EKSONS CORPORATION BERHAD
(Registration No.: 199001014145 (205814-V))

ANNUAL REPORT 2021

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NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty First (31st) Annual General Meeting ("AGM") of Eksons Corporation Berhad will be conducted on a fully virtual basis from the Broadcast Venue at Mega Corporate Services Sdn. Bhd. of Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 23 September 2021 at 3.00 p.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2021 together with the Reports of the Directors and the Auditors thereon. *Please refer to Explanatory Notes (i) below.*

2. To re-elect the following Directors who are retiring pursuant the Company's Constitution and being eligible, have offered themselves for re-election:

   (a) Mr Tay Hua Sin — Resolution 1
   (b) Dato' Philip Chan Hon Keong — Resolution 2

3. To approve the payment of Directors' fees of RM325,320 in respect of the financial year ended 31 March 2021. — Resolution 3 *Please refer to Explanatory Notes (ii) below.*

4. To approve the payment of Directors' benefits for an amount up to RM25,500 from the conclusion of the AGM until the next AGM of the Company. — Resolution 4 *Please refer to Explanatory Notes (ii) below.*

5. To appoint Messrs Crowe Malaysia PLT as Auditors of the Company in place of the retiring auditors, Messrs Ernst & Young PLT for the ensuing year and to authorise the Board to fix their remuneration. — Resolution 5 *Please refer to Explanatory Notes (iii) below.*

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolutions:

6. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE — Resolution 6 *Please refer to Explanatory Note (iv) below.*

   "THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be hereby given to the Company and/or its subsidiaries to enter into and give effect to the RRPT of a Revenue or Trading Nature which are necessary for its day-to-day operations and with those Related Parties as specified in the Circular to Shareholders of the Company dated 25 August 2021 subject further to the following:

   (a) the transactions are carried out at arm's length, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(b) disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year in which the Shareholders' Mandate remains in force based on the following information:-

(i) the type of the Recurrent Transactions made; and

(ii) the names of the Related Parties involved in each type of the Recurrent Transactions made and their relationships with the Company;

and any other arrangements and/or transactions as are incidental thereto;

THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

(a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, the mandate is renewed;

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

(c) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be empowered to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate for RRPT of a Revenue or Trading Nature and transactions contemplated and/or authorised by this resolution."

7. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY — Resolution 7

Please refer to Explanatory Note (v) below.

"THAT subject always to the Act, the provisions of the Company's Constitution, the MMLR of Bursa Securities and all other applicable laws, guidelines, rules and regulations, the Company be authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(a) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;

(b) an amount not exceeding the Company's audited retained profits account for the financial year ended 31 March 2021 at the time of purchase(s) will be allocated by the Company for the purchase of own shares; and

(c) the Directors of the Company may decide either to retain the shares as treasury shares or cancel all the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as a dividend.

NOTICE OF ANNUAL GENERAL MEETING
CONT'D

THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will, subject to renewal thereat, expire at the conclusion of the next AGM of the Company following the passing of this Ordinary Resolution (unless earlier revoked or varied by an Ordinary Resolution of the shareholders of the Company in a general meeting) but shall not prejudice the completion of purchase(s) by the Company before that aforesaid expiry date and in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto, and the guidelines issued by Bursa Securities and/or any other relevant authorities;

AND THAT authority be given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase(s) with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities in such manner as permitted under Section 127 of the Act from time to time and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the Act, the provisions of the Company's Constitution and the requirements and/or guidelines of Bursa Securities for the Main Market and all other relevant governmental and/or regulatory authorities."

8. To transact any other business of the Company of which due notice shall have been given.

BY ORDER OF THE BOARD
WONG CHOOI FUN (SSM PC No. 201908002976) (MAICSA 7027549)
GOH CHOOI WOAN (SSM PC No. 201908000145) (MAICSA 7056110)
Company Secretaries

25 August 2021

Notes:

Fully Virtual AGM

The Meeting will be conducted on a fully virtual basis. Members are advised to refer to the **Administrative Notes** for the AGM on the registration and voting process. No physical attendance is allowed.

1) Only depositors whose names appear in the record of depositors as at 13 September 2021 shall be regarded as members and entitled to attend, participate, speak and vote at the meeting or appoint a proxy or proxies in his stead.

Appointment of proxy

2) A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend, participate, speak and vote at the same meeting instead of him and that a proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.

3) Where a member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.

4) A member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

Where a member 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 as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5) The instrument appointing a proxy(ies) shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorised. Any alteration to the proxy form must be initialled.

6) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarial certified copy of such power or authority, must be deposited through any one of the following methods and within the relevant timelines, and in default, the instrument appointing a proxy shall not be treated as valid:

	Place	**Timeline**
Physical instrument/ hard copy	To be deposited at the office of the Poll Administrator: Mega Corporate Services Sdn. Bhd. Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.	Not less than twenty-four (24) hours before the time appointed for holding the meeting or adjourned meeting. No later than Wednesday, 22 September 2021 at 3.00 p.m.
Electronic form/ soft copy	To email to AGM-support.Eksons@megacorp.com.my	Not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting. No later than Tuesday, 21 September 2021 at 3.00 p.m.
Other methods	To register directly at https://vps.megacorp.com.my/dq4VRv For further information on the registration, kindly refer to the Administrative Notes.	

7) Corporate representatives of the corporate shareholders must deposit their original or duly certified certificate of appointment of corporate representative through any one of the methods and within the relevant timelines as set out in note 6 above.

8) By submitting the instrument appointing a proxy/representative, a member and his/her proxy/representative consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for this meeting and any adjournment thereof.

Voting by-poll

9) The resolutions as set out in this notice of the general meeting shall be voted by-poll.

Explanatory Notes

(i) Audited Financial Statements

This Agenda is meant for discussion only pursuant to the provision of Section 340(1)(a) of the Act of which does not require shareholders' approval for the Audited Financial Statements. Hence, it is not put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING
CONT'D

(ii) Payment of Directors' fees and benefits

In compliance with Section 230(1) of the Act, the Company is requesting shareholders' approval for the payment of Directors' fees and benefits.

The proposed Resolutions, if passed, will facilitate the payment of:

- Directors' fees for the financial year ended 31 March 2021.
- Directors' benefits from the conclusion of the AGM up to the next AGM of the Company, is calculated based on the current Board size. In the event the proposed amount is insufficient (due to enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

  The estimated amount of RM25,500 is derived from a total of RM16,500 for the financial year ending 31 March 2022 and a total of RM9,000 for the period from 1 April 2022 until the next AGM in 2022.

(iii) Appointment of Auditors

The existing Auditors of the Company, Messrs Ernst & Young PLT were re-appointed as the Auditors of the Company at the previous AGM to hold office until the conclusion of the next AGM. Messrs Ernst & Young PLT had indicated that they will not be seeking re-appointment as Auditors of the Company.

