adequacy and effectiveness of governance, risk management, and internal controls. All the internal audit team members are free from any relationship or conflict of interest that could impair their objectivity and independence as internal audit.

Reviews are carried out based on the approved Internal Audit Plan for FY2023, which was developed using a risk-based approach and in line with the Group's direction. All audit findings were highlighted to relevant Management team members responsible for ensuring that corrective actions on reported weaknesses are taken within the required timeframe. Summaries of the audit reports including summary of follow-up items were highlighted to Audit Committee yearly incorporating findings and Management's remediation actions.

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 included in the Annual Report issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report of the Company for the FYE 31 March 2023.

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 approved by the Board of Directors on 18 July 2023.

ADDITIONAL COMPLIANCE INFORMATION

IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

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 2023.

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 2023 are amounted to RM67,000 and RM133,000 respectively.
- (b) Amount of non-audit fees incurred by the Company and by Group basis for the financial year ended 31 March 2023 are amounted to RM5,000 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 2023 are disclosed in Note 26 to the financial statements.

5. REVALUATION POLICY ON LANDED PROPERTIES

The Group has adopted a policy of regular revaluation of its landed properties as at the end of the financial year.

STATEMENT OF 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 2023 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 2023, 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 2023. 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 18 July 2023.

TABLE OF FINANCIAL STATEMENTS

| | |
|----|--|
| 54 | Directors' Report |
| 58 | Statement By Directors |
| 58 | Statutory Declaration |
| 59 | Independent Auditors' Report |
| 65 | Statements Of Financial Position |
| 67 | Statements Of Profit or Loss and Other Comprehensive Income |
| 68 | Statements Of Changes In Equity |
| 72 | Statements Of Cash Flows |
| 75 | Notes To The Financial Statements |

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged investment holding.

The principal activities of the subsidiaries are disclosed in Note 19 to the financial statements.

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

FINANCIAL RESULTS

| | Group RM | Company RM |
|-----------------------------|-------------|---------------|
| Loss for the financial year | 11,028,068 | 7,322,494 |

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 2023.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There were no issuances of shares or 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 2023, 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 12 to the financial statements.

DIRECTORS'
REPORT
(CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

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

Leow Wey Seng
Ling Chi Hoong
Ong Gim Hai
Tan Su Ning
Dai ShuChun

(Retired on 21 September 2022)

The names of Directors of subsidiaries are set out in the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof.

DIRECTORS' INTERESTS

None of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries 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 a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

| | Group RM | Company RM |
|---|---------------------|-----------------------|
| Directors' remuneration are as follows: | | |
| - Fees | 264,350 | 264,350 |
| - Salaries and other emoluments | 1,629,693 | 15,600 |
| - Defined contribution plan | 198,128 | - |
| | 2,092,171 | 279,950 |

DIRECTORS' REPORT

(CONT'D)

SUBSIDIARIES

Details of the subsidiaries are disclosed in Note 19 to the financial statements.

AUDITORS' REMUNERATION

Auditors' remuneration are as follows:

| | Group RM | Company RM |
|----------------------|-------------|---------------|
| HLB Ler Lum Chew PLT | | |
| - Statutory | 118,000 | 52,000 |
| - Non-statutory | 5,000 | 5,000 |
| | 123,000 | 57,000 |

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of insurance premium paid for the Directors and certain officers of the Company was RM6,806.

Except for the above mentioned, there were no other indemnities given to or insurance affected for Directors, officers or auditors of the Group and of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render:

- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) any amount stated in the financial statements of the Group and of the Company misleading.

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

DIRECTORS'
REPORT
(CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

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

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

In the opinion of the Directors:

- (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) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSEQUENT EVENT

Details of the subsequent event are disclosed in Note 31 to the financial statements.

AUDITORS

The auditors, HLB Ler Lum Chew PLT, have expressed their willingness to accept re appointment.

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

LEOW WEY SENG

ONG GIM HAI

**PUCHONG, SELANGOR
18 JULY 2023**

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 financial statements set out on pages 65 to 124 are 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 of 31 March 2023 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

ONG GIM HAI

PUCHONG, SELANGOR
18 JULY 2023

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 the financial statements set out on pages 65 to 124 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed **ONG GIM HAI**)
at **PUCHONG, SELANGOR**)
on **18 JULY 2023**)

ONG GIM HAI

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

REGISTRATION NO: 200001023711 (526319-P)
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of JADI IMAGING HOLDINGS BERHAD, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 124.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (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 year. We have determined that there are no key audit matters to communicate in our report of the financial statements of the Company. 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.

| Key audit matter | How our audit addressed the key audit matter |
|-------------------------|---|
|-------------------------|---|

| | | |
|---|---|---|
| <p>Provision for slow moving inventories <i>Refer to Note 2.3(a), 2.15 and 8 to the financial statements</i></p> | <p>The Group's gross inventories amounted to RM30,678,354 as at 31 March 2023.</p> <p>There may be risk of obsolescence arising from slow moving inventories.</p> <p>Significant judgements and estimation are involved in forming expectations about the demand and future sales value of those inventories.</p> | <p>We evaluated the Group's inventory management process over the identification of indicators which may result in the net realisable value of inventories being lower than their recorded carrying amount.</p> <p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • Inspected conditions of the inventories during the physical inventory count; • Discussed with the management on their action plans to address the slow-moving inventories; • Assessed the adequacy and reasonableness of inventory obsolescence allowance provided by management during the financial year; and • Tested the selling price of inventories sold after the financial year end against the carrying amount of the respective inventories to ensure that inventories are carried at lower of cost and net realisable value. |
|---|---|---|

INDEPENDENT
AUDITORS' REPORT
(CONT'D)

Key Audit Matters (Cont'd)

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of plant and machineries, and right-of-use assets - building

Refer to Note 2.3(d), 2.7, 2.11, 2.12, 3 and 4 to the financial statements

The Group's plant and machineries, and right-of-use assets - building amounted to RM19,894,603 as at 31 March 2023.

Management has determined the recoverable amount of the plant and machineries, and right-of-use assets - building using the value-in-use method.

We focused on this area due to the significant degree of judgements and estimates used by the management on the discounted cash flow forecast in determining the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections.

We have assessed the appropriateness of the discounted cash flow forecast prepared by the management.

Our audit procedures included the following:

- Assessed the appropriateness of the determination of cash-generating units;
- Assessed the methodology adopted and the mathematical accuracy of the discounted cash flow forecast calculation;
- Reviewed the budgeted cash flow forecast prepared and approved by the management;
- Assessed the reasonableness of the management's key assumptions used and judgements exercised on its discounted cash flow forecast such as revenue growth rate, profit margins and discount rates;
- Performed sensitivity test for a range of reasonable possible scenario; and
- Considered completeness and accuracy of disclosure in the financial statements.

INDEPENDENT
AUDITORS' REPORT
(CONT'D)

Key Audit Matters (Cont'd)

Key audit matter

How our audit addressed the key audit matter

Valuation on freehold land and buildings

Refer to Note 2.3(b), 2.11 and 3 to the financial statements

The Group adopts the revaluation method for its freehold land and buildings.

During the financial year, the Group had engaged an external valuer to determine the fair value of the freehold land and buildings. Accordingly, the Group has recognised a revaluation surplus of RM4,409,898.

The valuation of freehold land and building is significant to our audit due to their magnitude, complex valuation method and high dependency on a range of estimates which are based on current and future market or economic conditions.

Our audit procedures included, the following:

- Assessed the appropriateness of the independent professional valuer's scope of work and evaluated whether they possess sufficient expertise, capability and objectivity to competently perform the revaluation of the Group's freehold land and buildings.
- Obtained the valuation report and evaluated the valuation methodology, data relating to comparisons of the recent transactions involving similar assets and estimated used by the independent professional valuer; and
- Evaluated appropriate disclosures in the financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

INDEPENDENT
AUDITORS' REPORT
(CONT'D)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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 going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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.

INDEPENDENT
AUDITORS' REPORT

(CONT'D)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- 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, related safeguards.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 19 to the financial statements.

OTHER MATTERS

1. 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 any responsibility to any other person for the content of this report.
2. The financial statements of the Company for the financial year ended 31 March 2022 were audited by another firm of chartered accountants who expressed an unmodified opinion on these financial statements in their report dated 22 July 2022.

HLB LER LUM CHEW PLT
(201906002362 & AF0276)
Chartered Accountants

TEH WEIL XUAN
Approved Number: 03453/10/2023 J
Chartered Accountant

KUALA LUMPUR
18 JULY 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

| | Note | 31.03.2023 RM | Group 31.03.2022 RM Restated | 01.04.2021 RM Restated |
|---|------|--------------------|---------------------------------------|------------------------------|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| Property, plant and equipment | 3 | 76,998,602 | 77,439,771 | 79,732,426 |
| Right-of-use assets | 4 | 3,461,858 | 3,712,126 | 4,574,851 |
| Investment property | 5 | 78,600 | 81,000 | 83,400 |
| Intangible asset | 6 | 392,947 | 471,537 | 550,126 |
| Other investment | 7 | 50,000 | 50,000 | 50,000 |
| | | 80,982,007 | 81,754,434 | 84,990,803 |
| Current Assets | | | | |
| Inventories | 8 | 27,141,614 | 30,219,636 | 38,939,190 |
| Trade and other receivables | 9 | 8,218,806 | 14,590,962 | 13,309,496 |
| Tax recoverable | | 21 | 21 | 21 |
| Cash and cash equivalents | 10 | 10,280,885 | 13,849,766 | 17,478,364 |
| | | 45,641,326 | 58,660,385 | 69,727,071 |
| TOTAL ASSETS | | 126,623,333 | 140,414,819 | 154,717,874 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Equity attributable to owners of the Company | | | | |
| Share capital | 11 | 108,799,270 | 108,799,270 | 107,184,910 |
| Treasury shares | 12 | (22,042) | (22,042) | (22,042) |
| Other reserves | 13 | 27,546,544 | 24,411,713 | 24,228,040 |
| Accumulated losses | | (38,902,306) | (27,937,549) | (20,162,514) |
| TOTAL EQUITY | | 97,421,466 | 105,251,392 | 111,228,394 |
| LIABILITIES | | | | |
| Non-Current Liabilities | | | | |
| Lease liabilities | 14 | 3,922,987 | 4,736,132 | 5,986,851 |
| Borrowings | 15 | 2,316,107 | 12,805,622 | 16,535,337 |
| Deferred tax liabilities | 16 | 8,690,703 | 7,726,605 | 7,648,222 |
| | | 14,929,797 | 25,268,359 | 30,170,410 |
| Current Liabilities | | | | |
| Trade and other payables | 17 | 5,298,342 | 4,432,334 | 5,911,231 |
| Lease liabilities | 14 | 1,613,140 | 1,462,297 | 1,401,184 |
| Borrowings | 15 | 7,360,588 | 4,000,437 | 5,269,426 |
| Provisions | 18 | – | – | 737,229 |
| | | 14,272,070 | 9,895,068 | 13,319,070 |
| TOTAL LIABILITIES | | 29,201,867 | 35,163,427 | 43,489,480 |
| TOTAL EQUITY AND LIABILITIES | | 126,623,333 | 140,414,819 | 154,717,874 |

STATEMENTS OF
FINANCIAL POSITION

(CONT'D)

| | Note | 31.03.2023 RM | Company 31.03.2022 RM Restated | 01.04.2021 RM Restated |
|---|------|------------------|---|------------------------------|
| ASSETS | | | | |
| Non-Current Asset | | | | |
| Investment in subsidiaries | 19 | 100,275,960 | 106,868,775 | 114,182,201 |
| Current Assets | | | | |
| Trade and other receivables | 9 | 27,788 | 5,096,569 | 1,500 |
| Cash and cash equivalents | 10 | 4,126,170 | 2,706,292 | 885,569 |
| | | 4,153,958 | 7,802,861 | 887,069 |
| TOTAL ASSETS | | 104,429,918 | 114,671,636 | 115,069,270 |
| EQUITY AND LIABILITY | | | | |
| EQUITY | | | | |
| Equity attributable to owners of the Company | | | | |
| Share capital | 11 | 108,799,270 | 108,799,270 | 107,184,910 |
| Treasury shares | 12 | (22,042) | (22,042) | (22,042) |
| Other reserves | 13 | – | – | 386,510 |
| Accumulated losses | | (7,911,869) | (589,375) | (7,432,445) |
| TOTAL EQUITY | | 100,865,359 | 108,187,853 | 114,981,823 |
| LIABILITY | | | | |
| Current Liability | | | | |
| Trade and other payables | 17 | 3,564,559 | 6,483,783 | 87,447 |
| | | 3,564,559 | 6,483,783 | 87,447 |
| TOTAL EQUITY AND LIABILITIES | | 104,429,918 | 114,671,636 | 115,069,270 |

