



Dominant
Enterprise Berhad
199101010894 (221206 - D)



Engineering Tomorrow's Solutions Today

ANNUAL REPORT 2021



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth Annual General Meeting ("29th AGM") of DOMINANT ENTERPRISE BERHAD will be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its website at <https://tiih.online> on **Monday, 23 August 2021 at 10.00 a.m. and at any adjournment thereof**, for the following purposes :-

ORDINARY BUSINESS

- | | |
|--|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 March 2021 and the Reports of the Directors and Auditors thereon. | Resolution on Proxy Form (Explanatory Note 1) |
| 2. To approve the payment of a Single Tier Final Dividend of 1.0 sen per share in respect of the financial year ended 31 March 2021. | Ordinary Resolution 1 (Explanatory Note 2) |
| 3. To approve the payment of Directors' Fees of RM260,000 in respect of the financial year ended 31 March 2021. | Ordinary Resolution 2 (Explanatory Note 3) |
| 4. To approve the payment of Directors' Benefits payable up to an amount of RM30,000 from the close of 29 th Annual General Meeting until conclusion of the 30 th Annual General Meeting in year 2022. | Ordinary Resolution 3 (Explanatory Note 3) |
| 5. To re-elect the following Directors who retire pursuant to Clause 76(3) of the Constitution of the Company :- | |
| (a) Mr. Owee Geok Choon | Ordinary Resolution 4 (Explanatory Note 4) |
| (b) Mr. Johnson Kandasamy A/L David Nagappan | Ordinary Resolution 5 (Explanatory Note 4) |
| 6. To re-elect the following Directors who retire pursuant to Clause 78 of the Constitution of the Company :- | |
| (a) Ms. Cha Shi Jiu | Ordinary Resolution 6 (Explanatory Note 4) |
| (b) Mr. Tan Yin Beng | Ordinary Resolution 7 (Explanatory Note 4) |
| 7. To re-appoint Messrs. BDO PLT as Auditors of the Company for the financial year ending 31 March 2022 and to authorise the Board of Directors to fix their remuneration. | Ordinary Resolution 8 (Explanatory Note 5) |

SPECIAL BUSINESS

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

- | | |
|--|---|
| 8. AUTHORITY TO DIRECTORS TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | Ordinary Resolution 9 (Explanatory Note 6) |
| <p>"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised to allot shares in the Company, from time to time, at such price, upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be allotted during the preceding 12 months does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so allotted from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by a resolution of the Company at a general meeting."</p> | |
| 9. To transact any other business of which due notice shall have been given. | |



NOTICE OF ANNUAL GENERAL MEETING (continued)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the 29th Annual General Meeting of the Company a single tier final dividend of 1.0 sen per share in respect of the financial year ended 31 March 2021, if approved, will be payable on 23 September 2021 to shareholders whose names appear in the Record of Depositors on 10 September 2021.

A depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 10 September 2021 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD DOMINANT ENTERPRISE BERHAD

YONG MAY LI (f) (LS 0000295)
(SSM Practicing Certificate No. 202008000285)

WONG CHEE YIN (f) (MAICSA 7023530)
(SSM Practicing Certificate No. 202008001953)

Company Secretaries
Johor Bahru
22 July 2021

NOTES:

1. The 29th AGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") in Malaysia via its TIIH Online website at <https://tiah.online>. Members are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "Participate") remotely at this 29th AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor. Members are advised to follow the procedures of RPV as stated in the Administrative Guide.
2. According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 1 June 2021, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to Participate in the meeting online.
3. For the purpose of determining who shall be entitled to Participate this 29th 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 16 August 2021. Only a member whose name appears on this Record of Depositors shall be entitled to Participate this 29th AGM via RPV.
4. A member entitled to Participate at this 29th 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 in his/her place. A proxy may but need not be a member of the Company.
5. A member of the Company who is entitled to Participate at the 29th AGM of the Company may appoint not more than two (2) proxies to Participate instead of the member at the Annual General Meeting.
6. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
7. Where a member of the Company is an authorised nominee as defined in the 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.
8. 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 Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
9. 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.
10. The appointment of a proxy may be made in a hard copy form or by electronic form. In the case of appointment made in hardcopy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at <https://tiah.online>. Please follow the procedure as set out in the Administrative Guide for the electronic lodgement of proxy form. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote.

NOTICE OF ANNUAL GENERAL MEETING (continued)

NOTES: (continued)

11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote. A copy of 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.
12. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
13. Last date and time for lodging the proxy form is Saturday, 21 August 2021 at 10.00 a.m.
14. For a corporate member who has appointed a representative instead of a proxy to Participate this meeting must request authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiah.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.

EXPLANATORY NOTES :

1. ITEM 1 OF THE AGENDA - AUDITED FINANCIAL STATEMENTS

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

2. ITEM 2 OF THE AGENDA **ORDINARY RESOLUTION 1: SINGLE TIER FINAL DIVIDEND**

The Board has considered the dividend of 1.0 sen per share recommended for the shareholders' approval and the Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made on 23 September 2021 in accordance with the requirements under Section 132(2) and (3) of the Companies Act 2016.

3. ITEMS 3 AND 4 OF THE AGENDA RESPECTIVELY **ORDINARY RESOLUTION 2: PAYMENT OF DIRECTORS' FEES** **ORDINARY RESOLUTION 3: PAYMENT OF DIRECTORS' BENEFITS**

In compliance with Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The Ordinary Resolutions 2 and 3 are proposed to seek shareholders' approval for the payment of Directors' fees for financial year ended 31 March 2021 and Directors' benefits for the period commencing from the close of 29th Annual General Meeting until conclusion of the 30th Annual General Meeting in year 2022 to the Directors of the Company.

The amounts of Directors' fees tabled for approval is based on the current composition of the Board. The total amount of Directors' fees proposed for the financial year ended 31 March 2021 is RM260,000.

The total estimate of Directors' Benefits payable comprised of Directors' training expenses and meetings allowances for all Directors for the period from the close of the 29th Annual General Meeting until the conclusion of the 30th Annual General Meeting in year 2022.



NOTICE OF ANNUAL GENERAL MEETING (continued)

EXPLANATORY NOTES : (continued)

4. **ITEMS 5 AND 6 OF THE AGENDA RESPECTIVELY ORDINARY RESOLUTIONS 4,5,6 AND 7: RE-ELECTION OF DIRECTORS**

Mr. Owee Geok Choon, Mr. Johnson Kandasamy A/L David Nagappan, Ms. Cha Shi Jiu and Mr. Tan Yin Beng are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 29th Annual General Meeting.

The Board has through the Nominating Committee, had considered and assessed the retiring Directors and agreed that they meet the qualification of Directors as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities and have the character, experience, integrity, competence and time to effectively discharge their roles as Directors.

5. **ITEM 7 OF THE AGENDA ORDINARY RESOLUTION 8: RE-APPOINTMENT OF AUDITORS**

The Board has through the Audit Committee, considered the re-appointment of BDO PLT as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 29th Annual General Meeting are disclosed in the Audit Committee Report of the 2021 Annual Report.

EXPLANATORY NOTE ON SPECIAL BUSINESS:

6. **ITEM 8 OF THE AGENDA ORDINARY RESOLUTION 9 – AUTHORITY TO DIRECTORS TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

Ordinary Resolution 9 proposed under item 8 of the Agenda is for the purpose of granting a renewal of the general mandate and if passed, will provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration. This authority will commence from the date of this Annual General Meeting and unless earlier revoked or varied by the shareholders of the Company at a subsequent general meeting, shall expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares have been issued pursuant to the mandate obtained at the 28th Annual General Meeting of the Company held on 28 September 2020, and accordingly no proceeds were raised.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. **Further details of individuals who are standing for election as directors (excluding directors standing for re-election):**

There is no person seeking election as Director of the Company at this Annual General Meeting.

2. **A statement relating to general mandate for issue of securities in accordance with paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:**

The general mandate for issue of shares is for the renewal of the general mandate obtained from the members at the 28th Annual General Meeting held on 28 September 2020 and no new shares of the Company have been issued pursuant to the said general mandate.

The purpose of this general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

CORPORATE INFORMATION

Board of Directors

- **Mr. Waldersee Chan Chung Ching**
Non-Executive Chairman
- **Mr. Owee Geok Choon**
Managing Director
- **Mr. Chai Soon Too**
Executive Director
- **Mr. Teo Yu Chin**
Executive Director
- **Ms. Cha Shi Jiu**
Executive Director
- **Mr. Johnson Kandasamy A/L David Nagappan**
Non-Independent Non-Executive Director
- **Puan Noor Hazelin Binti Hashim**
Independent Non-Executive Director
- **Mr. Han Hing Siew**
Independent Non-Executive Director
- **Mr. Tan Yin Beng**
Independent Non-Executive Director

Audit Committee

Mr. Han Hing Siew
(Chairman)

Puan Noor Hazelin Binti Hashim
Mr. Tan Yin Beng
Mr. Johnson Kandasamy
A/L David Nagappan

Auditors

BDO PLT
(LLP0018825-LCA & AF0206)
Suite 18-04, Level 18 Menara Zurich,
15 Jalan Dato' Abdullah Tahir,
80300 Johor Bahru, Johor, Malaysia
Tel : 607 – 331 9815
Fax : 607 – 331 9817

Principal Bankers

Affin Bank Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank Group
RHB Bank Berhad
United Overseas Bank Group

Stock Exchange

Main Market of Bursa Malaysia
Securities Berhad
200301033577(635998-W)
Stock Name: DOMINAN
Stock Code : 7169

Share Registrar

Tricor Investor & Issuing
House Services Sdn. Bhd.
197101000970(11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Malaysia.
Tel : 603 – 2783 9299
Fax : 603 – 2783 9222

Company Secretary

Yong May Li
(LS0000295)
(SSM Practicing
Certificate No.
202008000285)

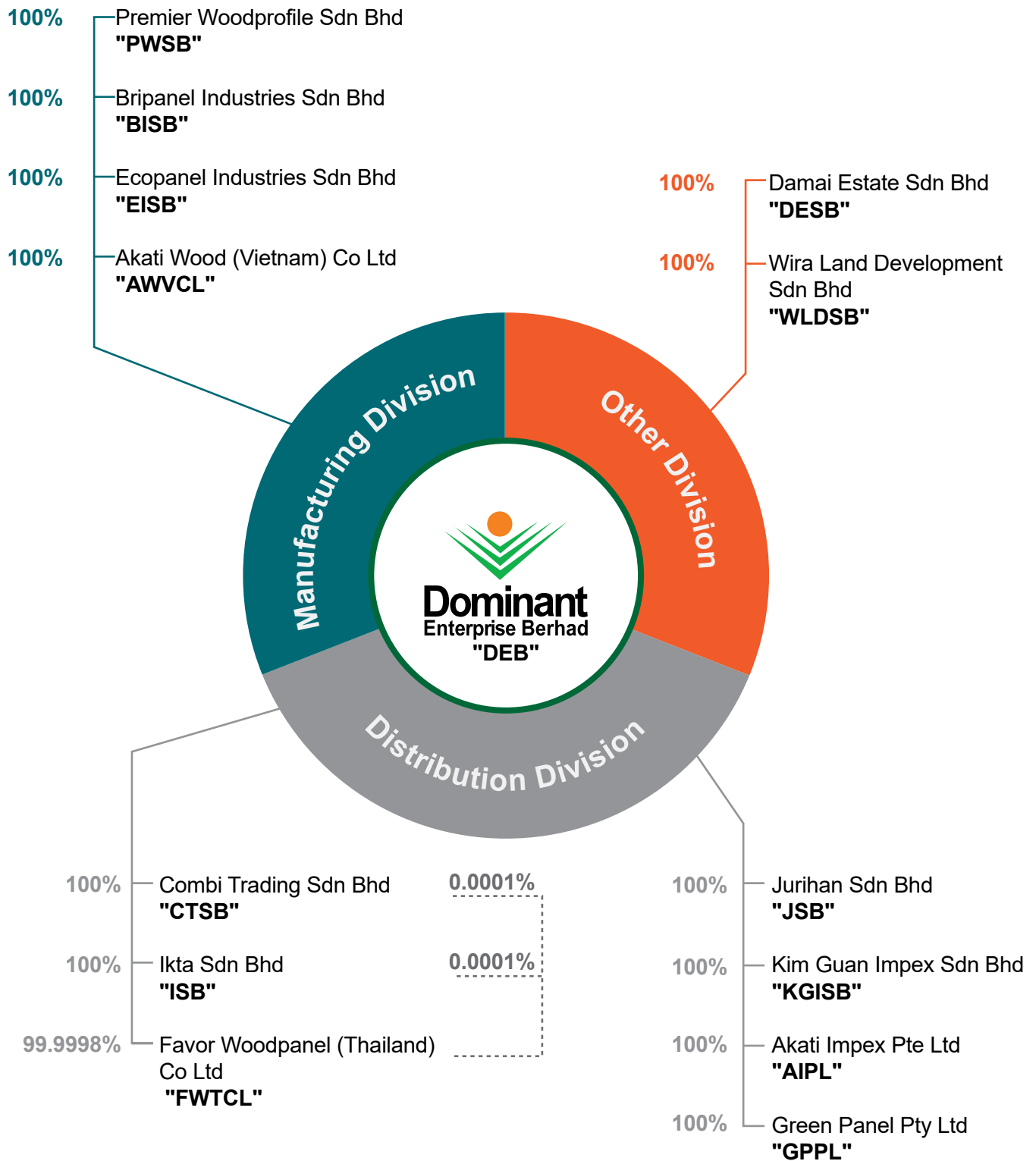
Wong Chee Yin
(MAICSA 7023530)
(SSM Practicing
Certificate No.
202008001953)

Registered Office

Suite 1301,
13th Floor, City Plaza,
Jalan Tebrau,
80300 Johor Bahru,
Johor, Malaysia
Tel : 607 – 3322088
Fax : 607 – 3328096



CORPORATE STRUCTURE



DIRECTORS' PROFILE

Waltersee Chan Chung Ching

Non-Executive Chairman

Male, aged 45, Malaysian, was appointed as the Non-Executive Chairman of Dominant on 1 October 2020. He graduated with a Bachelor of Laws from University College London, UK in 1999, and is a qualified lawyer in Singapore and Malaysia. He currently serves as the Head of Legal and Compliance for multinational corporation in Singapore.

Chai Soon Too

Executive Director

Male, aged 60, Malaysian, was appointed to the Board of Dominant on 18 April 2003. He is the co-founder of JSB and was instrumental in setting up ISB's offices in Butterworth and Kota Bahru. He graduated with a Bachelor of Business Administration from National Chung-Hsing University, Taiwan in 1985. In 1993, he joined ISB as Director. He is responsible for overseeing the day-to-day operations of ISB and is also in charged of the business development and establishment of new distribution networks of ISB and JSB. He was appointed as the director of EISB and KGISB in financial year 2005.

Cha Shi Jiu

Executive Director

Female, aged 42, Singaporean, appointed as Alternate Director to Mr Cha Aku Wai @ Sia Ah Kow with effect from 1 February 2019 and redesignated as Executive Director on 1 October 2020. She graduated with a Bachelor of Science (Hons), Actuarial Science from the London School of Economics and Political Science, UK in 2001. She started her career in Singapore as an actuarial analyst with a consulting firm, Watson Wyatt Insurance Consulting Pte. Ltd. Subsequently, she worked in two multinational insurance companies namely Prudential Singapore and Allianz Singapore, before joining a social enterprise Singapore insurer, NTUC Income Co-operative, where she worked as a senior manager in the Chief Actuary Office. Her roles included regulatory financial reporting, risk management and compliance, as well as corporate finance projects.

Owee Geok Choon

Managing Director

Male, aged 50, Malaysian, was appointed to the Board of Dominant on 18 April 2003. He was appointed as Deputy Managing Director on 1 January 2010 and was re-designated as Deputy Managing Director cum Chief Executive Officer on 25 February 2015, and was re-designated to Managing Director on 1 September 2018. He graduated with a Bachelor of Commerce majoring in Accounting from Monash University, Australia in 1993. He started his career with AIPL as an Export Marketing Executive. With his dedication and ability, he was later offered the position of General Manager in CTSB in 1996. Apart from overseeing the day-to-day operations of the Group, he is also responsible for the business development and implementation of marketing strategies for DEB.

Teo Yu Chin

Executive Director

Male, aged 40, Malaysian, was appointed to the Board of Dominant on 1 October 2013. He graduated with a Bachelor of Electrical Engineering from Pennsylvania State University, USA in 2002. He started his career with United Overseas Bank (Malaysia) Berhad as Commercial and Corporate Banker in 2003. In 2007, he joined Vermi Industries Sdn. Bhd. as General Manager. He joined Dominant on 1 January 2013 and is responsible for overseeing the day-to-day operations of AIPL and FWTCL.

Johnson Kandasamy A/L David Nagappan

Non-Independent Non-Executive Director

Male, aged 60, Malaysian, was appointed to the Board of Dominant on 1 November 2004 and was re-designated as Senior Independent Non-Executive Director on 27 August 2018 and was re-designated as Non-Independent Non-Executive Director on 1 October 2020. He started his career in accountancy in 1981 as an audit trainee with a local accounting firm. Prior to establishing his own accounting firm, JK David & Co. in 2002, he served in various capacities in two other local accounting firms. He is a Chartered Accountant registered with the Malaysian Institute of Accountants, a Fellow of the Association of Chartered Certified Accountants, an approved tax agent and a Chartered Tax Practitioner registered with the Chartered Tax Institute of Malaysia and also a Certified Financial Planner.

He is currently an Independent Non-Executive Director of Apollo Food Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.



DIRECTORS' PROFILE (continued)

Noor Hazelin Binti Hashim

Independent Non-Executive Director

Female, aged 49, Malaysian, was appointed to the Board of Dominant on 28 February 2017. She graduated with a Bachelor of Law (Honours) from International Islamic University of Malaysia in 1995 and was admitted in Malaysian Bar in 1996. She is the founder and managing partner of Hazelin & Associates since 1997.

Han Hing Siew

Independent Non-Executive Director

Male, aged 63, Malaysian, was appointed to the Board of Dominant on 1 June 2018. He graduated with a Bachelor of Commerce degree majoring in Accounting from the University of Otago New Zealand in 1981. He is a Chartered Accountant registered with the Malaysian Institute of Accountants since 1992. He is a Certified Financial Planner registered with the Financial Planning Association of Malaysia since 2003.

He joined AmInvestment Bank Berhad (formerly Arab-Malaysian Merchant Bank Berhad) in 1991 and retired in 2016. He has served as Head of Investment Banking for the Southern Region which encompassed Corporate Advisory services (for Corporate Finance & Debt Capital Market), Corporate Loans, Treasury Solutions and Stockbroking services.

He is currently an Independent Non-Executive Director of Country View Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Tan Yin Beng

Independent Non-Executive Director

Male, age 67, Malaysian, was appointed to the Board of Dominant on 1 October 2020. He graduated with a Bachelor of Science (Hons) from Portsmouth University (Formerly Portsmouth Polytechnic), England United Kingdom. He joined Panasonic System Networks Malaysia Sdn Bhd in March 1979 since inception. A total of 38 years 4 months from construction of factory as a trainee Engineer in 1979 progressively promoted until the position as Managing Director for 8 years and last 3 years as Senior Executive Advisor. He is a Fellow of The Institution of Engineer Malaysia (FIEM).

Family Relationship of Directors

None of the directors has any family relationship with any directors and/or major shareholders of the Company other than as disclosed below :-

1. Waldersee Chan Chung Ching is the spouse of Cha Shi Jiu
2. Cha Shi Jiu is the spouse of Waldersee Chan Chung Ching

Conflict of Interest

None of the directors has any conflict of interest with the Company.

Conviction of Offence

None of the directors has been convicted of any offence within the past 10 years other than traffic offences.

KEY SENIOR MANAGEMENT INFORMATION

The key management team of Dominant Group of companies is headed by Mr Owee Geok Choon, who is the Managing Director of the Group. He is assisted by three (3) Executive Directors namely Mr Chai Soon Too, Mr Teo Yu Chin and Ms Cha Shi Jiu. All four (4) of them are the key senior management and their profile are set out on page 8 of this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS

Financial year ended 31 March 2021 has proved to be another challenging year, with COVID-19 pandemic causing the country to enter into a lockdown in the beginning of the financial year, as well as various phases of Movement Control Orders throughout the year. At the same time, our overseas operations were also affected by weak market sentiments and pandemic-related restrictions imposed by the respective local governments.

Despite the challenges faced, our manufacturing segment has actually performed better, a commendable achievement, attributable to the team's tenacity and focus in the execution of our strategies.

BUSINESS AND OPERATIONS

The Group has two business segments, comprising distribution and manufacturing.

The distribution segment's activities are carried out by seven subsidiaries, namely Combi Trading Sdn Bhd, Ikta Sdn Bhd, Kim Guan Impex Sdn Bhd, Jurihan Sdn Bhd, Akati Impex Pte Ltd, Green Panel Pty Ltd and Favor Woodpanel (Thailand) Co Ltd. Through these companies, Dominant distributes wood panel and building material products to furniture manufacturers, interior designers, and construction-related players in Malaysia, Singapore, Australia, Thailand and Vietnam.

Meanwhile, the manufacturing segment's business activities are executed by four subsidiaries, namely Premier Woodprofile Sdn Bhd, Bripanel Industries Sdn Bhd, Ecopanel Industries Sdn Bhd, and Akati Wood (Vietnam) Co. Ltd. These companies manufacture laminated wood panel products, wrapped MDF mouldings and furniture components for furniture manufacturers & interior design industries.

FINANCIAL REVIEW

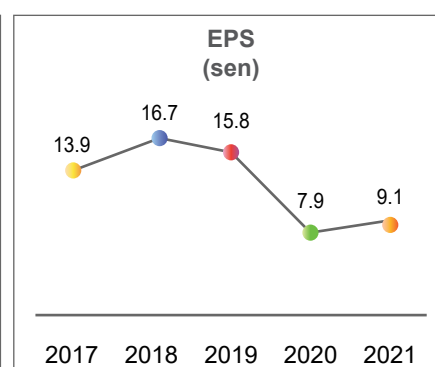
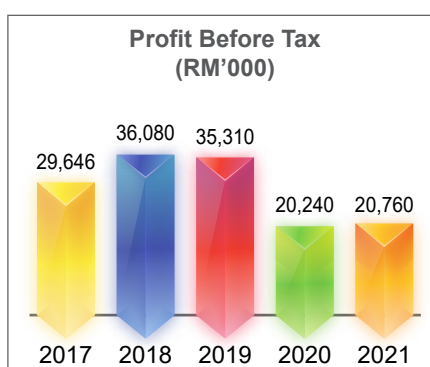
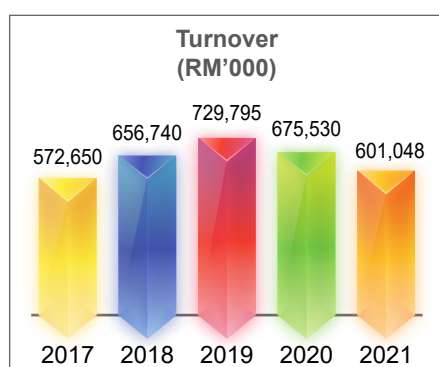
Group revenue in FY2021 fell 11.0% to RM601.0 million compared to RM675.5 million previously, driven mainly by the sluggish market. Generally, market demand has slowed down significantly due to the uncertainty in the global economic environment resulting from COVID-19 pandemic.

Revenue from the distribution segment contributed RM402.2 million or 66.9% of group revenue, falling 20.6% from RM506.4 million a year ago.

However, revenue from the manufacturing segment increased 17.4% to RM198.5 million from RM169.0 million a year ago due to the increased in sales to the furniture export industry.

Group operating profit fell 11.9% to RM29.6 million in FY2021, from RM33.6 million previously, mainly due to lower revenue in the sluggish market.

Group profit before tax remain largely unchanged, increasing slightly to RM20.8 million in FY2021 from RM20.2 million a year ago.