Based on the shareholder's nomination and in line with good corporate governance practice, the Audit Committee had undertaken an assessment of the suitability and independence of auditors and based on an interview, had recommended the appointment of Messrs Crowe Malaysia PLT as Auditors of the Company for financial year ending 31 March 2022.

The Board had reviewed the recommendation of the Audit Committee and agreed to nominate the appointment of Messrs Crowe Malaysia PLT as the new auditors in place of the retiring auditors, in the forthcoming AGM of the Company.

Messrs Crowe Malaysia PLT had accepted the nomination to act as the Auditors of the Company.

(iv) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution, if passed, will allow the Company and/its Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature pursuant to the provisions of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

Please refer to the Circular to Shareholders dated 25 August 2021 for further information.

(v) Proposed Renewal of Share Buy-Back Authority

The proposed Resolution, if passed, will allow the Company to purchase its shares up to 10% of the total issued share capital of the Company by utilising the funds allocated which shall not exceed the total retained profits of the Company.

Please refer to the Statement to Shareholders dated 25 August 2021 for further information.

STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING

1. Details of individuals who are standing for election as Directors (excluding directors standing for re-election)

   No individual is seeking election as a Director at the forthcoming Annual General Meeting of the Company.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain
Chairman Non-Independent, Non-Executive Director

Mr. Tay Hua Sin
Deputy Executive Chairman

Dato' Philip Chan Hon Keong
Group Managing Director

Mr. Tang Seng Fatt
Executive Director

Mr. Koay Kah Ee
Independent, Non-Executive Director

Encik Nik A.Majid Bin Mohd. Kamil
Independent, Non-Executive Director

AUDIT COMMITTEE

Mr. Koay Kah Ee (Chairman)
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain
Encik Nik A.Majid Bin Mohd. Kamil

NOMINATION COMMITTEE

Encik Nik A.Majid Bin Mohd. Kamil (Chairman)
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain
Mr. Koay Kah Ee

REMUNERATION COMMITTEE

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain (Chairman)
Mr. Koay Kah Ee
Encik Nik A.Majid Bin Mohd. Kamil

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock code: 9016
Stock name: Eksons

COMPANY SECRETARY

Wong Chooi Fun (MAICSA 7027549)
(SSM PC NO. 201908002976)
Goh Chooi Woan (MAICSA 7056110)
(SSM PC NO. 201908000145)
MLG Corporate Services Sdn. Bhd.
Lot No. 4, Jalan P/13,
Kawasan Perindustrian MIEL
Bangi Phase 5, Section 10
43650 Bandar Baru Bangi,
Selangor.
Tel: 03 - 8925 2828
Fax:03 - 8920 1968

AUDITORS

Ernst & Young PLT
Chartered Accountants
3rd Floor,
Wisma Bukit Mata Kuching,
Jalan Tunku Abdul Rahman,
93100 Kuching, Sarawak.
Tel: 082 - 752 668
Fax: 082 - 421 287

REGISTERED OFFICE

TB 4327, Block 31, 2nd Floor,
Fajar Complex, Jalan Haji Karim,
91000 Tawau, Sabah.
Tel: 089 - 757 911
Fax: 089 - 757 008
Website: www.eksons.com.my

CORPORATE OFFICE

B-15-5, Megan Avenue II,
No. 12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.
Tel: 03 - 2161 1223
Fax: 03 - 2161 1213

SHARE REGISTRARS

Metra Management Sdn. Bhd.
35th Floor,
Menara Multi-Purpose
Capital Square,
8, Jalan Munshi Abdullah,
50100 Kuala Lumpur.
Tel: 03 - 2698 3232
Fax: 03 - 2698 0313

PRINCIPAL BANKERS

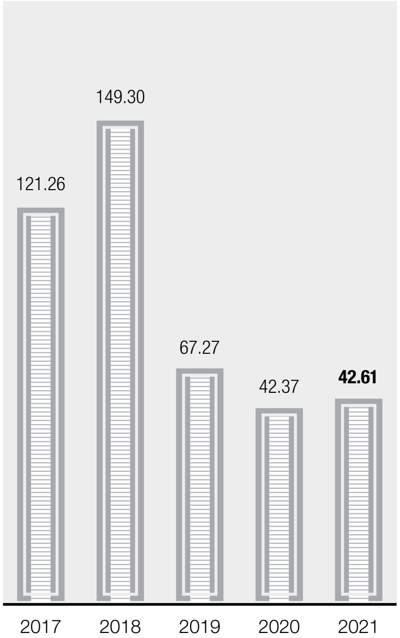
Malayan Banking Berhad
Hong Leong Bank Berhad
AmBank (M) Berhad
AmFunds Management Berhad
Bank Islam Malaysia Berhad

GROUP FINANCIAL **SUMMARY**

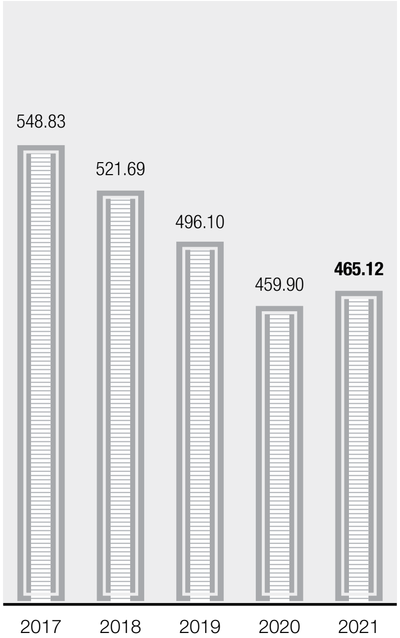
YEAR ENDED 31 MARCH	2021	2020	2019	2018	2017
Operating Results (RM'million)					
Revenue	42.61	42.37	67.27	149.30	121.26
Interest expense	1.13	1.37	1.51	1.53	0.70
EBITDA	8.25	(21.50)	(3.95)	(11.98)	(2.65)
EBIT	0.38	(32.65)	(13.12)	(22.47)	(13.64)
Profit/(loss) before tax	1.81	(31.55)	(6.93)	(18.40)	(9.61)
Profit/(loss) after tax	4.77	(36.24)	(13.24)	(21.53)	(13.65)
Net profit attributable to owners of the Company Company	5.81	(32.78)	(11.52)	(20.10)	(10.57)
Gross Dividend Paid	1.96		8.00	–	–
Number of Ordinary Shares	160.55		159.97	160.38	160.93
Key Financial Position Data (RM'million)					
Total assets	465.12	459.90	496.10	521.69	548.83
Total borrowings	18.31	15.51	18.87	20.16	20.61
Shareholder's equity	392.77	388.95	421.67	441.55	462.13
Share Information					
Per Share (sen)					
– Earnings (basic)	3.62	(20.50)	(7.20)	(12.09)	(6.03)
– Net assets	244.64	243.28	263.74	277.31	288.71
– Gross dividends	0.01	–	0.05	–	–
Share price as at 31 March (RM)	0.675	0.41	0.8	0.81	0.95
Financial Ratios					
Return on total assets (%)	1.03	(7.88)	(2.67)	(3.83)	(2.21)
Return on equity (%)	1.22	(8.94)	(3.06)	(4.44)	(2.60)
Gearing ratio (times)	0.05	0.04	0.04	0.05	0.05
Price earning ratio (times)	18.65	(2.00)	(11.11)	(6.70)	(15.76)
Interest cover (times)	0.33	(23.83)	(8.68)	(14.64)	(6.79)
Gross dividend yield (at par) (%)	1.81%	–	6.25%	–	–