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| | Note | Group | | Company | |
|---|------|------------------|------------------------------|------------------|------------------------------|
| | | 31.03.2023 RM | 31.03.2022 RM Restated | 31.03.2023 RM | 31.03.2022 RM Restated |
| Revenue | 20 | 32,766,993 | 43,060,270 | - | - |
| Cost of sales | | (29,429,703) | (42,101,408) | - | - |
| Gross profit | | 3,337,290 | 958,862 | - | - |
| Other income | | 19,660 | 2,185,195 | - | 516,092 |
| Administrative expenses | | (8,461,167) | (5,311,999) | (834,598) | (766,368) |
| Selling and distribution expenses | | (2,418,045) | (2,625,019) | - | - |
| Other expenses | | (2,548,704) | (1,582,190) | (6,592,815) | (7,829,639) |
| Finance (costs)/income, net | 21 | (1,051,380) | (1,514,872) | 104,919 | 9,133 |
| Loss before taxation | 22 | (11,122,346) | (7,890,023) | (7,322,494) | (8,070,782) |
| Taxation | 23 | 94,278 | 15,845 | - | - |
| Loss for the financial year | | (11,028,068) | (7,874,178) | (7,322,494) | (8,070,782) |
| <i>Other comprehensive (loss)/income:</i> | | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | | |
| Currency translation differences | | (555,047) | 247,650 | - | - |
| Reclassification of currency translation differences upon derecognition of a subsidiary | | 401,667 | 74,322 | - | - |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | | |
| Gain on revaluation of land and buildings, net of tax | | 3,351,522 | 298,392 | - | - |
| Other comprehensive income for the financial year | | 3,198,142 | 620,364 | - | - |
| Total comprehensive loss for the financial year | | (7,829,926) | (7,253,814) | (7,322,494) | (8,070,782) |
| Loss for the financial year attributable to owners of the Company | | (11,028,068) | (7,874,178) | (7,322,494) | (8,070,782) |
| Total comprehensive loss for the financial year attributable to owners of the Company | | (7,829,926) | (7,253,814) | (7,322,494) | (8,070,782) |
| Loss per share attributable to owners of the Company (sen): | | | | | |
| - Basic | 25 | (1.02) | (0.74) | | |
| - Diluted | 25 | (1.02) | (0.74) | | |

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| | Attributable to owners of the Company | | | | | Total RM |
|---|---------------------------------------|--------------------------|---|------------------------------|-----------------------------|--------------|
| | Share capital RM | Treasury shares RM | Foreign currency translation reserve RM | Revaluation reserve RM | Accumulated losses RM | |
| Group | | | | | | |
| At 01.04.2022 | | | | | | |
| - As previously stated | 108,799,270 | (22,042) | 213,707 | 28,151,957 | (31,025,599) | 106,117,293 |
| - Effect of prior year adjustments | - | - | - | (3,953,951) | 3,088,050 | (865,901) |
| - As restated | 108,799,270 | (22,042) | 213,707 | 24,198,006 | (27,937,549) | 105,251,392 |
| Total comprehensive (loss)/income for the financial year | | | | | | |
| Loss for the financial year | - | - | - | - | (11,028,068) | (11,028,068) |
| Currency translation differences | - | - | (555,047) | - | - | (555,047) |
| Reclassification of currency translation differences upon derecognition of a subsidiary | - | - | 401,667 | - | - | 401,667 |
| Gain on revaluation of land and buildings, net of tax | - | - | - | 3,351,522 | - | 3,351,522 |
| Total comprehensive (loss)/income | - | - | (153,380) | 3,351,522 | (11,028,068) | (7,829,926) |
| Realisation of revaluation reserve | - | - | - | (63,311) | 63,311 | - |
| At 31.03.2023 | 108,799,270 | (22,042) | 60,327 | 27,486,217 | (38,902,306) | 97,421,466 |

Note

32

STATEMENTS OF
CHANGES IN EQUITY

(CONT'D)

| | Attributable to owners of the Company | | | | | | Total RM |
|---|---------------------------------------|--------------------------|----------------------------------|---|------------------------------|-----------------------------|-------------|
| | Share capital RM | Treasury shares RM | Share option reserve RM | Foreign currency translation reserve RM | Revaluation reserve RM | Accumulated losses RM | |
| Group | | | | | | | |
| At 01.04.2021 | | | | | | | |
| - As previously stated | 107,184,910 | (22,042) | 386,510 | (108,265) | 27,942,623 | (23,298,056) | 112,085,680 |
| - Effect of prior year adjustments | - | - | - | - | (3,992,828) | 3,135,542 | (857,286) |
| Note | | | | | | | |
| | 32 | | | | | | |
| - As restated | 107,184,910 | (22,042) | 386,510 | (108,265) | 23,949,795 | (20,162,514) | 111,228,394 |
| Total comprehensive income/ (loss) for the financial year | | | | | | | |
| Loss for the financial year | - | - | - | - | - | (7,865,563) | (7,865,563) |
| - As previously stated | - | - | - | - | - | (8,615) | (8,615) |
| - Effect of prior year adjustments | | | | | | | |
| - As restated | - | - | - | - | - | (7,874,178) | (7,874,178) |
| Currency translation differences | - | - | - | 247,650 | - | - | 247,650 |
| Reclassification of currency translation differences upon derecognition of a subsidiary | - | - | - | 74,322 | - | - | 74,322 |
| Gain on revaluation of land and buildings, net of tax | - | - | - | - | 298,392 | - | 298,392 |
| Total comprehensive income/ (loss) for the financial year | - | - | - | 321,972 | 298,392 | (7,874,178) | (7,253,814) |

STATEMENTS OF
CHANGES IN EQUITY

(CONT'D)

| | Attributable to owners of the Company | | | | | | |
|------------------------------------|---------------------------------------|-----------------------|----------------------------|--|---------------------------|--------------------------|-------------|
| | Share capital RM | Treasury shares RM | Share option reserve RM | Foreign currency translation reserve RM | Revaluation reserve RM | Accumulated losses RM | Total RM |
| Realisation of revaluation reserve | - | - | - | - | (89,058) | 89,058 | - |
| - As previously stated | - | - | - | - | 38,877 | (38,877) | - |
| - Effect of prior year adjustments | - | - | - | - | (50,181) | 50,181 | - |
| - As restated | - | - | - | - | (50,181) | 50,181 | - |
| Transactions with owners: | | | | | | | |
| Issuance of ordinary shares | 1,614,360 | - | (337,548) | - | - | - | 1,276,812 |
| Share based payment transactions | - | - | (48,962) | - | - | 48,962 | - |
| Total transactions with owners | 1,614,360 | - | (386,510) | - | - | 48,962 | 1,276,812 |
| At 31.03.2022 | 108,799,270 | (22,042) | - | 213,707 | 24,198,006 | (27,937,549) | 105,251,392 |

STATEMENTS OF
CHANGES IN EQUITY

(CONT'D)

| | ← Attributable to owners of the Company → | | | | | |
|---|---|--------------------------|----------------------------------|--|--------------|--|
| | Share capital RM | Treasury shares RM | Share option reserve RM | (Accumulated losses)/ Retained earnings RM | Total RM | |
| Company | | | | | | |
| At 01.04.2022 | | | | | | |
| - As previously stated | 108,799,270 | (22,042) | - | (19,025,397) | 89,751,831 | |
| - Effect of prior year adjustments | - | - | - | 18,436,022 | 18,436,022 | |
| - As restated | 108,799,270 | (22,042) | - | (589,375) | 108,187,853 | |
| Total comprehensive loss for the financial year | - | - | - | (7,322,494) | (7,322,494) | |
| At 31.03.2023 | 108,799,270 | (22,042) | - | (7,911,869) | 100,865,359 | |
| At 01.04.2021 | | | | | | |
| - As previously stated | 107,184,910 | (22,042) | 386,510 | (2,986,336) | 104,563,042 | |
| - Effect of prior year adjustments | - | - | - | 10,418,781 | 10,418,781 | |
| - As restated | 107,184,910 | (22,042) | 386,510 | 7,432,445 | 114,981,823 | |
| Total comprehensive loss for the financial year | - | - | - | (16,088,023) | (16,088,023) | |
| - As previously stated | - | - | - | 8,017,241 | 8,017,241 | |
| - Effect of prior year adjustments | - | - | - | (8,070,782) | (8,070,782) | |
| - As restated | - | - | - | - | - | |
| Transaction with owners: | | | | | | |
| Issuance of ordinary shares | 1,614,360 | - | (337,548) | - | 1,276,812 | |
| Share based payment transactions | - | - | (48,962) | 48,962 | - | |
| Total transactions with owners | 1,614,360 | - | (386,510) | 48,962 | 1,276,812 | |
| At 31.03.2022 | 108,799,270 | (22,042) | - | (589,375) | 108,187,853 | |

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| | Note | Group | | Company | |
|---|-------|------------------|------------------|------------------|------------------------------|
| | | 31.03.2023 RM | 31.03.2022 RM | 31.03.2023 RM | 31.03.2022 RM Restated |
| Cash flows from operating activities | | | | | |
| Loss before tax | | (11,122,346) | (7,890,023) | (7,322,494) | (8,070,782) |
| Adjustments for: | | | | | |
| Amortisation of intangible asset | 6 | 78,590 | 78,589 | - | - |
| Depreciation of: | | | | | |
| - property, plant and equipment | 3 | 4,990,610 | 4,964,141 | - | - |
| - right-of-use assets | 4 | 1,140,586 | 1,109,255 | - | - |
| - investment property | 5 | 2,400 | 2,400 | - | - |
| (Gain)/Loss on derecognition of a subsidiary | 19(d) | (40,132) | 74,322 | - | - |
| Impairment loss on: | | | | | |
| - trade receivables | 29 | 449,696 | 70,697 | - | - |
| - investment in subsidiaries | 19 | - | - | 6,587,898 | 7,829,518 |
| Interest expenses | 21 | 1,187,045 | 1,637,166 | - | - |
| Interest income | 21 | (135,665) | (122,294) | (104,919) | (9,133) |
| Loss/(Gain) on disposal of property, plant and equipment | | 411 | (176,971) | - | - |
| Provision for slow moving inventories | 8 | 2,745,871 | 115,545 | - | - |
| Reversal of provision for reinstatement cost | | - | (737,229) | - | - |
| (Reversal of write off)/Write off of: | | | | | |
| - inventories | | (2,351,783) | 5,582,748 | - | - |
| - trade receivables | | 25,441 | - | - | - |
| - investment in subsidiaries | | - | - | 4,917 | - |
| Unrealised gain on foreign exchange | | (9,747) | (43,368) | - | - |
| Operating (loss)/profit before changes in working capital | | (3,039,023) | 4,664,978 | (834,598) | (250,397) |
| Changes in working capital: | | | | | |
| Inventories | | 2,683,934 | 3,024,207 | - | - |
| Trade and other receivables | | 5,943,712 | (2,832,348) | 68,781 | (95,069) |
| Trade and other payables | | 781,980 | (1,279,926) | (32,012) | 88,189 |
| Amount owing by/to subsidiary companies | | - | - | 2,112,788 | 792,055 |
| Cash generated from operations | | 6,370,603 | 3,576,911 | 1,314,959 | 534,778 |

STATEMENTS OF
CASH FLOWS
(CONT'D)

| | Note | Group | | Company | |
|--|------|--------------------|--------------------|------------------|------------------------------|
| | | 31.03.2023 RM | 31.03.2022 RM | 31.03.2023 RM | 31.03.2022 RM Restated |
| Cash flows from operating activities | | | | | |
| (Cont'd) | | | | | |
| Cash generated from operations | | | | | |
| operations (Cont'd) | | | | | |
| Interest paid | | (1,187,045) | (1,637,166) | - | - |
| Interest received | | 135,665 | 122,294 | 104,919 | 9,133 |
| Income tax paid | | - | (1) | - | - |
| Net cash flow generated from operating activities | | 5,319,223 | 2,062,038 | 1,419,878 | 543,911 |
| Cash flow from investing activities | | | | | |
| Proceed from disposal of property, plant and equipment | | 278 | 176,971 | - | - |
| Purchase of property, plant and equipment | (b) | (145,309) | (940,588) | - | - |
| Net cash used in from investing activities | | (145,031) | (763,617) | - | - |
| Cash flow from financing activities | | | | | |
| Increase in fixed deposit pledged with licensed bank | | (29,487) | (52,764) | - | - |
| Proceeds from issuance of shares - ESOS | | - | 1,276,812 | - | 1,276,812 |
| Repayment of lease liabilities | (c) | (1,556,837) | (1,437,721) | - | - |
| Repayment of term loans | (c) | (6,899,364) | (3,578,704) | - | - |
| Repayment of banker's acceptance | (c) | (230,000) | (1,420,000) | - | - |
| Net cash (used in)/generated from financing activities | | (8,715,688) | (5,212,377) | - | 1,276,812 |
| Net (decrease)/increase in cash and cash equivalents | | (3,541,496) | (3,913,956) | 1,419,878 | 1,820,723 |
| Cash and cash equivalents at the beginning of financial year | | 12,297,002 | 15,978,364 | 2,706,292 | 885,569 |
| Effect of foreign exchange rate changes on cash and cash equivalents | | (56,872) | 232,594 | - | - |
| Cash and cash equivalents at the end of the financial year | | 8,698,634 | 12,297,002 | 4,126,170 | 2,706,292 |