ASSETS, LIABILITIES AND EQUITY

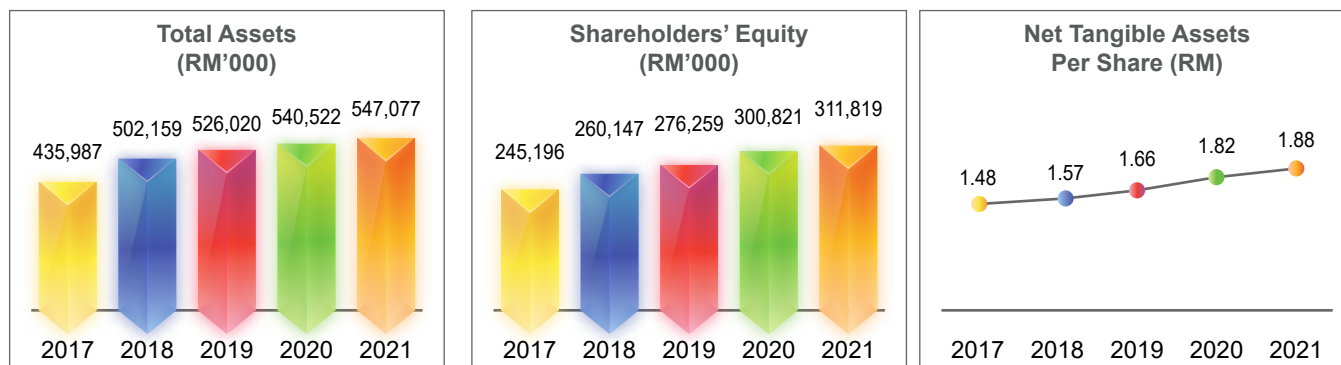
The Group's total asset base increased to RM547.1 million as at 31 March 2021 from RM540.5 million a year ago. This was mainly driven by additions of construction work-in-progress.

The Group's total liability base decreased to RM235.3 million as at 31 March 2021 from RM239.7 million previously. Bank borrowings decreased to RM169.6 million from RM180.1 million. The decrease was partially offset by trade payable which increased to RM39.2 million from RM31.9 million a year ago.



MANAGEMENT DISCUSSION & ANALYSIS (continued)

ASSETS, LIABILITIES AND EQUITY (continued)



Group shareholders' equity rose to RM311.8 million, from RM300.8 million previously on higher retained earnings.

CAPITAL STRUCTURE AND CAPITAL RESOURCES

The construction of the Group's KL Dengkil plant and Ipoh warehouse is close to completion and is expected to be completed in the third quarter of 2021. Costs incurred is expected to be RM15.9 million for the Dengkil plant and RM4.4 million for the Ipoh warehouse.

In 2019, the Group has also entered into an agreement to purchase 3 parcels of industrial land in Muar totalling 18.4 acres, for RM12.8 million. The industrial land parcels are expected to be delivered in August 2022.

The Group has started on the construction of 2 warehouses in Johor Bahru on industrial land parcels owned by the Group. Construction is expected to be completed in the third quarter of 2021 and costs are estimated to be RM4.5 million. The warehouses might be rented out once construction is completed.

These projects are financed by internally generated funds and bank borrowings.

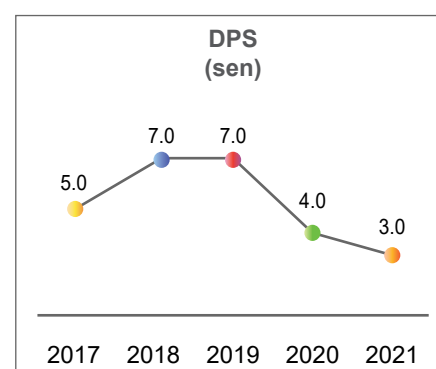
Dominant's debt over debt plus equity ratio remains at a comfortable position of 0.29 times as at 31 March 2021, allowing the Group sufficient flexibility to fund a larger project base, withstand any economic fluctuations and capture future opportunities.

DIVIDENDS

The Board of Directors of Dominant has declared and distributed two interim dividends in respect of FY2021, namely the first single-tier interim dividend of 1.0 sen per share paid on 23 December 2020, and the second single-tier interim dividend of 1.0 sen per share paid on 26 March 2021.

Furthermore, the Board is proposing a final single-tier dividend of 1.0 sen per share in respect of FY2021, subject to shareholders' approval at the upcoming Annual General Meeting.

In total, Dominant has declared dividends of 3.0 sen per share in respect of FY2021, equivalent to a dividend payout of approximately RM5.0 million, representing 33.3% of FY2021 net profit.



OPERATIONAL HIGHLIGHTS

Distribution

Revenue derived from distribution segment made up 66.9% of the Group's revenue, which decreased from 75.0% last year. The Group aims to continue to enhance our coverage in the coming years for both local and overseas markets.

Manufacturing

The construction of the Group's Dengkil factory is expected to be completed in the third quarter of 2021, and the Group has purchased an additional production line for the new factory which is expected to start production towards the end of 2021. This new Dengkil plant, together with the additional line of production will increase our production capability, allowing us to cater more effectively to market demand.

MANAGEMENT DISCUSSION & ANALYSIS (continued)

CHALLENGES

The Group is aware of the various internal and external risks that may negatively impact its future prospects.

One of the immediate risk the Group faces is the continuing COVID-19 pandemic, and the sustainability of the recovery in the domestic and global markets. The COVID-19 pandemic has caused disruptions to both our local and overseas operations, with countries imposing various pandemic-related restrictions.

The construction industry, in particular, has been hit by the pandemic. To mitigate this, the Group has worked on its product mix, offering a wider range of products to cater to its customers, as well as develop new industries and markets both locally and overseas.

Another challenge that the Group faces is the rising raw material costs. To counter this, the Group has developed diverse source of supply from various countries, as well as to leverage on its competitive advantage of economies of scale. At the same time, the Group strives to be the leader in driving the market selling price of its products. The Group is constantly developing and introducing new products and designs to the market to achieve higher margins to offset the price increase of raw materials.

Internally, the Group's operations may be disrupted by the outbreaks of infectious diseases among its workforce, wear and tear breakdown of machineries, or fire in its premises. To reduce the risk of the spread of disease among its workforce, the Group adheres strictly to the standard operating procedures prescribed by the Health Ministry. In terms of managing the risk of machines breaking down and fire happening in its premise, the Group carries out scheduled maintenance of all its machineries and fire-fighting equipment, and monitors its premises closely via security systems.

PROSPECTS

Despite the challenges faced, we remain cautiously optimistic about the Group's prospects. The Group will continue to set sights on new milestones in both local and foreign markets, leveraging on its core strength as a key manufacturer and distributor of wood products and moulded wood components.

At the same time, the Group seeks to diversify its income stream to maximise the use of the Group's resources and fully realise their potential.

The Group will be looking to implement the following strategies:

- **Expansion in overseas operations**

The Group currently has subsidiary presence in Malaysia, Singapore, Australia, Thailand and Vietnam. The Group will replicate its successful business model in Malaysia in its overseas operations, and aims to strengthen its footprint in all these countries through increased production capability, introduction of new products to the markets and developing new industries such as packaging and container repair.

- **Ramping up of manufacturing segment**

The Group is expanding its manufacturing division to ride on the boom in the furniture industry. On top of the additional line purchased for the new Dengkil factory, the Group is also looking to expand its production capacity in its other branches. The space in the current warehouse in Muar has already been optimised, and the Group plans to construct a significantly larger warehouse on the industrial land purchased to support the planned increase in production once the land is delivered.

In addition, the Group has invested in new machineries for its manufacturing plants. These new machineries allow for significantly greater level of automation, reducing future demand on number of workers required. At the same time, the new technology that comes with these machineries allows for the consistent production of higher quality products and have lower downtime, leading to greater efficiency.

- **Introduction of new products to the market**

The Group is constantly reviewing market trends and needs, and sourcing for new supplies and products to cater customers' needs, putting in extra effort to introduce environmentally friendly products to the furniture and construction industries. At the same time, the Group will look to develop niche markets where we can achieve better margins.

- **Providing one-stop shop service**

The Group is continuously working to enhance its product range and services and strives to establish itself as a one-stop shop to its customers. This includes enhancing our warehousing facilities to serve customers' needs by stocking up various types of products.

- **Diversifying income stream**

The Group has started on the construction of 2 warehouses in Johor Bahru. Construction is expected to be completed in the third quarter of 2021. Once completed, these warehouses might be rented out. In addition, part of the new Ipoh warehouse might also be rented out upon the completion of construction. The renting out of these warehouses will generate stable, recurring rental income for the Group.

- **Adoption of new technologies**

The Group is constantly reviewing and investing in new technologies to improve efficiency and competitiveness. In addition to the investment in automated machines, the Group has also installed solar panels in one of our manufacturing plants, allowing savings in electricity expenses. Employees are equipped with the necessary tools and equipment to work from home when required, to minimise disruptions to business operations.

- **Looking out for investment opportunities**

The Group is always on the lookout for new investment opportunities related to furniture and construction industries to increase its revenue. However, other non-related opportunities are also not ruled out if they can enhance the Group's value.



SUSTAINABILITY STATEMENT

GENERAL

The Group recognises the importance of the sustainability of its business activities and their economic, environment and social impact. Hence, the Group is committed to operate its businesses in an economically, environmentally and socially sustainable manner, balancing business opportunities and risks and to further create value to its stakeholders in the long-term.

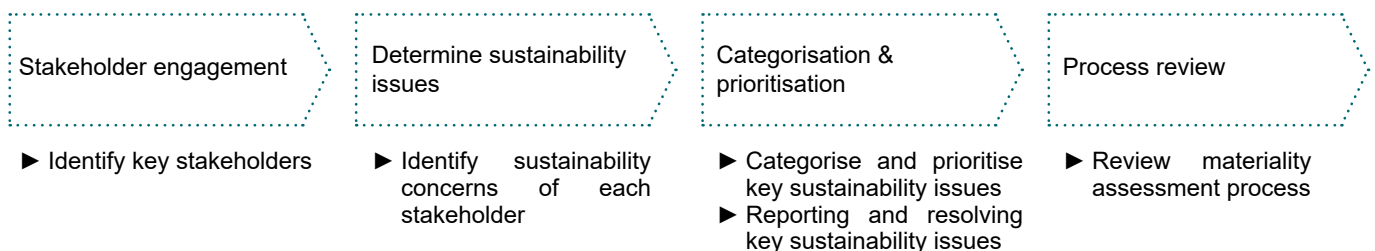
SUSTAINABILITY GOVERNANCE STRUCTURE

The sustainability governance structure of the Group is established in the following manner:



MATERIAL ASSESSMENT PROCESS

We carry out materiality assessment annually to identify and assess sustainability matters relevant to the Group as follows:



STAKEHOLDER ENGAGEMENT

As the highest governance body within the Group, the Board assumes the ultimate accountability for the integration of sustainability in the Group.

SUSTAINABILITY STATEMENT (continued)

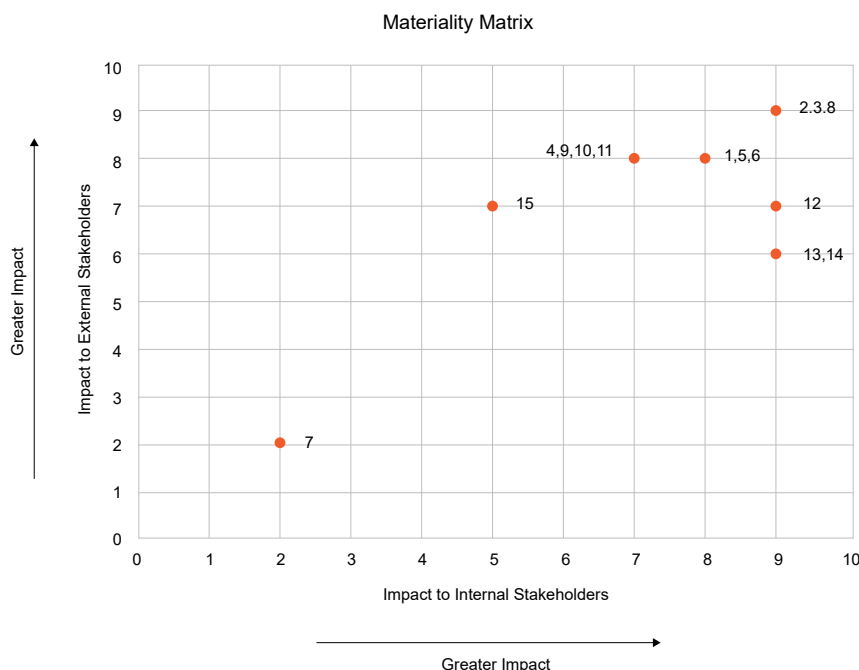
STAKEHOLDER ENGAGEMENT (continued)

Based on engagement with the various stakeholders, we determined the following material sustainability issues for the year under review:

| Stakeholder | Matter of concern | Engagement type |
|-------------------------------|---|--|
| Employees | <ul style="list-style-type: none"> • Career development and growth prospects • Discrimination • Remuneration commensurate with job responsibilities • Training opportunities and job security • Occupational safety and health • Employee welfare | <ul style="list-style-type: none"> • Induction programme • Annual performance appraisal • Recreational activities • Volunteer opportunities • Learning and Development programmes • Regular Group-wide communication on Group policies • Annual education merit award |
| Government & Regulators | <ul style="list-style-type: none"> • Compliance with laws and regulations | <ul style="list-style-type: none"> • Annual financial audit • Noise compliance testing • Compliance to safety regulations • Permits and Licenses |
| Customers | <ul style="list-style-type: none"> • Customers' satisfaction • Long term business relationship • New/alternative products • Competitive pricing • Timely delivery | <ul style="list-style-type: none"> • Regular customer visits • Active participation in activities organised by related industry associations • Social media |
| Shareholders & Investors | <ul style="list-style-type: none"> • Long term sustainable growth • Diversification • Risk management • Group governance • Financial returns | <ul style="list-style-type: none"> • Annual general meetings • Quarterly reporting • Annual report • Analyst meetups • Media coverage |
| Suppliers & business partners | <ul style="list-style-type: none"> • Procurement process • Business sustainability • Prompt payment | <ul style="list-style-type: none"> • Quality feedback form • Periodic supplier visits • Attend exhibitions suppliers participate in |
| Community | <ul style="list-style-type: none"> • Provide help to the needy | <ul style="list-style-type: none"> • Charity club, WeCare, set up to drive volunteer/charity events |

MATERIALITY ASSESSMENT

We assessed the significance of each of the sustainability matters identified on its level of impact and influence to the Group, based on internal rating criteria and methodology. The result of the assessment is shown in the matrix below.





SUSTAINABILITY STATEMENT (continued)

MATERIALITY ASSESSMENT (continued)

| Sustainability matters | | Description |
|---------------------------|--|---|
| <u>Economic</u> | | |
| 1 | Ethics and conduct | Comply with Code of Ethics and Conduct, Anti-Bribery and Corruption Policy, Gift and Hospitality Policy, Whistle-blowing Policy |
| 2 | Corporate governance & compliance | Risk management; Board management & overall oversight |
| 3 | Customers satisfaction | Manage customers' expectations and needs |
| 4 | Market competitiveness | Manage increasing competition |
| 5 | Branding & reputation | Manage branding and reputation |
| 6 | Innovation as a culture | High-tech manufacturing process |
| 7 | Indirect economic impact | Indirect external impact as a result of our business operation |
| 8 | Business continuity planning | Ensures personnel and assets are protected and are able to function quickly in the event of a disaster |
| <u>Environment</u> | | |
| 9 | Recycling & managing waste | Proper waste management |
| 10 | Green Products | Sales and manufacture of environmentally friendly products |
| 11 | Renewable energy | Use of solar energy to generate electricity for factory operation |
| <u>Workplace</u> | | |
| 12 | Employee development, talent recruitment & retention | Attract, engage, inspire and retain talent; internship programme |
| 13 | Healthy work-life practice | Employee wellness activities |
| 14 | Safe work environment | Ensure awareness through communication and training |
| <u>Communities</u> | | |
| 15 | Community support | Community engagement; volunteer opportunities |

ECONOMIC

As a leading manufacturer of wood-based wrapped MDF mouldings and flat laminated wood panel products, Dominant Group is also one of the major distributors of MDF, particleboard, plywood and other wood panel products in Malaysia.

The Group is aware that its businesses are exposed to various risks, hence effective risk management must be an integral part of its management practices. We are committed to the development of an effective enterprise risk management framework which will allow us to well manage the risks involved and continue to grow our businesses.

The immediate risk the Group faces currently is the continuing COVID-19 pandemic, and the sustainability of the recovery in the domestic and global markets. The COVID-19 pandemic has caused disruptions to the global economy, with countries imposing various pandemic-related restrictions, affecting global trade activities.

Fluctuation in the demand for our products is a concern. To mitigate this fluctuation, the Group will strategise our product mix, putting in additional effort to promote products with higher profit margins, and developing niche markets locally and overseas so as to achieve higher margins. We will continue to develop new industries, and at the same time, work towards increasing our market share in the industries that we are currently serving.

On the supply side, it has always been the Group's strategy to procure supplies from various countries and diverse suppliers so as to avoid the over-reliance of any single supplier. This strategy has helped the Group to reduce the impact of the supply shock caused by the COVID-19 pandemic. The Group will continue with this strategy as part of our supply chain risk management.

SUSTAINABILITY STATEMENT (continued)

ENVIRONMENT

The Group is putting in extra effort to introduce environmentally friendly products to the furniture and construction industries to cater to our customers' growing demand for green products. The Group has always strived to be environmentally responsible, ensuring that our operations adhere to industry best practice, reducing waste and pollution. We source our raw materials from sustainable forests and rubberwood plantations. We seek to educate our customers and the public about the benefits of using environmentally-friendly products and we are constantly sourcing and promoting such products to the market.

In addition, the Group has started using solar energy in one of our manufacturing plants that is environmentally friendly, while saving on electricity expenses and earning from excess electricity generated.

SOCIAL

Dominant takes its social responsibilities seriously and we are committed to address and monitor all aspects of social responsibilities within the environment we conduct business in.

Transparent Work Environment

The Group believes that transparency and authenticity in the workplace is vital to the overall health of its business. To create a transparent and healthy work environment, the Group has stressed to employees of all levels the importance of communication, honesty, regular feedback, respect and admitting wrong. The Anti-Corruption Policy and Gift and Hospitality Policy which the Group has put in place will further emphasise these values. The Whistle Blowing Policy adopted by the Group aims to encourage individuals to be confident in raising their concerns without fear of reprisal, discrimination or adverse consequences. These policies are available on the Group's website at www.dominant.com.my.

Our People

The Group believes that its employees are its greatest assets and are critical to the overall success of the company. During this pandemic period, the Group ensures that our employees are well protected. Employees are constantly reminded to adhere strictly to the Health Ministry's standard operating procedures to keep the workplace safe and those who are able to work from home will so do.

To continuously engage our employees, the Group has taken steps to be transparent and open in its communication, and makes effort to recognise employees for their efforts and contribution. Social activities are also encouraged and organised in the workplace to build rapport among employees.

The Group continues to invest in human resources to develop our employees and ensure that their well-being is taken care of. Appropriate trainings are provided and further studies sponsorships are available to our employees as part of their personal and career development with the Group.

The Group also recognises the importance of a good education and as part of our corporate social responsibility initiative, the Group has set up an Education Award. To encourage the children of our employees to do well in school, the Group provides these awards annually to those who have achieved good academic results. This education award is available for children of all employees, from primary school to university.

Community Commitments

As part of the Group's commitment to contribute to the community, a charity club, WeCare, has been formed to take proactive steps to help the needy and less fortunate. Through this charity club, our employees are also offered opportunities to do volunteer work. This club is funded mainly by the Group and its employees.

Throughout the financial year 2021, the Group's key initiative includes:

Charity Event: Visit Persatuan Kebajikan Yu Shan Johor Bahru, Johor

This Statement was made in accordance with a resolution of the Board of Directors dated 9 July 2021.





AUDIT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF MEETINGS

The composition of the Audit Committee ("AC") and details of members' attendance of meetings held during the financial year ended 31 March 2021 are as follows:-

| Name | Designation | No of meetings | |
|--|---|----------------|----------|
| | | Held | Attended |
| Han Hing Siew (Member of MIA) | Chairman/ Independent Non-Executive Director | 5 | 5 |
| Johnson Kandasamy A/L David Nagappan (Member of MIA) | Member/ Non-Independent Non-Executive Director | 5 | 5 |
| Noor Hazelin Binti Hashim | Member/ Independent Non-Executive Director | 5 | 5 |
| Tan Yin Beng (Appointed on 1.10.2020) | Member/ Independent Non-Executive Director | 2 | 2 |

All members of the AC shall be financially literate and at least one of them shall be a member of the Malaysian Institute of Accountants or a person who fulfills the requirements under Paragraph 15.09(1)(c)(ii) and (iii) of the Main Market Listing Requirements. No alternate Director shall be appointed as a member of the Audit Committee.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are available on the Group's website at www.dominant.com.my.

ACTIVITIES

During the financial year ended 31 March 2021 and up to the date of this Statement, the Audit Committee had carried out its duties in accordance with the terms of reference which included the following:

- Reviewed the unaudited quarterly financial results and recommended to the Board for announcements;
- Reviewed the audited financial statements for financial year ended 2020 and financial year ended 2021 to ensure the financial reports presented a true and fair view;
- Reviewed the results and issues arising from the external audit and discussed the areas of concern with the External Auditors in the absence of management;
- Reviewed and recommended to the Board the re-appointment of External Auditors and reviewed their audit plan;
- Reviewed the external audit fees proposed and recommended the same for approval by the Board;
- Reviewed the Audit Committee Report, Management Discussion and Analysis, Corporate Governance Overview Statement, Corporate Governance Report, Sustainability Statement, and Statement on Risk Management and Internal Control to be disclosed in Annual Report financial year ended 2020 and Annual Report financial year ended 2021;
- Reviewed Internal Audit Reports and Management's responses on recommendations raised in the report;
- Advised Management to rectify and improve control procedures based on the Internal Audit Reports;
- Reviewed the Risk Management Report and discussed the areas of concern with the management, including implications from the COVID-19 pandemic;
- Assessed the performance, suitability, objectivity and independence of External and Internal Auditors and recommended to the Board for their re-appointments; and
- Reviewed the Group's Anti-Bribery and Corruption Policy and Gift and Hospitality Policy.

INTERNAL AUDIT FUNCTIONS

The internal audit department of the Group has continued to assist the Audit Committee in discharging its duties and responsibilities by undertaking regular and systematic reviews of the Group's risk management framework and internal processes and controls. The internal audit department also carries out regular checks to ensure compliance to standard operating procedures to provide reasonable assurance that the Group's processes and controls continue to remain relevant and effective. Overview of the Group's approaches in maintaining a sound risk management framework and effective internal controls are stated in the Statement on Risk Management and Internal Control on page 25 and 26 of this annual report.

This report was made in accordance with a resolution of the Board of Directors dated 9 July 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Dominant Enterprise Berhad ("DEB" or "Company") is pleased to report to the shareholders on the manner in which DEB and its Subsidiaries ("Group") has applied the principles and complied with the best practices outlined in the Malaysian Code on Corporate Governance 2017 ("the Code") for the financial year ended 31 March 2021.

The Board recognises the importance of adopting corporate governance as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and is committed to continue practising good corporate governance throughout the Group.

This statement shall be read in conjunction with the Corporate Governance Report which is available on the Group's website at www.dominant.com.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD COMPOSITION

The Company continues to be led and managed by an effective Board where the present members of the Board are drawn from diverse professional backgrounds with a good mix of skills and experience in different fields such as accounting & finance, marketing, engineering, law and business administration. The Board currently has nine (9) members, comprising three (3) Independent Non-Executive members, two (2) Non-Independent Non-Executive members (including the Chairman) and four (4) Executive members. Out of the nine (9) members, three (3) of them are independent representing 33% of the Board. This complies with the Listing Requirements of Bursa Malaysia Securities Berhad.

Although Practice 4.1 of the Code states that the Board must comprise a majority of independent directors, the Board is of the view that the current size and composition of the Board of majority being non-executive directors are considered adequate to provide an optimum mix of skills, experience and expertise. With the current Board size, there is no disproportionate imbalance of power and authority within the Board, between the non-independent and independent directors. The Board will continue to monitor and review the Board's size and composition as needed.

2. BOARD ROLE AND RESPONSIBILITIES

The Board has overall responsibility for the performance of the Group, which includes strategic planning towards the Company's strategic objectives and to ensure that resources are made available to the management to enable them to meet those objectives.

The Board meets its responsibilities to shareholders by closely monitors the business performance of the Group, reviews the adequacy and integrity of Internal Control System, identifies potential risks and ensures appropriate systems are implemented in order to manage any potential risks. Strategic plans are reported by the Management to the Board during regular meetings. The Management highlights its thought process and reasoning behind the strategies while the Board offers opinions, views and inputs to ensure that such strategies are able to support the Group's business direction.