GROUP FINANCIAL **HIGHLIGHTS**

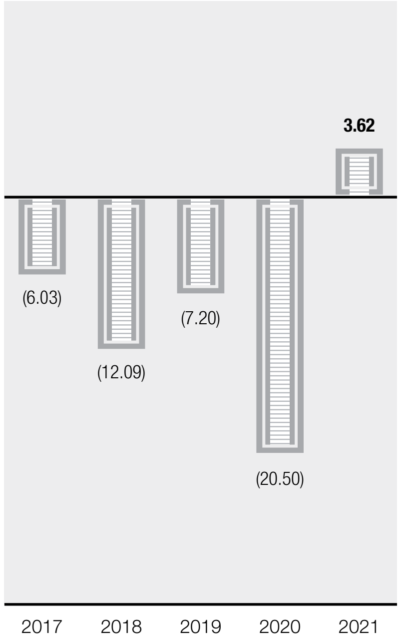
REVENUE
(RM'000)



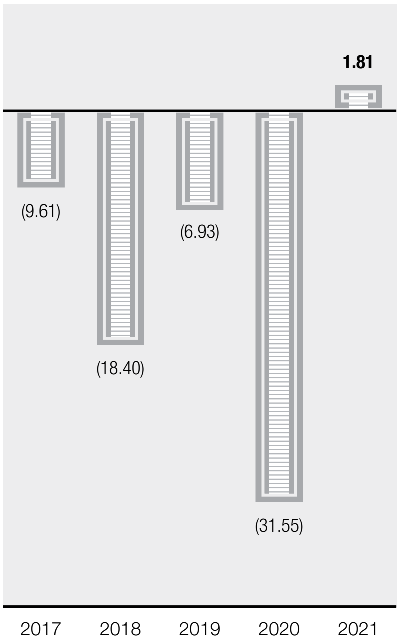
TOTAL ASSETS
(RM'000)



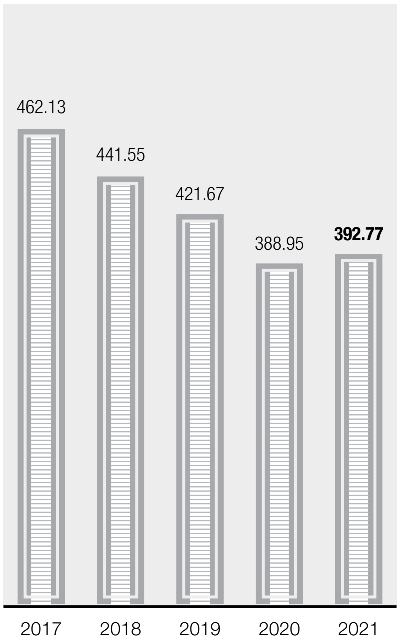
BASIC EARNING PER SHARE
(sen)



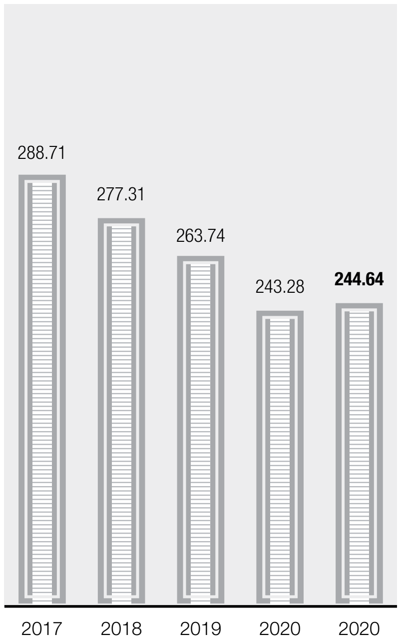
PROFIT/(LOSS) BEFORE TAX
(RM'000)



SHAREHOLDER'S EQUITY
(RM'000)



NET ASSETS PER SHARE
(SEN)



DIRECTORS' **PROFILE**

TAN SRI DATUK AMAR (DR) HAJI ABDUL AZIZ BIN DATO HAJI HUSAIN

Chairman Non-Independent, Non-Executive Director

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain, aged 71, male, is a Malaysian. He was appointed as a Director of the Company and Chairman of the Board of Directors on 31 May 2007. He is a Non-Independent, Non-Executive Director of the Company. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz holds a Bachelor in Economics majoring in Business Administration from the University of Malaya (1973) and a Masters in Business Administration majoring in Finance in 1978 from Syracuse University, New York. He also attended various training programmes during his public service career including the Project Planning and Management Course in INTAN (1973), the Financial Management Course in Banff School of Management, Alberta (1981), the Wolfson Course in Cambridge University, England (1991), the Human Resource and Personnel Management, University of Pittsburgh (1993) and the Management Development Program in Harvard University Business School, Boston (1994). He has served in the Sarawak State Government in various capacities since 1973, the last appointment being that of the Sarawak's State Secretary in August, 2000 until his retirement in December 2006.

He also holds directorships in Borneo Housing Mortgage Finance Berhad, Permodalan Satok Berhad, Yayasan Ilmu Sarawak, Cahya Mata Sarawak Bhd and several statutory bodies and private limited companies. He is also the Chairman of the Sarawak Skills Development Centres, Sarawak Economic Development Corporation and the President of the Sarawak Badminton Association.

He does not have any family relationship with any Director and/or major shareholder of the company except for Dato' Sri Faizal Bin Abdul Aziz and Khairul Arifin Bin Abdul Aziz. He is the father of Dato' Sri Faizal Bin Abdul Aziz and Khairul Arifin Bin Abdul Aziz. He does not have any conflict of interest with the Company.

He has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all four (4) Board meetings held during the financial year.

MR. TAY HUA SIN

Executive Deputy Chairman

Mr. Tay Hua Sin, aged 68, male, is a Singaporean. He was appointed as a Director on 31 March 2000 and was the Group Managing Director of the Company until 30 September 2019. He is now the Executive Deputy Chairman of the Company.