STATEMENTS OF
CASH FLOWS

(CONT'D)

(a) Cash and cash equivalents at end of the financial year comprises:

| Note | Group | | Company | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| | 31.03.2023 RM | 31.03.2022 RM | 31.03.2023 RM | 31.03.2022 RM |
| Cash and bank balances | 4,817,960 | 9,787,870 | 245,496 | 197,159 |
| Deposits with licensed banks | 5,462,925 | 4,061,896 | 3,880,674 | 2,509,133 |
| | 10,280,885 | 13,849,766 | 4,126,170 | 2,706,292 |
| Deposits pledged with licensed banks | (1,582,251) | (1,552,764) | – | – |
| | 8,698,634 | 12,297,002 | 4,126,170 | 2,706,292 |

(b) Purchase of property, plant and equipment

| | Group | |
|---|------------------|------------------|
| | 31.03.2023 RM | 31.03.2022 RM |
| Cost of property, plant and equipment purchased | 145,309 | 2,267,588 |
| Less: Advance payment | – | (1,327,000) |
| Cash payment | 145,309 | 940,588 |

(c) Reconciliation of liabilities arising from financing activities

| | At beginning of the financial year RM | Net cash flow in financing activity RM | Addition RM | Foreign exchange differences RM | At end of the financial year RM |
|---------------------|--|--|----------------|--|--|
| Group | | | | | |
| 31.03.2023 | | | | | |
| Lease liabilities | 6,198,429 | (1,556,837) | 896,683 | (2,148) | 5,536,127 |
| Term loans | 16,576,059 | (6,899,364) | – | – | 9,676,659 |
| Bankers' acceptance | 230,000 | (230,000) | – | – | – |
| | 23,004,488 | (8,686,201) | 896,683 | (2,148) | 15,212,786 |
| 31.03.2022 | | | | | |
| 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 |

The accompanying notes form an integral part of the 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 19 to the financial statements.

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS 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 revenues and expenses during the reported 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, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.3.

Amendments to accounting standards that are effective for the Group's and the Company's financial year beginning on or after 1 April 2022 are as follows:

- Amendments to MFRS 3, "Business Combinations" (Reference to the Conceptual Framework)
- Amendments to MFRS 116, "Property, Plant and Equipment" (Proceeds before Intended Use)
- Amendments to MFRS 137, "Provision, Contingent Liabilities and Contingent Assets" (Onerous Contracts - Cost of Fulfilling a Contract)
- Annual Improvement to MFRS Standards 2018 – 2020:
 - o Amendment to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards"
 - o Amendment to MFRS 9, "Financial Instruments"
 - o Amendment to Illustrative Examples accompanying MFRS 16, "Leases"
 - o Amendment to MFRS 141, "Agriculture"

The above amendments to accounting standards effective during the financial year do not have any significant impact to the financial results and position of the Group and of the Company.

Accounting standard and amendments to accounting standards that are applicable for the Group and the Company in the following periods but are not yet effective:

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

Annual periods beginning on/after 1 January 2023

- MFRS 17, "Insurance Contracts"
- Amendments to MFRS 17, "Insurance Contracts" (Initial application of MFRS 17 and MFRS 9 - Comparative Information)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Disclosure of Accounting Policies)
- Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors" (Definition of Accounting Estimates)
- Amendments to MFRS 112, "Income Taxes" (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

Annual periods beginning on/after 1 January 2024

- Amendments to MFRS 16, "Leases" (Lease Liability in a Sale and Leaseback)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Non-current Liabilities with Covenants)

Effective date yet to be determined by the Malaysian Accounting Standards Board

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

The adoption of the accounting standard and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and of the Company.

2.2 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(a) Allowance for inventory write down

Allowance for inventory write down is made based on an analysis of the ageing profile and expected sales patterns of individual items held in inventory. This requires an analysis of inventory usage based on expected future sales transactions taking into account current market prices and expected cost to sell. Changes in the inventory ageing and expected usage profiles can have an impact on the allowance recorded.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting estimates and judgements (Cont'd)

(b) Valuation of land and buildings

The valuation of land and buildings performed by management is based on independent professional valuations with reference to the following methods:

- (i) direct comparison method, being comparison of current prices in an active market for similar property in the same location and condition and when necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences; and
- (ii) cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit, physical, functional, economic obsolescence and demand to reflect its probable present market value.

(c) Measurement of expected credit loss allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

(d) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. When such indicators exist, recoverable amounts of the cash-generating unit are determined based on the value-in-use calculation. These calculations require the estimation of the expected future cash flows from the cash generating unit and a suitable discount rate is applied in order to calculate the present value of those cash flows.

2.4 Basis of consolidation

(a) Subsidiary companies

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.4 Basis of consolidation (Cont'd)****(a) Subsidiary companies (Cont'd)**

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

2.5 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.6 Foreign currencies**(a) Transaction and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currencies (Cont'd)

(b) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- income and expenses for each statement of profit and loss and other comprehensive income presented are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the translation reserve.

Goodwill and fair value adjustments arising on the acquisitions of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

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

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.7 Impairment of non-financial assets (Cont'd)**

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2.8 Financial assets**(a) Classification**

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL")

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(c) Subsequent measurementDebt instruments

Debt instruments mainly comprise of trade and other receivables, cash and cash equivalents.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (Cont'd)

(c) Subsequent measurement (Cont'd)

Debt instruments (Cont'd)

• FVOCI

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method in profit or loss.

• FVTPL

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all its equity investments at fair value. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised in OCI. Dividends from equity investments are recognised in profit or loss when the Group's and Company's right to receive payments is established.

(d) Impairment

The Group and the Company assess expected credit losses associated with its debt instruments carried at amortised cost and at FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

In measuring expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking factors affecting the ability of the customers to settle the receivables.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.8 Financial assets (Cont'd)****(d) Impairment (Cont'd)**

The Group and the Company define a financial instrument as default, which is aligned with the definition of credit-impaired, when the debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- The debtor is in breach of financial covenants
- Concessions have been made by the Group and the Company related to the debtor's financial difficulty
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- The debtor is insolvent

Financial assets that are credit-impaired are assessed for impairment on an individual basis.

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

2.9 Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2.10 Offsetting of financial instruments

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

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are initially stated at cost. Land and buildings are subsequently measured at revaluation less accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation 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. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

(b) Depreciation and impairment

Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost to their residual values over their estimated useful lives as follows:

| | |
|--|---------------|
| Buildings | 50 years |
| Furniture, fittings and office equipment | 5 years |
| Motor vehicles | 5 years |
| Plant and machineries | 10 years |
| Renovation | 10 years |
| Tools and equipment | 3 to 10 years |

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

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.12 Leases - Accounting by lessee**

Leases are recognised as right-of-use assets and a corresponding liability at the commencement date on which the leased asset is available for use by the Group and the Company.

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that the lease will be extended or terminated.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain that it will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

2.13 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business. Investment properties include properties that are being constructed or developed for future use.

Investment property is measured initially at cost. After initial recognition, investment property is stated at cost less accumulated depreciation and impairment losses. Investment properties under construction are not depreciated. Investment property is depreciated on a straight-line basis to allocate the cost to their residual values over their estimated useful life.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in profit or loss.

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Intangible assets

(a) Research and development

Development costs that are directly attributable to a plan or design for the production of new or substantially improved identifiable products and processes are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

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

Capitalised development costs recognised as assets are amortised over their useful lives of 8 years.

2.15 Inventories

Inventories are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using the first in first out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.16 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balance, deposits with licensed banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three month or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.17 Equity instruments****(a) Share capital**

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(b) Treasury shares

Where the Company or its subsidiaries purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, are included in equity attributable to the Company's equity holders.

2.18 Employee benefits**(a) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period to which they relate.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Share-based payments

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

2.20 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.21 Revenue and income recognition

(a) Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer have approved the contract and intend to perform their respective obligations, the Group's and the Company and its customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

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.

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.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.21 Revenue and income recognition (Cont'd)****(b) Other revenue and income**

Revenue and income from other sources are recognized as follows:

Rental income

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

Interest income

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

2.22 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT

| | ← At valuation → | | | ← At cost → | | | | Total RM |
|--|------------------------|-----------------|---|-------------------------|--------------------------------|------------------|------------------------------|-------------|
| | Freehold land RM | Buildings RM | Furniture, office equipment RM | Motor vehicles RM | Plant and machineries RM | Renovation RM | Tools and equipment RM | |
| Group | | | | | | | | |
| 31.03.2023 | | | | | | | | |
| Cost/Valuation | | | | | | | | |
| At beginning of the financial year | 38,700,000 | 16,300,000 | 3,350,686 | 503,291 | 133,186,527 | 885,181 | 4,684,316 | 197,610,001 |
| Additions | - | - | 91,385 | - | 15,985 | 12,700 | 25,239 | 145,309 |
| Disposals | - | - | - | - | (638) | - | (25,376) | (26,014) |
| Revaluation surplus | 4,000,000 | - | - | - | - | - | - | 4,000,000 |
| Exchange differences | - | - | (2,596) | (3,595) | (2,053) | (4,217) | (3,745) | (16,206) |
| At end of the financial year | 42,700,000 | 16,300,000 | 3,439,475 | 499,696 | 133,199,821 | 893,664 | 4,680,434 | 201,713,090 |
| Accumulated depreciation | | | | | | | | |
| At beginning of the financial year | - | - | 3,222,612 | 395,569 | 90,748,321 | 784,290 | 4,375,234 | 99,526,026 |
| Depreciation for the financial year | - | 409,898 | 72,379 | 13,665 | 4,311,234 | 52,321 | 131,113 | 4,990,610 |
| Disposals | - | - | - | - | - | - | (25,325) | (25,325) |
| Elimination of accumulated depreciation on revaluation | - | (409,898) | - | - | - | - | - | (409,898) |
| Exchange differences | - | - | (2,450) | (617) | (1,896) | (3,450) | (2,716) | (11,129) |
| At end of the financial year | - | - | 3,292,541 | 408,617 | 95,057,659 | 833,161 | 4,478,306 | 104,070,284 |
| Accumulated impairment losses | | | | | | | | |
| At beginning/end of the financial year | - | - | - | - | 20,644,204 | - | - | 20,644,204 |
| Carrying amount | | | | | | | | |
| At end of the financial year | 42,700,000 | 16,300,000 | 146,394 | 91,079 | 17,497,958 | 60,503 | 202,128 | 76,998,602 |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

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

| | ← At valuation → | | ← At cost → | | | | | Total RM |
|--|------------------------|-----------------|---|--------------------------------|--|------------------|------------------------------|---|
| | Freehold land RM | Buildings RM | Furniture, fittings and office equipment RM | Motor vehicles RM | Plant and machineries RM | Renovation RM | Tools and equipment RM | |
| Group | | | | | | | | |
| 31.03.2022 | | | | | | | | |
| Cost/Valuation | | | | | | | | |
| At beginning of the financial year | 38,700,000 | 16,300,000 | 3,352,506 (21,162) | 456,127 | 134,206,500 (776) | 876,386 2 | 4,518,394 21,149 | 198,409,913 (787) |
| - As previously stated | | | | | | | | |
| - Reclassification | | | | | | | | |
| - As restated | 38,700,000 | 16,300,000 | 3,331,344 | 456,127 | 134,205,724 | 876,388 | 4,539,543 | 198,409,126 |
| 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 end of the financial year | 38,700,000 | 16,300,000 | 3,350,686 | 503,291 | 133,186,527 | 885,181 | 4,684,316 | 197,610,001 |
| Accumulated depreciation | | | | | | | | |
| At beginning of the financial year | - | - | 3,121,325 (2,616) | 401,175 (15,778) (1,610) | 93,949,818 (2,314,971) (2,359,683) | 727,365 - | 4,217,427 - | 102,417,110 (2,333,365) (2,334,153) |
| - As previously stated | | | | | | | | |
| - Effect of prior year adjustments | | | | | | | | |
| - Reclassification | | | | | | | | |
| - As restated | - | - | 3,118,709 | 383,787 | 89,275,164 | 709,532 | 4,262,400 | 97,749,592 |
| 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 end of the financial year | - | - | 3,222,612 | 395,569 | 90,748,321 | 784,290 | 4,375,234 | 99,526,026 |