The Managing Director ("MD") is responsible for the implementation of strategic plans as approved by the Board. The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The roles of the Chairman and MD are independent with clear division of responsibilities between them to ensure balance of power and authority.

Matters reserved for Board:

- a) Appointment and resignation of Directors and Board Committees members based on recommendations of the Nominating Committee;
- b) Approval and/or amendment on Terms of References of Board Committees;
- c) Disclosure of corporate governance practices in the Annual Report;
- d) Approval of the remuneration packages for all Directors and Senior Executives based on recommendations of the Remuneration Committee;
- e) Approval of Group's business strategy, operational plans and budgets;
- f) Review the Group's performance on business strategy and operational plans;
- g) Approval of quarterly and annual financial statements;
- h) Approval of the Annual Report and Statutory Financial Statements;
- i) Approval of dividends;
- j) Review of the effectiveness of the Group's system of internal controls;
- k) Any other matters requiring the convening of a general meeting of shareholders or any class of shareholders.

A Board Charter Policy has been adopted and is available on the Group's website at www.dominant.com.my.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

3. BOARD COMMITTEES

The Board has delegated certain of its responsibilities to three (3) committees. These are the Audit, Nominating and Remuneration Committees. All committees have written Terms of Reference and have authority to look into particular issue and report or make recommendations to the Board.

(i) Audit Committee

The composition of the Audit Committee, Terms of Reference and the summary of the Committee's activities are set out on page 17 of this Annual Report.

(ii) Nominating Committee

The members of the Nominating Committee ("NC") compose exclusively of non-executive directors, majority of whom are independent non-executive directors, and their attendance of meetings are as follows:

| Committee | Attendance |
|--|------------|
| Noor Hazelin Binti Hashim (Chairman) | 4/4 |
| Waldersee Chan Chung Ching (Appointed on 1.10.2020) | 1/1 |
| Han Hing Siew | 4/4 |
| Johnson Kandasamy A/L David Nagappan | 4/4 |
| Tan Yin Beng (Appointed on 1.10.2020) | 1/1 |
| Teo Ah Bah @ Teo Chuang Kwee (Resigned on 1.10.2020) | 3/3 |

The roles and responsibilities of NC include identifying, selecting and recommending candidates for new board appointment. NC believes that the on-boarding process of Directors should not be based on any gender discrimination. As such, the evaluation of suitable candidates is based solely on the candidates' competency, professionalism, qualification, character, time commitment, integrity, experience and the ability to meet to the needs of the Group.

NC has also carried out an annual assessment and evaluation on the effectiveness of the Board as a whole, the various Committees of the Board and the individual Directors. Assessment on the contribution of individual Director and Committee member was based on criteria such as role and duties, knowledge, expertise, integrity, time commitment, independence and training programs attended. Assessment on independence for all independent Directors ("ID") was also carried out, and these included Independence as per Listing Requirements, knowledge of the Group's business operation, the required mixed of skill, ability to contribute balanced opinion to the Board's decision making process, independent and free from any relationship which could cause any ID to lose his independent judgement ability. Criteria for Board Assessment included Board's composition and structure, experience, mix of skills, succession planning, principle responsibilities and Board governance. The Committee also reviewed the structure, size and composition of the Board and will recommend retiring directors for re-election at the Company's forthcoming Annual General Meeting.

New Appointment of Directors

All nominations for appointment of new Directors shall be assessed by NC and to be recommended to the Board for approval. The actual decision as to who should be nominated should be the responsibility of the full Board after considering the recommendations made by NC. In making the recommendations, the NC should also consider candidates proposed by the MD, and within the bounds of practicability, by any other Senior Executive, Director or Shareholder.

The NC has adopted a nomination process as follows: -

- Identification of candidates;
- Evaluation of suitability of candidates;
- Meeting up with candidates;
- Final deliberation by NC; and
- Recommendation to the Board of Directors.

Re-Election of Directors

In compliance with the Constitution of the Company, one third (1/3) of the Directors shall retire by rotation at each Annual General Meeting ("AGM"), and a Director who is appointed during the year shall retire at the next AGM. The Constitution provides that all Directors shall retire from office at least once every three (3) years. During the financial year, the Nominating Committee had reviewed and recommended to the Board on the re-election of retiring Directors at the forthcoming Annual General Meeting

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

3. BOARD COMMITTEES (continued)

(ii) Nominating Committee (continued)

Foster Commitment

In line with the recommendation of the Code whereby the Board should set out expectation on time commitment for its members and protocols for accepting new directorships, Directors shall notify the Chairman before accepting any new directorship outside the Group, indicating the estimated time required to be spent on the new appointment. The Directors are also required to comply at all times with the restriction on the number of directorships as prescribed in the Listing Requirement.

Tenure of Independent Director ("ID")

Practice 4.2 of the Code states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. If the Board intends to retain an ID beyond nine (9) years, it should provide justification and seek shareholders' approval at the Annual General Meeting.

The Terms of Reference of NC is available on the Group's website at www.dominant.com.my.

(iii) Remuneration Committee

The Remuneration Committee ("RC") was formed to assist the Board in reviewing remuneration package for Directors. The RC members and their attendance of meeting are as follows :

| Committee | Attendance (meeting held on 25 November 2020) |
|--|--|
| Tan Yin Beng (Chairman) (Appointed on 1.10.2020) | 1/1 |
| Waldersee Chan Chung Ching (Appointed on 1.10.2020) | 1/1 |
| Johnson Kandasamy A/L David Nagappan | 1/1 |
| Han Hing Siew | 1/1 |
| Noor Hazelin Binti Hashim | 1/1 |
| Teo Ah Bah @ Teo Chuang Kwee (Resigned on 1.10.2020) | N/A |

Remuneration Policies:

- The RC reviews the remuneration packages of Executive Directors and Senior Executives and makes recommendations to the Board for approval. In its review, the RC considers various factors, among others, the compensation levels for comparable positions in other similar public listed companies, Director's fiduciary duties, time commitment expected, and the Group's performance.
- The fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree.
- The Directors shall be reimbursed for all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company, including travelling and other expenses incurred in attending board meetings of the Company.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

3. BOARD COMMITTEES (continued)

The remuneration of each Director for the financial year ended 31 March 2021 is set out as follows (also as key senior management): -

| Name | Amount in Ringgit Malaysia (RM'000) | | | |
|---|-------------------------------------|---------------------------|-------------------|-----|
| | Directors Fees | Salary & Other Emoluments | Meeting Allowance | EPF |
| EXECUTIVE DIRECTORS | | | | |
| Owee Geok Choon | - | 1,298 | 3 | 143 |
| Chai Soon Too | - | 925 | 3 | 111 |
| Teo Yu Chin | - | 913 | 3 | 96 |
| Cha Shi Jiu | - | 731 | 1 | 91 |
| Cha Aku Wai @ Sia Ah Kow (Resigned on 1.10.2020) | - | 201 | 2 | 23 |
| NON-EXECUTIVE DIRECTORS | | | | |
| Waldersee Chan Chung Ching | 70 | - | 3 | - |
| Johnson Kandasamy A/L David Nagappan | 40 | - | 3 | - |
| Noor Hazelin Binti Hashim | 40 | - | 3 | - |
| Han Hing Siew | 40 | - | 3 | - |
| Tan Yin Beng (Appointed on 1.10.2020) | 20 | - | 1 | - |
| Teo Ah Bah @ Teo Chuang Kwee (Resigned on 1.10.2020) | 50 | - | 2 | - |

The Terms of Reference of the RC are available on the Group's website at www.dominant.com.my.

4. BOARD MEETINGS

The Board meets on a quarterly basis to review the quarterly results of the Group prior to announcement to Bursa Malaysia Securities Berhad. The Board discusses significant operational issues and material development. All meetings are scheduled at least five (5) working days in advance to enable the Board to go through the agendas and prepare in advance to the meeting.

For the financial year ended 31 March 2021, five (5) meetings were held. The attendance record of the members of the Board meetings is as follows :-

| Executive Directors | Attendance | Non-Executive Directors | Attendance |
|---|------------|---|------------|
| Owee Geok Choon | 5/5 | Waldersee Chan Chung Ching | 5/5 |
| Chai Soon Too | 5/5 | Johnson Kandasamy A/L David Nagappan | 5/5 |
| Teo Yu Chin | 5/5 | Noor Hazelin Binti Hashim | 5/5 |
| Cha Shi Jiu | 5/5 | Han Hing Siew | 5/5 |
| Cha Aku Wai @ Sia Ah Kow (Resigned on 1.10.2020) | 3/3 | Teo Ah Bah @ Teo Chuang Kwee (Resigned on 1.10.2020) | 3/3 |
| | | Tan Yin Beng (Appointed on 1.10.2020) | 2/2 |

5. SUPPLY OF INFORMATION

The Board members have full and timely access to all relevant information and records, and the unrestricted access to the advice and services of the Company Secretary and Auditors. Notice of meetings and agenda, accompanied by detailed reports, are circulated to all Board members in a timely manner to provide sufficient time to the member to seek prior clarification, if any, and to prepare in advance for the meetings. All issues discussed during the Board meetings are recorded by the Company Secretary and all minutes of meetings are kept in the minutes book at the registered office.

The Company Secretaries shall organise and attend all Board and Board Committee meetings, ensure meetings are properly convened, recorded, and resolutions passed are maintained accordingly at the registered office of the Company, and assist the Chairman in the preparation and conducting of general meetings. They are also responsible to advise the Board on any new updates relating to statutory and regulatory requirements, ensure the Group's compliance with its legal and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

5. SUPPLY OF INFORMATION (continued)

Where necessary, the Directors may seek independent professional advice at the Group's expense in order to discharge their duties and responsibilities effectively. If a Board member considers it necessary to seek such advice, the member shall first discuss with the Chairman and bring the matter to the Board during Board meetings. The seeking of independent professional advice and the proposed cost should be presented to Board for approval.

In discharging its duties efficiently and effectively, the Board is assisted by Company Secretaries namely Yong May Li (f) and Wong Chee Yin (f) and the details of the Company Secretaries are disclosed in Practice 1.4 of CG Report.

6. DIRECTORS' TRAINING

All directors have completed the Mandatory Accreditation Programme pursuant to Paragraph 15.08 of the Listing Requirements of Bursa Malaysia Securities Berhad. The directors are aware of the importance of continuous training to update themselves and to further enhance their skills and knowledge to better equip themselves to effectively discharge their duties.

Directors will also attend trainings recommended by NC based on its annual performance assessment on the training and development needs of Directors. These updates and trainings shall enable Directors to discharge their responsibilities and duties more effectively.

The courses attended during the financial year under review are as below:

| Director | Seminar/ Course |
|--------------------------------------|---|
| Waldersee Chan Chung Ching | Awareness sessions targeted financial sanctions on terrorism and proliferation financing & suspicious transaction reporting Bursa workshop on corporate liability provision (section 17A) of the MACC Act 2009: The essential steps |
| Owee Geok Choon | Tax impact of COVID-19 Cyber and economic crime: Fraudsters and cyber criminals, too, can work from home Cash conservation and management: Keeping the cash flowing Governance and risk: An uncertain world, a riskier landscape Optimising operations: 'Supply' your supply chain with resilience COVID-19 Impact on financial reporting: Not business as usual COVID-19 Mission: Recovery Option for Distressed Companies Tricor Agile Work — The Economics of Remote Work ASQ business centre: Doing Business in Vietnam AmBank 2021 Market Outlook UOB Macro & Market Outlook Achieving Competitive Advantage Using OCBC eCommerce Solutions |
| Chai Soon Too | Tax Impact of COVID-19 |
| Teo Yu Chin | Cyber Security – LGMS Investment during emergency – Vistage |
| Cha Shi Jiu | Bursa workshop on corporate liability provision (section 17A) of the MACC Act 2009: The essential steps UOB Macro and Market Outlook OCBC Global Market Outlook AmBank 2021 Market Outlook |
| Johnson Kandasamy A/L David Nagappan | LHDNM – CTIM tax forum 2021 Audit committee conference 2021 2021 Budget seminar National tax conference 2020 |
| Noor Hazelin Binti Hashim | The strategic value of sustainability insights into SRI initiatives in the Malaysian capital market Investing in Crypto assets How to trade equity index futures (FKLI & FM70) Trading Crypto assets |
| Han Hing Siew | Key Disclosure Obligation of a Listed Company Limited Liability Partnership(LLP) with Tax Issues and Companies Act 2016 Updates and Implementing Compliance at the Workplace Business Intelligence and Analytic with Power BI for Accountants Valuation in Practice: Demystifying Business Valuation |
| Tan Yin Beng | Mandatory Accreditation Programme |



CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Relationship with Auditors

The Board, through the Audit Committee, always maintains an appropriate and transparent relationship with the external auditors, and always seeks professional advice from them. The review of the Group's financial statements by its external auditors provides users of these financial statements enhanced assurance on the reliability of these statements.

The External Auditors ("EA") had provided their assurance to the Audit Committee that they are in compliance with the independence requirements set out in the by-laws (on Professional Ethics, Conduct and Practice) and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'). With the recommendation from the Audit Committee, the Board is agreeable and satisfied with the suitability and independence of the external auditors.

The Audit Committee had evaluated on the performance, suitability, objectivity and independence of the EA and made recommendations to the Board on their re-appointment and audit fee.

2. Risk Management

The Board recognises the importance of Risk Management in the process of pursuing the company's objectives. The Risk Management Committee, which comprises of the Group's Executive Directors and Senior Executives, assists the Board in its commitment to establish an ongoing process of identifying, evaluating and managing any risks faced by the Group.

3. Internal Control

The internal audit function is performed in-house and the costs incurred for the internal audit function in respect of the financial year ended 31 March 2021 is approximately RM 308,000. The Statement on Risk Management and Internal Control as detailed under pages 25 and 26 of this annual report provides an overview of the state of internal controls within the Group.

The Audit Committee had also evaluated the performance of the Internal Auditors ("IA") and had made recommendation to the Board for the IA team to continue with their duties.

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

1. Corporate Disclosure and Communication with Shareholders and Stakeholders

The Board continues to acknowledge the need for shareholders and investors to be provided with timely disclosures on material business matters affecting the Group. All such information is released to shareholders through the Group's quarterly results, annual report and public announcements in a timely manner. In addition, shareholders are encouraged to participate at the Group's Annual General Meeting ("AGM") where members of the Board, Senior Management and the external auditors are available to respond to shareholders' questions. The Company's AGM is the principal forum for dialogue and communication with its shareholders and investors. The notice of AGM and Annual Report will be despatched to Shareholders at least 28 days before the date of meeting.

Shareholders, investors and members of the public may also forward their queries to the Company at Tel: 607-558 8318, Fax: 607-554 3720, Email: debgroup@dominant.com.my or through the enquiry form accessible through the Group's website at www.dominant.com.my.

Furthermore, the Board is committed to upkeep the values of transparency, integrity, impartiality and accountability in the conduct of the Group's business and affairs. An Anti-Bribery and Corruption Policy and a Gift and Hospitality Policy have been adopted to further strengthen these values, while a Whistle Blowing Policy has been adopted to provide a structured reporting channel and guidance to all employees of the Group and members of the public to disclose any improper conduct. These policies are available on the Group's website at www.dominant.com.my.

2. Poll Voting

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company has conducted poll voting for all the resolutions set out in the notice of general meetings. The Company will appoint polling agent and scrutineer to validate the vote cast at the AGM.

3. Financial Reporting

It is the Board's responsibility to present a balanced and meaningful assessment of the Group's position and prospects through the annual financial statements. The Board is also responsible for taking reasonable steps to safeguard the assets of the Group, and to mitigate fraud, irregularities, material misstatements and losses. It is the Board's duty to ensure all accounting records are properly kept.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS (continued)

3. Financial Reporting (continued)

The Board has undertaken various steps to ensure that timely, accurate and up-to-date financial information are announced to Bursa Malaysia Securities Berhad. In preparing the financial statements, the Board has ensured that the Group has consistently and prudently applied appropriate accounting policies, and is compliant to relevant Accounting Standards. The Board has also ensured that the financial statements complied with the Companies Act 2016 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

ADDITIONAL COMPLIANCE INFORMATION

(i) *Audit and Non-Audit Fee*

The amount of audit fees paid or payable to the auditors for the financial year ended 31 March 2021:

| | The Group | The Company |
|---------------|-----------|-------------|
| | RM | RM |
| Audit Fee | 232,268 | 19,000 |
| Non-Audit Fee | 3,300 | 1,000 |

(ii) *Material Contract*

There were no material contracts involving directors or major shareholders other than those entered in the ordinary course of business by the Company disclosed in the financial statements.

This Statement was made in accordance with a resolution of the Board of Directors dated 9 July 2021.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

This statement is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, requires listed issuer to make a statement in their annual report about their state of internal control as a Group.

Board of Directors' Responsibilities

The Board continues with its commitment to maintain a sound risk management framework and effective internal controls in the Group. In pursuing these objectives, the Board recognises that having such framework and controls can only provide reasonable but not absolute assurance against any material misstatement or losses.

A formal Board Charter has been adopted which is designed to provide guidance to directors in discharging their duties. Regular Board meetings are held where important matters are discussed to ensure the Board maintains full and effective supervision over key issues. The Board is also assisted by the various committees with clearly defined responsibilities. The Executive Committee comprising the Executive Directors and Senior Management participate actively in the day-to-day operations of each of the Group's subsidiary. Significant corporate matters are brought to the Board and Audit Committee for further deliberation and reviews.

Risk Management and Internal Control

The following represent the key elements of the Group's risk management framework and internal controls:

1. A Risk Management Committee, comprising of the Managing Director as the Chair person, other Executive Directors and a consultant employed by the Group has been formed. The Committee meets as and when required, but at least twice a year, to discuss and review the risk profile of the Group, with a report to the Audit Committee for review. The latest report dated 26 February 2021 was submitted with no exception noted.
2. A structured risk management framework for identifying, assessing and measuring business risks of the Group is in place and is established within the risk appetite of the Group.
3. The Audit Committee has full access to both internal and external auditors. For each financial year, an audit plan is presented by the external auditors to the Audit Committee for its review and approval. In addition, quarterly financial reports and audited financial statements are also presented to the Audit Committee for assessment.
4. Internal Auditors ("IA") conduct regular reviews on the effectiveness of the Group's internal controls through its visits to the Group's branches and business divisions. Due to travel restrictions resulting from COVID-19 pandemic, IA had conducted reviews only of all the branches located in Malaysia and Singapore. Reports were presented to both the Audit Committee and Senior Management to highlight the audit findings. It is also IA's responsibility to monitor the adherence of standard operating procedures by all employees.
5. An organisation structure chart has been drawn with clearly defined level of responsibilities, delegation of authority and proper segregation of duties.
6. A Standard Operating Procedures Manual with clearly defined procedures on each task delegated is maintained. All departmental heads have been instructed to give full guidance to their staff to ensure that they are well trained on their job. This manual is revised as and when required to meet operational needs.
7. The Management is committed to employ suitably qualified staff to ensure operation efficiency. Performance appraisal system is in place with the objective of ensuring staff are competent to carry out their duties and responsibilities.
8. The Group maintains adequate insurance coverage on all assets.
9. The Executive Directors review all areas of significant financial risk, and recommend any capital projects and investments after due assessment, to the Board for approval.
10. The Executive Directors and Senior Management meet on a quarterly basis. Management accounts are presented to the Executive Directors as and when required to facilitate the review of financial and operational performance of the business divisions.
11. Treasury department manages the Group's cash balances and exposure to currency transaction risks through monitoring procedures and forward contracts on foreign currency respectively.
12. An Anti-Bribery and Corruption Policy and a Gift and Hospitality Policy have been adopted by the Group in accordance to Section 17A on corporate liability of the Malaysian Anti-Corruption Commission Act 2009. A whistle blowing policy has been developed and adopted by the Group to encourage individuals to be confident in raising their concerns without fear of reprisal, discrimination or adverse consequences.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide ("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.

AAPG 3 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Board of Directors and management thereon. The external auditors have reported to the Board that nothing has come to their attention that causes them to believe on the basis of the procedures performed and evidence obtained, that the Statement on Risk Management and Internal Control, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is it factually inaccurate.

Conclusion

The Board has received assurance from the Managing Director that the Group's risk management framework and internal controls are relevant and operating adequately and effectively in all material aspects.

The Board is of the view that the risk management framework and internal controls are operating effectively and has not resulted in any significant breakdown or weaknesses that would cause any material loss to the Group for the financial year ended 31 March 2021.

This statement was made in accordance with a resolution of the Board of Directors dated 9 July 2021.



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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

| | Group RM | Company RM |
|---|-------------------|------------------|
| Profit for the financial year | <u>14,989,098</u> | <u>9,152,177</u> |
| Profit attributable to owners of the parent | <u>14,989,098</u> | <u>9,152,177</u> |

DIVIDENDS

Dividends paid, declared or proposed by the Company since the end of the previous financial year were as follows:

| | RM |
|--|------------------|
| In respect of financial year ended 31 March 2020: | |
| Final single tier dividend of 0.5 sen per ordinary share, paid on 22 October 2020 | 826,201 |
| In respect of financial year ended 31 March 2021: | |
| First single tier interim dividend of 1.0 sen per ordinary share, paid on 23 December 2020 | 1,652,402 |
| Second single tier interim dividend of 1.0 sen per ordinary share, paid on 26 March 2021 | <u>1,652,402</u> |
| | <u>4,131,005</u> |

The Directors recommend a single tier final dividend of 1.0 sen per ordinary share, amounting to RM1,652,402 in respect of the financial year ended 31 March 2021.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 165,240,066 to 165,240,206 by way of issuance of 140 new ordinary shares pursuant to 140 warrants exercised at an exercise price of RM1.30 each for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

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



DIRECTORS' REPORT (continued)

OPTIONS GRANTED OVER UNISSUED SHARES

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

Warrants 2015/2020

The Warrants were constituted under the Deed Poll dated 24 August 2015. During the financial year, 140 warrants were exercised and the remaining unexercised Warrants expired on 10 September 2020.

The salient terms of the Warrants are disclosed in Note 18 to the financial statements.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Dominant Enterprise Berhad

Mr. Chai Soon Too
Mr. Owee Geok Choon
Mr. Teo Yu Chin
Mr. Johnson Kandasamy A/L David Nagappan
Mr. Waldersee Chan Chung Ching
Puan Noor Hazelin Binti Hashim
Mr. Han Hing Siew
Ms. Cha Shi Jiu

(Appointed on 1 October 2020; Resigned as Alternate Director to Mr Cha Aku Wai @ Sia Ah Kow on 1 October 2020)
(Appointed on 1 October 2020)
(Resigned on 1 October 2020)
(Resigned on 1 October 2020)

Mr. Tan Yin Beng
Mr. Cha Aku Wai @ Sia Ah Kow
Mr. Teo Ah Bah @ Teo Chuang Kwee

Subsidiaries of Dominant Enterprise Berhad

Mr. Cha Aku Wai @ Sia Ah Kow
Mr. Chai Soon Too
Mr. Owee Geok Choon
Mr. Teo Yu Chin
Mr. Chan Han Ching
Mr. Chin Soon Kong
Mr. Ong Teng Ser
Mr. Teo Choon Kiat @ Teo Chuan Kit
Ms. Cha Shi Jiu
Mr. Heng Yik Poh

(Appointed on 1 October 2020)
(Resigned on 1 September 2020)

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 31 March 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

| | [----- Number of ordinary shares -----] | | | |
|--------------------------------|---|--------|------|-------------------------------|
| Shares in the Company | Balance as at 1.4.2020 | Bought | Sold | Balance as at 31.3.2021 |
| <u>Direct interests:</u> | | | | |
| Mr. Chai Soon Too | 1,034,986 | - | - | 1,034,986 |
| Mr. Owee Geok Choon | 753,903 | - | - | 753,903 |
| Mr. Waldersee Chan Chung Ching | 1,200,000 | - | - | 1,200,000 |
| Mr. Teo Yu Chin | 143,484 | - | - | 143,484 |
| Ms. Cha Shi Jiu | 1,715,512 | - | - | 1,715,512 |

| | | | | |
|--------------------------------|-----------|---|---|-----------|
| <u>Indirect interests:</u> | | | | |
| Mr. Owee Geok Choon | 50,400 | - | - | 50,400 |
| Mr. Waldersee Chan Chung Ching | 1,715,512 | - | - | 1,715,512 |
| Ms. Cha Shi Jiu | 1,200,000 | - | - | 1,200,000 |

| | [----- Number of warrants -----] | | | |
|--------------------------------|------------------------------------|--------|-----------|-------------------------------|
| Warrants in the Company | Balance as at 1.4.2020 | Bought | Expired | Balance as at 31.3.2021 |
| <u>Direct interests:</u> | | | | |
| Mr. Chai Soon Too | 287,496 | - | (287,496) | - |
| Mr. Owee Geok Choon | 209,417 | - | (209,417) | - |
| Mr. Waldersee Chan Chung Ching | 333,333 | - | (333,333) | - |
| Mr. Teo Yu Chin | 39,856 | - | (39,856) | - |
| Ms. Cha Shi Jiu | 476,531 | - | (476,531) | - |

| | | | | |
|--------------------------------|---------|---|-----------|---|
| <u>Indirect interests:</u> | | | | |
| Mr. Owee Geok Choon | 14,000 | - | (14,000) | - |
| Mr. Waldersee Chan Chung Ching | 476,531 | - | (476,531) | - |
| Ms. Cha Shi Jiu | 333,333 | - | (333,333) | - |

| | [----- Number of ordinary shares -----] | | | |
|--|---|--------|------|-------------------------------|
| | Balance as at 1.4.2020 | Bought | Sold | Balance as at 31.3.2021 |
| Shares in the ultimate holding company | | | | |
| NS Pacific Sdn. Bhd. | | | | |
| <u>Direct interests:</u> | | | | |
| Mr. Chai Soon Too | 1,725 | - | - | 1,725 |
| Mr. Owee Geok Choon | 300 | - | - | 300 |
| Mr. Teo Yu Chin | 1,410 | - | - | 1,410 |
| Ms. Cha Shi Jiu | - | 100 | - | 100 |



DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the 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 the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefits which may be deemed to have arisen from those transactions as disclosed in Note 33 to the financial statements.