He holds an Honours degree in Business Studies from the United Kingdom and has more than 20 years' of experience in the regional timber industry. He is currently a substantial shareholder of the Company. There are no other business transactions with the Group in which he has a personal interest except as disclosed in the financial statements herein.

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company.

He has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended three (3) out of four (4) Board meetings held during the financial year.

DIRECTORS' PROFILE
CONT'D

DATO' PHILIP CHAN HON KEONG

Group Managing Director

Dato' Philip Chan Hon Keong, aged 56, male, is a Malaysian. He was appointed as a Director of the Company on 31 May 2007. He was a member of the Audit Committee, Remuneration Committee and Nomination Committee. He was also an Independent Director of the Company until 30 September 2019. He is now the Group Managing Director of the Company.

He graduated with a Bachelor of Economics and a Bachelor of Laws from the University of Sydney, Australia. He was formerly a Partner in Skrine, a firm of advocates and solicitors. He also holds directorship in JF Technology Berhad.

He does not have any family relationship with any Director and/or major shareholder of the company. He does not have any conflict of interest with the Company.

He has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all four (4) Board meetings held during the financial year.

MR. TANG SENG FATT

Executive Director

Mr. Tang Seng Fatt, aged 54, male, is a Malaysian. He was appointed as an Executive Director on 23 February 2006. He is a Member of the Malaysian Institute of Certified Public Accountants and also a fellow of the Association of Chartered Certified Accountants UK.

He started his career in accountancy in 1991 when he joined the Audit Department of Ernst & Young PLT, Kuala Lumpur. He joined Lingui Development Berhad in 1994 where he served in corporate finance and financial accounting functions. He was also responsible for similar functions in Lingui Development Berhad's associate company, Glenealy Plantations (Malaya) Berhad. He joined Ngiu Kee Corporation Berhad in 2004 where he headed the finance department as Group accountant. He left Ngiu Kee Corporation Berhad in October 2005 to join the company as Senior Manager, Corporate Affairs.

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company.

He has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all four (4) Board meetings held during the financial year.

MR. KOAY KAH EE

Independent, Non-Executive Director

Mr. Koay Kah Ee, aged 62, male, is a Malaysian. He was appointed as an Independent Non-Executive Director in October 2019. He is the Chairman of the Audit Committee, member of Nomination Committee and Remuneration Committee.

He holds a Masters in Business Administration (MBA) from University of Strathclyde, United Kingdom. He is a fellow member of Chartered Institute of Management Accounts (CIMA), a fellow member of the Australia Certified Practicing Accountants (CPA Australia), Chartered Accountant (CA) of the Malaysian Institute of Accountants (MIA), Chartered Global Management Accountant (CGMA), member of the SOCSO Appellate Board (JRKS) of Ministry of Human Resources Malaysia.

Mr.Koay is currently the Group Finance Director of Prestar Resources Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities"). He also sits as Senior Independent Non-Executive Director of Ajinomoto (Malaysia) Berhad, a public company listed on the Main Market of Bursa Malaysia Securities, Independent Non-Executive Director of JF Technology Berhad, a public company listed on the ACE Market of Bursa Malaysia Securities as well as Non- Independent Non-Executive Director of Tahsin Holdings Berhad, a public company listed on the ACE Market of Bursa Malaysia Securities.

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company.

He attended all four (4) Board meetings held during the financial year.

ENCIK NIK A. MAJID BIN MOHD. KAMIL

Independent, Non-Executive Director

Encik Nik A.Majid Bin Mohd. Kamil, aged 65, male, is a Malaysian. He was appointed as an Independent Director in October 2019. He is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

He joined HSBC Bank Malaysia in 1978 as an officer and began his management career in HSBC Bank, Hong Kong as a Management Trainee in 1983. He was posted to various positions in West and East Malaysia and completed his tenor of service in the bank in late 2013. He was the Director of Strategic Business Development (Managing large GLCs, Federal and State Governments and its Agencies) and he also held several other senior positions. Since January 2012, he was appointed to be on the Board of the Selangor State Investment Fund and in 2016 on the Board of the Selangor State Disaster Fund, both are investment arms for the state. He is also a Senior Executive Advisor of ASN Cement since 2014 before being appointed to the Board of ASN Cement Ltd and ASN Cement Sdn Bhd on June 2015 and June 2016 respectively mainly on the development of cement business in Asia. He is also an advisor to GRC Consulting Services, an Audit Risk and Financial Consulting firm established since 2014.

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company.

He attended all four (4) Board meetings held during the financial year.

KEY SENIOR **MANAGEMENT'S PROFILE**

MR. SUI UH HING

Executive Director of Plywood Operations

Mr. Sui Uh Hing, aged 65, male, is a Malaysian. He has 45 years of operational experience in the timber industry in Sarawak. He also sits on the Board of various other timber related private companies. He joined Rajang Plywood Sawmill Sdn. Bhd. ("RPS") a wholly owned subsidiary of the company as a Director and then Executive Director from 1990 to 1999 whereafter he resigned to concentrate on his other companies but was then re- appointed to the Boards of Rajang Plywood Sawmill Sdn. Bhd. and Rajang Plywood (Sabah) Sdn. Bhd. on 1 January 2004.

He served as a Director of the company from 27 February 2004 to 13 November 2017.

He has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MR. LEE PENG BUAN

Executive Director of Plywood Operations

Mr. Lee Peng Buan, aged 50, male, is a Malaysian. He joined, RPS a wholly-owned subsidiary of the company on 9 May 1992. He was then appointed as a Director of RPS on 1 October 2006. He is also a Director for Rajang Plywood (Sabah) Sdn. Bhd.. Mr. Lee is one of the pioneer factory management staff. He is primarily responsible for the overall smooth running and operations of the factory from handling of manpower to technical production processes.

He is the nephew of Mr. Tay Hua Sin, a Director and substantial shareholder of the Company.

He has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

CHAIRMAN'S **STATEMENT**

LADIES AND GENTLEMEN,

I hope that you are keeping well amidst the COVID-19 pandemic that has been ongoing since early last year. Regretfully, the situation in Malaysia has taken a turn for the worse since my last report to you and we find ourselves now in the middle of a Movement Control Order 3.0. The pandemic has had a negative effect on most businesses and ours have not been spared.

Our property development division has been impacted by the lockdowns imposed to curb the pandemic. Work at the Affiniti Residences's construction site was interrupted by the MCO 1.0 between March and June 2020. Work was interrupted again under the MCO 3.0 which implemented its full lockdown on 1st June 2021. The full lockdown is still ongoing at the time of writing. Our timber operations, which relies on foreign workers, is also affected by the cross border restrictions which have hampered our production.