32

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

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

| | ← At valuation → | | ← At cost → | | | | | Total RM |
|--------------------------------------|------------------------|-----------------|---|-------------------------|--------------------------------|------------------|------------------------------|-------------|
| | Freehold land RM | Buildings RM | Furniture, fittings and office equipment RM | Motor vehicles RM | Plant and machineries RM | Renovation RM | Tools and equipment RM | |
| Group | | | | | | | | |
| 31.03.2022 | | | | | | | | |
| Accumulated impairment losses | | | | | | | | |
| At beginning of the financial year | - | - | - | - | 18,593,742 | - | - | 18,593,742 |
| - As previously stated | - | - | - | - | 2,333,366 | - | - | 2,333,366 |
| - Reclassification | - | - | - | - | - | - | - | - |
| - As restated | - | - | - | - | 20,927,108 | - | - | 20,927,108 |
| Disposals | - | - | - | - | (282,904) | - | - | (282,904) |
| At end of the financial year | - | - | - | - | 20,644,204 | - | - | 20,644,204 |
| Carrying amount | | | | | | | | |
| At end of the financial year | 38,700,000 | 16,300,000 | 149,236 | 106,112 | 21,768,461 | 83,056 | 332,906 | 77,439,771 |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

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

- (a) The revaluation of the freehold land and buildings as at 31 March 2023 were estimated at RM59,000,000 (31.03.2022: RM55,000,000) based on the valuation performed on 11 May 2023 by JS Valuer Property Consultants (Selangor) Sdn. Bhd., an independent professional valuer. The valuation of the properties have been determined using the combination of method consists of:
- (i) Cost method, being reference to replacement cost of similar assets to determine the cost per square feet; and
 - (ii) Comparison method, being reference to recent transactions and sales evidence for similar properties and location to determine the price per square feet.
- (b) If the freehold land and buildings stated at valuation were included in the financial statements at cost less accumulated depreciation, their net book values would be:

| | Group | |
|--------------------------|-------------------|-------------------|
| | 31.03.2023 | 31.03.2022 |
| | RM | RM |
| Freehold land | 10,784,571 | 10,784,571 |
| Buildings: | | |
| Cost | 16,329,701 | 16,329,701 |
| Accumulated depreciation | (4,280,348) | (3,953,754) |
| | 12,049,353 | 12,375,947 |
| | 22,833,924 | 23,160,518 |

- (c) Fair value information

The fair value of the land and buildings is categorised as Level 2.

There are no transfers between Level 1 and Level 2 during the financial year.

- (d) The freehold land and buildings with carrying amount of RM55,700,000 (31.03.2022: RM51,700,000) have been pledged to banks for banking facilities granted to subsidiaries as disclosed in Note 15 to the financial statements.
- (e) Impairment assessment of plant and machineries and right-of-use assets - building

The recoverable amount of plant and machineries, and right-of-use assets - building was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-years period. The Group uses its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margins.

The key assumptions used for the value-in-use calculations are as follows:

| | 31.03.2023 |
|----------------------------|-------------------|
| Gross profit margin | 15% |
| Annual revenue growth rate | 5% |
| Terminal growth rate | 0% |
| Pre-tax discount rate | 13% |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

4. RIGHT-OF-USE ASSETS

| | Buildings RM | Forklift RM | Air Compressor RM | Motor Vehicle RM | Total RM |
|--|-----------------|----------------|-------------------------|------------------------|-------------|
| Group | | | | | |
| 31.03.2023 | | | | | |
| Cost | | | | | |
| At beginning of the financial year | 10,477,855 | 241,395 | 413,340 | 368,882 | 11,501,472 |
| Additions | 896,683 | - | - | - | 896,683 |
| Completion of leases | (805,126) | (241,395) | (207,999) | - | (1,254,520) |
| Exchange differences | (24,030) | - | - | - | (24,030) |
| At end of the financial year | 10,545,382 | - | 205,341 | 368,882 | 11,119,605 |
| Accumulated depreciation | | | | | |
| At beginning of the financial year | 4,440,997 | 241,395 | 225,109 | 110,664 | 5,018,165 |
| Depreciation charge for the financial year | 964,138 | - | 102,671 | 73,777 | 1,140,586 |
| Completion of leases | (805,126) | (241,395) | (207,999) | - | (1,254,520) |
| Exchange differences | (17,665) | - | - | - | (17,665) |
| At end of the financial year | 4,582,344 | - | 119,781 | 184,441 | 4,886,566 |
| Accumulated impairment losses | | | | | |
| At beginning/end of the financial year | 2,771,181 | - | - | - | 2,771,181 |
| Net carrying amount | | | | | |
| At end of the financial year | 3,191,857 | - | 85,560 | 184,441 | 3,461,858 |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

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

| | Buildings RM | Forklift RM | Air Compressor RM | Motor Vehicle RM | Total RM |
|--|-----------------|----------------|-------------------------|------------------------|-------------|
| Group | | | | | |
| 31.03.2022 | | | | | |
| Cost | | | | | |
| At beginning of the financial year | | | | | |
| - As previously stated | 10,448,409 | 220,908 | 189,972 | 368,881 | 11,228,170 |
| - Reclassification | (38,512) | 20,487 | 18,025 | 1 | 1 |
| - As restated | 10,409,897 | 241,395 | 207,997 | 368,882 | 11,228,171 |
| Addition | 22,320 | - | 205,343 | - | 227,663 |
| Exchange differences | 45,638 | - | - | - | 45,638 |
| At end of the financial year | 10,477,855 | 241,395 | 413,340 | 368,882 | 11,501,472 |
| Accumulated depreciation | | | | | |
| At beginning of the financial year | | | | | |
| - As previously stated | 3,501,424 | 153,854 | 189,972 | 36,888 | 3,882,138 |
| - Reclassification | (38,512) | 20,487 | 18,026 | - | 1 |
| - As restated | 3,462,912 | 174,341 | 207,998 | 36,888 | 3,882,139 |
| Depreciation charge for the financial year | 951,314 | 67,054 | 17,111 | 73,776 | 1,109,255 |
| Exchange differences | 26,771 | - | - | - | 26,771 |
| At end of the financial year | 4,440,997 | 241,395 | 225,109 | 110,664 | 5,018,165 |
| Accumulated impairment losses | | | | | |
| At beginning/end of the financial year | 2,771,181 | - | - | - | 2,771,181 |
| Net carrying amount | | | | | |
| At end of the financial year | 3,265,677 | - | 188,231 | 258,218 | 3,712,126 |

- (a) The Group leases buildings for its office space and operation site with lease term between 2 to 9 years (31.03.2022: 2 to 9 years).
- (b) The Group leases forklift, air compressor and motor vehicle with lease term between 2 to 5 years (31.03.2022: 2 to 5 years).

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

5. INVESTMENT PROPERTY

| | Group | |
|--|------------|------------|
| | 31.03.2023 | 31.03.2022 |
| | RM | RM |
| Freehold apartment | | |
| Cost | | |
| At beginning/end of the financial year | 120,000 | 120,000 |
| Accumulated depreciation | | |
| At beginning of the financial year | 39,000 | 36,600 |
| Depreciation charge for the financial year | 2,400 | 2,400 |
| At end of the financial year | 41,400 | 39,000 |
| Net carrying amount | | |
| At end of the financial year | 78,600 | 81,000 |

6. INTANGIBLE ASSET

| | Group | |
|--|------------|------------|
| | 31.03.2023 | 31.03.2022 |
| | RM | RM |
| Development costs | | |
| Cost | | |
| At beginning/end of the financial year | 628,715 | 628,715 |
| Accumulated amortisation | | |
| At beginning of the financial year | 157,178 | 78,589 |
| Amortisation charge for the financial year | 78,590 | 78,589 |
| At end of the financial year | 235,768 | 157,178 |
| Carrying amount | | |
| At end of the financial year | 392,947 | 471,537 |

The development costs comprise of 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.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

7. OTHER INVESTMENT

| | Group | |
|--|------------|------------|
| | 31.03.2023 | 31.03.2022 |
| | RM | RM |
| At beginning/end of the financial year | 50,000 | 50,000 |

The other investment comprises of one transferable golf club membership stated at fair value is held for long-term purposes.

8. INVENTORIES

| | Group | |
|---|-------------|------------|
| | 31.03.2023 | 31.03.2022 |
| | RM | RM |
| At cost | | |
| Raw materials | 19,782,262 | 14,614,181 |
| Finished goods | 9,784,573 | 13,995,722 |
| Spare parts | 654,624 | 676,796 |
| Work-in-progress | 456,895 | 109,694 |
| Goods in transit | – | 1,641,326 |
| | 30,678,354 | 31,037,719 |
| Less: Provision for slow moving inventories | (3,536,740) | (818,083) |
| | 27,141,614 | 30,219,636 |

The movement of provision for slow moving inventories is as follows:

| | Group | |
|------------------------------------|------------|------------|
| | 31.03.2023 | 31.03.2022 |
| | RM | RM |
| At beginning of the financial year | 818,083 | 658,806 |
| Charge during the financial year | 2,745,871 | 115,545 |
| Exchange differences | (27,715) | 43,732 |
| At end of the financial year | 3,536,740 | 818,083 |

The cost of inventories recognised as an expenses and included in cost of sales amounted to RM22,944,228 (31.03.2022: RM27,874,183).

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

9. TRADE AND OTHER RECEIVABLES

| | Note | Group | | Company | |
|------------------------------|------|------------------|------------------|------------------|------------------|
| | | 31.03.2023 RM | 31.03.2022 RM | 31.03.2023 RM | 31.03.2022 RM |
| Trade | | | | | |
| Trade receivables | (a) | 4,967,400 | 6,803,972 | – | – |
| Less: Impairment losses | 29 | (542,456) | (94,785) | – | – |
| | | 4,424,944 | 6,709,187 | – | – |
| Non-trade | | | | | |
| Other receivables | | 958,141 | 5,183,145 | 4,000 | 95,069 |
| Prepayments | | 406,511 | 604,632 | 22,788 | – |
| Refundable deposits | | 1,382,171 | 684,290 | 1,000 | 1,500 |
| Value added tax refundable | | 1,047,039 | 1,409,708 | – | – |
| Amount owing by a subsidiary | (b) | – | – | – | 5,000,000 |
| | | 3,793,862 | 7,881,775 | 27,788 | 5,096,569 |
| | | 8,218,806 | 14,590,962 | 27,788 | 5,096,569 |

(a) Trade receivables

The Group's normal trade credit terms range from 30 to 60 days (31.03.2022: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

(b) Amount owing from a subsidiary

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

10. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|------------------------------|------------------|------------------|------------------|------------------|
| | 31.03.2023 RM | 31.03.2022 RM | 31.03.2023 RM | 31.03.2022 RM |
| Cash and bank balances | 4,817,960 | 9,787,870 | 245,496 | 197,159 |
| Deposits with licensed banks | 5,462,925 | 4,061,896 | 3,880,674 | 2,509,133 |
| | 10,280,885 | 13,849,766 | 4,126,170 | 2,706,292 |

Included in deposits with licensed banks of the Group and of the Company are short-term deposits made for varying periods of between 1 to 30 days and 1 to 14 days (31.03.2022: 1 to 30 days and 1 to 14 days) respectively depending on the immediate cash requirements of the Group and of the Company. The interest rate is 2.25% to 2.40% and 2.30% to 2.40% (31.03.2022: 1.30% to 1.50% and 1.30% to 1.40%) per annum respectively at the end of the reporting date.

Deposits with licensed banks of the Group amounting to RM1,582,251 (31.03.2022: RM1,552,764) are pledged to licensed bank as securities for credit facilities granted to the Group as disclosed in Note 15 to the financial statements.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

11. SHARE CAPITAL

| | Group/Company | | | |
|-------------------------------------|-----------------------------|--------------|-----------------------------|--------------|
| | 31.03.2023 | | 31.03.2022 | |
| | Number of shares Unit | Amount RM | Number of shares Unit | Amount RM |
| Issued and fully paid | | | | |
| At beginning of the financial year | 1,076,490,123 | 108,799,270 | 1,052,030,123 | 107,184,910 |
| Issuance of shares pursuant to ESOS | – | – | 24,460,000 | 1,614,360 |
| At end of the financial year | 1,076,490,123 | 108,799,270 | 1,076,490,123 | 108,799,270 |

12. TREASURY SHARES

| | Group/Company | | | |
|--|-----------------------------|--------------|-----------------------------|--------------|
| | 31.03.2023 | | 31.03.2022 | |
| | Number of shares Unit | Amount RM | Number of shares Unit | Amount RM |
| At beginning/end of the financial year | 119,672 | 22,042 | 119,672 | 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.