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

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 27 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for the Directors or officers and the auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts and had 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 other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, except for those disclosed in Note 37 to the financial statements.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts 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 material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT (continued)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (continued)

- (d) In the opinion of the Directors:
- (i) there has not arisen 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; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SUBSIDIARIES

Details of the subsidiaries are set out in Note 11 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of the significant events during the financial year are set out in Note 37 to the financial statements.

ULTIMATE HOLDING COMPANY

The Directors regard NS Pacific Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 March 2021 are disclosed in Note 29 to the financial statements.

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



.....
Owee Geok Choon
Director

Johor Bahru
9 July 2021



.....
Teo Yu Chin
Director



STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 37 to 107 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Owee Geok Choon
Director

Johor Bahru
9 July 2021

Teo Yu Chin
Director

STATUTORY DECLARATION

I, Owee Geok Choon, being the Director primarily responsible for the financial management of Dominant Enterprise Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 107 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed at
Johor Bahru in the state of
Johor Darul Ta'zim this
9 July 2021

)
)
)
)
)

Owee Geok Choon

Before me:



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOMINANT ENTERPRISE BERHAD (Incorporated in Malaysia)

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of Dominant Enterprise Berhad, which comprise statements of financial position as at 31 March 2021 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 37 to 107.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021, and of their financial performance and 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.

Key Audit Matters

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

Key Audit Matter of the Group

Recoverability of trade receivables

As at 31 March 2021, trade receivables of the Group amounted to RM144,242,907. The details of trade receivables and the related credit risks have been disclosed in Note 14 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Audit response

Our audit procedures included the following:

- a) recomputed the probability of default using historical data and forward looking information of the Group;
- b) recomputed the correlation coefficient between forward looking factors and historical credit losses to determine the appropriateness of the forward looking information of the Group;
- c) inquiries of management to assess the rationale underlying the relationship between the forward looking information and expected credit losses; and
- d) verified the level of cash received subsequent to the end of the reporting period for its effect in reducing the amounts outstanding as at the end of the reporting period.

Key Audit Matter of the Company

We have determined that there is no key audit matter to communicate in our report in respect of the audit of the financial statements of the Company.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOMINANT ENTERPRISE BERHAD (continued) (Incorporated in Malaysia)

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 or conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOMINANT ENTERPRISE BERHAD (continued) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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: (continued)

- (e) 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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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


From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 subsidiaries of which we have not acted as auditors, are disclosed in Note 11 to the financial statements.

Other Matters

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



BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Kuala Lumpur
9 July 2021



Francis Cyril A/L S R Singam
03056/04/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021

| | | Group | | Company | |
|---|------|-------------|-------------|-------------|-------------|
| | Note | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 7 | 160,335,855 | 158,223,628 | 40,057 | 38,298 |
| Right-of-use assets | 8 | 17,688,631 | 27,336,066 | - | - |
| Investment properties | 9 | 16,466,223 | 722,013 | - | - |
| Inventories | 10 | 6,012,774 | 6,012,774 | - | - |
| Investments in subsidiaries | 11 | - | - | 92,050,476 | 92,050,476 |
| Equity investment | 12 | - | - | - | - |
| Deferred tax assets | 20 | 253,594 | - | - | - |
| Goodwill | 13 | 836,556 | 836,556 | - | - |
| | | 201,593,633 | 193,131,037 | 92,090,533 | 92,088,774 |
| Current assets | | | | | |
| Inventories | 10 | 104,552,102 | 125,575,565 | - | - |
| Trade and other receivables | 14 | 152,095,105 | 164,370,198 | 3,363,299 | 12,992,112 |
| Current tax assets | | 1,339,093 | 1,651,065 | - | 74,805 |
| Short term investments | 15 | 70,197,825 | 46,767,955 | 46,260,771 | 23,315,578 |
| Cash and bank balances | 16 | 17,299,719 | 9,025,750 | 87,955 | 51,900 |
| | | 345,483,844 | 347,390,533 | 49,712,025 | 36,434,395 |
| TOTAL ASSETS | | 547,077,477 | 540,521,570 | 141,802,558 | 128,523,169 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owners of the parent | | | | | |
| Share capital | 17 | 83,097,429 | 83,097,247 | 83,097,429 | 83,097,247 |
| Reserves | 18 | 228,721,690 | 217,724,102 | 17,276,805 | 12,255,633 |
| TOTAL EQUITY | | 311,819,119 | 300,821,349 | 100,374,234 | 95,352,880 |

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021 (continued)

| | | Group | | Company | |
|-------------------------------------|------|-------------|-------------|-------------|-------------|
| | Note | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Borrowings | 19 | 15,329,420 | 10,531,327 | - | - |
| Lease liabilities | 8 | 4,005,433 | 5,573,685 | - | - |
| Deferred tax liabilities | 20 | 10,132,668 | 10,467,473 | - | - |
| | | 29,467,521 | 26,572,485 | - | - |
| Current liabilities | | | | | |
| Trade and other payables | 21 | 47,700,791 | 39,561,353 | 41,396,153 | 33,170,289 |
| Borrowings | 19 | 154,282,272 | 169,542,541 | - | - |
| Lease liabilities | 8 | 2,106,951 | 2,042,148 | - | - |
| Current tax liabilities | | 1,700,823 | 1,981,694 | 32,171 | - |
| | | 205,790,837 | 213,127,736 | 41,428,324 | 33,170,289 |
| TOTAL LIABILITIES | | 235,258,358 | 239,700,221 | 41,428,324 | 33,170,289 |
| TOTAL EQUITY AND LIABILITIES | | 547,077,477 | 540,521,570 | 141,802,558 | 128,523,169 |

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 2021

| | Note | Group | | Company | |
|---|------|---------------|---------------|-------------|-------------|
| | | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Revenue | 24 | 601,047,850 | 675,530,088 | 14,490,741 | 8,818,309 |
| Finance income | 25 | 1,551,711 | 1,462,418 | 970,798 | 728,604 |
| Other operating income | | 5,001,699 | 2,613,406 | 7,944 | 135,158 |
| Changes in inventories of work-in-progress and finished goods | | (367,887,050) | (461,740,892) | - | - |
| Raw materials and consumables used | | (158,669,226) | (135,782,029) | - | - |
| Employee benefits | 26 | (28,928,734) | (29,292,774) | (1,387,635) | (805,251) |
| Directors' remuneration | 27 | (6,120,862) | (4,849,079) | (4,100,409) | (1,605,211) |
| Depreciation of property, plant and equipment | 7 | (2,659,355) | (2,900,360) | (6,543) | (7,020) |
| Depreciation of right-of-use assets | 8 | (2,506,530) | (3,135,639) | - | - |
| Other operating expenses | | (14,854,640) | (12,883,812) | (395,458) | (499,558) |
| Finance costs | 28 | (5,214,949) | (8,780,834) | - | - |
| Profit before tax | 29 | 20,759,914 | 20,240,493 | 9,579,438 | 6,765,031 |
| Tax expense | 30 | (5,770,816) | (7,150,171) | (427,261) | (84,595) |
| Profit for the financial year | | 14,989,098 | 13,090,322 | 9,152,177 | 6,680,436 |

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (continued)

| | | Group | | Company | |
|---|-------|-------------|------------|------------|------------|
| | Note | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Foreign currency translations | 30(a) | 1,046,711 | (242,744) | - | - |
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Fair value adjustment on revaluation of properties: | | | | | |
| - addition | 30(a) | 863,233 | 9,316,758 | - | - |
| - impairment loss | 30(a) | (1,770,449) | - | - | - |
| Total other comprehensive income, net of tax | | 139,495 | 9,074,014 | - | - |
| Total comprehensive income | | 15,128,593 | 22,164,336 | 9,152,177 | 6,680,436 |
| Profit attributable to owners of the parent | | 14,989,098 | 13,090,322 | 9,152,177 | 6,680,436 |
| Total comprehensive income attributable to owners of the parent | | 15,128,593 | 22,164,336 | 9,152,177 | 6,680,436 |
| Earnings per ordinary share attributable to owners of the parent (sen) | | | | | |
| - Basic | 32 | 9.07 | 7.92 | | |
| - Diluted | 32 | 9.07 | 7.92 | | |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021



| Group | Note | [-----Non-distributable-----] | | | <u>Distributable</u> | |
|--|------|-------------------------------|---------------------------|------------------------------------|-------------------------|--------------------|
| | | Share capital RM | Revaluation reserve RM | Exchange translation reserve RM | Retained earnings RM | Total equity RM |
| Balance at 1 April 2019 | | 83,097,247 | 39,991,358 | 5,864,254 | 157,966,157 | 286,919,016 |
| Profit for the financial year | | - | - | - | 13,090,322 | 13,090,322 |
| Other comprehensive income | | | | | | |
| Fair value adjustment on revaluation of properties, net of tax | | - | 9,316,758 | - | - | 9,316,758 |
| Foreign currency translations, net of tax | | - | - | (242,744) | - | (242,744) |
| Total comprehensive income | | - | 9,316,758 | (242,744) | 13,090,322 | 22,164,336 |
| Transactions with owners | | | | | | |
| Dividends paid | 31 | - | - | - | (8,262,003) | (8,262,003) |
| Balance at 31 March 2020 | | 83,097,247 | 49,308,116 | 5,621,510 | 162,794,476 | 300,821,349 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (continued)

| Group | Note | [-----Non-distributable-----] | | | Distributable | | Total equity RM |
|--|------|-------------------------------|------------------------|---------------------------------|----------------------|--|-----------------|
| | | Share capital RM | Revaluation reserve RM | Exchange translation reserve RM | Retained earnings RM | | |
| Balance at 1 April 2020 | | 83,097,247 | 49,308,116 | 5,621,510 | 162,794,476 | | 300,821,349 |
| Profit for the financial year | | - | - | - | 14,989,098 | | 14,989,098 |
| Other comprehensive income | | | | | | | |
| Fair value adjustment on revaluation of properties, net of tax | | | | | | | |
| - addition | | - | 863,233 | - | - | | 863,233 |
| - impairment loss | | - | (1,770,449) | - | - | | (1,770,449) |
| Foreign currency translations, net of tax | | - | - | 1,046,711 | - | | 1,046,711 |
| Total comprehensive income | | - | (907,216) | 1,046,711 | 14,989,098 | | 15,128,593 |
| Transactions with owners | | | | | | | |
| Dividends paid | 31 | - | - | - | (4,131,005) | | (4,131,005) |
| Issuance of ordinary shares | 17 | 182 | - | - | - | | 182 |
| Total transactions with owners | | 182 | - | - | (4,131,005) | | (4,130,823) |
| Balance at 31 March 2021 | | 83,097,429 | 48,400,900 | 6,668,221 | 173,652,569 | | 311,819,119 |

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



STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

| Company | Note | <u>Non-distributable</u> Share capital RM | <u>Distributable</u> Retained earnings RM | Total equity RM |
|--|------|---|---|--------------------|
| Balance at 1 April 2019 | | 83,097,247 | 13,837,200 | 96,934,447 |
| Profit for the financial year | | - | 6,680,436 | 6,680,436 |
| Other comprehensive income, net of tax | | - | - | - |
| Total comprehensive income | | - | 6,680,436 | 6,680,436 |
| Transactions with owners | | | | |
| Dividends paid | 31 | - | (8,262,003) | (8,262,003) |
| Balance at 31 March 2020 | | 83,097,247 | 12,255,633 | 95,352,880 |
| Balance at 1 April 2020 | | 83,097,247 | 12,255,633 | 95,352,880 |
| Profit for the financial year | | - | 9,152,177 | 9,152,177 |
| Other comprehensive income, net of tax | | - | - | - |
| Total comprehensive income | | - | 9,152,177 | 9,152,177 |
| Transactions with owners | | | | |
| Dividends paid | 31 | - | (4,131,005) | (4,131,005) |
| Issuance of ordinary shares | 17 | 182 | - | 182 |
| Total transactions with owners | | 182 | (4,131,005) | (4,130,823) |
| Balance at 31 March 2021 | | 83,097,429 | 17,276,805 | 100,374,234 |

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

| | | Group | | Company | |
|---|------|-------------|-------------|--------------|-------------|
| | Note | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit before tax | | 20,759,914 | 20,240,493 | 9,579,438 | 6,765,031 |
| Adjustments for: | | | | | |
| Bad debts recovered | 29 | - | (704) | - | - |
| Bad debts written off | 29 | 89,188 | 152,971 | - | - |
| Depreciation of right-of-use assets | 8 | 2,506,530 | 3,135,639 | - | - |
| Depreciation of property, plant and equipment | 7 | 2,659,355 | 2,900,360 | 6,543 | 7,020 |
| Dividend income | 24 | - | - | (10,015,460) | (7,250,000) |
| Gain on disposal of property, plant and equipment | 29 | (256,366) | (148,859) | - | - |
| Impairment losses on receivables | | | | | |
| - addition | 14 | 1,586,881 | 429,665 | - | - |
| - reversal | 14 | (65,528) | (170,178) | - | - |
| Interest expense | 28 | 5,214,949 | 8,780,834 | - | - |
| Interest income | 25 | (1,551,711) | (1,462,418) | (970,798) | (728,604) |
| Inventories written down/(back) | 10 | 2,630,706 | (3,606) | - | - |
| Inventories written off | 10 | 8,994,222 | - | - | - |
| Property, plant and equipment | | | | | |
| - impairment loss | 37 | 1,110,231 | - | - | - |
| - reversal of impairment loss | 7 | (43,198) | - | - | - |
| - written off | 7 | 134,308 | 5,137 | - | - |
| Short term investments fair value loss/(gain) | 15 | 69,546 | (88,474) | 23,124 | (29,417) |
| Unrealised loss/(gain) on foreign exchange | 29 | 463,598 | (109,900) | 10,132 | (36,645) |
| Operating profit/(loss) before working capital changes | | 44,302,625 | 33,660,960 | (1,367,021) | (1,272,615) |
| Changes in working capital: | | | | | |
| Inventories | | 10,186,607 | 24,762,991 | - | - |
| Trade and other receivables | | 10,985,954 | 8,767,758 | (75,315) | (20,738) |
| Trade and other payables | | 7,941,294 | 871,954 | 1,816,031 | 342,638 |
| Cash generated from/(used in) operations | | 73,416,480 | 68,063,663 | 373,695 | (950,715) |
| Interest paid | | (96,509) | (224,454) | - | - |
| Tax paid | | (6,304,353) | (8,872,587) | (320,285) | (127,587) |
| Tax refunded | | 111,882 | 170,761 | - | - |
| Net cash from/(used in) operating activities | | 67,127,500 | 59,137,383 | 53,410 | (1,078,302) |



STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (continued)

| | | Group | | Company | |
|--|-------|--------------|--------------|--------------|-------------|
| | Note | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Dividends received from subsidiaries | 24 | - | - | 10,015,460 | 7,250,000 |
| Interest received | 25 | 1,551,711 | 1,462,418 | 970,798 | 728,604 |
| Net advances from subsidiaries | | - | - | 16,103,828 | 2,072,115 |
| Net placement of short term investments | | (23,499,416) | (1,429,422) | (22,968,317) | (726,364) |
| Proceeds from disposal of property, plant and equipment | | 257,468 | 167,000 | - | - |
| Purchase of property, plant and equipment | 7 | (14,226,111) | (19,942,784) | (8,302) | (4,800) |
| Net cash (used in)/from investing activities | | (35,916,348) | (19,742,788) | 4,113,467 | 9,319,555 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Cash payments on right-of-use assets | 8 | (521,489) | (58,100) | - | - |
| Dividends paid | 31 | (4,131,005) | (8,262,003) | (4,131,005) | (8,262,003) |
| Interest paid | | (4,792,402) | (8,163,281) | - | - |
| Net repayment of borrowings | | (6,407,538) | (23,120,403) | - | - |
| Proceeds from issuance of new shares | 17 | 182 | - | 182 | - |
| Repayments of lease liabilities | 8 | (2,435,003) | (3,027,360) | - | - |
| Net cash used in financing activities | | (18,287,255) | (42,631,147) | (4,130,823) | (8,262,003) |
| Net increase/(decrease) in cash and cash equivalents | | 12,923,897 | (3,236,552) | 36,054 | (20,750) |
| Cash and cash equivalents at beginning of financial year | | 3,628,628 | 6,936,658 | 51,900 | 72,650 |
| Effects of exchange rate fluctuations on cash and cash equivalents | | (113,203) | (71,478) | 1 | - |
| Cash and cash equivalents at end of financial year | 16(b) | 16,439,322 | 3,628,628 | 87,955 | 51,900 |

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (continued)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | Note | Lease liabilities Group (Note 8) | | Borrowings* Group (Note 19) | |
|----------------------------------|------|--|------------------|-----------------------------------|--------------------|
| | | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| At beginning of year | | 7,615,833 | 7,949,222 | 174,676,746 | 197,455,025 |
| Cash flows | | (2,435,003) | (3,027,360) | (6,407,538) | (23,120,403) |
| Non-cash flows: | | | | | |
| - Additions of lease liabilities | | 503,211 | 2,302,160 | - | - |
| - Effect of foreign exchange | | 102,305 | (1,288) | 482,087 | 342,124 |
| - Unwinding of interest | | 326,038 | 393,099 | - | - |
| At end of year | | <u>6,112,384</u> | <u>7,615,833</u> | <u>168,751,295</u> | <u>174,676,746</u> |

* Borrowings exclude bank overdraft.

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



NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021

1. CORPORATE INFORMATION

Dominant Enterprise Berhad ('the Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia.

The principal place of business of the Company is located at No. 2, Jalan Gemilang 1, Taman Perindustrian Maju Jaya, 81300 Johor Bahru, Johor, Malaysia.

The Directors regard NS Pacific Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company.

The consolidated financial statements for the financial year ended 31 March 2021 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 9 July 2021.

2. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. 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 ('IFRSs') and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 5 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- (a) The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- (b) Substantive potential voting rights held by the Company and by other parties;

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including: (continued)

- (c) Other contractual arrangements; and
- (d) Historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Other contingent consideration that:
 - (i) is within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9.
 - (ii) is not within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profits or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.8 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold land and building are stated at cost less any accumulated depreciation and any accumulated impairment losses. Freehold land and buildings are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Freehold land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

| | |
|--|-----------|
| Buildings | 2% |
| Plant and machineries | 10% |
| Motor vehicles and forklifts | 10% - 20% |
| Electrical fittings and installations | 10% |
| Office equipment, furniture and fittings | 5% - 10% |
| Stores, cabin and renovations | 10% |

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress comprises a warehouse under construction and is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases

The Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

- (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recorded at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset except for leasehold land are stated at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Leasehold land related to a class of property, plant and equipment to which the Group applies valuation model in MFRS 16, the Group elects to apply revaluation model to all of the right-of-use asset that related to that class of property, plant and equipment.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

| | |
|----------------|----------------------|
| Leasehold land | 50 years to 99 years |
| Buildings | 2 years to 6 years |
| Motor vehicles | 20% |

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest in the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group as a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and are recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumption that market participants would use when pricing investment properties under current market conditions.

Fair values of investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualification and have recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in fair value of investment properties is recognised in profit or loss for the period in which arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.7 Investments

Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4.8 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Goodwill (continued)

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

4.9 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories, deferred tax assets and investment properties measured at fair value, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss in the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Inventories

- (a) Inventories of raw materials, work-in-progress, finished goods, consumables and trading merchandise

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

Cost is determined using the first-in, first-out formula. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct costs and a proportion of production overheads based on normal operating capacity of the production facilities.

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

- (b) Land held for property development

Land held for property development consist of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

4.11 Financial instruments

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

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss (FVTPL), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of any impairment losses, if any.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income (FVTOCI), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequently to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group in the management of its 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, if any.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(b) Financial liabilities (continued)

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

(i) Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivatives liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for the Group's own credit risk increase or decrease which is recognised in other comprehensive income. Net gain or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities measured at amortised cost, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(c) Equity instruments (continued)

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

4.12 Impairment of financial assets

The Group applies the simplified approach to measure expected credit loss ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

The Group considers credit loss experience and observable data such as current changes and futures forecasts in economic conditions of the Group's industry to the financial statements to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables and amounts due from subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment other receivables and amounts due from subsidiaries is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables and amounts due from subsidiaries.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries to the Group and Company, and real property gains taxes payable on disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group) and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of the reporting period.

4.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Provisions (continued)

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted and are expensed when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4.18 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Foreign currencies (continued)

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to items reflected in profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

4.19 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to-date.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers.

Sale of goods

Revenue from sale of goods is recognised at a point in time when the goods has been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

Revenue recognition not in relation to performance obligations is described below:

(a) Dividend income

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

(b) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentive provide to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Revenue recognition (continued)

(c) Other income

(i) Management fee

Management fee from rendering of services is recognised when the services are rendered to the subsidiaries.

(ii) Interest income

Interest income is recognised as it accrues, using the effective interest method.

4.20 Operating segments

Operating segments are defined as components of the Group that:

- (a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
 - (i) The combined reported profit of all operating segments that did not report a loss; and
 - (ii) The combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.21 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Fair value measurements

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

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

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

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

| Title | Effective Date |
|--|--------------------------------|
| <i>Amendments to References to the Conceptual Framework in MFRS Standards</i> | 1 January 2020 |
| <i>Amendments to MFRS 3 Definition of a Business</i> | 1 January 2020 |
| <i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i> | 1 January 2020 |
| <i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i> | 1 January 2020 |
| <i>Amendment to MFRS 16 COVID-19-Related Rent Concessions</i> | 1 June 2020 (early adopted) |
| <i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i> | 17 August 2020 |

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and the Company except for the adoption of Amendment to MFRS 16 as described in the following section.

Amendment to MFRS 16 COVID-19-Related Rent Concessions

MFRS 16 has been amended to:

- (a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and
- (b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.1 New MFRSs adopted during the financial year (continued)

Amendment to MFRS 16 COVID-19-Related Rent Concessions (continued)

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (iii) There is no substantive change to other terms and conditions of the lease.

The Group has early adopted Amendment to MFRS 16 during the financial year ended 31 March 2021 and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and in similar circumstances. Consequently, the Group did not recognise changes in these lease payments as lease modifications and instead, recognised these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 8(b) to the financial statements.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

| Title | Effective Date |
|--|----------------|
| <i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16) | 1 January 2021 |
| Amendment to MFRS 16 <i>COVID-19-Related Rent Concessions beyond 30 June 2021</i> | 1 April 2021 |
| Annual Improvements to MFRS Standards 2018 - 2020 | 1 January 2022 |
| Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i> | 1 January 2022 |
| Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i> | 1 January 2022 |
| Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i> | 1 January 2022 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2023 |
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| <i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>) | 1 January 2023 |
| <i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>) | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

The Group and the Company are in the process of assessing the impact of implementing these Standards since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Recoverability of trade receivables

Recoverability of trade receivables requires management to exercise significant judgements in determining the probability of default by trade receivables and appropriate forward looking information.



NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

7. PROPERTY, PLANT AND EQUIPMENT

| Group 2021 | Balance as at 1.4.2020 RM | Additions RM | Disposals RM | Written off (Note d) RM | Impairment loss (Note d) RM | Reclassi- fication (Note 8) RM | Reclassi- fication (Note 9) RM | Depreciation charge for the financial year RM | Revaluation RM | Reversal of impairment loss RM | Exchange differences RM | Balance as at 31.3.2021 RM |
|---|------------------------------------|-----------------|-----------------|----------------------------------|--------------------------------------|---|---|---|-------------------|---|-------------------------------|-------------------------------------|
| Carrying amount | | | | | | | | | | | | |
| Freehold land | 76,568,236 | 785,336 | - | - | - | - | - | - | 304,156 | - | - | 77,657,728 |
| Buildings | 51,032,234 | 68,320 | - | - | (3,439,769) | - | (6,853,936) | (1,133,148) | 509,836 | 43,198 | 61,289 | 40,288,024 |
| Plant and machineries | 2,876,543 | 1,100,214 | (1,100) | (15,000) | - | - | - | (501,260) | - | - | - | 3,459,397 |
| Motor vehicles and forklifts | 1,935,128 | 594,000 | (2) | - | - | 29,121 | - | (651,435) | - | - | 16,529 | 1,923,341 |
| Electrical fittings and installation | 103,143 | 47,096 | - | (4,838) | - | - | - | (16,389) | - | - | 1,517 | 130,529 |
| Office equipment, furniture and fittings | 2,410,787 | 139,746 | - | (114,470) | - | - | - | (324,154) | - | - | 7,674 | 2,119,583 |
| Stores, cabin and renovations | 109,842 | 312,381 | - | - | - | - | - | (32,969) | - | - | 1,266 | 390,520 |
| Construction in progress | 23,187,715 | 11,179,018 | - | - | - | - | - | - | - | - | - | 34,366,733 |
| | 158,223,628 | 14,226,111 | (1,102) | (134,308) | (3,439,769) | 29,121 | (6,853,936) | (2,659,355) | 813,992 | 43,198 | 88,275 | 160,335,855 |
| [-----At 31.3.2021-----] | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Freehold land | - | - | - | - | - | - | - | - | 77,657,728 | - | - | 77,657,728 |
| Buildings | - | - | - | - | - | - | - | - | 55,139,409 | (11,379,636) | (3,471,749) | 40,288,024 |
| Plant and machineries | 14,527,064 | - | - | - | - | - | - | - | - | (11,067,667) | - | 3,459,397 |
| Motor vehicles and forklifts | 9,876,779 | - | - | - | - | - | - | - | - | (7,953,438) | - | 1,923,341 |
| Electrical fittings and installation | 587,852 | - | - | - | - | - | - | - | - | (457,323) | - | 130,529 |
| Office equipment, furniture and fittings | 5,146,304 | - | - | - | - | - | - | - | - | (3,026,721) | - | 2,119,583 |
| Stores, cabin and renovations | 870,409 | - | - | - | - | - | - | - | - | (479,889) | - | 390,520 |
| Construction in progress | 34,366,733 | - | - | - | - | - | - | - | - | - | - | 34,366,733 |
| | 65,375,141 | 132,797,137 | (34,364,674) | (3,471,749) | (3,471,749) | | | | | | | 160,335,855 |

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

| Company 2021 | Balance as at 1.4.2020 RM | Additions RM | Depreciation charge for the financial year RM | Balance as at 31.3.2021 RM |
|------------------------|------------------------------------|-----------------|--|-------------------------------------|
| Carrying amount | | | | |
| Motor vehicle | 2 | - | - | 2 |
| Office equipment | 38,296 | 8,302 | (6,543) | 40,055 |
| | 38,298 | 8,302 | (6,543) | 40,057 |

[----- At 31.3.2021 -----]

| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
|------------------|------------|-----------------------------------|--------------------------|
| Motor vehicle | 171,397 | (171,395) | 2 |
| Office equipment | 79,368 | (39,313) | 40,055 |
| | 250,765 | (210,708) | 40,057 |

| Company 2020 | Balance as at 1.4.2019 RM | Additions RM | Depreciation charge for the financial year RM | Balance as at 31.3.2020 RM |
|------------------------|------------------------------------|-----------------|--|-------------------------------------|
| Carrying amount | | | | |
| Motor vehicle | 2 | - | - | 2 |
| Office equipment | 40,516 | 4,800 | (7,020) | 38,296 |
| | 40,518 | 4,800 | (7,020) | 38,298 |

[----- At 31.3.2020 -----]

| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
|------------------|------------|-----------------------------------|--------------------------|
| Motor vehicle | 171,397 | (171,395) | 2 |
| Office equipment | 71,066 | (32,770) | 38,296 |
| | 242,463 | (204,165) | 38,298 |

- (a) Had the revalued freehold land and buildings been carried at cost less accumulated depreciation, the carrying amounts would have been:

| | Group | |
|---------------|------------|------------|
| | 2021 RM | 2020 RM |
| Freehold land | 55,863,690 | 55,078,354 |
| Buildings | 25,948,880 | 29,949,562 |
| | 81,812,570 | 85,027,916 |

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) The fair value of the properties of the Group are categorised as follows:

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|---------------|---------------|---------------|---------------|-------------|
| 2021 | | | | |
| Freehold land | - | - | 77,657,728 | 77,657,728 |
| Buildings | - | - | 40,288,024 | 40,288,024 |
| | - | - | 117,945,752 | 117,945,752 |
| 2020 | | | | |
| Freehold land | - | - | 76,568,236 | 76,568,236 |
| Buildings | - | - | 51,032,234 | 51,032,234 |
| | - | - | 127,600,470 | 127,600,470 |

- Freehold land and buildings ('properties') of the Group were revalued on 31 March 2021 by the Directors based on valuation exercise carried out by an independent firm of registered professional valuers.
- The fair value measurements of the properties (at valuation) are based on the highest and best use which does not differ from their actual use.
- There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2021 and 31 March 2020.
- The significant unobservable inputs used in determining the Level 3 fair value measurements by external valuers using cost or comparison approach valuation techniques, comparing the subject properties with similar properties in the locality or larger neighbourhood which were recently sold and asking selling prices with adjustments made for location, size, shape and terrain of land, accessibility, tenure, title restriction if any, availability of infrastructure and other relevant characteristics.

Description of valuation techniques used and key inputs to valuation on properties measured at Level 3:

| Property category | Valuation technique | Significant unobservable inputs | Range | Inter-relationship |
|-------------------|---------------------|--|--|--|
| Freehold land | Comparison method | Price per square foot | RM18 to RM105 (2020: RM18 to RM103) | Lower price per square foot, lower fair value. |
| Building | Comparison method | Price per square foot | RM32 to RM77 (2020: RM14 to RM407)* | Lower price per square foot, lower fair value. |
| Building | Cost method | Estimated replacement cost per square foot | RM50 to RM117 (2020: RM50 to RM117) | Higher estimated replacement cost, lower fair value. |

* Range per square foot in prior year inclusive of property transferred to investment property in current financial year.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

- (b) The fair value of the properties of the Group are categorised as follows: (continued)
- (v) The following table shows a reconciliation of balances of properties whose fair values have been classified in Level 3 of the fair value hierarchy:

| | Group | |
|--|--------------------|--------------------|
| | 2021 RM | 2020 RM |
| Balance as at 1 April 2020/2019 | 127,600,470 | 109,824,977 |
| Additions | 853,656 | 9,387,996 |
| Depreciation charge on properties | (1,133,148) | (1,247,046) |
| Exchange difference | 61,289 | 13,955 |
| Impairment loss | (3,439,769) | - |
| Revaluation | 813,992 | 9,620,588 |
| Reversal of impairment loss | 43,198 | - |
| Transfer to investment properties (Note 9) | (6,853,936) | - |
| | <u>117,945,752</u> | <u>127,600,470</u> |
| Balance as at 31 March 2021/2020 | <u>117,945,752</u> | <u>127,600,470</u> |

- (c) During the financial year, additions of property, plant and equipment of the Group include an amount of RM7,532,488 (2020: RM10,918,560) financed by term loans from financial institutions.
- (d) Arising from a fire incident which occurred on 23 January 2021, the Group has recognised an impairment loss on building amounting to RM3,439,769 and had written off other plant and equipment amounting to RM134,020 respectively as disclosed in Note 37 to the financial statements.

Other assets written off during the financial year was RM288 (2020: RM5,137).

- (e) Due to the fire incident, management estimated the recoverable amount of the affected building. The recoverable amount estimated was based on fair value less costs of disposal, as follows:

| Group | 2021 RM | 2020 RM |
|-------------------------------|------------------|------------|
| Building - recoverable amount | <u>2,917,854</u> | <u>N/A</u> |

Following the impairment loss recognised, the recoverable amount was equal to the carrying amount. The significant unobservable inputs used in determining the Level 3 fair value measurements are disclosed under Note 7(b).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

8. LEASES

The Group as lessee

(I) Right-of-use assets

| | Balance as at 1.4.2020 RM | Additions RM | Depreciation RM | Reclassi- fication (Note 7) RM | Reclassi- fication (Note 9) RM | Revaluation RM | Exchange differences RM | Balance as at 31.3.2021 RM |
|------------------------|------------------------------------|-----------------|--------------------|---|---|-------------------|-------------------------------|-------------------------------------|
| Carrying amount | | | | | | | | |
| Leasehold land | 19,586,339 | 146,064 | (307,721) | - | (8,745,944) | 476,568 | 30,537 | 11,185,843 |
| Buildings | 7,097,396 | 44,391 | (2,016,850) | - | - | - | 94,701 | 5,219,638 |
| Motor vehicles | 652,331 | 834,245 | (181,959) | (29,121) | - | - | 7,654 | 1,283,150 |
| | 27,336,066 | 1,024,700 | (2,506,530) | (29,121) | (8,745,944) | 476,568 | 132,892 | 17,688,631 |

| | [-----At 31.3.2021 -----] | | | |
|----------------|---------------------------|-----------------|-----------------------------------|--------------------------|
| | Cost RM | Valuation RM | Accumulated depreciation RM | Carrying amount RM |
| Leasehold land | - | 13,158,637 | (1,972,794) | 11,185,843 |
| Buildings | 9,655,498 | - | (4,435,860) | 5,219,638 |
| Motor vehicles | 1,607,779 | - | (324,629) | 1,283,150 |
| | 11,263,277 | 13,158,637 | (6,733,283) | 17,688,631 |



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

8. LEASES (continued)

The Group as lessee (continued)

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

| | Balance as at 1.4.2019 RM | Effects of adoption of MFRS 16 RM | Additions RM | Depreciation RM | Reclassification (Note 7) RM | Exchange differences RM | Balance as at 31.3.2020 RM |
|------------------------|------------------------------------|---|-----------------|--------------------|------------------------------------|-------------------------------|-------------------------------------|
| Carrying amount | | | | | | | |
| Leasehold land | - | 19,804,975 | - | (317,160) | - | 98,524 | 19,586,339 |
| Buildings | - | 7,413,373 | 2,265,631 | (2,567,458) | - | (14,150) | 7,097,396 |
| Motor vehicles | - | 891,266 | 108,100 | (251,021) | (96,014) | - | 652,331 |
| | - | 28,109,614 | 2,373,731 | (3,135,639) | (96,014) | 84,374 | 27,336,066 |

| | [-----At 31.3.2020 -----] | | | |
|----------------|---------------------------|-----------------|-----------------------------------|--------------------------|
| | Cost RM | Valuation RM | Accumulated depreciation RM | Carrying amount RM |
| Leasehold land | - | 21,317,017 | (1,730,678) | 19,586,339 |
| Buildings | 12,653,264 | - | (5,555,868) | 7,097,396 |
| Motor vehicles | 875,021 | - | (222,690) | 652,331 |
| | 13,528,285 | 21,317,017 | (7,509,236) | 27,336,066 |

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

8. LEASES (continued)

The Group as lessee (continued)

(II) Lease liabilities

| | Balance as at 1.4.2020 RM | Additions RM | Lease payments RM | Interest expense RM | Exchange differences RM | Balance as at 31.3.2021 RM |
|------------------------|------------------------------------|-----------------|-------------------------|---------------------------|-------------------------------|-------------------------------------|
| Carrying amount | | | | | | |
| Buildings | 7,332,333 | 44,391 | (2,271,830) | 314,105 | 98,125 | 5,517,124 |
| Motor vehicles | 283,500 | 458,820 | (163,173) | 11,933 | 4,180 | 595,260 |
| | 7,615,833 | 503,211 | (2,435,003) | 326,038 | 102,305 | 6,112,384 |

| | Balance as at 1.4.2019 RM | Effects of adoption of MFRS 16 RM | Additions RM | Lease payments RM | Interest expense RM | Exchange differences RM | Balance as at 31.3.2020 RM |
|------------------------|------------------------------------|--|-----------------|-------------------------|---------------------------|-------------------------------|-------------------------------------|
| Carrying amount | | | | | | | |
| Buildings | - | 7,566,267 | 2,252,160 | (2,861,815) | 377,009 | (1,288) | 7,332,333 |
| Motor vehicles | - | 382,955 | 50,000 | (165,545) | 16,090 | - | 283,500 |
| | - | 7,949,222 | 2,302,160 | (3,027,360) | 393,099 | (1,288) | 7,615,833 |



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

8. LEASES (continued)

The Group as lessee (continued)

(II) Lease liabilities (continued)

| | Group | |
|---|------------------|------------------|
| | 2021 RM | 2020 RM |
| Represented by: | | |
| Current liabilities | 2,106,951 | 2,042,148 |
| Non-current liabilities | 4,005,433 | 5,573,685 |
| | <u>6,112,384</u> | <u>7,615,833</u> |
| Lease liabilities owing to financial institutions | 595,260 | 283,500 |
| Lease liabilities owing to non-financial institutions | 5,517,124 | 7,332,333 |
| | <u>6,112,384</u> | <u>7,615,833</u> |

(a) The Group has certain leases of hostel with lease term of 12 months or less. The Group applies the "short-term lease" exemption for these leases.

(b) The following are the amounts recognised in profit or loss:

| | Group | |
|--|------------|------------|
| | 2021 RM | 2020 RM |
| Depreciation charge of right-of-use assets | 2,506,530 | 3,135,639 |
| Interest expense on lease liabilities (included in finance costs) | 326,038 | 393,099 |
| Expense relating to short-term leases (included in other operating expenses) | 805,893 | 316,468 |
| Rental reduction arising from COVID-19 related rent concessions (included in other operating income) | (144,215) | - |

| | Company | |
|--|---------------|---------------|
| | 2021 RM | 2020 RM |
| Expense relating to short-term leases (included in other operating expenses) | <u>12,912</u> | <u>12,912</u> |

(c) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

(d) Had the revalued leasehold land been carried at cost less accumulated depreciation, the carrying amounts would have been:

| | Group | |
|----------------|------------------|------------------|
| | 2021 RM | 2020 RM |
| Leasehold land | <u>3,127,453</u> | <u>5,635,853</u> |

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

8. LEASES (continued)

The Group as lessee (continued)

(e) The fair value of the properties of the Group are categorised as follows:

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|----------------|---------------|---------------|---------------|-------------|
| 2021 | | | | |
| Leasehold land | - | - | 11,185,843 | 11,185,843 |
| 2020 | | | | |
| Leasehold land | - | - | 19,586,339 | 19,586,339 |

- (i) Leasehold land ('properties') of the Group were revalued on 31 March 2021 by the Directors based on valuation exercise carried out by an independent firm of registered professional valuers.
- (ii) The fair value measurements of the properties (at valuation) are based on the highest and best use which does not differ from their actual use.
- (iii) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2021 and 31 March 2020.
- (iv) The significant unobservable inputs used in determining the Level 3 fair value measurements by external valuers using comparison approach valuation techniques, comparing the subject properties with similar properties in the locality or larger neighbourhood which were recently sold and asking selling prices with adjustments made for location, size, shape and terrain of land, accessibility, tenure, title restriction if any, availability of infrastructure and other relevant characteristics.

Description of valuation techniques used and key inputs to valuation on properties measured at Level 3:

| Property category | Valuation technique | Significant unobservable inputs | Range | Inter-relationship |
|-------------------|---------------------|---------------------------------|--------------------------------------|--|
| Leasehold land | Comparison method | Price per square foot | RM25 to RM139 (2020: RM25 to RM520)* | Lower price per square foot, lower fair value. |

* Range per square foot in prior year inclusive of property transferred to investment property in current financial year

- (v) The following table shows a reconciliation of balances of properties whose fair values have been classified in Level 3 of the fair value hierarchy:

| | Group | |
|--|-------------|------------|
| | 2021 RM | 2020 RM |
| Balance as at 1 April 2020/2019 | 19,586,339 | 19,804,975 |
| Additions | 146,064 | - |
| Depreciation charge on properties | (307,721) | (317,160) |
| Exchange difference | 30,537 | 98,524 |
| Revaluation | 476,568 | - |
| Transfer to investment properties (Note 9) | (8,745,944) | - |
| Balance as at 31 March 2021/2020 | 11,185,843 | 19,586,339 |



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

8. LEASES (continued)

The Group as lessee (continued)

- (f) During the financial year, the Group made the following cash payments on right-of-use assets:

| | Group | |
|--|------------|-------------|
| | 2021 RM | 2020 RM |
| Addition of right-of-use assets | 1,024,700 | 2,373,731 |
| Financed by lease arrangement | (458,820) | (50,000) |
| Recognition of right-of-use assets for buildings | (44,391) | (2,265,631) |
| Cash payments on right-of-use assets | 521,489 | 58,100 |

- (g) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group that are exposed to interest rate risk:

| Group | Weighted average incremental borrowing rate per annum % | Within 1 year RM | 1 - 2 years RM | 2 - 5 years RM | Total RM |
|----------------------------|---|------------------------|----------------------|----------------------|-------------|
| As at 31 March 2021 | | | | | |
| Lease liabilities | | | | | |
| Fixed rates | 4.95 | 2,106,951 | 1,739,197 | 2,266,236 | 6,112,384 |
| As at 31 March 2020 | | | | | |
| Lease liabilities | | | | | |
| Fixed rates | 4.81 | 2,042,148 | 1,991,785 | 3,581,900 | 7,615,833 |

- (h) The table below summarises the maturity profile of the lease liabilities of the Group at the end of each reporting period based on contractual undiscounted repayment obligations:

| Group | On demand or within one year RM | One to five years RM | Over five years RM | Total RM |
|----------------------------|--|----------------------------|--------------------------|-------------|
| As at 31 March 2021 | | | | |
| Lease liabilities | | | | |
| Buildings | 2,121,258 | 3,839,877 | - | 5,961,135 |
| Motor vehicle | 233,234 | 412,432 | - | 645,666 |
| | 2,354,492 | 4,252,309 | - | 6,606,801 |
| As at 31 March 2020 | | | | |
| Lease liabilities | | | | |
| Buildings | 2,207,551 | 5,871,652 | - | 8,079,203 |
| Motor vehicle | 152,635 | 142,962 | - | 295,597 |
| | 2,360,186 | 6,014,614 | - | 8,374,800 |

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

9. INVESTMENT PROPERTIES

| Group 2021 | Balance as at 1.4.2020 RM | Reclassi- fication (Note 7) RM | Reclassi- fication (Note 8) RM | Exchange differences RM | Balance as at 31.3.2021 RM |
|----------------------|------------------------------------|---|---|-------------------------------|-------------------------------------|
| At fair value | | | | | |
| Freehold land | 722,013 | - | - | - | 722,013 |
| Leasehold land | - | - | 8,745,944 | 80,918 | 8,826,862 |
| Building | - | 6,853,936 | - | 63,412 | 6,917,348 |
| | 722,013 | 6,853,936 | 8,745,944 | 144,330 | 16,466,223 |

| Group 2020 | Balance as at 1.4.2019 RM | Reclassi- fication RM | Exchange differences RM | Balance as at 31.3.2020 RM |
|----------------------|------------------------------------|-----------------------------|-------------------------------|-------------------------------------|
| At fair value | | | | |
| Freehold land | 722,013 | - | - | 722,013 |

(a) Direct operating expenses arising from investment properties during the financial year are as follows:

| | Group | |
|---------------------------------|------------|------------|
| | 2021 RM | 2020 RM |
| Lease income | 378,397 | - |
| Quit rent and assessment | | |
| - generating rental income | 44,971 | - |
| - not generating rental income | - | 90 |
| Insurance | | |
| - generating rental income | 10,766 | - |

(b) The fair value of investment properties of the Group are categorised as follows:

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|----------------|---------------|---------------|---------------|-------------|
| 2021 | | | | |
| Freehold land | - | - | 722,013 | 722,013 |
| Leasehold land | - | - | 8,826,862 | 8,826,862 |
| Building | - | - | 6,917,348 | 6,917,348 |
| | - | - | 16,466,223 | 16,466,223 |
| 2020 | | | | |
| Freehold land | - | - | 722,013 | 722,013 |



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

9. INVESTMENT PROPERTIES (continued)

- (b) The fair value of investment properties of the Group are categorised as follows: (continued)
- (i) Investment properties of the Group were revalued on 31 March 2021 by the Directors based on valuation exercise carried out by an independent firm of registered professional valuers.
 - (ii) The fair value measurements of the properties (at valuation) are based on the highest and best use which does not differ from their actual use.
 - (iii) During the financial year, certain properties have been transferred from property, plant and equipment and right-of-use assets to investment properties, since the properties were no longer used by the Group and leased to third parties.
 - (iv) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2021 and 31 March 2020.
 - (v) The significant unobservable inputs used in determining the Level 3 fair value measurements by external valuers using cost or comparison approach valuation techniques, comparing the subject properties with similar properties in the locality or larger neighbourhood which were recently sold and asking selling prices with adjustments made for location, size, shape and terrain of land, accessibility, tenure, title restriction if any, availability of infrastructure and other relevant characteristics.

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

| Property category | Valuation technique | Significant unobservable inputs | Range | Inter-relationship |
|-------------------|---------------------|---------------------------------|-------------------------------|--|
| Freehold land | Comparison method | Price per square foot | RM2 to RM3 (2020: RM2 to RM3) | Lower price per square foot, lower fair value. |
| Leasehold land | Comparison method | Price per square foot | RM310 to RM531 (2020: N/A) | Lower price per square foot, lower fair value. |
| Building | Comparison method | Price per square foot | RM243 to RM416 (2020: N/A) | Lower price per square foot, lower fair value. |

- (vi) The following table shows a reconciliation of balances of investment properties whose fair values have been classified in Level 3 of the fair value hierarchy:

| | Group | |
|--|-------------------|----------------|
| | 2021 RM | 2020 RM |
| Balance at beginning of year | 722,013 | 722,013 |
| Exchange difference | 144,330 | - |
| Transfer from: | | |
| - property, plant and equipment (Note 7) | 6,853,936 | - |
| - right-of-use assets (Note 8) | 8,745,944 | - |
| Balance at end of year | <u>16,466,223</u> | <u>722,013</u> |

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

9. INVESTMENT PROPERTIES (continued)

- (c) The Group as lessor

The Group had entered into non-cancellable lease agreements on warehouse with third parties.