With the nation's vaccination program targeting 80% inoculation of the country's by the end of 2021, we hope things will return to normal by then.

The Group recorded a turnover and profit after taxation of RM42.6 million (FY2020: RM42.4 million) and RM4.8 million (FY2020: Loss after taxation of RM36.2 million). The timber division contributed a turnover of RM15.9 million (FY2020: RM31.6 million) whilst the property development division contributed RM26.6 million (FY2020: RM10.8 million).

The Group remains on firm financial standing as at 31 March 2021, with its cash and liquid investments totalling RM217.9 million against bank borrowings of RM18.3 million.

During the year, the Company paid a dividend in specie which consisted of 1,598,809 treasury shares of the Company.

The review of the Group's core activities of timber and property development, will be by the Group Managing Director in the pages that follow.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to convey our deep appreciation and gratitude to our shareholders, business associates, regulatory bodies, financial institutions, suppliers and contractors for their assistance and continued support.

My sincere thanks to the management and staff of the Group for their continue support and loyalty during the year.

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain
Chairman

MANAGEMENT DISCUSSION **AND ANALYSIS OF THE GROUP**

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP BY THE GROUP MANAGING DIRECTOR

Operations Review

Timber

The timber division's turnover and loss after taxation for the current financial year ended 31 March 2021 were RM15.9 million (FY2020: RM31.6 million) and RM14.7 million respectively (FY2020: RM25.5 million). The division's performance continued to be impacted by challenges brought about by the COVID-19 pandemic.

The division's operations, which is reliant on foreign labour, were unable to get new foreign workers to replace those that had already returned to their home country. This is because of Malaysia's closure of its borders in order to control the COVID-19 pandemic. With the reduced workforce, the division was only able to produce at a fraction of its capacity. We will attempt to ramp up production when these restrictions are lifted and at the same time work towards reducing our reliance on foreign workers.

Among the other risks faced by the division is the risk posed by uncertain logs supply for our operations. In order to mitigate this risk, the division has always maintained good relations with our long term major Malaysian suppliers. At the same time we are also able to seek supplies from outside Malaysia if the need arises.

On a brighter note, the price of plywood has risen along with other commodities. Currently, the price of plywood hovers between USD550 to USD600 per cubic meter which is about USD150 per cubic meter higher than about 6 months ago. We expect this to continue for the next 6 months to a year largely due to a shortage of plywood caused by the COVID-19 pandemic.

Property development

The division's turnover and loss after taxation for the current financial year ended 31 March 2021 were RM26.6 million (FY2020: RM10.8 million) and RM5.2 million respectively (FY2020: profit after taxation RM15.1 million).

The revenue was from sales of residential units recognised from Viva Paradise Sdn Bhd's Affiniti Residences project which is based on the percentage of completion method. Included in the loss for the year was the write down of inventories of approximately RM7.4 million in respect of some of the commercial properties held under the Group. The write down was to reflect the market value as at the financial year end.

Sales from Affiniti Residences project were encouraging prior to the implementation of full lockdown under the MCO 3.0. We are confident that we will regain this momentum once the lockdown is eased. The MCO 3.0 has caused work at the Affiniti Residences site to slow down as construction materials could not be delivered. We will speed up as soon as the authorities allow.

Sales and leasing activity of the Group's commercial properties at The Atmosphere are expected to pick up pace after the completion of the MRT2 line which has a station in front of the site. The MRT2 line, which is scheduled to be completed in 2022, is expected to increase the attractiveness of The Atmosphere as a place for businesses. We have events planned to further promote The Atmosphere as a vibrant business location. There are also plans for The Atmosphere to fill business gaps of the surrounding area.

Among the major risks faced by the division is the risk of a prolonged depressed property market. In order to mitigate that risk, the division conducts an in depth development and sales feasibility study prior to launch of projects. We have also increased our digital marketing efforts to increase our outreach as well as provided a sales based rewards system for our marketing team in order to achieve our sales targets.

In order to reduce risks posed by cost overruns, we have cultivated a culture of cost awareness among all staff. We have also contracted out major cost components on a fixed cost basis for our projects so that we are not faced with cost increases should material prices increase significantly during construction.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP
CONT'D

Outlook & Prospects

In Malaysia, the COVID-19 pandemic has caused interruptions that have caused businesses in almost every sector to slow down. The outlook depends on how the pandemic progresses in the coming months. Nevertheless we are beginning to see light at the end of the tunnel with the Malaysian government's vaccination program. We are hopeful that things will return to normal by early next year.

We look forward to the end of this pandemic which will bring with it hopes of an economic recovery. We are eager to take advantage of the favourable plywood prices. We also look forward to the completion of the Putrajaya Line of the MRT from Kwasa Damansara to Putrajaya MRT that should result in sales and leases of The Atmosphere units that will be positive for the Group.

Dato' Philip Chan Hon Keong
Group Managing Director

SUSTAINABILITY **STATEMENT**

INTRODUCTION

Sustainability is at the core of Eksons Corporation Berhad's vision (Eksons Corporation Bhd is hereinafter referred to as "Eksons" or "Company"). Eksons has always adhered to the three pillars of sustainable development, namely, economic, environmental and social considerations while being committed to maintaining high standard of corporate governance in its effort to build a strong and vibrant business community for the long term. Over the years, the Group has undertaken various efforts to improve our environmental initiatives.

GOVERNANCE STRUCTURE

The operation of Eksons Group as a whole is under the supervision of the Chairman and Board of Directors. Eksons Group is made up of 2 main divisions, namely, the Timber Division and Property Development Division overseen by the Deputy Executive Chairman and the Group Managing Director assisted by the management teams of the respective divisions. Aside from the management teams, the Group Audit Committee is formed to conduct assurance assignments to ensure the adequacy and effectiveness of the Group's governance, risk management and internal control system while monitoring compliance with policies and procedures.

Through a systematic governance structure, Eksons is driven to enforce its sustainability strategy across the top management till the operational level from the economic, environmental and social perspectives.

SCOPE OF SUSTAINABILITY STATEMENT AND BASIS FOR THE SCOPE

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide, Eksons' sustainability framework is premised upon the evaluation of the economic, environmental and social risk and opportunities coexistent with the Company's corporate governance framework and corporate social responsibilities.

Eksons believes that sustainable corporate success requires the highest standard of corporate behaviour including measuring up to the public expectations on economic, environmental and social responsibilities. By applying a good corporate governance framework, environmentally responsible practices and sound social policies, it would enable Eksons Group to achieve sustainable growth and enhance long-term value for its shareholders.

MATERIAL SUSTAINABILITY MATTERS

Economic

The Eksons Group specialises in the manufacturing of tropical thin plywood and produces veneer and sawn timber, targeted largely at the export market. Eksons Group also has investments in property development and property holding. To ensure that Eksons delivers quality products, the Group continuously reviews and develops its core propositions to meet and manage the ever-changing market trends and consumer demands.