13. OTHER RESERVES

| | Note | 31.03.2023 RM | Group 31.03.2022 RM Restated | 01.04.2021 RM Restated |
|--------------------------------------|------|------------------|---------------------------------------|------------------------------|
| Foreign currency translation reserve | (a) | 60,327 | 213,707 | (108,265) |
| Revaluation reserve | (b) | 27,486,217 | 24,198,006 | 23,949,795 |
| Share option reserve | (c) | – | – | 386,510 |
| | | 27,546,544 | 24,411,713 | 24,228,040 |

(a) Foreign currency translation reserve

Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

13. OTHER RESERVES (CONT'D)

(b) Revaluation reserve

| | Note | Group 31.03.2023 RM | Group 31.03.2022 RM Restated |
|--|------|---------------------------|---------------------------------------|
| At beginning of the financial year | | | |
| - As previously stated | | 28,151,957 | 27,942,623 |
| - Effect of prior year adjustments | 32 | (3,953,951) | (3,992,828) |
| - As restated | | 24,198,006 | 23,949,795 |
| Revaluation surplus | 3 | 4,409,898 | 392,621 |
| Deferred tax liabilities relating to revaluation reserve | 16 | (1,058,376) | (94,229) |
| Realisation of revaluation reserve | | (63,311) | (50,181) |
| At end of the financial year | | 27,486,217 | 24,198,006 |

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

(c) 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 option expires, the amount from the share option reserve is transferred to retained earnings. As at 31 March 2023, there is no outstanding unexercised share options.

14. LEASE LIABILITIES

| | Group 31.03.2023 RM | Group 31.03.2022 RM |
|--------------------------------|---------------------------|---------------------------|
| Repayable within twelve months | 1,613,140 | 1,462,297 |
| Repayable after twelve months | 3,922,987 | 4,736,132 |
| | 5,536,127 | 6,198,429 |

The effective interest rates of the Group ranges from 3.71% to 7.70% (31.03.2022: 3.71% to 7.70%) per annum.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

15. BORROWINGS

| | Note | Group 31.03.2023 RM | Group 31.03.2022 RM |
|----------------------|------|---------------------------|---------------------------|
| Non-current | | | |
| Secured | | | |
| Term loan | (a) | 2,316,107 | 12,805,622 |
| Current | | | |
| Secured | | | |
| Term loan | (a) | 7,360,588 | 3,770,437 |
| Bankers' acceptances | (b) | – | 230,000 |
| | | 7,360,588 | 4,000,437 |
| | | 9,676,695 | 16,806,059 |

(a) Term loans

The range of effective interest rate per annum are from 5.65% to 8.25% (31.03.2022: 4.49% to 8.25%).

The term loans are secured as follows:

- (i) a first party legal charge over a freehold land at Hicom Glenmarie Industrial Park, Shah Alam, Selangor as disclosed in Note 3 to the financial statements;
- (ii) a first party legal charge over a freehold land and building at Jalan Kapar, Klang, Selangor as disclosed in Note 3 to the financial statements;
- (iii) corporate guarantee provided by the Company;
- (iv) personal guarantee executed by Director of the subsidiaries; and
- (v) fixed deposit placed with licensed bank as disclosed in Note 10 to the financial statements.

(b) Bankers' acceptances

The effective interest rate per annum are Nil (31.03.2022: 3.75% to 3.82%).

The bankers' acceptances are secured as follows:

- (i) a first party legal charge over a freehold land and building at Jalan Kapar, Klang, Selangor as disclosed in Note 3 to the financial statements;
- (ii) corporate guarantee provided by the Company;
- (iii) personal guarantee executed by Director of the subsidiaries; and
- (iv) fixed deposit placed with licensed bank as disclosed in Note 10 to the financial statements.

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

16. DEFERRED TAX LIABILITIES

The movement on the net deferred tax liabilities are as follows:

| | Note | Group 31.03.2023 RM | Group 31.03.2022 RM Restated |
|--|-------|---------------------------|---------------------------------------|
| At beginning of the financial year | | | |
| - As previously stated | | 4,527,339 | 4,457,571 |
| - Effect of prior year adjustments | 32 | 3,199,266 | 3,190,601 |
| - As restated | | 7,726,605 | 7,648,222 |
| Recognised in profit or loss | 23 | (94,278) | (15,846) |
| Recognised in other comprehensive income | 13(b) | 1,058,376 | 94,229 |
| At end of the financial year | | 8,690,703 | 7,726,605 |

The components of deferred tax assets and liabilities of the Group and the Company during the financial year prior to offsetting are as follows:

| | 31.03.2023 RM | Group 31.03.2022 RM Restated | 01.04.2021 RM Restated |
|-------------------------------------|---------------------------|---------------------------------------|------------------------------|
| Deferred tax assets | | | |
| - Employee benefit | - | - | 80,812 |
| - Unabsorbed reinvestment allowance | 7,714,988 | 7,419,558 | 7,419,558 |
| - Unabsorbed capital allowances | - | 2,242,681 | 676,569 |
| Offsetting | 7,714,988 (7,714,988) | 9,662,239 (9,662,239) | 8,176,939 (8,176,939) |
| Net deferred tax assets | - | - | - |
| Deferred tax liabilities | | | |
| - Property, plant and equipment | 7,640,703 | 9,662,239 | 8,176,939 |
| - Revaluation of land and buildings | 8,679,859 | 7,641,476 | 7,563,093 |
| - Right-of-use assets | 85,129 | 85,129 | 85,129 |
| Offsetting | 16,405,691 (7,714,988) | 17,388,844 (9,662,239) | 15,825,161 (8,176,939) |
| Net deferred tax liabilities | 8,690,703 | 7,726,605 | 7,648,222 |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

16. DEFERRED TAX LIABILITIES (CONT'D)

The deductible temporary difference and unutilised tax losses of the Group and the Company for which no deferred tax assets were recognised in the statements of financial position are as follows:

| | 31.03.2023 | Group 31.03.2022 | 01.04.2021 |
|--|-------------------|-----------------------------------|-------------------|
| | RM | RM | RM |
| | | Restated | Restated |
| Unutilised tax losses | 27,245,329 | 22,388,963 | 21,609,070 |
| Unabsorbed capital allowance | 43,544,968 | 42,443,912 | 39,334,280 |
| Provisions | 461,463 | 152,555 | 2,825,717 |
| | 71,251,760 | 64,985,430 | 63,769,067 |
| Deferred tax assets not recognised at 24% (31.03.2022: 24%; 01.04.2021: 24%) | 17,100,422 | 15,596,503 | 15,304,576 |

The Company's unutilised tax losses brought forward from year of assessment 2018 and before, can be carried forward for 10 consecutive years of assessment (i.e. from year of assessment 2019 to 2028). Unutilised tax losses from year of assessment 2019 onwards can be carried forward for a maximum period of 10 consecutive years.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the relevant subsidiaries can utilise the benefits there from.

17. TRADE AND OTHER PAYABLES

| | | Group | | Company | |
|------------------------------|-------------|-------------------|-------------------|-------------------|-------------------|
| | Note | 31.03.2023 | 31.03.2022 | 31.03.2023 | 31.03.2022 |
| | | RM | RM | RM | RM |
| Trade | | | | | |
| Trade payables | (a) | 2,825,882 | 2,261,022 | – | – |
| Non-trade | | | | | |
| Other payables | | 1,339,356 | 1,214,921 | 1,500 | 53,389 |
| Accrued expenses | | 1,133,104 | 956,391 | 142,124 | 122,247 |
| Amount owing to a subsidiary | (b) | – | – | 3,420,935 | 6,308,147 |
| | | 2,472,460 | 2,171,312 | 3,564,559 | 6,483,783 |
| | | 5,298,342 | 4,432,334 | 3,564,559 | 6,483,783 |

(a) Trade payables

The normal trade credit terms granted to the Group ranges from 30 to 90 days (31.03.2022: 30 to 90 days).

(b) Amount owing to a subsidiary

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

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

18. PROVISIONS

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. The Group has reversed the provision for reinstatement cost in prior financial year.

19. INVESTMENT IN SUBSIDIARIES

| | Note | 31.03.2023 RM | Company 31.03.2022 RM Restated | 01.04.2021 RM Restated |
|--|------|--------------------|---|------------------------------|
| At cost | | | | |
| Unquoted shares | | 16,359,864 | 16,364,781 | 18,108,035 |
| Advances to subsidiaries treated as quasi-investment | (b) | 103,970,245 | 103,970,245 | 103,454,153 |
| Capital contribution to subsidiaries | (c) | 607,862 | 607,862 | 607,862 |
| | | 120,937,971 | 120,942,888 | 122,170,050 |
| Less: Accumulated impairment losses | | (20,662,011) | (14,074,113) | (7,987,849) |
| Carrying amount | | 100,275,960 | 106,868,775 | 114,182,201 |

The movement of impairment losses is as follows:

| | Note | 31.03.2023 RM | 31.03.2022 RM Restated |
|---|------|-------------------|------------------------------|
| At beginning of the financial year | | | |
| - As previously stated | | 32,510,135 | 18,406,630 |
| - Effect of prior year adjustments | 32 | (18,436,022) | (10,418,781) |
| - As restated | | 14,074,113 | 7,987,849 |
| Charge during the financial year | | | |
| - As previously stated | | - | 15,846,759 |
| - Effect of prior year adjustments | 32 | - | (8,017,241) |
| - As restated | | - | 7,829,518 |
| Charge during the financial year | | 6,587,898 | - |
| Write off during the financial year | | - | (1,743,254) |
| At end of the financial year | | 20,662,011 | 14,074,113 |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The subsidiary companies and shareholdings therein are as follows:

| Name of entity | Country of incorporation and place of business | Effective ownership and voting interest (%) | | Principal activities |
|--|--|---|------|---|
| | | 2023 | 2022 | |
| Jadi Imaging Technologies Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing and sale of toner |
| Zhuhai Jadi Imaging Technologies Co., Ltd. * | The People's Republic of China | 100 | 100 | Trading of toner |
| Jadi Imaging Supplies (US), Inc. ** | United States of America | – | 100 | Struck off |
| Jadi Life Solutions Sdn. Bhd. | Malaysia | 100 | 100 | Retailing of consumer products via e-commerce |
| <u>Subsidiaries of Jadi Imaging Technologies Sdn Bhd</u> | | | | |
| Jadi Chemicals Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing and sale of toner resin |

* Audited by auditors other than HLB LER LUM CHEW PLT.

** Jadi Imaging Supplies (US), Inc. had been struck off.

(b) Advances to subsidiaries treated as quasi-investment

The advances to subsidiaries are unsecured, interest-free with no fixed terms of repayment. The settlement of the advances is neither planned nor likely in the foreseeable future and they are determined to form part of the Company's net investment in the subsidiaries.

(c) Capital contribution to subsidiaries

The Company awarded ESOS share-based payments to eligible employees of its subsidiaries. Accordingly, the Company capitalised RM607,862 (31.03.2022: RM607,862) based on the fair value at grant date over the vesting period by way of a capital contribution to the subsidiaries.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (d) Strike off of Jadi Imaging Supplies (US), Inc

Jadi Imaging Supplies (US), Inc, a 100% owned subsidiary of the Company was struck off from the register of companies. Accordingly, Jadi Imaging Supplies (US), Inc ceased to be a subsidiary of the Company.

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

| | Group 31.03.2023 RM |
|---|------------------------------------|
| Assets | 76 |
| Liabilities | (441,875) |
| Net liabilities derecognised | (441,799) |
| Reclassification adjustment of foreign exchange translation reserve | 401,667 |
| Gain on derecognition of a subsidiary | (40,132) |

20. REVENUE

| | Group 31.03.2023 RM | 31.03.2022 RM |
|--|------------------------------------|--------------------------|
| Revenue recognised from contracts with customers: | | |
| - Trading | 18,664,313 | 27,934,149 |
| - Manufacturing | 14,102,680 | 15,126,121 |
| | 32,766,993 | 43,060,270 |
| Geographical market | | |
| - South East Asia | 8,077,347 | 7,025,714 |
| - East Asia | 19,418,517 | 29,305,654 |
| - South Asia | 647,657 | 702,789 |
| - Middle East | 2,301,370 | 2,788,439 |
| - Europe | 1,855,630 | 2,307,634 |
| - Others | 466,472 | 930,040 |
| | 32,766,993 | 43,060,270 |
| Timing of revenue recognition | | |
| At a point in time | 32,766,993 | 43,060,270 |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

21. FINANCE (COSTS)/INCOME, NET

| Note | Group | | Company | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | 31.03.2023 RM | 31.03.2022 RM | 31.03.2023 RM | 31.03.2022 RM |
| Finance costs: | | | | |
| - Lease liabilities | (358,420) | (454,552) | - | - |
| - Term loans | (820,670) | (1,132,097) | - | - |
| - Others | (7,955) | (50,517) | - | - |
| | (1,187,045) | (1,637,166) | - | - |
| Finance income: | | | | |
| - Deposits with licensed banks | 135,665 | 122,294 | 104,919 | 9,133 |
| | (1,051,380) | (1,514,872) | 104,919 | 9,133 |