The Group has aggregate future minimum lease receivable under the above non-cancellable operating leases as at the end of each reporting period as follows:

| | 2021 RM | Group 2020 RM |
|--------------------------|------------------|---------------------|
| Less than one (1) year | 828,378 | 363,600 |
| One (1) to two (2) years | 740,904 | 272,700 |
| | <u>1,569,282</u> | <u>636,300</u> |

10. INVENTORIES

| | Note | 2021 RM | Group 2020 RM |
|------------------------------------|------|--------------------|---------------------|
| Non-current | | | |
| Land held for property development | (c) | <u>6,012,774</u> | <u>6,012,774</u> |
| Current | | | |
| At cost | | | |
| Raw materials | | 29,641,816 | 23,992,401 |
| Work-in-progress | | 1,061,918 | 1,204,987 |
| Finished goods | | 2,072,816 | 1,641,704 |
| Consumables | | 144,655 | 125,337 |
| Trading merchandise | | <u>71,630,897</u> | <u>98,611,136</u> |
| | | <u>104,552,102</u> | <u>125,575,565</u> |

- (a) During the financial year, the Group had written down slow moving inventories of RM2,630,706 (2020: written back of RM3,606).
- (b) During the financial year, the Group had written off inventories of RM8,994,222 (2020: nil) due to a fire incident as disclosed in Note 37 to the financial statements.
- (c) Land held for property development

| | Balance as at 1.4.2020 RM | Additions RM | Reclassification RM | Balance as at 31.3.2021 RM |
|-----------------------|------------------------------------|-----------------|------------------------|-------------------------------------|
| Group 2021 | | | | |
| At cost | | | | |
| Freehold land | <u>6,012,774</u> | - | - | <u>6,012,774</u> |
| | | | | |
| Group 2020 | | | | |
| At cost | | | | |
| Freehold land | <u>13,447,230</u> | 97,094 | (7,531,550) | <u>6,012,774</u> |



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

11. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|-----------------------------|-------------------|-------------------|
| | 2021 RM | 2020 RM |
| At cost | | |
| Unquoted shares | | |
| At beginning/end of year | 15,844,930 | 15,844,930 |
| Accumulated impairment loss | (501,782) | (501,782) |
| Unquoted shares, at cost | 15,343,148 | 15,343,148 |
| Equity loans | 76,707,328 | 76,707,328 |
| | <u>92,050,476</u> | <u>92,050,476</u> |

Details of the subsidiaries are as follows:

| Name of company | Country of incorporation | Interest in equity held by the Company | | Principal activities |
|--|--------------------------|--|-----------|--|
| | | 2021 % | 2020 % | |
| Premier Woodprofile Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing of wrapped mouldings and furniture components |
| Bripanel Industries Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing of laminated wood panel products |
| Ecopanel Industries Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing of laminated wood panel products |
| Combi Trading Sdn. Bhd. | Malaysia | 100 | 100 | Distribution of wood products |
| Ikta Sdn. Bhd. | Malaysia | 100 | 100 | Distribution of wood products |
| Jurihan Sdn. Bhd. | Malaysia | 100 | 100 | Distribution of wood products and building materials |
| Kim Guan Impex Sdn. Bhd. | Malaysia | 100 | 100 | Distribution of wood products and building materials |
| Damai Estate Sdn. Bhd. | Malaysia | 100 | 100 | Property management |
| Wira Land Development Sdn. Bhd. | Malaysia | 100 | 100 | Property development |
| Akati Impex Pte. Ltd.* | Singapore | 100 | 100 | Importers, distributors and exporters of all types of wood products |
| Akati Wood (Vietnam) Co., Ltd.* | Vietnam | 100 | 100 | Manufacturing of laminated wood panel products and distribution of wood products |
| Green Panel Pty. Ltd. ** | Australia | 100 | 100 | Distribution of wood products |
| Favor Woodpanel (Thailand) Co., Ltd.** | Thailand | 100 | 100 | Importers, distributors and exporters of all types of wood products |

* Subsidiaries audited by BDO member firms

** Subsidiaries not audited by BDO member firms

- (a) The Directors of the Company had assessed the nature of the amounts owing by subsidiaries and determined that an outstanding balance amounted to RM76,707,328 (2020: RM76,707,328) shall constitute an equity loan to subsidiaries as these amounts are unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future and are considered to be part of the investment of the Company providing the subsidiaries with a long term source of additional capital.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

12. EQUITY INVESTMENT

| | Group | |
|---|------------|------------|
| | 2021 RM | 2020 RM |
| <u>At fair value through profit or loss</u> | | |
| Equity investment outside Malaysia | 843,575 | 843,575 |
| Fair value loss recognised | (843,575) | (843,575) |
| | <u>-</u> | <u>-</u> |

Equity investment are in-kind shares settlement from prior years amounting to RM843,575 which was recorded as equity investment at FVTPL as opted by management. However, a trading halt has been imposed since June 2017, hence management is of the view that the fair value of the shares is nil. Subsequent to the financial year end, the quoted shares was delisted on 28 May 2021.

13. GOODWILL

| Group 2021 | Balance as at 1.4.2020 RM | Impairment loss for the financial year RM | Balance as at 31.3.2021 RM |
|------------------------|------------------------------------|--|-------------------------------------|
| Carrying amount | | | |
| Goodwill | 836,556 | - | 836,556 |

[----- At 31.3.2021 -----]

| | Cost RM | Accumulated impairment RM | Carrying amount RM |
|----------|------------|---------------------------------|--------------------------|
| Goodwill | 1,059,306 | (222,750) | 836,556 |

| Group 2020 | Balance as at 1.4.2019 RM | Impairment loss for the financial year RM | Balance as at 31.3.2020 RM |
|------------------------|------------------------------------|--|-------------------------------------|
| Carrying amount | | | |
| Goodwill | 836,556 | - | 836,556 |

[----- At 31.3.2020 -----]

| | Cost RM | Accumulated impairment RM | Carrying amount RM |
|----------|------------|---------------------------------|--------------------------|
| Goodwill | 1,059,306 | (222,750) | 836,556 |



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

13. GOODWILL (continued)

Goodwill arising from business combinations has been allocated to two (2) individual cash-generating units ('CGU') for impairment testing as follows:

| | 2021 RM | 2020 RM |
|--------------------------------|----------------|----------------|
| Manufacturing of wood products | 571,808 | 571,808 |
| Distribution of wood products | 264,748 | 264,748 |
| | <u>836,556</u> | <u>836,556</u> |

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The following key assumptions are used to generate the financial budgets:

| | 2021 % | 2020 % |
|-----------------------|------------|------------|
| Sales growth rate | 5.0 | 5.0 |
| Pre-tax discount rate | <u>5.0</u> | <u>6.0</u> |

A reasonable change in the assumptions above would not cause any further impairment loss on goodwill. The calculations of value in use for the CGUs are most sensitive to the following assumptions:

(i) Sales growth rate

The forecasted sale growth rate is based on business past performance and management's expectations of market development.

(ii) Pre-tax discount rate

Discount rate reflects the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess the operating performance of the CGU.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

14. TRADE AND OTHER RECEIVABLES

| | | Group | | Company | |
|-------------------------------|------|-------------|-------------|------------|------------|
| | Note | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Trade receivables | | | | | |
| Third parties | | 147,072,671 | 160,766,115 | - | - |
| Less: Impairment losses | (f) | (2,829,764) | (1,562,816) | - | - |
| | | 144,242,907 | 159,203,299 | - | - |
| Other receivables | | | | | |
| Third parties | | 434,731 | 349,831 | - | - |
| Deposits | | 1,265,685 | 1,057,900 | 1,000 | 1,000 |
| Amounts owing by subsidiaries | | - | - | 3,247,278 | 12,951,406 |
| | | 1,700,416 | 1,407,731 | 3,248,278 | 12,952,406 |
| Prepayments | (g) | 6,151,782 | 3,759,168 | 115,021 | 39,706 |
| | | 152,095,105 | 164,370,198 | 3,363,299 | 12,992,112 |

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 7 to 90 days (2020: 7 to 90 days) from the date of invoice. They are recognised at their original invoiced amounts, which represent their fair value on initial recognition.
- (b) Amounts owing by subsidiaries are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.
- (c) The currency exposure profile of receivables and prepayments is as follows:

| | Group | | Company | |
|----------------------|-------------|-------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Ringgit Malaysia | 129,357,524 | 141,774,184 | 3,361,383 | 12,631,971 |
| Thai Baht | 7,472,638 | 7,595,510 | 682 | - |
| Singapore Dollar | 7,276,243 | 9,911,702 | - | - |
| United States Dollar | 5,025,065 | 2,991,048 | - | 344,200 |
| Vietnamese Dong | 1,792,750 | 483,412 | - | - |
| Australian Dollar | 890,607 | 1,386,452 | 1,234 | 15,941 |
| Others | 280,278 | 227,890 | - | - |
| | 152,095,105 | 164,370,198 | 3,363,299 | 12,992,112 |



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

14. TRADE AND OTHER RECEIVABLES (continued)

- (d) Lifetime expected loss provision for trade receivables of the Group are as follows:

| | Gross carrying amount RM | Lifetime ECL allowance RM | Carrying amount RM |
|-----------------------------|-----------------------------------|------------------------------------|--------------------------|
| As at 31 March 2021: | | | |
| Not past due | 126,086,535 | - | 126,086,535 |
| Past due: | | | |
| Less than 30 days | 13,701,548 | - | 13,701,548 |
| 31 to 120 days | 4,097,248 | - | 4,097,248 |
| More than 120 days | 357,576 | - | 357,576 |
| | 18,156,372 | - | 18,156,372 |
| Individual assessment | 2,829,764 | (2,829,764) | - |
| | <u>147,072,671</u> | <u>(2,829,764)</u> | <u>144,242,907</u> |
| As at 31 March 2020: | | | |
| Not past due | 126,657,156 | - | 126,657,156 |
| Past due: | | | |
| Less than 30 days | 21,940,746 | - | 21,940,746 |
| 31 to 120 days | 7,243,899 | - | 7,243,899 |
| More than 120 days | 3,361,498 | - | 3,361,498 |
| | 32,546,143 | - | 32,546,143 |
| Individual assessment | 1,562,816 | (1,562,816) | - |
| | <u>160,766,115</u> | <u>(1,562,816)</u> | <u>159,203,299</u> |

During the financial year, the Group did not renegotiate the terms of any trade receivables. These receivables are not secured by any collateral.

- (e) Impairment for other receivables and amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model.

The Group and the Company defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays and past due information. No expected credit loss is recognised arising from other receivables as it is negligible.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

14. TRADE AND OTHER RECEIVABLES (continued)

- (f) Trade receivables that are past due and impaired at the end of the reporting period and the reconciliation of movements in allowance for impairment accounts is as follows

| | Group | |
|-------------------------------|------------------|------------------|
| | 2021 RM | 2020 RM |
| At beginning of year | 1,562,816 | 1,852,105 |
| Charge for the financial year | 1,586,881 | 429,665 |
| Written off | (240,590) | (575,485) |
| Reversal | (65,528) | (170,178) |
| Exchange differences | (13,815) | 26,709 |
| At end of year | <u>2,829,764</u> | <u>1,562,816</u> |

- (g) Included in prepayments of the Group are advance payments for the purchase of trading merchandise as well as machinery and equipment amounting to RM3,000,769 (2020: RM2,257,125) and RM1,702,137 (2020: nil) respectively.
- (h) Information on financial risks of trade and other receivables is disclosed in Note 36 to the financial statements.

15. SHORT TERM INVESTMENTS

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| At fair value through profit or loss | | | | |
| - short term investments | <u>70,197,825</u> | <u>46,767,955</u> | <u>46,260,771</u> | <u>23,315,578</u> |

- (a) The reconciliation of movements in the short term investments is as follows:

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Balance as at beginning of financial year | 46,767,955 | 45,250,059 | 23,315,578 | 22,559,797 |
| Additions | 23,499,416 | 1,429,422 | 22,968,317 | 726,364 |
| Fair value (loss)/gain through profit or loss | <u>(69,546)</u> | <u>88,474</u> | <u>(23,124)</u> | <u>29,417</u> |
| Balance as at end of financial year | <u>70,197,825</u> | <u>46,767,955</u> | <u>46,260,771</u> | <u>23,315,578</u> |

- (b) The investments are managed by a licensed financial institution incorporated in Malaysia. The recoverable amount was determined based on the last transaction price on 31 March 2021.
- (c) Short term investments are denominated in Ringgit Malaysia ('RM').
- (d) Information on the fair value hierarchy is disclosed in Note 35(d) to the financial statements.
- (e) Information on financial risks of short term investments is disclosed in Note 36 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

16. CASH AND BANK BALANCES

| | Group | | Company | |
|------------------------|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Cash and bank balances | 17,299,719 | 9,025,750 | 87,955 | 51,900 |

- (a) The currency exposure profile of cash and bank balances is as follows:

| | Group | | Company | |
|----------------------|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Ringgit Malaysia | 15,572,947 | 6,554,934 | 87,888 | 51,834 |
| Australian Dollar | 696,423 | 754,332 | - | - |
| United States Dollar | 539,557 | 774,968 | - | - |
| Vietnamese Dong | 198,411 | 274,273 | - | - |
| Thai Baht | 156,655 | 566,159 | 36 | 36 |
| Singapore Dollar | 15,467 | 22,851 | 31 | 30 |
| Others | 120,259 | 78,233 | - | - |
| | 17,299,719 | 9,025,750 | 87,955 | 51,900 |

- (b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

| | Group | | Company | |
|--|------------|-------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Cash and bank balances | 17,299,719 | 9,025,750 | 87,955 | 51,900 |
| Bank overdrafts included in borrowings (Note 19) | (860,397) | (5,397,122) | - | - |
| | 16,439,322 | 3,628,628 | 87,955 | 51,900 |

- (c) No expected credit losses are recognised arising from the deposits with financial institutions because the probability of default by these financial institutions are negligible.
- (d) Information on financial risks of cash and bank balances is disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

17. SHARE CAPITAL

| | Group and Company | | | |
|---|-------------------|------------|------------------|------------|
| | 2021 | | 2020 | |
| | Number of shares | RM | Number of shares | RM |
| Issued and fully paid-up ordinary shares: | | | | |
| Balance as at beginning of year | 165,240,066 | 83,097,247 | 165,240,066 | 83,097,247 |
| Issuance of ordinary shares pursuant to warrant exercised | 140 | 182 | - | - |
| Balance as at end of year | 165,240,206 | 83,097,429 | 165,240,066 | 83,097,247 |

- (a) During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 165,240,066 to 165,240,206 by way of issuance of 140 new ordinary shares pursuant to 140 warrants exercised at an exercise price of RM1.30 each for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meeting of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

18. RESERVES

| | Group | | Company | |
|------------------------------|-------------|-------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Non-distributable: | | | | |
| Revaluation reserve | 48,400,900 | 49,308,116 | - | - |
| Exchange translation reserve | 6,668,221 | 5,621,510 | - | - |
| | 55,069,121 | 54,929,626 | - | - |
| Distributable: | | | | |
| Retained earnings | 173,652,569 | 162,794,476 | 17,276,805 | 12,255,633 |
| | 228,721,690 | 217,724,102 | 17,276,805 | 12,255,633 |

- (a) Revaluation reserve

Revaluation reserve comprises net surplus on revalued properties.

- (b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

- (c) Warrants reserve

During previous financial years, the Company issued 45,843,879 warrants pursuant to the bonus issue of one (1) warrant for every three (3) existing ordinary shares held in the Company. The warrants were listed on the Main Market of Bursa Malaysia Securities on 15 September 2015.

The warrants issued are constituted by a Deed Poll dated 24 August 2015.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

18. RESERVES (continued)

(c) Warrants reserve (continued)

The salient features of the warrants are as follows:

- (i) Each warrants entitles the registered holder at any time during the exercise period to subscribe for one new ordinary shares of RM0.50 each in the Company at an exercise price of RM1.30.
- (ii) The exercise price and/or the number of the warrants shall be subject to the adjustments under certain circumstances in accordance with the provision of the Deed Poll.
- (iii) The warrants shall be exercisable at any time within the period commencing from and inclusive the date of issue of the warrants and ending on the date immediately preceding the fifth (5th) anniversary of the date of issue, or if such day is not a Market day, then it shall be the Market Day immediately preceding the said non-Market Day.
- (iv) All new ordinary shares to be issued pursuant to the exercise of the warrants shall, upon issue and allotment, be of the same class and rank pari passu in all respects with the existing ordinary shares, save and except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and/or other distributions, at the entitlement date of which is prior to the date of the allotment of these new ordinary shares.
- (v) Any warrants not exercised during the exercise period will lapse and cease to be valid.
- (vi) The fair value of the 45,843,879 for warrants were valued at zero upon issuance.

During the financial year, 140 warrants were exercised and converted to ordinary shares. On 10 September 2020, remaining 45,643,739 unexercised warrants expired and ceased to be valid.

19. BORROWINGS

| | | Group | |
|--------------------------------|------|--------------------|--------------------|
| | Note | 2021 RM | 2020 RM |
| Current liabilities | | | |
| Unsecured | | | |
| Bankers' acceptances | | 132,085,200 | 140,423,000 |
| Bank overdrafts | 16 | 860,397 | 5,397,122 |
| Term loans | | 3,018,289 | 4,135,323 |
| Revolving credit | | 2,505,552 | 2,507,727 |
| Trust receipts | | 15,812,834 | 17,079,369 |
| | | <u>154,282,272</u> | <u>169,542,541</u> |
| Non-current liabilities | | | |
| Unsecured | | | |
| Term loans | | <u>15,329,420</u> | <u>10,531,327</u> |
| Total borrowings | | | |
| Bankers' acceptances | | 132,085,200 | 140,423,000 |
| Term loans | | 18,347,709 | 14,666,650 |
| Trust receipts | | 15,812,834 | 17,079,369 |
| Revolving credit | | <u>2,505,552</u> | <u>2,507,727</u> |
| | | 168,751,295 | 174,676,746 |
| Bank overdrafts | 16 | <u>860,397</u> | <u>5,397,122</u> |
| | | <u>169,611,692</u> | <u>180,073,868</u> |

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

19. BORROWINGS (continued)

- (a) Bankers' acceptances and trust receipts of the Group are repayable within 180 days (2020: 150 days).
- (b) The bank borrowings of the subsidiaries are guaranteed by the Company.
- (c) The currency exposure profile of borrowings is as follows:

| | Group | |
|----------------------|--------------------|--------------------|
| | 2021 RM | 2020 RM |
| Ringgit Malaysia | 143,609,733 | 162,919,933 |
| United States Dollar | 9,966,200 | - |
| Thai Baht | 6,978,590 | 8,709,459 |
| Singapore Dollar | 6,038,083 | 6,951,949 |
| Vietnamese Dong | 3,017,511 | 1,492,527 |
| Australian Dollar | 1,575 | - |
| | <u>169,611,692</u> | <u>180,073,868</u> |

- (d) Information on financial risks of borrowings and its remaining maturity is disclosed in Note 36 to the financial statements.

20. DEFERRED TAX LIABILITIES/(ASSETS)

- (a) The deferred tax assets and liabilities are made up of the following:

| | Group | |
|---|--------------------|--------------------|
| | 2021 RM | 2020 RM |
| Balance as at beginning of year | 10,467,473 | 10,186,831 |
| Recognised in profit or loss (Note 30) | (456,637) | (21,710) |
| Recognised in other comprehensive income | (131,762) | 303,830 |
| Exchange difference | - | (1,478) |
| | <u>9,879,074</u> | <u>10,467,473</u> |
| Balance as at end of year | | |
| Reflected in the statements of financial position as follows: | | |
| Deferred tax assets, net | (253,594) | - |
| Deferred tax liabilities, net | <u>10,132,668</u> | <u>10,467,473</u> |
| Balance as at end of year | <u>9,879,074</u> | <u>10,467,473</u> |



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

20. DEFERRED TAX LIABILITIES/(ASSETS) (continued)

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

| Deferred tax liabilities/ (assets) of the Group | Property, plant and equipment RM | Revaluation reserve RM | Other temporary differences RM | Total RM |
|--|---|------------------------------|---|-------------|
| At 1 April 2020 | 2,155,521 | 8,398,372 | (86,420) | 10,467,473 |
| Recognised in profit or loss | 219,190 | - | (675,827) | (456,637) |
| Recognised in other comprehensive income | - | (131,762) | - | (131,762) |
| At 31 March 2021 | 2,374,711 | 8,266,610 | (762,247) | 9,879,074 |
| At 1 April 2019 | 2,070,928 | 8,096,020 | 19,883 | 10,186,831 |
| Recognised in profit or loss | 84,593 | - | (106,303) | (21,710) |
| Recognised in other comprehensive income | - | 303,830 | - | 303,830 |
| Exchange difference | - | (1,478) | - | (1,478) |
| At 31 March 2020 | 2,155,521 | 8,398,372 | (86,420) | 10,467,473 |

21. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|-------------------------------|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Trade payables | | | | |
| Third parties | 39,224,967 | 31,924,873 | - | - |
| Other payables | | | | |
| Third parties | 2,452,821 | 2,258,171 | - | - |
| Amounts owing to subsidiaries | - | - | 38,244,188 | 31,834,355 |
| Accruals | 5,787,883 | 5,257,116 | 3,151,965 | 1,335,934 |
| Deposits received | 235,120 | 121,193 | - | - |
| | 8,475,824 | 7,636,480 | 41,396,153 | 33,170,289 |
| | 47,700,791 | 39,561,353 | 41,396,153 | 33,170,289 |

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 7 to 90 days (2020: 7 to 90 days).
- (b) Amounts owing to subsidiaries are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

21. TRADE AND OTHER PAYABLES (continued)

(c) The currency exposure profile of payables is as follows:

| | Group | | Company | |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Ringgit Malaysia | 39,599,469 | 33,014,125 | 41,396,153 | 33,170,289 |
| United States Dollar | 4,118,807 | 2,611,966 | - | - |
| Singapore Dollar | 1,874,219 | 2,181,314 | - | - |
| Australian Dollar | 583,623 | 501,418 | - | - |
| Thai Baht | 533,340 | 444,794 | - | - |
| Vietnamese Dong | 514,204 | 411,144 | - | - |
| Others | 477,129 | 396,592 | - | - |
| | <u>47,700,791</u> | <u>39,561,353</u> | <u>41,396,153</u> | <u>33,170,289</u> |

(d) Information on financial risks of trade and other payables is disclosed in Note 36 to the financial statements.