We take pride that our products meet international standards in formaldehyde emission. This confirms our commitment to move towards greener products which improves the well being of end users.

For our development projects in Selangor, we take special care to ensure it is family and disabled friendly. We will also ensure that adequate security measures are incorporated in the development's design to ensure the safety of the patrons, business owners, house owners and other stakeholders.

In recognition of the need to make available affordable housing, we are participating in the Selangor state government's Rumah Selangorku scheme whereby approximately 30% of our residential development units will be built in accordance to the scheme.

As we continue to financially excel and grow, we generate economic value and benefits to our groups of stakeholder for examples Shareholders, Customers and Clients, Suppliers, Local Communities, Employees, Federal and State Governments, and Ministries and Agencies.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Economic (cont'd)

Shareholders of any company are a company's lifeline since shareholders are stakeholders who believe in the company and have invested their hard-earned monies to support the company. In an effort to preserve shareholders' interest, Eksons strives to maintain high standard of corporate ethics and strict compliance with the laws and regulations. This is because Eksons believes that high standard of integrity, honesty and accountability are fundamental keys to sustainable business.

Environmental

Eksons Group recognises that several of its activities may have an impact on the environment. Consequently, at all plants, Eksons Group continues to ensure strict compliance with the environmental laws governing plant operations and maintenance in areas relating to environmental standards, emission standards, noise level management and treatment of plant effluents and waste water.

As a plywood producer, we naturally have a particular responsibility to contribute to the timber industry's combined efforts to limit environmental deterioration. Hence, in our sourcing of logs from sources that, we at Eksons, will ensure that they are from areas approved by the authorities. Strict adherence to this policy in the long run will ensure a long term and uninterrupted supply of logs for our operation.

Eksons has three megawatt biomass co-generation power plant for our plywood mill in Tawau which uses the mill's waste wood chip as feedstock to replace the diesel powered generators. This significantly reduces effects of methane emission and harmful by products of fossil fuel to the environment.

Recognising the importance of contributing back to the environment, we have incorporated green building elements in our development projects. We will continue to incorporate green building elements in the future phases to reduce the carbon footprint of our businesses. This will benefit the owners, tenants and patrons as well as future generations.

Social

Employee

Our employees are the core of our success and growth. Apart from offering competitive financial rewards, we also provide a supportive working environment in which our employees will receive relevant training to ensure they are equipped with appropriate skills and knowledge to grow and prosper together with the company they work for.

At our plywood mills, we provide housing, food, recreational facilities and healthcare to our people. The recreational facilities we provide include facilities for basketball, volley ball, sepak takraw and badminton. We also emphasize on occupational safety in the workplace and a clinic is located within the factory site in the case of any emergency. In recognizing the religious needs to our work force, there is also surau within each of our sites. We have also put in a reverse osmosis water plant in one of our mills as part of our efforts to ensure our mill employees have access to clean treated water.

Local community

Improving the quality of living in the communities we operate in is tagged as one of Eksons' top social priorities. We find ways to address the community's priorities and concerns and seek to alleviate the community's hardships in any way we can through financial or other contributions. In Tawau, for example, Eksons has provided a generator for the nearby community providing electricity where there was none before.

We also provide support in other ways such as participating in the communities' festivities to foster closer ties and build rapport with the residents of the communities.

OUR COMMITMENT

As a socially responsible citizen of the business community, Eksons Group will continue to adopt and apply effective economic approaches, environmentally responsible practices, sound social policies and good corporate governance framework with the objective of enhancing transparency in its corporate disclosure, strengthening its risk management framework and achieving long-term sustainable growth.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

INTRODUCTION

As the protection and enhancement of shareholder value and the financial performance of the Eksons Corporation Berhad and its subsidiary companies ("the Group") forms a fundamental part of the responsibility of the Board of Directors, the Board of Directors of Eksons Corporation Berhad ("Eksons" or "Company") is committed to ensuring that corporate governance is practised throughout the Group.

The Board of Directors is thus pleased to provide the following statement, which outlines the corporate governance principles and best practices that were applied during the financial year ended 31 March 2021.

The Company has disclosed the application of each principle and practice as set out in the Code to Bursa Securities in its Corporate Governance Report ("CG Report") pursuant to paragraph 15.25(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). This CG Report is made available and can be downloaded from the Company's website at www.eksons.com.my.

PRINCIPLE A: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Roles and Responsibilities

The Board of Directors of Eksons is primarily responsible for determining the strategic direction of the Group, monitoring and overseeing the performance of the Group's business while taking into account the principal risks involved and the management of these risks through the establishment and implementation of appropriate operating procedures, adequate internal control, management and compliance systems. As part of risk management, the Board also oversees the succession planning of senior management and is satisfied with the current arrangement in place for the succession planning for senior management.

1.2 The Chairman

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain, the Chairman of the Board, a Non-Independent and Non-Executive Director, is able to provide strong leadership, leading the Board objectively and instilling good corporate governance practices. The Chairman is primarily responsible for running the Board and leading discussions thus enhancing effectiveness at the Board level.

1.3 Chairman and Group Managing Director

The positions of Chairman and Group Managing Director are held by two (2) different individuals in line with the recommendations of the Code. The distinct and separate roles of the Chairman and Group Managing Director promote accountability and facilitate the division of responsibilities between them. The Non-Independent and Non-Executive Chairman leads the Board in the oversight of management whereas the Managing Director focuses on the day-to-day operations and management of the Group.

Dato' Philip Chan Hon Keong, the Group Managing Director, with the assistance and support from the Executive Director and Key Senior Management, is responsible for the day-to-day management of the Company and the Group, implementing the Board's policies and decisions to achieve the short-term and long-term objectives as well as coordinating the development and implementation of business and corporate strategies.

PRINCIPLE A: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.4 Qualified and Competent Company Secretary

The key role of the Company Secretary is to provide advice and services for the Directors as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.

The Board is supported by suitably qualified and competent Company Secretaries in discharging their roles and responsibilities, and every Board member has unrestricted access to the advice and services of the Company Secretaries in ensuring the effective functioning of the Board. The Company Secretaries ensure compliance of MMLR and related statutory obligations and procedures are followed and any deviation minimized. The current Companies Secretaries are both members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The Company Secretaries also ensure that all meetings of the Board and Board Committees are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company.

The Company Secretaries have attended training and seminars conducted by Companies Commission of Malaysia, MAICSA and Bursa Securities to keep abreast with the relevant updates and development of the MMLR, to comply with Capital Markets and Services Act 2007 (Amendment 2012), Companies Act 2016 and to ensure the Company's compliance to the Code.