22. LOSS BEFORE TAXATION

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

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------------------|
| | 31.03.2023 RM | 31.03.2022 RM | 31.03.2023 RM | 31.03.2022 RM Restated |
| Auditors' remuneration: | | | | |
| - Statutory | | | | |
| - current year | 118,000 | 144,983 | 52,000 | 56,000 |
| - over provision in prior years | - | (6,500) | - | (6,500) |
| - Non-statutory | 5,000 | 6,000 | 5,000 | 6,000 |
| Amortisation of intangible asset | 78,590 | 78,589 | - | - |
| Depreciation of: | | | | |
| - property, plant and equipment | 4,990,610 | 4,964,141 | - | - |
| - right-of-use assets | 1,140,586 | 1,109,255 | - | - |
| - investment property | 2,400 | 2,400 | - | - |
| (Gain)/Loss on derecognition of a subsidiary | (40,132) | 74,322 | - | - |
| Impairment loss on: | | | | |
| - trade receivables | 449,696 | 70,697 | - | - |
| - investment in subsidiaries | - | - | 6,587,898 | 7,829,518 |
| (Gain)/Loss on foreign exchange: | | | | |
| - Realised | 274,610 | (978,376) | - | (515,972) |
| - Unrealised | (9,747) | (43,368) | - | - |
| Loss/(Gain) on disposal of property, plant and equipment | 411 | (176,971) | - | - |
| Provision for slow moving inventories | 2,745,871 | 115,545 | - | - |
| Reversal of provision for reinstatement cost | - | (737,229) | - | - |
| (Reversal of write off)/ Write off of: | | | | |
| - inventories | (2,351,783) | 5,582,748 | - | - |
| - trade receivable | 25,441 | - | - | - |
| - investment in subsidiaries | - | - | 4,917 | - |
| Short term leases | - | 124,600 | - | - |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

23. TAXATION

| | Group | |
|---|-------------------|-------------------|
| | 31.03.2023 | 31.03.2022 |
| | RM | RM |
| | | Restated |
| Current taxation: | | |
| - Under provision in prior year | - | 1 |
| Deferred taxation: | | |
| - Origination and reversal of temporary differences | (94,278) | (15,846) |
| Taxation for the financial year | (94,278) | (15,845) |

Income tax is calculated at the statutory tax rate of 24% (31.03.2022: 24%) on the chargeable income of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31.03.2023 | 31.03.2022 | 31.03.2023 | 31.03.2022 |
| | RM | RM | RM | RM |
| | | Restated | | |
| Loss before taxation | (11,122,346) | (7,890,023) | (7,322,494) | (8,070,782) |
| Taxation at statutory tax rate of 24% (31.03.2022: 24%) | (2,669,363) | (1,893,606) | (1,757,399) | (1,936,988) |
| Effect of different tax rates in foreign jurisdictions | - | (3,961) | - | - |
| Income not subject to tax | - | (369,740) | - | (2,026,039) |
| Non-deductible expenses | 1,091,159 | 1,975,380 | 1,757,399 | 3,963,027 |
| Crystallisation of deferred tax liabilities arising from revaluation | (19,993) | (15,846) | - | - |
| Deferred tax assets not recognised | 1,503,919 | 291,927 | - | - |
| Under provision of current taxation in prior year | - | 1 | - | - |
| Taxation for the financial year | (94,278) | (15,845) | - | - |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

24. STAFF COSTS

| | Group | |
|-----------------------------------|-------------------|-------------------|
| | 31.03.2023 | 31.03.2022 |
| | RM | RM |
| Staff costs (excluding Directors) | 7,765,515 | 7,002,620 |

Included in staff costs are contributions made to the Employee Provident Fund (EPF) under a defined contribution plan for the Group amounting to RM500,079 (31.03.2022: RM621,288).

25. LOSS PER SHAREBasic loss per share

Basic loss per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

| | Group | |
|---|-------------------|-------------------|
| | 31.03.2023 | 31.03.2022 |
| | | Restated |
| Loss attributable to owners of the Company (RM) | (11,028,068) | (7,874,178) |
| Weighted average number of ordinary shares in issue | 1,076,370,451 | 1,060,221,991 |
| Basic loss per share (sen) | (1.02) | (0.74) |

Diluted loss per share

The basic and diluted loss per share are the same as the Group has no potential dilutive ordinary shares as at financial year end.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

26. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

There were no significant transactions between the Company and its related parties during the financial year.

The key management personnel compensation is as follows:

| | Group | | Company | |
|---------------------------------|------------------|------------------|------------------|------------------|
| | 31.03.2023 RM | 31.03.2022 RM | 31.03.2023 RM | 31.03.2022 RM |
| Directors' remuneration: | | | | |
| - Fees | 264,350 | 288,606 | 264,350 | 280,806 |
| - Salaries and other emoluments | 1,629,693 | 1,329,107 | 15,600 | 7,800 |
| - Defined contribution plan | 198,128 | 158,772 | - | - |
| | 2,092,171 | 1,776,485 | 279,950 | 288,606 |

27. SEGMENT INFORMATION

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The reportable business segments of the Group comprise the following:

- Manufacturing : Manufacturing and sale of toner.
- Product distribution : Retailing of consumer products through e-commerce activities.
- Investment holding : Investment of companies.

Segment revenue, results and assets include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Executive Director. Segment total assets are used to measure the return of assets of each segment.

The total segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Executive Director.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

27. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

| | Manufacturing RM | Product distribution RM | Investment holding RM | Total RM |
|--|---------------------|-------------------------------|-----------------------------|--------------|
| 31.03.2023 | | | | |
| Revenue | | | | |
| Total operating revenue | 32,837,448 | 20,951,019 | – | 53,788,467 |
| Internal segment | (18,734,768) | (2,286,706) | – | (21,021,474) |
| External segment | 14,102,680 | 18,664,313 | – | 32,766,993 |
| Results: | | | | |
| Segment results | (2,739,544) | 580,123 | (879,602) | (3,039,023) |
| Amortisation of intangible asset | 78,590 | – | – | 78,590 |
| Depreciation of: | | | | |
| - property, plant and equipment | 4,887,905 | 102,705 | – | 4,990,610 |
| - right-of-use assets | 871,453 | 269,133 | – | 1,140,586 |
| - investment property | 2,400 | – | – | 2,400 |
| Gain on derecognition of a subsidiary | – | – | (40,132) | (40,132) |
| (Gain)/Loss on disposal of property, plant and equipment | (272) | 683 | – | 411 |
| Impairment loss on trade receivables | 376,974 | 72,722 | – | 449,696 |
| Interest expenses | 1,181,858 | 5,187 | – | 1,187,045 |
| Interest income | (30,746) | – | (104,919) | (135,665) |
| Provision for slow moving inventories | 69,357 | 2,676,514 | – | 2,745,871 |
| (Reversal of write off)/Write off of: | | | | |
| - inventories | (2,351,783) | – | – | (2,351,783) |
| - trade receivables | 24,879 | 562 | – | 25,441 |
| Unrealised foreign exchange gain | (9,747) | – | – | (9,747) |
| Loss before taxation | (7,840,412) | (2,547,383) | (734,551) | (11,122,346) |
| Other information | | | | |
| Segment assets | 107,076,690 | 15,392,685 | 4,153,958 | 126,623,333 |
| Segment liabilities | 27,655,978 | 1,402,265 | 143,624 | 29,201,867 |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

27. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

| | Manufacturing RM | Product distribution RM | Investment holding RM | Total RM |
|--|---------------------|-------------------------------|-----------------------------|--------------|
| 31.03.2022 | | | | |
| Revenue | | | | |
| Total operating revenue | 44,051,680 | 31,093,333 | – | 75,145,013 |
| Internal segment | (28,925,559) | (3,159,184) | – | (32,084,743) |
| External segment | 15,126,121 | 27,934,149 | – | 43,060,270 |
| Results: | | | | |
| Segment results | 17,295,185 | 3,466,949 | (16,097,156) | 4,664,978 |
| Amortisation of intangible asset | 78,589 | – | – | 78,589 |
| Bad debts written off | – | – | – | – |
| Depreciation of: | | | | |
| - property, plant and equipment | 4,872,779 | 91,362 | – | 4,964,141 |
| - right-of-use assets | 854,807 | 254,448 | – | 1,109,255 |
| - investment property | 2,400 | – | – | 2,400 |
| Gain on disposal of property, plant and equipment | (154,796) | (22,175) | – | (176,971) |
| Impairment loss on trade receivables | 28,581 | 42,116 | – | 70,697 |
| Interest expenses | 1,613,861 | 23,305 | – | 1,637,166 |
| Interest income | (108,695) | (4,466) | (9,133) | (122,294) |
| Loss on disposal of subsidiary | – | 74,322 | – | 74,322 |
| Provision for slow moving inventories | – | 115,545 | – | 115,545 |
| Reversal of provision for reinstatement cost | – | (737,229) | – | (737,229) |
| Unrealised foreign exchange (gain)/loss | (43,368) | – | – | (43,368) |
| Write off/(Reversal of write off) of inventories | 5,584,970 | (2,222) | – | 5,582,748 |
| Profit/(Loss) before taxation | 4,566,057 | 3,631,943 | (16,088,023) | (7,890,023) |
| Other information | | | | |
| Segment assets | 111,936,420 | 25,675,538 | 2,802,861 | 140,414,819 |
| Segment liabilities | 34,658,822 | 328,969 | 175,636 | 35,163,427 |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

27. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets. The amount of non-current assets does not include financial instruments and deferred tax assets.

| | Revenue | |
|-----------------|------------------|------------------|
| | 31.03.2023 RM | 31.03.2022 RM |
| Group | | |
| South East Asia | 8,077,347 | 7,025,714 |
| East Asia | 19,418,517 | 29,305,654 |
| South Asia | 647,657 | 702,789 |
| Middle East | 2,301,370 | 2,788,439 |
| Europe | 1,855,630 | 2,307,634 |
| Others | 466,472 | 930,040 |
| | <hr/> | <hr/> |
| | 32,766,993 | 43,060,270 |

| | Non-current assets | |
|-----------------|--------------------|------------------|
| | 31.03.2023 RM | 31.03.2022 RM |
| Group | | |
| South East Asia | 80,033,397 | 81,341,980 |
| East Asia | 898,610 | 362,454 |
| | <hr/> | <hr/> |
| | 80,932,007 | 81,704,434 |

(c) Information about major customers

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.

28. CONTINGENT LIABILITIES

Contingent liabilities of the Group as at the end of the financial year are as follows:

| | Group | |
|--|------------------|------------------|
| | 31.03.2023 RM | 31.03.2022 RM |
| Guarantee given to licensed banks for facilities granted to subsidiary companies | 9,676,695 | 16,806,059 |
| | <hr/> | <hr/> |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

29. FINANCIAL INSTRUMENTS

The following table analyses the financial assets and financial liabilities of the Group and of the Company by the classes and categories of financial instruments to which they are assigned, and therefore by the measurement basis:

| | Financial assets and liabilities at amortised cost RM | Financial assets at FVTPL RM | Total RM |
|------------------------------|--|---------------------------------------|-------------|
| 31.03.2023 | | | |
| Group | | | |
| Financial assets | | | |
| Other investments | – | 50,000 | 50,000 |
| Trade and other receivables# | 6,765,256 | – | 6,765,256 |
| Cash and cash equivalents | 10,280,885 | – | 10,280,885 |
| | 17,046,141 | 50,000 | 17,096,141 |
| Financial liabilities | | | |
| Borrowings | 9,676,695 | – | 9,676,695 |
| Lease liabilities | 5,536,127 | – | 5,536,127 |
| Trade and other payable | 5,298,342 | – | 5,298,342 |
| | 20,511,164 | – | 20,511,164 |
| Company | | | |
| Financial assets | | | |
| Trade and other receivables# | 5,000 | – | 5,000 |
| Cash and cash equivalents | 4,126,170 | – | 4,126,170 |
| | 4,131,170 | – | 4,131,170 |
| Financial liability | | | |
| Trade and other payables | 3,564,559 | – | 3,564,559 |

Exclude prepayments and value added tax refundable

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

| | Financial assets and liabilities at amortised cost RM | Financial assets at FVTPL RM | Total RM |
|------------------------------|--|---------------------------------------|-------------|
| 31.03.2022 | | | |
| Group | | | |
| Financial assets | | | |
| Other investments | – | 50,000 | 50,000 |
| Trade and other receivables# | 12,576,622 | – | 12,576,622 |
| Cash and cash equivalents | 13,849,766 | – | 13,849,766 |
| | 26,426,388 | 50,000 | 26,476,388 |
| Financial liabilities | | | |
| Borrowings | 16,806,059 | – | 16,806,059 |
| Lease liabilities | 6,198,429 | – | 6,198,429 |
| Trade and other payables | 4,432,334 | – | 4,432,334 |
| | 27,436,822 | – | 27,436,822 |
| Company | | | |
| Financial assets | | | |
| Trade and other receivables# | 5,096,569 | – | 5,096,569 |
| Cash and cash equivalents | 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

Financial risk management

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from receivables from trade receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of trade receivables ageing.

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Credit risk (Cont'd)

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statements of financial position.