22. CAPITAL COMMITMENTS

| | Group | |
|--|------------------|-------------------|
| | 2021 RM | 2020 RM |
| Capital expenditure in respect of purchase of property, plant and equipment: | | |
| - contracted but not provided for | <u>6,328,043</u> | <u>12,924,000</u> |

23. CONTINGENT LIABILITIES

| | Company | |
|--|--------------------|--------------------|
| | 2021 RM | 2020 RM |
| Corporate guarantees - unsecured | | |
| Limit: | | |
| - In favour of banks for banking facilities granted to subsidiaries | 434,953,254 | 440,352,898 |
| - In favour of third parties for trade credits granted to subsidiaries | <u>54,350,000</u> | <u>54,350,000</u> |
| | <u>489,303,254</u> | <u>494,702,898</u> |
| Amounts utilised: | | |
| - In favour of banks for banking facilities granted to subsidiaries | 169,611,692 | 180,073,868 |
| - In favour of third parties for trade credits granted to subsidiaries | <u>13,244,512</u> | <u>12,545,728</u> |
| | <u>182,856,204</u> | <u>192,619,596</u> |

The Directors are of the view that the fair value of such corporate guarantees given by the Company is negligible as the chances of the financial institutions to call upon the corporate guarantee are remote.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

24. REVENUE

| | Group | | Company | |
|--|--------------------|--------------------|-------------------|------------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Revenue from contracts with customers | | | | |
| Recognised at point in time: | | | | |
| Sale of goods | 600,684,250 | 675,439,188 | - | - |
| Others | | | | |
| Management fee | - | - | 4,475,281 | 1,568,309 |
| Dividend income | - | - | 10,015,460 | 7,250,000 |
| Rental income | 363,600 | 90,900 | - | - |
| | <u>601,047,850</u> | <u>675,530,088</u> | <u>14,490,741</u> | <u>8,818,309</u> |

25. FINANCE INCOME

| | Group | | Company | |
|--|------------------|------------------|----------------|----------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Interest income from overnight placement deposits with banks | 52,295 | 32,996 | 2,482 | 2,240 |
| Tax exempted interest income | 1,499,416 | 1,429,422 | 968,316 | 726,364 |
| | <u>1,551,711</u> | <u>1,462,418</u> | <u>970,798</u> | <u>728,604</u> |

26. EMPLOYEE BENEFITS

| | Group | | Company | |
|---|-------------------|-------------------|------------------|----------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Salaries and allowances | 25,013,485 | 25,219,982 | 1,196,373 | 667,861 |
| Contributions to defined contribution plans | 2,438,750 | 2,442,688 | 143,676 | 80,596 |
| Other benefits | 1,476,499 | 1,630,104 | 47,586 | 56,794 |
| | <u>28,928,734</u> | <u>29,292,774</u> | <u>1,387,635</u> | <u>805,251</u> |

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

27. DIRECTORS' REMUNERATION

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors during the financial year was as follows:

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Directors of the Company | | | | |
| Executive Directors: | | | | |
| Salaries and other emoluments | 4,080,422 | 2,962,788 | 3,417,493 | 1,192,323 |
| Contributions to defined contribution plans | 463,776 | 318,528 | 408,416 | 141,888 |
| | <u>4,544,198</u> | <u>3,281,316</u> | <u>3,825,909</u> | <u>1,334,211</u> |
| Non-executive Directors: | | | | |
| Fees | 260,000 | 260,000 | 260,000 | 260,000 |
| Other emoluments | 14,500 | 11,000 | 14,500 | 11,000 |
| | <u>274,500</u> | <u>271,000</u> | <u>274,500</u> | <u>271,000</u> |
| Directors of subsidiaries | | | | |
| Salaries and other emoluments | 1,169,456 | 1,162,446 | - | - |
| Contributions to defined contribution plans | 132,708 | 134,317 | - | - |
| | <u>1,302,164</u> | <u>1,296,763</u> | <u>-</u> | <u>-</u> |
| | <u>6,120,862</u> | <u>4,849,079</u> | <u>4,100,409</u> | <u>1,605,211</u> |

28. FINANCE COSTS

| | Group | |
|---|------------------|------------------|
| | 2021 RM | 2020 RM |
| Interest expense on: | | |
| - bankers' acceptances | 4,195,315 | 7,106,223 |
| - bank overdrafts | 96,509 | 224,454 |
| - lease liabilities | 326,038 | 393,099 |
| - revolving credits | 91,102 | 140,334 |
| - term loans | 606,081 | 372,414 |
| - trust receipts | 495,860 | 852,069 |
| | <u>5,810,905</u> | <u>9,088,593</u> |
| Less: Interest expense capitalised in construction in progress classified under property, plant and equipment | <u>(595,956)</u> | <u>(307,759)</u> |
| | <u>5,214,949</u> | <u>8,780,834</u> |



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

29. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| After charging: | | | | |
| Auditors' remuneration: | | | | |
| - Statutory audit: | | | | |
| - current year | 208,746 | 216,135 | 19,000 | 19,000 |
| - under provision in prior year | 23,522 | 1,217 | - | - |
| - Non-statutory audit | 3,300 | 1,000 | 1,000 | 1,000 |
| Bad debts written off | 89,188 | 152,971 | - | - |
| Unrealised loss on foreign exchange | 463,598 | - | 10,132 | - |
| | | | | |
| And after crediting: | | | | |
| Bad debts recovered | - | 704 | - | - |
| Gain on disposal of property, plant and equipment | 256,366 | 148,859 | - | - |
| Gain on foreign exchange: | | | | |
| - realised | 1,612,753 | 1,531,393 | 7,944 | 69,096 |
| - unrealised | - | 109,900 | - | 36,645 |

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

30. TAX EXPENSE

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Current tax expense based on profit for the financial year | | | | |
| - Malaysian income tax | 5,453,858 | 6,639,801 | 429,000 | 73,000 |
| - Foreign income tax | 556,634 | 490,270 | - | - |
| | 6,010,492 | 7,130,071 | 429,000 | 73,000 |
| (Over)/Under provision in prior years | | | | |
| - Malaysian income tax | (11,254) | 100,036 | (1,739) | 11,595 |
| - Foreign income tax | 228,215 | (58,226) | - | - |
| | 6,227,453 | 7,171,881 | 427,261 | 84,595 |
| Deferred tax (Note 20) | | | | |
| - Relating to origination and reversal of temporary differences | (385,307) | (26,749) | - | - |
| - (Over)/Under provision in prior years | (71,330) | 5,039 | - | - |
| | (456,637) | (21,710) | - | - |
| Total tax expense | 5,770,816 | 7,150,171 | 427,261 | 84,595 |

The Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profit for the fiscal year. Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

30. TAX EXPENSE (continued)

The numerical reconciliation between the average effective tax rate and the applicable tax rates of the Group and of the Company are as follows:

| | Group | | Company | |
|---|-----------|-----------|-----------|-----------|
| | 2021 % | 2020 % | 2021 % | 2020 % |
| Applicable tax rate | 24.0 | 24.0 | 24.0 | 24.0 |
| Tax effects in respect of: | | | | |
| Non-allowable expenses | 6.3 | 13.9 | 8.0 | 4.0 |
| Non-taxable and tax exempt income | (2.6) | (1.6) | (27.5) | (26.9) |
| Lower tax rates in foreign jurisdiction | (0.2) | (0.8) | - | - |
| Tax incentives | (0.4) | (0.4) | - | - |
| | 27.1 | 35.1 | 4.5 | 1.1 |
| Under/(Over) provision in prior years | | | | |
| - current tax | 1.0 | 0.2 | - | 0.2 |
| - deferred tax | (0.3) | - | - | - |
| | 0.7 | 0.2 | - | 0.2 |
| Effective tax rate | 27.8 | 35.3 | 4.5 | 1.3 |

(a) Tax on each component of other comprehensive income is as follows:

| Group | Before tax RM | Tax effect RM | After tax RM |
|---|------------------|------------------|-----------------|
| 2021 | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translations | 1,046,711 | - | 1,046,711 |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Fair value adjustment on revaluation of properties: | | | |
| - addition | 1,290,560 | (427,327) | 863,233 |
| - impairment loss (Note 37) | (2,329,538) | 559,089 | (1,770,449) |
| | 7,733 | 131,762 | 139,495 |
| 2020 | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translations | (242,744) | - | (242,744) |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Fair value adjustment on revaluation of properties | 9,620,588 | (303,830) | 9,316,758 |
| | 9,377,844 | (303,830) | 9,074,014 |

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

31. DIVIDENDS

| | Group and Company | | | |
|---|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | 2021 | | 2020 | |
| | Dividend per share sen | Amount of dividend RM | Dividend per share sen | Amount of dividend RM |
| In respect of the financial year ended 31 March 2019 | | | | |
| Single tier final dividend | - | - | 1.5 | 2,478,601 |
| In respect of the financial year ended 31 March 2020 | | | | |
| Single tier interim dividend | | | | |
| - first | - | - | 1.5 | 2,478,601 |
| - second | - | - | 1.0 | 1,652,401 |
| - third | - | - | 1.0 | 1,652,400 |
| Single tier final dividend | 0.5 | 826,201 | - | - |
| In respect of the financial year ended 31 March 2021 | | | | |
| Single tier interim dividend | | | | |
| - first | 1.0 | 1,652,402 | - | - |
| - second | 1.0 | 1,652,402 | - | - |
| | <u>2.5</u> | <u>4,131,005</u> | <u>5.0</u> | <u>8,262,003</u> |

The Directors recommend a single tier final dividend of 1.0 sen per ordinary share amounting to RM1,652,402 in respect of the financial year ended 31 March 2021.

32. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|--|--------------------|--------------------|
| | 2021 RM | 2020 RM |
| Profit attributable to equity holders of the parent (RM) | <u>14,989,098</u> | <u>13,090,322</u> |
| Weighted average number of ordinary shares in issue | <u>165,240,142</u> | <u>165,240,066</u> |
| Basic earnings per ordinary share (sen) | <u>9.07</u> | <u>7.92</u> |

(b) Diluted

During the financial year, diluted earnings per ordinary share is equal to basic earnings per ordinary share as there were no outstanding dilutive potential ordinary shares at the end of the reporting period. In previous financial year, diluted earnings per ordinary share is equal to basic earnings per ordinary shares as the unexercised convertible warrants are anti-dilutive in nature. This is due to the average market share price of the Company being below the exercise price of warrants.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

33. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationships with its direct and indirect subsidiaries.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

| | Group | | Company | |
|-----------------------|------------|------------|--------------|-------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Subsidiaries: | | | | |
| Dividend income | - | - | (10,015,460) | (7,250,000) |
| Management fee income | - | - | (4,475,281) | (1,568,309) |
| Rental expenses paid | - | - | 12,912 | 12,912 |
| Related parties: | | | | |
| Rental expenses paid | 26,116 | 11,829 | - | - |

Balances of the above related parties are disclosed in Notes 14 and 21 to the financial statements.

The related party transactions described above were carried out on mutually agreed and negotiated terms.

34. OPERATING SEGMENTS

Dominant Enterprise Berhad and its subsidiaries are principally engaged in investment holding, providing management services, manufacturing and sales of wrapped medium density fibreboard mouldings and laminated wood panel products and distribution of wood products.

Dominant Enterprise Berhad has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Manufacturing of wood products

Manufacturing of laminated wood panel products, wrapped medium density fibreboard mouldings and furniture components.

(ii) Distributing of wood products

Distribution of wood products and building materials.

Other operating segments comprise investment and property holding.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Segment performance is evaluated based on operating profit, excluding non-recurring losses, and in certain respect as explained in the table below, it is measured differently from operating profit in consolidated financial statements.

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

34. OPERATING SEGMENTS (continued)

Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

| Group 2021 | Manufacturing of wood products RM | Distributing of wood products RM | Other operating segments RM | Total RM |
|--|--|---|--------------------------------------|--------------------|
| Revenue | | | | |
| Total revenue | 201,165,301 | 416,056,758 | 16,732,341 | 633,954,400 |
| Inter-segment revenue | (2,668,035) | (13,869,774) | (16,368,741) | (32,906,550) |
| Revenue from external customers | 198,497,266 | 402,186,984 | 363,600 | 601,047,850 |
| Interest income | 25,461 | 555,321 | 970,929 | 1,551,711 |
| Finance costs | (1,529,321) | (3,649,460) | (36,168) | (5,214,949) |
| Net interest (expense)/income | (1,503,860) | (3,094,139) | 934,761 | (3,663,238) |
| Depreciation of property, plant and equipment | (1,257,570) | (745,669) | (656,116) | (2,659,355) |
| Depreciation of right-of-use assets | (298,890) | (2,196,003) | (11,637) | (2,506,530) |
| Segmental results | 15,990,335 | 15,041,078 | (739,072) | 30,292,341 |
| Tax expense | (3,337,964) | (1,612,338) | (820,514) | (5,770,816) |
| Other material non-cash items: | | | | |
| - Bad debts written off | - | (89,188) | - | (89,188) |
| - Impairment losses on trade and other receivables | (54,554) | (1,532,327) | - | (1,586,881) |
| - Impairment loss on property, plant and equipment | (1,110,231) | - | - | (1,110,231) |
| - Inventories written off | (5,497,903) | (3,496,319) | - | (8,994,222) |
| - Inventories written down | (1,050,706) | (1,580,000) | - | (2,630,706) |
| - Net fair value adjustment | - | (46,422) | (23,124) | (69,546) |
| - Property, plant and equipment written off | (132,230) | (2,078) | - | (134,308) |
| - Reversal of impairment loss on property, plant and equipment | - | 43,198 | - | 43,198 |
| - Reversal of impairment losses on trade and other receivables | 30,384 | 35,144 | - | 65,528 |
| Additions to non-current assets other than financial instruments and deferred tax assets | | | | |
| - Property, plant and equipment | 4,181,297 | 4,128,963 | 5,915,851 | 14,226,111 |
| - Right-of-use assets | - | 1,024,700 | - | 1,024,700 |
| Segment assets | 132,824,340 | 277,852,438 | 134,808,012 | 545,484,790 |
| Segment liabilities | 81,846,554 | 133,228,034 | 8,350,279 | 223,424,867 |



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

34. OPERATING SEGMENTS (continued)

| Group 2020 | Manufacturing of wood products RM | Distributing of wood products RM | Other operating segments RM | Total RM |
|--|--|---|--------------------------------------|--------------------|
| Revenue | | | | |
| Total revenue | 173,431,610 | 526,429,835 | 26,593,053 | 726,454,498 |
| Inter-segment revenue | (4,381,665) | (20,040,592) | (26,502,153) | (50,924,410) |
| Revenue from external customers | 169,049,945 | 506,389,243 | 90,900 | 675,530,088 |
| Interest income | 14,371 | 718,910 | 729,137 | 1,462,418 |
| Finance costs | (2,026,027) | (6,653,971) | (100,836) | (8,780,834) |
| Net interest (expense)/income | (2,011,656) | (5,935,061) | 628,301 | (7,318,416) |
| Depreciation of property, plant and equipment | (1,197,212) | (1,048,384) | (654,764) | (2,900,360) |
| Depreciation of right-of-use assets | (237,891) | (2,886,111) | (11,637) | (3,135,639) |
| Segmental results | 15,674,231 | 15,712,488 | (1,058,840) | 30,327,879 |
| Tax expense | (3,193,469) | (1,575,178) | (2,381,524) | (7,150,171) |
| Other material non-cash items: | | | | |
| - Impairment losses on trade and other receivables | - | (429,665) | - | (429,665) |
| - Reversal of impairment losses on trade and other receivables | 123,269 | 46,909 | - | 170,178 |
| - Bad debts written off | (115,627) | (37,344) | - | (152,971) |
| - Net fair value adjustment | - | 59,057 | 29,417 | 88,474 |
| Additions to non-current assets other than financial instruments and deferred tax assets | | | | |
| - Property, plant and equipment | 10,181,035 | 7,390,972 | 2,370,777 | 19,942,784 |
| - Right-of-use assets | - | 2,373,731 | - | 2,373,731 |
| - Inventories | - | - | 97,094 | 97,094 |
| Segment assets | 116,946,478 | 316,046,999 | 105,877,028 | 538,870,505 |
| Segment liabilities | 63,850,610 | 159,549,754 | 3,850,690 | 227,251,054 |

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten (10) percent or more of its revenue during the financial year.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

34. OPERATING SEGMENTS (continued)

(a) Reconciliations

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

| | 2021 RM | 2020 RM |
|---------------------------------------|--------------------|--------------------|
| Revenue | | |
| Total revenue for reportable segments | 633,954,400 | 726,454,498 |
| Inter-segment revenue | (32,906,550) | (50,924,410) |
| Revenue from external customers | <u>601,047,850</u> | <u>675,530,088</u> |
| Results | | |
| Segmental results | 30,292,341 | 30,327,879 |
| Interest income | 1,551,711 | 1,462,418 |
| Unallocated corporate expenses | (5,869,189) | (2,768,970) |
| Finance costs | (5,214,949) | (8,780,834) |
| Profit before tax | 20,759,914 | 20,240,493 |
| Tax expense | (5,770,816) | (7,150,171) |
| Profit for the year | <u>14,989,098</u> | <u>13,090,322</u> |
| Assets | | |
| Segment assets | 545,484,790 | 538,870,505 |
| Tax assets | 1,592,687 | 1,651,065 |
| | <u>547,077,477</u> | <u>540,521,570</u> |
| Liabilities | | |
| Segment liabilities | 223,424,867 | 227,251,054 |
| Tax liabilities | 11,833,491 | 12,449,167 |
| | <u>235,258,358</u> | <u>239,700,221</u> |

(b) Geographical segments

The manufacturing facilities and sales offices of the Group are mainly based in Malaysia, Australia, Singapore, Vietnam and Thailand.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of its customers.

Segment assets are based on the geographical location of the Group's assets. The non-current assets do not include financial instruments.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

34. OPERATING SEGMENTS (continued)

(b) Geographical segments (continued)

| | Group | |
|--|--------------------|--------------------|
| | 2021 RM | 2020 RM |
| Revenue from external customers | | |
| Malaysia | 509,629,958 | 572,139,002 |
| Australia | 7,337,872 | 8,239,889 |
| Asia (excluding Malaysia) | 73,101,811 | 85,927,228 |
| Others | 10,978,209 | 9,223,969 |
| | <u>601,047,850</u> | <u>675,530,088</u> |
| Non-current assets | | |
| Malaysia | 170,444,898 | 161,257,341 |
| Australia | 6,446 | 6,570 |
| Asia (excluding Malaysia) | 31,142,289 | 31,867,126 |
| | <u>201,593,633</u> | <u>193,131,037</u> |

35. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concern whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new share. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2021 and 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

35. FINANCIAL INSTRUMENTS (continued)

(a) Capital management (continued)

The Group regards net debt to include all loans and borrowings, lease liabilities, trade and other payables less cash and bank balances (including short term investments) and capital to include all equities attributable to the equity holders of the Company, details of which are as follows:

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Borrowings | 169,611,692 | 180,073,868 | - | - |
| Lease liabilities owing to financial institutions | 595,260 | 283,500 | - | - |
| Trade and other payables | 47,700,791 | 39,561,353 | 41,396,153 | 33,170,289 |
| | 217,907,743 | 219,918,721 | 41,396,153 | 33,170,289 |
| Less: | | | | |
| Short term investments | (70,197,825) | (46,767,955) | (46,260,771) | (23,315,578) |
| Cash and bank balances | (17,299,719) | (9,025,750) | (87,955) | (51,900) |
| Net debt/(surplus) | 130,410,199 | 164,125,016 | (4,952,573) | 9,802,811 |
| Total equity | 311,819,119 | 300,821,349 | 100,374,234 | 95,352,880 |
| Capital and net debt | 442,229,318 | 464,946,365 | 95,421,661 | 105,155,691 |
| Net debt/(Capital + Net debt) | 29% | 35% | - | 9% |

(b) Financial instruments

Categories of financial instruments

| Group | 2021 RM | 2020 RM |
|---|-------------|-------------|
| Financial assets | | |
| Fair value through profit or loss | | |
| Short term investments | 70,197,825 | 46,767,955 |
| Amortised cost | | |
| Trade and other receivables, net of prepayments | 145,943,323 | 160,611,030 |
| Cash and bank balances | 17,299,719 | 9,025,750 |
| | 163,243,042 | 169,636,780 |
| | 233,440,867 | 216,404,735 |



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

35. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Categories of financial instruments (continued)

| Group | 2021 RM | 2020 RM |
|--|--------------------|--------------------|
| Financial liabilities | | |
| Amortised cost | | |
| Trade and other payables | 47,700,791 | 39,561,353 |
| Borrowings | 169,611,692 | 180,073,868 |
| Lease liabilities | 6,112,384 | 7,615,833 |
| | <u>223,424,867</u> | <u>227,251,054</u> |
| Company | | |
| Financial assets | | |
| Fair value through profit or loss | | |
| Short term investments | 46,260,771 | 23,315,578 |
| Amortised cost | | |
| Other receivables, net of prepayments | 3,248,278 | 12,952,406 |
| Cash and bank balances | 87,955 | 51,900 |
| | <u>3,336,233</u> | <u>13,004,306</u> |
| | <u>49,597,004</u> | <u>36,319,884</u> |
| Financial liabilities | | |
| Amortised cost | | |
| Other payables and accruals | <u>41,396,153</u> | <u>33,170,289</u> |

(c) Methods and assumptions used to estimate fair value

The fair value of financial assets and financial liabilities are determined as follows:

Financial instruments that are not carried at fair value and whose carrying amounts are at reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and floating rate borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amount of the current position of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

35. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table set out the financial instruments carried at fair value, together with their fair value and carrying amount shown in the statements of financial position:

| | Fair value of financial instruments carried at fair value | | | Total fair value RM | Carrying amount RM |
|--|--|---------------|---------------|---------------------------|--------------------------|
| | Level 1 RM | Level 2 RM | Level 3 RM | | |
| 2021 | | | | | |
| Group | | | | | |
| Fair value through profit or loss | | | | | |
| Short term investments | 70,197,825 | - | - | 70,197,825 | 70,197,825 |
| Company | | | | | |
| Fair value through profit or loss | | | | | |
| Short term investments | 46,260,771 | - | - | 46,260,771 | 46,260,771 |
| 2020 | | | | | |
| Group | | | | | |
| Fair value through profit or loss | | | | | |
| Short term investments | 46,767,955 | - | - | 46,767,955 | 46,767,955 |
| Company | | | | | |
| Fair value through profit or loss | | | | | |
| Short term investments | 23,315,578 | - | - | 23,315,578 | 23,315,578 |



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guideline that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. Credit risk refers to the risk that counterparty would default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management annually.

Exposure to credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The carrying amount of financial assets as recorded in the financial statements, grossed up for any allowances for impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Credit risk concentration profile

The Group and the Company determine concentration of credit risk by identifying and monitoring any significant long outstanding balance owing by any major customer or counter party on an on-going basis.

The Group and the Company do not have any significant concentration of credit risk except for the amounts owing by subsidiaries of the Company.

(b) Liquidity and cash flow risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the future. To mitigate this risk, the management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

| | On demand or within one year RM | One to five years RM | Over five years RM | Total RM |
|--|---------------------------------------|----------------------------|--------------------------|--------------------|
| As at 31 March 2021 | | | | |
| Group | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 47,700,791 | - | - | 47,700,791 |
| Borrowings | 154,858,174 | 14,187,672 | 2,282,540 | 171,328,386 |
| Lease liabilities | 2,354,492 | 4,252,309 | - | 6,606,801 |
| Total undiscounted financial liabilities | <u>204,913,457</u> | <u>18,439,981</u> | <u>2,282,540</u> | <u>225,635,978</u> |
| Company | | | | |
| Financial liabilities | | | | |
| Other payables and accruals | <u>41,396,153</u> | <u>-</u> | <u>-</u> | <u>41,396,153</u> |
| As at 31 March 2020 | | | | |
| Group | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 39,561,353 | - | - | 39,561,353 |
| Borrowings | 170,074,781 | 9,324,651 | 2,310,702 | 181,710,134 |
| Lease liabilities | 2,360,186 | 6,014,614 | - | 8,374,800 |
| Total undiscounted financial liabilities | <u>211,996,320</u> | <u>15,339,265</u> | <u>2,310,702</u> | <u>229,646,287</u> |
| Company | | | | |
| Financial liabilities | | | | |
| Other payables and accruals | <u>33,170,289</u> | <u>-</u> | <u>-</u> | <u>33,170,289</u> |

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments would fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk relates primarily to the interest-earning deposits placed with licensed banks and interest-bearing borrowing on floating rate. The Group does not use derivative financial instruments to hedge this risk.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

The following tables set out the carrying amounts, the average effective interest rates and incremental borrowing rate as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

| Group As at 31 March 2021 | Note | Average effective interest rate/ Incremental borrowing rate % | Within 1 year RM | 1 - 2 years RM | 2 - 3 years RM | 3 - 4 years RM | 4 - 5 years RM | More than 5 years RM | Total RM |
|-----------------------------------|------|--|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------------|---------------|
| Fixed rates instruments | | | | | | | | | |
| Lease liabilities | 8 | 4.95 | (2,106,951) | (1,739,197) | (1,467,063) | (707,191) | (91,982) | - | (6,112,384) |
| Floating rates instruments | | | | | | | | | |
| Bankers' acceptances | 19 | 3.35 | (132,085,200) | - | - | - | - | - | (132,085,200) |
| Bank overdrafts | 19 | 7.40 | (860,397) | - | - | - | - | - | (860,397) |
| Term loans | 19 | 4.12 | (3,018,289) | (3,067,974) | (3,809,866) | (4,946,344) | (1,285,714) | (2,219,522) | (18,347,709) |
| Revolving credit | 19 | 4.07 | (2,505,552) | - | - | - | - | - | (2,505,552) |
| Trust receipts | 19 | 4.35 | (15,812,834) | - | - | - | - | - | (15,812,834) |
| As at 31 March 2020 | | | | | | | | | |
| Fixed rates instruments | | | | | | | | | |
| Lease liabilities | 8 | 4.81 | (2,042,148) | (1,991,785) | (1,628,519) | (1,353,583) | (599,798) | - | (7,615,833) |
| Floating rates instruments | | | | | | | | | |
| Bankers' acceptances | 19 | 4.50 | (140,423,000) | - | - | - | - | - | (140,423,000) |
| Bank overdrafts | 19 | 7.38 | (5,397,122) | - | - | - | - | - | (5,397,122) |
| Term loans | 19 | 5.06 | (4,135,323) | (2,089,129) | (1,846,485) | (2,810,772) | (1,538,691) | (2,246,250) | (14,666,650) |
| Revolving credit | 19 | 5.02 | (2,507,727) | - | - | - | - | - | (2,507,727) |
| Trust receipts | 19 | 4.81 | (17,079,369) | - | - | - | - | - | (17,079,369) |

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021 (continued)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of reporting period changed by 100 basis points with all other variables held constant:

| | Group | |
|-----------------------------|------------------|------------------|
| | 2021 RM | 2020 RM |
| Profit after tax | | |
| - Increase by 1% (2020: 1%) | (1,336,000) | (1,426,000) |
| - Decrease by 1% (2020: 1%) | <u>1,336,000</u> | <u>1,426,000</u> |

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Subsidiaries operating in Australia, Singapore, Vietnam and Thailand have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The foreign currency in which these transactions are denominated are mainly United States Dollar ('USD'), Singapore Dollar ('SGD'), Australian Dollar ('AUD'), Vietnamese Dong ('VND'), and Thai Baht ('THB'). The Group manages its transactional currency exposures by matching as far as possible, its receipts and payments in each individual currency. The Group monitors the foreign currency exchange rates closely so as to minimise the potential material adverse effects from these exposures in a timely manner.