The Company Secretaries also ensure that there is good information flow within the Board and between the Board, Board Committees and Key Senior Management. The Company Secretaries are also entrusted to record the Board's deliberations, in terms of issues discussed, and the conclusions and the minutes of the previous Board and Committees meetings are distributed to the Directors before the meetings for their perusal before confirmation of the minutes at the commencement of the next Board and Committees meetings.

The Board has full and unlimited access to the Company Secretaries who are available at all times to provide the Directors with the appropriate advice and services.

1.5 Access to Information and Advice

All members of the Board have full and unrestricted access to any information pertaining to the Company, the advice and services of the Company Secretaries, Key Senior Management and external independent professional advisers may be engaged, where necessary, with approval from the Board or the Board Committees, at the Company's expense to enable the Board to discharge their duties. The agenda and Board papers for consideration are circulated to all Directors prior to the Board meetings to enable the Directors to obtain and access further information and clarification in order to be well informed of the matters before the meetings.

The Board is updated with the new amendments and updates on the regulations from the authorities from time to time as and when occurring by circulation through emails, briefing and hard copy, whichever deemed appropriate and applicable.

Besides, the Board is notified of any corporate announcements released to Bursa Securities and is also kept informed of the requirements and updates issued by the various regulatory authorities through the Company Secretaries.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

2. Demarcation of Responsibilities

2.1 Board Charter

The roles and responsibilities of the members of the Board are more specifically spelt out in the Charter of the Board of Directors of Eksons.

This Board Charter has been adopted and reviewed periodically by the Board. It is made available on the Company's website at www.eksons.com.my.

3. Good Business Conduct and Corporate Culture

3.1 Code of Conduct and Ethics

The Board is guided by a Code of Conduct and Ethics ("COCE") in carrying out its responsibilities. In addition, there is also a clear division of responsibility between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority.

This COCE has been adopted and reviewed periodically by the Board. It is made available on the Company's website at www.eksons.com.my.

3.2 Whistleblowing Policy

All employees of Eksons are encouraged to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse and to protect the whistleblower from detrimental action, to provide for the matters disclosed to be investigated and dealt with as outlined in the Whistleblowing Policy ("WP").

This WP has been adopted and reviewed periodically by the Board. It is made available on the Company's website at www.eksons.com.my.

3.3 Anti-Bribery and Anti-Corruption Policy

In support of ethical business practices, the Board has also adopted a zero-tolerance approach against all forms of bribery and corruption and takes a strong stance against such acts through the adoption of the Group's Anti-Bribery and Anti-Corruption Policy on 1 June 2020 as additional measures to comply fully with the applicable laws and regulatory requirements on anti-bribery and anti-corruption.

Eksons has put in place adequate procedures to prevent corrupt practices, thereby providing the Group with a measure of assurance and defence against liability for corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The Policy applies to all individuals working for the Group with all of its subsidiaries and affiliates (anywhere in the world) and at all levels and grades. This includes senior managers, officers, directors, employees (whether regular, fixed-term or temporary), consultants, contractors, trainees, seconded staff, home-workers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with us, or any of our subsidiaries or their employees, wherever located (collectively referred to as "employees" in the Policy).

The Executive Director in charge of Finance and the Human Resource Departments of the Group of the Company are authorised and directed to issue on behalf of the Company all documents necessary or desirable to further the intent of this Policy and do such further things or perform such acts as may be necessary to implement the provisions of this Policy, including but not limited to communicating to the employees its expectation on them to comply with the Policy and that any employees who breach any of the terms of the Policy will face disciplinary action, which could result in dismissal for gross misconduct. The Group reserves its right to terminate a contractual relationship with other employees and other associated persons, as the case may be if they breach any of the terms and conditions of the Policy.

PRINCIPLE A: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

3. Good Business Conduct and Corporate Culture (cont'd)

3.3 Anti-Bribery and Anti-Corruption Policy (cont'd)

The Board of Directors will monitor the effectiveness and review the implementation of the Policy, regularly considering its suitability, adequacy and effectiveness. Any improvement identified will be made and incorporated as soon as possible. Internal control systems and procedures will be subject to regular audits to assure that they are effective in countering bribery and corruption.

All employees are responsible for the success of the Policy and should ensure they use it to disclose any suspected danger or wrongdoing. The Policy is made available on the Company's website at www.eksons.com.my as well as being shared via all Group electronic media and the hard copy has been placed at all notice boards and General Office of the Company.

Part II - Board Composition

4. Board's Objectivity

4.1 Composition of the Board

The Board of Directors consists of six (6) members comprising three (3) Non-Executive Directors (including the Chairman) and three (3) Executive Directors. Two (2) of the six (6) Directors are Independent Directors. Besides, the composition of the Board fairly reflects the interest of major as well as minority shareholders in Eksons.

4.2 Tenure of Independent Director

In line with the Code's recommendation and the Constitution of the Company, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the nine (9) years limit subject to the Independent Director being re-designated as Non-Independent Director. In the event the Board intends to retain the Director as Independent after the Independent Director has served a cumulative term of nine (9) years, the Board must justify the decision and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process.

The Board recognizes the importance of independence and objectivity in its decision-making process.

In order to ensure independent and objective judgment is brought to the Board's deliberation by genuine independence of the Independent Directors and to ensure conflict of interest or undue influence from interested parties is well taken care of, the Board is committed to ensure the independence of the Independent Directors are assessed by the Nomination Committee prior to their appointment based on formal nomination and selection process with the results of the review reported to the Board for consideration and decision.

During the financial period under review, Practice 4.2 was complied with as none of the Independent Directors of Eksons has exceeded the tenure of a cumulative term of nine (9) years in the Company.

4.3 Policy of Independent Director's Tenure

The Company does not have a policy that limits the tenure of its independent directors to nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Part II - Board Composition (cont'd)

4. Board's Objectivity (cont'd)

4.4 Diverse Board and Senior Management

Appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills and experience. The Board has in place a set of directors' selection criteria for use in the selection and recruitment process. This set of criteria will be used as a reference by the management for the selection and recruitment of Senior Management of the Group.

4.5 Gender Diversity Policy

The Board does not have a specific policy on setting a quota for female participation on Board. Nevertheless, the Board is committed to providing fair and equal opportunities, through its Nomination Committee, in considering gender diversity to achieve an optimum composition of the Board.

4.6 New Candidates for Board Appointment

There were no new appointments of directors during the financial year under review.

The Nomination Committee is responsible for identifying, assessing and recommending to the Board suitably qualified candidates for directorship on the Board as well as members of the Board Committees.

The Nomination Committee will assess candidate suitability based on a set of criteria as set out in the Criteria for Selection of Directors.

In identifying suitable candidates, the Board does not solely rely on recommendations from existing Board members, management and major shareholders. It is also open to referrals from external independent sources available, such as industry and professional associations and also independent search firms to identify suitably qualified candidates, when necessary.