The ageing analysis of the Group's trade receivables are as follows:

| | Group | |
|--|-------------------|-------------------|
| | 31.03.2023 | 31.03.2022 |
| | RM | RM |
| Neither past due nor individually impaired | 1,651,754 | 3,358,538 |
| Past due but not individually impaired | | |
| - Between 1 - 30 days | 861,568 | 1,717,711 |
| - Between 31 - 60 days | 979,731 | 564,381 |
| - Between 61 - 90 days | 164,787 | 259,911 |
| - Between 91 - 120 days | 111,561 | 271,003 |
| - More than 121 days | 759,552 | 632,428 |
| Individually impaired | 2,877,199 | 3,445,434 |
| | 438,447 | - |
| | 4,967,400 | 6,803,972 |

The Group's trade receivables that are neither past due nor individually impaired are creditworthy debtors with good payment records with the Group. These debtors are mostly long term customers with no history of default in payment.

The Group's trade receivables of RM2,877,199 (31.03.2022: RM3,445,434) was past due but not individually impaired. These relate to customers who are slow paymasters, hence, periodically monitored.

The Group's trade receivables of RM438,447 (31.03.2022: RMNil) were individually impaired. The individually impaired receivables mainly relate to customers which are facing difficulties in cash flows. As at the end of the reporting date, the impairment losses for these receivables is RM438,447 (31.03.2022: RMNil).

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)**Financial risk management (Cont'd)**Credit risk (Cont'd)

Movements on the Group's expected credit loss allowance of trade receivables are as follows:

| | Trade receivables RM |
|--|-------------------------------------|
| Group | |
| 31.03.2023 | |
| At beginning of the financial year | 94,785 |
| Charge during the financial year | 449,696 |
| Exchange difference | (2,025) |
| <hr/> | |
| At end of the financial year | 542,456 |
| <hr/> | |
| Represented by: | |
| Individually impairment | 438,447 |
| Lifetime expected credit loss impairment | 104,009 |
| <hr/> | |
| | 542,456 |
| <hr/> | |
| 31.03.2022 | |
| At beginning of the financial year | 21,672 |
| Charge during the financial year | 70,697 |
| Exchange differences | 2,416 |
| <hr/> | |
| At end of the financial year | 94,785 |
| <hr/> | |
| Represented by: | |
| Lifetime expected credit loss impairment | 94,785 |
| <hr/> | |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from trade and other payables, borrowings and lease liabilities.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

The table below summarises the maturity profile of the Group and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

| Group | Carrying amount RM | Contractual interest rate % | Contractual cash flow RM | Below 1 year RM | Between 2 to 5 years RM | More than 5 years RM |
|--------------------------|-----------------------|--------------------------------|-----------------------------|--------------------|----------------------------|-------------------------|
| 31.03.2023 | | | | | | |
| Trade and other payables | 5,298,342 | - | 5,298,342 | 5,298,342 | - | - |
| Lease liabilities | 5,536,127 | 3.71 - 7.70 | 7,001,773 | 2,405,956 | 3,877,067 | 718,750 |
| Bank borrowings | 9,676,694 | 5.65 - 8.25 | 10,122,398 | 7,733,294 | 2,389,104 | - |
| | 20,511,164 | | 22,422,513 | 15,437,592 | 6,266,171 | 718,750 |
| 31.03.2022 | | | | | | |
| Trade and other payables | 4,432,334 | - | 4,432,334 | 4,432,334 | - | - |
| Lease liabilities | 6,198,429 | 3.71 - 7.70 | 6,999,004 | 1,704,106 | 3,138,648 | 2,156,250 |
| Bank borrowings | 16,806,059 | 3.75 - 8.25 | 18,949,048 | 4,858,317 | 12,629,963 | 1,460,768 |
| | 27,436,822 | | 30,380,386 | 10,994,757 | 15,768,611 | 3,617,018 |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)**Financial risk management (Cont'd)**Liquidity risk (Cont'd)

| | Carrying amount RM | Contractual interest rate % | Contractual cash flow RM | Below 1 year RM |
|--------------------------|--------------------------|-----------------------------------|--------------------------------|-----------------------|
| Company | | | | |
| 31.03.2023 | | | | |
| Trade and other payables | 3,564,559 | – | 3,564,559 | 3,564,559 |
| <hr/> | | | | |
| 31.03.2022 | | | | |
| Trade and other payables | 6,483,783 | – | 6,483,783 | 6,483,783 |
| <hr/> | | | | |

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates and cash flow and fair value interest rate risk that may affect the Group's and the Company's financial position and cash flows.

(a) Price risk

The Group is not significantly exposed to price risk.

(b) Cash flow and fair value interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in interest rates. The Group's variable rate borrowings are exposed to a change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The interest rate profit of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

| | Group | | Company | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | 31.03.2023 RM | 31.03.2022 RM | 31.03.2023 RM | 31.03.2022 RM |
| Fixed rate instruments | | | | |
| Financial assets | 5,462,925 | 4,061,896 | 3,880,674 | 2,509,133 |
| Financial liabilities | 162,606 | 451,107 | – | – |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 5,625,531 | 4,513,003 | 3,880,674 | 2,509,133 |
| <hr/> | | | | |
| Floating rate instruments | | | | |
| Financial liabilities | 9,676,695 | 16,576,059 | – | – |
| <hr/> | | | | |

Since the Group's and the Company's fixed rate financial assets and liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group's and the Company's profit or loss.

As at the end of the financial year, if interest rates of floating rate instruments of the Group had been lower by 50 basis point with all other variables held constant, this will result in post-tax increase of RM36,771 (31.03.2022: RM62,989) in profit or loss respectively.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

Market risk (Cont'd)

(c) Foreign currency risk

The Group is exposed to foreign currency risk on assets and liabilities that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is primarily in United States Dollar ("USD"), Chinese Renminbi ("RMB") and Japanese Yen ("JPY").

Exposure to foreign currency risk

The currency profile of the Group is as follows:

| | USD RM | RMB RM | JPY RM |
|---------------------------|-----------|-----------|-------------|
| Group | | | |
| 31.03.2023 | | | |
| Trade receivables | 978,423 | – | 67,754 |
| Other receivables | 39,534 | 676 | 114,450 |
| Cash and cash equivalents | 105,667 | 56,163 | 48,751 |
| Trade payables | (680,508) | – | – |
| Other payables | (391,837) | – | (1,455,007) |
| | 51,279 | 56,839 | (1,224,052) |

| | USD RM | RMB RM | JPY RM |
|---------------------------|-----------|-----------|-------------|
| Group | | | |
| 31.03.2022 | | | |
| Trade receivables | 1,431,836 | – | 149,644 |
| Other receivables | 166,050 | – | – |
| Cash and cash equivalents | 1,359,438 | 3,214,171 | 512,311 |
| Trade payables | (331,399) | – | (1,101,661) |
| Other payables | (488,195) | – | – |
| | 2,137,730 | 3,214,171 | (439,706) |

| | | | |
|---------------------------|-------|---|---|
| Company | | | |
| 31.03.2023 | | | |
| Cash and cash equivalents | 4,127 | – | – |
| 31.03.2022 | | | |
| Cash and cash equivalents | 4,304 | – | – |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)Market risk (Cont'd)

(c) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrated the sensitivity of the Group's and of the Company's profit net of tax to a reasonably possible change in USD, RMB and JPY exchange rates against the functional currency of the Group and of the Company, with all other variables held constant. The Group's and Company's profit net of tax would increase, as applicable, by the amounts stated below if the individual foreign currency had strengthened/weakened by the following percentage:

| | Group Effect on profit or loss for the financial year | | Company Effect on profit or loss for the financial year | |
|--|--|------------------|--|------------------|
| | 31.03.2023 RM | 31.03.2022 RM | 31.03.2023 RM | 31.03.2022 RM |
| USD | | | | |
| - Strengthened by 5% (31.03.2022: 5%) | 1,949 | 81,234 | 157 | 164 |
| - Weakened by 5% (31.03.2022: 5%) | (1,949) | (81,234) | (157) | (164) |
| RMB | | | | |
| - Strengthened by 5% (31.03.2022: 5%) | 2,160 | 122,138 | - | - |
| - Weakened by 5% (31.03.2022: 5%) | (2,160) | (122,138) | - | - |
| JPY | | | | |
| - Strengthened by 5% (31.03.2022: 5%) | (46,514) | (16,709) | - | - |
| - Weakened by 5% (31.03.2022: 5%) | 46,514 | 16,709 | - | - |

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of long-term floating rate bank borrowings carried on the statements of financial position reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- 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: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statements of financial position:

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Group | | | | |
| 31.03.2023 | | | | |
| Financial asset | | | | |
| Other investment | 50,000 | – | – | 50,000 |
| <hr/> | | | | |
| 31.03.2022 | | | | |
| Financial asset | | | | |
| Other investment | 50,000 | – | – | 50,000 |
| <hr/> | | | | |

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

30. CAPITAL MANAGEMENT

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The Group monitors capital using a gearing ratio, which is net debt divided by equity attributable to the owners of the Company. Net debt includes borrowings and lease liabilities, less cash and cash equivalents.

| | Group | |
|--|------------------|------------------------------|
| | 31.03.2023 RM | 31.03.2022 RM Restated |
| Borrowings | 9,676,695 | 16,806,059 |
| Lease liabilities | 162,606 | 221,107 |
| Less: Cash and cash equivalents | (10,280,885) | (13,849,766) |
| Net (liquidity)/debt | (441,584) | 3,177,400 |
| | | |
| Equity attributable to owners of the Company | 97,421,466 | 105,251,392 |
| | | |
| Gearing ratio | N/A | 3% |

There were no changes to the Group's approach to capital management during the financial year.

31. SUBSEQUENT EVENT

The Company had on 14 July 2023 entered into a Sale and Purchase Agreement with Blum Network Capital Sdn. Bhd. to dispose its entire 100% equity interest in Zhuhai Jadi Imaging Technologies Co, Ltd. for a total cash consideration of RM2,500,000. This subject to the fulfilment of precedent terms and conditions in the Agreement, the proposed disposal is expected to be completed by December 2023.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

32. PRIOR YEAR ADJUSTMENTS

- (a) As at 1 April 2021, the Group had understated deferred tax liabilities by RM3,190,651 and overstated revaluation reserve by RM3,992,828 arising from the revaluation of land and buildings. Similarly, as at 31 March 2022, the Group had understated deferred tax liabilities of RM3,199,266 and overstated revaluation reserve by RM3,953,931 arising from the revaluation of land and buildings.
- (b) The consolidation adjustments for unrealised profits associated with the property, plant, and equipment of Jadi Imaging Technologies (Suzhou) Co., Ltd. amounting to RM2,333,365 were not included in the statement of profit or loss when the subsidiary was disposed off on 10 September 2018. As a result, the accumulated depreciation of property, plant, and equipment and accumulated losses were overstated by RM2,333,365 respectively.
- (c) The Group has made the necessary prior year adjustments relating to the amounts with retrospective effect and the corresponding comparative figures have restated as follows:

| | As previously reported RM | Adjustments RM | As restated RM |
|---|------------------------------------|-------------------|----------------------|
| Group | | | |
| Statement of financial position as at 31.03.2022 (extract) | | | |
| Non-Current Asset | | | |
| Property, plant and equipment | 75,106,406 | 2,333,365 | 77,439,771 |
| Non-Current Liability | | | |
| Deferred tax liabilities | 4,527,339 | 3,199,266 | 7,726,605 |
| Equity | | | |
| Other reserves | 28,365,664 | (3,953,951) | 24,411,713 |
| Accumulated losses | (31,025,599) | 3,088,050 | (27,937,549) |
| <hr/> | | | |
| Statement of profit or loss and other comprehensive income for the financial year ended 31.03.2022 (extract) | | | |
| Taxation | 24,460 | (8,615) | 15,845 |
| <hr/> | | | |
| Statement of financial position as at 01.04.2021 (extract) | | | |
| Non-Current Asset | | | |
| Property, plant and equipment | 77,399,061 | 2,333,365 | 79,732,426 |
| Non-Current Liability | | | |
| Deferred tax liabilities | 4,457,571 | 3,190,651 | 7,648,222 |
| Equity | | | |
| Other reserves | 28,220,868 | (3,992,828) | 24,228,040 |
| Accumulated losses | (23,298,056) | 3,135,542 | (20,162,514) |
| <hr/> | | | |

- (d) As at 1 April 2021, the Company had understated its investment in subsidiaries by RM10,418,781 due to an over impairment of investment in subsidiaries.

Similarly, as at 31 March 2022, the Company had understated its investment in subsidiaries amounting to RM18,436,022. This cumulative understatement originated from the over impairment of investment in subsidiaries as at 1 April 2021 amounting to RM10,418,781 and an additional RM8,017,241 for the financial year ended 31 March 2022.