The following table demonstrates the sensitivity of the Group and the Company to a reasonably possible change in the United States Dollar ('USD'), Singapore Dollar ('SGD'), Australian Dollar ('AUD'), Vietnamese Dong ('VND'), and Thai Baht ('THB') exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

| | Group | | Company | |
|--------------------------------------|----------------|---------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Profit after tax | | | | |
| USD/RM - strengthen by 5% (2020: 5%) | (323,800) | 43,900 | - | 13,000 |
| - weaken by 5% (2020: 5%) | 323,800 | (43,900) | - | (13,000) |
| SGD/RM - strengthen by 5% (2020: 5%) | (23,600) | 30,400 | - | - |
| - weaken by 5% (2020: 5%) | 23,600 | (30,400) | - | - |
| AUD/RM - strengthen by 5% (2020: 5%) | 38,100 | 62,300 | - | 600 |
| - weaken by 5% (2020: 5%) | (38,100) | (62,300) | - | (600) |
| VND/RM - strengthen by 5% (2020: 5%) | (58,500) | (43,500) | - | - |
| - weaken by 5% (2020: 5%) | 58,500 | 43,500 | - | - |
| THB/RM - strengthen by 5% (2020: 5%) | 4,500 | (37,700) | - | - |
| - weaken by 5% (2020: 5%) | <u>(4,500)</u> | <u>37,700</u> | <u>-</u> | <u>-</u> |



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021 (continued)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to market price risks arising from quoted investments held by the Group and the Company. Quoted equity instruments are listed on the licensed financial institution and are held for strategic rather than trading purposes. These instruments are classified as financial assets at fair value through profit or loss.

There has been no change to the exposure of the Group and the Company to market risks or the manner in which these risks are managed and measured.

Sensitivity analysis for market price risk

The Group and the Company have considered the sensitivity of the financial instruments to market risks and is view that its impact is insignificant.

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020.

Based on the assessment of the Group, the judgements and assumptions used in the preparation of the financial statements for the financial year ended 31 March 2021 has not been impacted significantly by the COVID-19 pandemic. The Group will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group for the financial year ending 31 March 2022.

The Group has maintained a prudent approach and taken proactive steps in managing the Group's finances. Given the continued uncertainty posed by the COVID-19 pandemic, the Group continues to monitor both global and local developments closely, and remain proactive and vigilant in mitigating any potential impacts to the Group's businesses.

- (b) On 23 January 2021, a fire incident occurred at a warehouse owned by Bripanel Industries Sdn. Bhd. ("BISB"), a wholly-owned subsidiary of the Company, located at PTD 2805, Jalan Raja, Kawasan Perindustrian Bukit Pasir, 84300 Bukit Pasir, Muar, Johor. The fire incident caused damages to certain assets and inventories which were impaired and written off, as follows:

| Group | Note | Written off RM | Impairment loss RM | Revaluation impairment RM | Total RM |
|---|-------|-------------------|--------------------------|---------------------------------|-------------|
| Building | 7(d) | - | 1,110,231 | 2,329,538 | 3,439,769 |
| Plant and machineries | | 15,000 | - | - | 15,000 |
| Electrical fittings and installation | | 4,838 | - | - | 4,838 |
| Office equipment, furniture and fittings | | 114,182 | - | - | 114,182 |
| Other plant and equipment | 7(d) | 134,020 | - | - | 134,020 |
| Inventories | 10(b) | 8,994,222 | - | - | 8,994,222 |
| | | 9,128,242 | 1,110,231 | 2,329,538 | 12,568,011 |

ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2021

Total number of Issued Shares : 165,240,206
Issued and Paid-up Capital : RM 83,097,429
Class of Shares : Ordinary Shares
Voting Rights : One vote per ordinary share

SIZE OF SHAREHOLDINGS

| SIZE OF HOLDINGS | No. of Holders | % | NO. OF SHARES | % |
|-----------------------|----------------|---------------|--------------------|---------------|
| 1 - 99 | 107 | 4.716 | 4,529 | 0.003 |
| 100 - 1,000 | 389 | 17.144 | 144,416 | 0.087 |
| 1,001 - 10,000 | 1,037 | 45.703 | 5,199,131 | 3.146 |
| 10,001 - 100,000 | 588 | 25.914 | 17,504,049 | 10.593 |
| 100,001 - 8,262,009* | 147 | 6.479 | 67,952,745 | 41.124 |
| 8,262,010 AND ABOVE** | 1 | 0.044 | 74,435,336 | 45.047 |
| TOTAL : | 2,269 | 100.00 | 165,240,206 | 100.00 |

REMARK :

* LESS THAN 5% OF ISSUED SHARES

** 5% AND ABOVE OF ISSUED SHARES

DIRECTORS' SHAREHOLDINGS

| Name | Direct No. of Share Held | % | Indirect No. of Share Held | % |
|--------------------------------------|-----------------------------|------|-------------------------------|------|
| CHAI SOON TOO | 1,034,986 | 0.63 | - | - |
| OWEE GEOK CHOON | 753,903 | 0.46 | 50,400 * | 0.03 |
| TEO YU CHIN | 143,484 | 0.09 | - | - |
| JOHNSON KANDASAMY A/L DAVID NAGAPPAN | - | - | - | - |
| NOOR HAZELIN BINTI HASHIM | - | - | - | - |
| WALDERSEE CHAN CHUNG CHING | 1,200,000 | 0.73 | 1,715,512 ** | 1.04 |
| HAN HING SIEW | - | - | - | - |
| CHA SHI JIU | 1,715,512 | 1.04 | 1,200,000 *** | 0.73 |
| TAN YIN BENG | - | - | - | - |

* Deemed interest through his spouse, Chua Yew Yew.

** Deemed interest through his spouse, Cha Shi Jiu.

*** Deemed interest through her spouse, Waldersee Chan Chung Ching.

SUBSTANTIAL SHAREHOLDERS WITH HOLDINGS OF 5% AND ABOVE

| Name | Direct No. of Share Held | % | Indirect No. of Share Held | % |
|--------------------------|-----------------------------|-------|-------------------------------|-------|
| NS PACIFIC SDN BHD | 74,435,336 | 45.05 | - | - |
| CHA AKU WAI @ SIA AH KOW | 2,217,100 | 1.34 | 75,922,181 * | 45.95 |
| TEO CHIEW PENG | 1,486,845 | 0.90 | 76,652,436 ** | 46.39 |

* Deemed interest by virtue of his interest in NS Pacific Sdn Bhd and through his spouse, Teo Chiew Peng.

** Deemed interest through her spouse, Cha Aku Wai @ Sia Ah Kow.



ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2021 (continued)

THIRTY LARGEST SHAREHOLDERS

| No. | Name | No of shares held | % |
|-----|--|-------------------|-------|
| 1 | NS PACIFIC SDN BHD | 74,435,336 | 45.05 |
| 2 | ASIA SELATAN (M) SDN BHD | 4,360,440 | 2.64 |
| 3 | CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO CHOON KIAT @ TEO CHUAN KIT (PB) | 2,365,533 | 1.43 |
| 4 | CHAAKU WAI @ SIAAH KOW | 2,217,100 | 1.34 |
| 5 | THO SOON KIM | 2,054,420 | 1.24 |
| 6 | TAN CHOO MIT | 1,788,600 | 1.08 |
| 7 | TAN AH SIM @ TAN SIEW WAH | 1,733,742 | 1.05 |
| 8 | CHA SHI JIU | 1,715,512 | 1.04 |
| 9 | CHOY QUAY LIN | 1,661,240 | 1.01 |
| 10 | TEO CHIEW PENG | 1,486,845 | 0.90 |
| 11 | RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROBERT WING-YEE SNASHALL | 1,360,500 | 0.82 |
| 12 | WOH KEK YIN | 1,354,400 | 0.82 |
| 13 | CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS) | 1,270,000 | 0.77 |
| 14 | AMSEC NOMINEES (ASING) SDN BHD AMBANK (M) BERHAD FOR ONG TENG SER (6065-1501) | 1,222,054 | 0.74 |
| 15 | WALDERSEE CHAN CHUNG CHING | 1,200,000 | 0.73 |
| 16 | AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR CHUNG EK FONG (8620-1501) | 1,195,111 | 0.72 |
| 17 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM BOON TIONG (MY1362) | 1,105,000 | 0.67 |
| 18 | CHAI SOON TOO | 1,034,986 | 0.63 |
| 19 | LEE TZE YONG | 1,023,300 | 0.62 |
| 20 | CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO AH BAH @ TEO CHUANG KWEE (PB) | 1,010,238 | 0.61 |
| 21 | TEO AH MOI @ TEO TIANG TIANG | 995,422 | 0.60 |
| 22 | CHIN ING YEN | 991,800 | 0.60 |
| 23 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE BOON HOW (MY1417) | 939,560 | 0.57 |
| 24 | TEO YING YING | 866,127 | 0.52 |
| 25 | TAN HON KIAT @ TAN HOON SIONG | 802,636 | 0.49 |
| 26 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SOON NAM (MY1360) | 769,200 | 0.47 |
| 27 | RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OWEE GEOK CHOON | 670,000 | 0.41 |
| 28 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEW CHEN SWEE (MY1363) | 662,600 | 0.40 |
| 29 | CHOO SHIANG SZE | 651,884 | 0.40 |
| 30 | CHOO XIANGMIN | 637,926 | 0.39 |

LIST OF PROPERTIES

| No | Address | Built-up area (sq.m) | Land area (sq.m) | Description / Existing use | Tenure | Age of building (years) | Audited net book value as at 31 March 2021 RM | Date of revaluation | Date of acquisition |
|----|--|----------------------|------------------|---|----------|-------------------------|---|---------------------|---------------------|
| 1 | No 2, Jalan Gemilang 1, Taman Perindustrian Maju Jaya, District of Johor Bahru, State of Johor | 11,182.6 | 16,187.4 | A single storey detached factory with two storey office block | Freehold | 11 | 24,920,854 | 31.03.2021 | 26.01.2006 |
| 2. | No 8, Jalan Gemilang 1, Taman Perindustrian Maju Jaya, District of Johor Bahru, State of Johor | 5,686.7 | 10,631.5 | A well profiled corner vacant light industrial land completed with a single storey industrial warehouse | Freehold | 8 | 13,888,678 | 31.03.2021 | 26.01.2006 |
| 3 | Lot PTD 175873, HSM 4026, Mukim of Tebrau, District of Johor Bahru, State of Johor | N/A | 5,262.1 | One adjoining plot of vacant Industrial titled land completed with earthworks | Freehold | N/A | 1,619,990 | 31.03.2019 | 26.01.2006 |
| 4 | Lot PTD 175874, HSM 4027, Mukim of Tebrau, District of Johor Bahru, State of Johor | N/A | 4,585.1 | One adjoining plot of vacant Industrial titled land completed with earthworks | Freehold | N/A | 1,411,569 | 31.03.2019 | 26.01.2006 |
| 5 | Lot PTD 175875, HSM 4028, Mukim of Tebrau, District of Johor Bahru, State of Johor | N/A | 4,046.9 | One adjoining plot of vacant Industrial titled land completed with earthworks | Freehold | N/A | 1,245,878 | 31.03.2019 | 26.01.2006 |
| 6 | Lot PTD 175878, HSM 4031, Mukim of Tebrau, District of Johor Bahru, State of Johor | N/A | 4,601.3 | One adjoining plot of vacant Industrial titled land completed with earthworks | Freehold | N/A | 2,980,365 | 31.03.2021 | 26.01.2006 |
| 7 | Lot PTD 175879, HSM 4032, Mukim of Tebrau, District of Johor Bahru, State of Johor | N/A | 4,782.0 | One adjoining plot of vacant Industrial titled land completed with earthworks | Freehold | N/A | 3,097,409 | 31.03.2021 | 26.01.2006 |
| 8 | Lot PTD 175880, HSM 4033, Mukim of Tebrau, District of Johor Bahru, State of Johor | N/A | 4,895.8 | One adjoining plot of vacant Industrial titled land completed with earthworks | Freehold | N/A | 3,171,119 | 31.03.2021 | 26.01.2006 |
| 9 | Lot PTD 175881, HSM 4034, Mukim of Tebrau, District of Johor Bahru, State of Johor | N/A | 5,014.1 | A single storey factory under construction | Freehold | N/A | 5,074,815 | 31.03.2019 | 26.01.2006 |
| 10 | Lot PTD 175882, HSM 4035, Mukim of Tebrau, District of Johor Bahru, State of Johor | N/A | 4,910.3 | A single storey factory under construction | Freehold | N/A | 5,007,583 | 31.03.2019 | 26.01.2006 |
| 11 | Lot PTD 189107, HSM 4063, Mukim of Tebrau, District of Johor Bahru, State of Johor | N/A | 5,612.2 | One adjoining plot of vacant Industrial titled land completed with earthworks | Freehold | N/A | 1,735,337 | 31.03.2019 | 26.01.2006 |



LIST OF PROPERTIES (continued)

| No | Address | Built-up area (sq.m) | Land area (sq.m) | Description / Existing use | Tenure | Age of building (years) | Audited net book value as at 31 March 2021 RM | Date of revaluation | Date of acquisition |
|----|--|----------------------|------------------|---|---|-------------------------|---|---------------------|---------------------|
| 12 | Lot PTD 151885, HSM 3729, Mukim of Tebrau, District of Johor Bahru, State of Johor | N/A | 16,387.7 | A parcel of industrial land | Freehold | N/A | 10,584,000 | 31.03.2021 | 23.09.2015 |
| 13 | Lot MLO 5502, HSD 34056, Mukim of Senai, District of KulaiJaya, State of Johor | 4,337.0 | 10,421.0 | A single storey factory with annex two storey office block | Freehold | 29 | 5,606,058 | 31.03.2021 | 21.12.1999 |
| 14 | Lot PTD 41088, HSD 22974, Mukim of Senai, District of KulaiJaya, State of Johor | 3,530.8 | 8,317.3 | A single storey factory with annex 2-storey office block | Freehold | 25 | 4,270,256 | 31.03.2021 | 25.09.2002 |
| 15 | Lot PTD 2805, HSM 1307, Mukim of Sungai Terap, District of Muar, State of Johor | 7,310.6 | 11,759.1 | An individually designed and constructed factory complex | Freehold | 15 | 5,827,854 | 31.03.2021 | 25.01.2006 |
| 16 | Lot PT 55329, HSD 39969, Mukim of Dengkil, District of Sepang, Selangor | N/A | 23,039.0 | A plot of industrial land with direct frontage and single storey detached factory with two storey office block under construction | Freehold | N/A | 23,759,512 | 31.03.2019 | 07.03.2013 |
| 17 | Lot PT 55330, HSD 39970, Mukim of Dengkil, District of Sepang, Selangor | N/A | 15,362.0 | A plot of industrial land with direct frontage | Freehold | N/A | 7,441,000 | 31.03.2021 | 07.03.2013 |
| 18 | Lot 60323, PN 6413, Mukim of Kuala Kuantan, District of Kuantan, State of Pahang | 614.1 | 975.0 | A 1 1/2- storey semi-detached factory | Leasehold 99 years expiring on 29.03.2097 | 23 | 601,089 | 31.03.2021 | 26.01.2005 |
| 19 | GM489 Lot 840, Mukim 01, District of Seberang Perai Selatan, State of Pulau Pinang | 8,843.6 | 20,330.0 | A single storey detached factory with annex 2-storey office block | Freehold | 3 | 18,260,000 | 31.03.2021 | 29.11.2013 |
| 20 | Lots 1439 of Section 66, District of Kuching, Town Land District, State of Sarawak | 1,122.4 | 1,310.0 | One unit of double-storey semi-detached industrial warehouse cum office building | Leasehold 99 years expiring on 04.11.2119 | N/A | 1,665,000 | 31.03.2021 | 17.01.2005 |
| 21 | Lots 2246 of Section 66, District of Kuching, Town Land District, State of Sarawak | 562.6 | 774.6 | One unit of double-storey semi-detached industrial warehouse cum office building | Leasehold 99 years expiring on 04.11.2119 | N/A | 1,060,000 | 31.03.2021 | 17.01.2005 |

LIST OF PROPERTIES (continued)

| No | Address | Built-up area (sq.m) | Land area (sq.m) | Description / Existing use | Tenure | Age of building (years) | Audited net book value as at 31 March 2021 RM | Date of revaluation | Date of acquisition |
|----|---|----------------------|------------------|--|---|-------------------------|---|---------------------|---------------------|
| 22 | Lots 2247 of Section 66, District of Kuching, Town Land District, State of Sarawak | 562.6 | 783.7 | One unit of double-storey semi-detached industrial warehouse cum office building | Leasehold 99 years expiring on 04.11.2119 | N/A | 925,000 | 31.03.2021 | 26.03.2015 |
| 23 | Lot MK 7-3134M 22, Tuas View Square Singapore 637603 | 1,520.6 | 2,166.0 | Single storey detached factory with three storey ancillary office | Leasehold 60 years expiring on 29.10.2056 | 20 | # 15,744,210 | 31.03.2021 | 12.03.1999 |
| 24 | No. 3, VSIP II Street 6, Viet Nam-Singapore Industrial Park II, Binh Duong Urban Complex of Industries Services, Hoa Phu Ward, Thu Dat Mot City, Binh Duong Province, Vietnam | 3,492.0 | 13,428.0 | Single storey detached factory building with double storey office annex | Leasehold 50 years expiring on 27.07.2055 | 12 | * 9,371,796 | 31.03.2021 | 23.01.2007 |
| 25 | PTD 266247, HSD 230772, Mukim Hulu Kinda, District of Kinta, State of Perak | N/A | 2,747.4 | A parcel of industrial land and single storey detached factory with two storey office block under construction | Leasehold 99 years expiring on 18.03.2114 | N/A | 3,151,537 | 31.03.2019 | 01.03.2016 |
| 26 | PTD 266248, HSD 230773, Mukim Hulu Kinda, District of Kinta, State of Perak | N/A | 1,996.6 | A parcel of industrial land and single storey detached factory with two storey office block under construction | Leasehold 99 years expiring on 18.03.2114 | N/A | 2,290,304 | 31.03.2019 | 01.03.2016 |
| 27 | GM 2375 Lot 6134) HS(M) 3309, MLO 2371, Mukim Of Lenga, District of Muar, State of Johor | N/A | 25,230.0 | A piece of agricultural land | Freehold | N/A | 722,013 | 31.03.2021 | 16.03.2017 |
| 28 | PLO 83, H.S.(D) 38459, PTD 13399, H.S.(D) 38460, PTD 13400, Geran 50191, Lot 8531 (3 Arce) | N/A | 12,140.6 | One plot of vacant Industrial titled land with earthworks under construction | Freehold | N/A | 1,723,249 | N/A | 12.12.2018 |
| 29 | PLO 154, H.S.(D) 38459, PTD 13399, H.S.(D) 38460, PTD 13400, Geran 50191, Lot 8531 (5.45 Arce) | N/A | 22,055.4 | One plot of vacant Industrial titled land with earthworks under construction | Freehold | N/A | 3,129,052 | N/A | 12.12.2018 |
| 30 | PLO 155, H.S.(D) 38459, PTD 13399, H.S.(D) 38460, PTD 13400, Geran 50191, Lot 8531 (9.91 Arce) | N/A | 40,104.4 | One plot of vacant Industrial titled land with earthworks under construction | Freehold | N/A | 5,691,798 | N/A | 12.12.2018 |

equivalent to Singapore Dollar 5.10 million

* equivalent to Vietnam Dong 52.03 billion

FORM OF PROXY

I/We _____

(NRIC No./Passport No./Company No. _____) of _____

being a Member/Members of DOMINANT ENTERPRISE BERHAD hereby appoint :

| | | | |
|-----------|-----------------------|-----------------------------|---|
| Full Name | NRIC No./Passport No. | Proportion of Shareholdings | |
| | | No. of Shares | % |
| Address | | | |

*and him / her (*delete as appropriate)

| | | | |
|-----------|-----------------------|-----------------------------|---|
| Full Name | NRIC No./Passport No. | Proportion of Shareholdings | |
| | | No. of Shares | % |
| Address | | | |

or failing them, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Ninth Annual General Meeting ("29th AGM") of the Company will be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its website at <https://tiah.online> on Monday, 23 August 2021 at 10.00 a.m. and at any adjournment thereof.

| Item | Agenda | | | |
|--------------------------|---|-----------------------|-------------|-----------------|
| 1. | To receive the Audited Financial Statements for the Financial Year Ended 31 March 2021 and Reports of Directors and Auditors thereon. | | | |
| ORDINARY BUSINESS | | RESOLUTION | *FOR | *AGAINST |
| 2. | Approval of Single Tier Final Dividend | Ordinary Resolution 1 | | |
| 3. | Approval of Directors' Fees | Ordinary Resolution 2 | | |
| 4. | Approval of Directors' Benefits from the close of 29 th AGM until conclusion of the 30 th AGM in year 2022. | Ordinary Resolution 3 | | |
| 5. | Re-election of Directors who retire pursuant to Clause 76(3) of the Constitution of the Company :- | | | |
| | (a) Mr. Owee Geok Choon | Ordinary Resolution 4 | | |
| | (b) Mr. Johnson Kandasamy A/L David Nagappan | Ordinary Resolution 5 | | |
| 6. | Re-election of Directors who retire pursuant to Clause 78 of the Constitution of the Company :- | | | |
| | (a) Ms. Cha Shi Jiu | Ordinary Resolution 6 | | |
| | (b) Mr. Tan Yin Beng | Ordinary Resolution 7 | | |
| 7. | Re-appointment of Messrs. BDO PLT as Auditors for FYE 31 March 2022 and to authorize the Directors to fix their remuneration. | Ordinary Resolution 8 | | |
| SPECIAL BUSINESS | | | | |
| 8. | Authority to Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 | Ordinary Resolution 9 | | |

*Please indicate with an "X" in the space provided how you wish your votes to be cast on the Ordinary Resolutions specified in the notice of meeting. If you do not do so, the *proxy/proxies will vote, or abstain from voting on the resolutions as he/she/they may think fit.

Dated this : _____ day of _____ 2021

| | |
|--------------------|-----------------|
| No. of Shares held | CDS Account No. |
| | |

.....
**Signature/Common Seal of Shareholder
(Strike out whichever is inapplicable)

** Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:

1. The 29th AGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") in Malaysia via its TIH Online website at <https://tiah.online>. Members are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "Participate") remotely at this 29th AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor. Members are advised to follow the procedures of RPV as stated in the Administrative Guide.
2. According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 1 June 2021, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to Participate in the meeting online.
3. For the purpose of determining who shall be entitled to Participate this 29th 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 16 August 2021. Only a member whose name appears on this Record of Depositors shall be entitled to Participate this 29th AGM via RPV.
4. A member entitled to Participate at this 29th 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 in his/her place. A proxy may but need not be a member of the Company.
5. A member of the Company who is entitled to Participate at the 29th AGM of the Company may appoint not more than two (2) proxies to Participate instead of the member at the Annual General Meeting.
6. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
7. Where a member of the Company is an authorised nominee as defined in the 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.
8. 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 Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
9. 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.
10. The appointment of a proxy may be made in a hard copy form or by electronic form. In the case of appointment made in hardcopy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. In the case of electronic appointment, the proxy form must be deposited via TIH Online at <https://tiah.online>. Please follow the procedure as set out in the Administrative Guide for the electronic lodgement of proxy form. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote. A copy of 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.
12. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
13. Last date and time for lodging the proxy form is Saturday, 21 August 2021 at 10.00 a.m.
14. For a corporate member who has appointed a representative instead of a proxy to Participate this meeting must request authorised representative to register himself/herself for RPV via TIH Online website at <https://tiah.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.

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AFFIX
STAMP
HERE

THE COMPANY SECRETARY
DOMINANT ENTERPRISE BERHAD
Registration No. 199101010894 (221206-D)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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Dominant
Enterprise Berhad

199101010894 (221206 - D)

No.2, Jalan Gemilang 1, Taman Perindustrian Maju Jaya,
81300 Johor Bahru, Johor, Malaysia.

Tel: +60(7) 558 8318 Fax: +60(7) 554 3720

Email: debgroup@dominant.com.my

www.dominant.com.my