NOTES TO THE
FINANCIAL STATEMENTS

(CONT'D)

32. PRIOR YEAR ADJUSTMENTS (CONT'D)

- (e) The Company has made the necessary prior year adjustments relating to the amounts with retrospective effect and the corresponding comparative figures have restated as follows:

| | As previously reported RM | Adjustments RM | As restated RM |
|---|--|---------------------------|-------------------------------|
| Company | | | |
| Statement of financial position as at 31.03.2022 (extract) | | | |
| Non-Current Asset | | | |
| Investment in subsidiaries | 88,432,753 | 18,436,022 | 106,868,775 |
| Equity | | | |
| Accumulated losses | (19,025,397) | 18,436,022 | (589,375) |
| <hr/> | | | |
| Statement of profit or loss and other comprehensive income for the financial year ended 31.03.2022 (extract) | | | |
| Other expenses | (15,846,880) | 8,017,241 | (7,829,639) |
| <hr/> | | | |
| Statement of cash flows for the financial year ended 31.03.2022 (extract) | | | |
| Cash flows from operating activities | | | |
| Loss before tax | (16,088,023) | 8,017,241 | (8,070,782) |
| Impairment loss on investment in subsidiaries | 15,846,759 | (8,017,241) | (7,829,518) |
| <hr/> | | | |
| Statement of financial position as at 01.04.2021 (extract) | | | |
| Non-Current Asset | | | |
| Investment in subsidiaries | 103,763,420 | 10,418,781 | 114,182,201 |
| Equity | | | |
| (Accumulated losses)/ Retained earnings | (2,986,336) | 10,418,781 | 7,432,445 |
| <hr/> | | | |

33. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 18 July 2023.

LIST OF PROPERTIES

| Registered owner | Location | Description/ Existing use | Date of Acquisition | Approximate age of building/ Tenure | Land area/ Built-up area (sq. ft.) | Audited net book value as at 31.03.2023 (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 | 22 years/ Freehold | 855 | 79 |
| 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 | 28 years/ Freehold | 45,856/ 24,921 | 19,000 |
| 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 | 13 years/ Freehold | 257,278/ 123,128 | 40,000 |

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2023

Total Number of Issued Shares : 1,076,370,451 Ordinary Shares (excluding 119,672 Treasury Shares)
Class of Shares : Ordinary Shares
Number of Shareholders : 7,492
Voting Rights : One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

| Size of Holdings | No. of Holders | % | No. of Shares | % |
|---|----------------|---------------|----------------------|---------------|
| Less than 100 | 2,298 | 30.67 | 118,241 | 0.01 |
| 100 – 1,000 | 775 | 10.34 | 220,926 | 0.02 |
| 1,001 – 10,000 | 1,142 | 15.24 | 6,705,112 | 0.62 |
| 10,001 – 100,000 | 2,456 | 32.78 | 98,917,294 | 9.19 |
| 100,001 – Less than 5% of issued shares | 818 | 10.93 | 564,302,138 | 52.43 |
| 5% and above of issued shares | 3 | 0.04 | 406,106,740 | 37.73 |
| Total | 7,492 | 100.00 | 1,076,370,451 | 100.00 |

SUBSTANTIAL SHAREHOLDERS

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

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

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

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2023

(CONT'D)

LIST OF TOP THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

| No. | Name of Shareholders | No. of Shares Held | % |
|--------------|---|--------------------|--------------|
| 1. | HSBC Nominees (Asing) Sdn Bhd - Exempt an for the Hongkong and Shanghai Banking Corporation Limited (GCHK-LAZARUS) | 209,644,000 | 19.48 |
| 2. | Affin Hwang Nominees (Asing) Sdn Bhd - Exempt an for Sanston Financial Group Limited (Account Client) | 102,292,700 | 9.50 |
| 3. | Maybank Securities Nominees (Asing) Sdn Bhd - Pledged Securities Account for Static Control Holdings Limited | 94,170,040 | 8.75 |
| 4. | HSBC Nominees (Asing) Sdn Bhd - Exempt an for Morgan Stanley & Co. International PLC (IPB Client Acct) | 38,910,900 | 3.62 |
| 5. | Mega First Corporation Berhad | 17,719,300 | 1.65 |
| 6. | Lai Yee Voon | 17,500,000 | 1.63 |
| 7. | HSBC Nominees (Asing) Sdn Bhd - Exempt an for BNP PARIBAS (LONPBCLR-3PTY) | 14,674,200 | 1.36 |
| 8. | Tee Shong Pen | 12,232,000 | 1.14 |
| 9. | CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Foo Long Loke (MY1890) | 10,500,000 | 0.98 |
| 10. | Chin Chin Seong | 9,500,000 | 0.88 |
| 11. | Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lai Yee Kein (E-SPG) | 7,982,700 | 0.74 |
| 12. | Tey Soon Dee | 6,050,000 | 0.56 |
| 13. | Leong Oow Lai | 5,973,461 | 0.56 |
| 14. | How Bee Lay | 5,750,466 | 0.53 |
| 15. | RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Chee Chuan | 5,746,900 | 0.53 |
| 16. | Tai Yok Yen | 5,200,000 | 0.48 |
| 17. | Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Chee Chuan (7007197) | 5,000,000 | 0.46 |
| 18. | Tan Yoke Theng | 5,000,000 | 0.46 |
| 19. | Chew Chin Hun | 4,978,000 | 0.46 |
| 20. | Won Tian Loong | 4,950,000 | 0.46 |
| 21. | Tiu Kee Guan | 4,500,000 | 0.42 |
| 22. | Lim York Lai | 4,000,000 | 0.37 |
| 23. | Yung Boon Hong @ Yang Kok Ching | 3,910,000 | 0.36 |
| 24. | Lim Chew Yit | 3,834,400 | 0.36 |
| 25. | CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Ka Ong (MY4308) | 3,800,000 | 0.35 |
| 26. | CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Soon Kok (KKINABALU-CL) | 3,590,000 | 0.33 |
| 27. | Maybank Nominees (Tempatan) Sdn Bhd - Lee Gia Cian @ Cally | 3,509,000 | 0.33 |
| 28. | Chin Chin Seong | 3,500,000 | 0.33 |
| 29. | Simpson Wong | 3,432,200 | 0.32 |
| 30. | Seah Tin Kim | 3,163,544 | 0.29 |
| Total | | 621,013,811 | 57.69 |

NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second (“22nd”) Annual General Meeting of **JADI IMAGING HOLDINGS BERHAD** will be conducted on a virtual basis through live streaming from the broadcast venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan (“Broadcast Venue”) on Thursday, 21 September 2023 at 2:30 p.m. to transact the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2023 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 RM408,000 for the period from the 22nd Annual General Meeting 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 RM30,000 for the period from the 22nd Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 2)**
4. To re-elect Mr Ling Chi Hoong who retires pursuant to Clause 76 of the Company’s Constitution as Director of the Company. **(Resolution 3)**
5. To re-appoint Messrs HLB Ler Lum Chew PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

Special Business

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

6. **Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 (“Proposed General Mandate”)** **(Resolution 5)**

“THAT subject always to Sections 75 and 76 of the Companies Act 2016 (“the Act”), the Constitution, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approval of any governmental and/or regulatory authorities, the Directors be and are hereby authorised to allot and issue 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 to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 23rd Annual General Meeting or when it is required by law to be held, whichever is earlier, AND THAT the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.

THAT the existing shareholders of the Company hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company pursuant to Section 85 of the Act read together with Clause 12(2) of the Constitution of the Company arising from any issuance of new shares of the Company pursuant to Sections 75 and 76 of the Act.

AND THAT the Directors of the Company be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

NOTICE OF TWENTY-SECOND
ANNUAL GENERAL MEETING

(CONT'D)

7. **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 6)**

"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-SECOND
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.”

NOTICE OF TWENTY-SECOND
ANNUAL GENERAL MEETING

(CONT'D)

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

BY ORDER OF THE BOARD

WONG YUET CHYN
(MAICSA 7047163)
(SSM PC 202008002451)

ADELINE TANG KOON LING
(LS0009611)
(SSM PC NO. 2020082271)

Company Secretaries

Penang
Date: 31 July 2023

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 InsHub Sdn. Bhd. at <https://rebrand.ly/JADI-AGM>.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the 22nd 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 2023. 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.

NOTICE OF TWENTY-SECOND
ANNUAL GENERAL MEETING

(CONT'D)

2. APPOINTMENT OF PROXY (CONT'D)

- (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.
- (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

The proxy form must be deposited with the Company's Share Registrar at Workshire Share Registration Sdn Bhd of A3-3-8 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 infosr@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. 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.

NOTICE OF TWENTY-SECOND
ANNUAL GENERAL MEETING

(CONT'D)

2. APPOINTMENT OF PROXY (CONT'D)

- (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 A3-3-8 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 Tuesday, 19 September 2023 at 2:30 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 A3-3-8 Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia.

3. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 the 22nd 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 the 22nd AGM until the next AGM of the Company to be held in 2024, details of which as follows:-

| Category | Executive Director RM | Non-Executive Directors RM |
|-----------------------------|--------------------------|-------------------------------|
| The Company Directors' Fees | 120,000 | 288,000 |

The proposed Resolution 2 is to approve the payment of the Directors' Benefits, including meeting allowance payable to the Directors for the period from the 22nd AGM until the next AGM of the Company to be held in 2024. The details are appended below:-

| Category | Executive Director RM | Non-Executive Directors RM |
|--|--------------------------|-------------------------------|
| The Company Meeting Allowance per meeting per person | NIL | 30,000 |

NOTICE OF TWENTY-SECOND
ANNUAL GENERAL MEETING

(CONT'D)

5. RESOLUTION 3 – RE-ELECTION OF DIRECTOR

Mr Ling Chi Hoong is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at the 22nd AGM.

The Board had through the Nomination Committee carried out the assessment on the Director and agreed that he meets 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 his role as Director.

The Board had also through the Nomination Committee carried out assessment on the independence of Mr Ling Chi Hoong and is satisfied that he met the criteria of independence as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

6. RESOLUTION 4 – RE-APPOINTMENT OF AUDITORS

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

7. EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) Resolution 5 – Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 5 is proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016. The proposed Ordinary Resolution 5, if passed, will give the Directors of the Company authority to allot and issue shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company.

The Proposed General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to funding future investment project(s), working capital and/or acquisitions.

By approving the allotment and issue of the Company's shares pursuant to the Proposed General Mandate which will rank the equally with the existing issued shares in the Company, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 12(2) of the Constitution of the Company to be first offered the Company's Shares which will result in a dilution to their shareholdings percentage in the Company.

As at the date of this notice, no shares had been allotted and issued since the general mandate granted to the Directors at the last Annual General Meeting held on 21 September 2022 and this authority will lapse as the conclusion of the 22nd Annual General Meeting of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the Proposed General Mandate is in the best interests of the Company and its shareholders.

NOTICE OF TWENTY-SECOND
ANNUAL GENERAL MEETING

(CONT'D)

7. EXPLANATORY NOTES ON SPECIAL BUSINESS (CONT'D)

(ii) Resolution 6 – Proposed Renewal of Share Buy-Back Mandate

The proposed Resolution 6, 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 on pages 10 to 19 of the Annual Report 2023 of the Company for further information.

PERSONAL DATA PRIVACY

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

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

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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 <i>(in Block as per NRIC/Passport)</i> | NRIC/Passport No. | Proportion of Shareholdings | |
|--|-------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |
| Email Address: | | Contact No.: | |

and

| Full Name <i>(in Block as per NRIC/Passport)</i> | 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-Second Annual General Meeting of the Company, which will be conducted on a virtual basis through live streaming from the broadcast venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan ("Broadcast Venue") on Thursday, 21 September 2023 at 2:30 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 RM408,000 for the period from the Twenty-Second Annual General Meeting until the next Annual General Meeting of the Company. | | |
| 2 | Approval on the payment of Directors' Benefits up to an amount of RM30,000 for the period from the Twenty-Second Annual General Meeting until the next Annual General Meeting of the Company. | | |
| 3 | Re-election of Mr Ling Chi Hoong as Director of the Company pursuant to Clause 76 of the Company's Constitution. | | |
| 4 | Re-appointment of Messrs HLB Ler Lum Chew PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | | |
| 5 | Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016. | | |
| 6 | Proposed Renewal of Share Buy-Back Mandate. | | |

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____ 2023

Signature*
Member

^ Delete whichever is not applicable

* Manner of execution:

- If you are an individual member, please sign where indicated.
- 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.
- 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:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.



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 InsHub Sdn. Bhd. at <https://rebrand.ly/JADI-AGM>.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the 22nd 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 2023. 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.
- (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

The proxy form must be deposited with the Company’s Share Registrar at Workshire Share Registration Sdn Bhd of A3-3-8 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 infosr@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. 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 A3-3-8 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 Tuesday, 19 September 2023 at 2:30 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 A3-3-8 Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia.*

Fold this flap for sealing

Then fold here

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

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