4.7 Nomination Committee

The Nomination Committee is tasked by the Board to, amongst others, identify, assess and recommend to the Board suitably qualified candidates for appointment to the Board and Board Committees, re-election and re-appointment of Directors, and review the independence of Independent Directors, considering the Board's succession planning and training programmes as well as performing a formal assessment of the effectiveness of individual Directors and the annual appraisal of the Executive Directors' performance based on the selected performance criteria. In addition, the Committee is also tasked to review the required mix of skills, experience and other qualities, including core competencies of the members of the Board.

PRINCIPLE A: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Part II - Board Composition (cont'd)

4. Board's Objectivity (cont'd)

4.7 Nomination Committee (cont'd)

The Nomination Committee comprises majority of Independent Directors and the members are: -

Name of Directors	Directorate	Designation
Nik A.Majid Bin Mohd. Kamil (redesignated from Member to Chairman on 23 February 2021)	Independent and Non-Executive Director	Chairman
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	Non-Independent and Non-Executive Director	Member
Koay Kah Ee (redesignated from Chairman to Member on 23 February 2021)	Independent and Non-Executive Director	Member

The Terms of Reference of the Nomination Committee is being reviewed, updated and adopted by the Board during the Board meeting held during the financial year. It is made available on the Company's website at www.eksons.com.my.

5. Overall Board Effectiveness

5.1 Annual Evaluation

The Nomination Committee upon its recent annual review carried out is satisfied that the size of the Board is sufficient for the Board to effectively discharge its roles and responsibilities for the benefit of the Company and its business and that there is an appropriate mix of skills and core competencies in the composition of the Board. The Nomination Committee is satisfied that all the Members of the Board are suitably qualified to hold their positions as Directors of the Company given their respective academic and professional qualifications, experience and qualities. The Directors were evaluated among others on contribution at meetings, objectivity during discussions and decisions.

The Nomination Committee has also upon its recent annual review carried out, concluded that all the Directors have received training that is relevant during the financial year ended 31 March 2021, and would serve to enhance their effectiveness in the Board.

The Constitution provides that one-third (1/3) of the Board is required to retire at every annual general meeting and be subject to re-election by shareholders and all directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Time Commitment of the Board

The Board is scheduled to meet at least four (4) times a year at quarterly intervals with additional meetings convened when necessary.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are obtained via circular resolutions which are supported with information necessary for an informed decision. To facilitate Directors' planning and time management, an annual meeting calendar is discussed during the Board of Directors Meeting before the beginning of each new financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Part II - Board Composition (cont'd)

5. Overall Board Effectiveness (cont'd)

5.1 Annual Evaluation (cont'd)

During the financial year ended 31 March 2021, the Board held four (4) meetings to deliberate and decide on various issues and among others are as follows:

1) The Group's financial results and audit plans.
2) Vision and strategic decisions.
3) Approve capital expenditure above RM200,000.
4) Investment and disinvestments.
5) Recommend dividend to shareholders.
6) Approve significant changes to accounting policies.
7) Approve terms of reference of membership of board committee.
8) Approve policies developed by the management, establish a framework for effective controls on risks.
9) Approve remuneration of the Non-Executive Directors.
10) Recommendation for re-election/re-appointment of Directors at annual general meeting and the direction of the Group.
11) Approve corporate governance disclosure in Annual Report.

The details of the attendance of each member of the Board at the Board Meetings are as follows:

Name of Directors	Attendance of Meetings	Percentage (%)
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	4/4	100
Dato' Philip Chan Hon Keong	4/4	100
Tay Hua Sin	3/4	75
Tang Seng Fatt	4/4	100
Koay Kah Ee	4/4	100
Nik A.Majid Bin Mohd. Kamil	4/4	100

Note:
The meetings were held on 30 June 2020, 27 August 2020, 26 November 2020 and 23 February 2021.

The following are the details of the attendance of Board Committees at the Committee Meeting held during the financial year ended 31 March 2021:

(i) Audit Committee

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Koay Kah Ee	Chairman	5/5	100
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	Member	5/5	100
Nik A.Majid Bin Mohd. Kamil	Member	5/5	100

Note:
The meetings were held on 30 June 2020, 14 August 2020, 27 August 2020, 26 November 2020 and 23 February 2021.

PRINCIPLE A: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Part II - Board Composition (cont'd)

5. Overall Board Effectiveness (cont'd)

5.1 Annual Evaluation (cont'd)

(ii) Remuneration Committee

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	Chairman	1/1	100
Koay Kah Ee	Member	1/1	100
Nik A.Majid Bin Mohd. Kamil	Member	1/1	100

Note:
The meeting was held on 30 June 2020.

(iii) Nomination Committee

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Nik A.Majid Bin Mohd. Kamil (Redesignated from Member to Chairman on 23 February 2021)	Chairman	1/1	100
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	Member	1/1	100
Koay Kah Ee (Redesignated from Chairman to Member on 23 February 2021)	Member	1/1	100

Note:
The meeting was held on 23 February 2021.

Based on the attendance record of the Board and Board Committee meetings above, the Board is satisfied with the time commitment given by the Directors. The Directors' directorship in other listed issuers is disclosed in their respective profiles of this Annual Report. The Directors must notify the Board promptly before accepting an invitation to serve on the board of another public listed company taking into consideration any actual or apparent conflicts of interest and impairments to independence as well as time and energy necessary to satisfy the requirements of Board and Committees memberships in the other public listed company.

Assessment of Independent Directors

The Board of Directors assesses the independence of the Independent Directors annually and when new interests or relationships surface between the Independent Directors and the Group. The role of the Independent Directors is important in ensuring that independence of judgement and objectivity is exercised during Board deliberations taking into account the interests of all stakeholders.

The Board is satisfied with the level of independence demonstrated by the Independent Directors and with their different backgrounds and specializations they collectively bring considerable knowledge, judgment and experience which will continue to bring independent and objective judgment to Board deliberations. A brief biography of each Director is presented in their respective profiles of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Part II - Board Composition (cont'd)

5. Overall Board Effectiveness (cont'd)

5.1 Annual Evaluation (cont'd)

Directors' Training

At the date of this report, all Directors have successfully attended the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities. The Board, through the Nomination Committee, has undertaken an assessment of the training needs of each director and the Directors will continue to undergo relevant training programmes, seminars, workshops, talks and conferences to keep abreast with new regulatory developments and relevant changes in business environment continuously in compliance with paragraph 15.08 of the MMLR of Bursa Securities.

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

Name of Directors	Seminar and Training Programmes	Date
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	• Strata Management Act	17 March 2021
Tay Hua Sin	• Strata Management Act	17 March 2021
Dato' Philip Chan Hon Keong	• Strata Management Act	17 March 2021
Tang Seng Fatt	• Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2019: The Essential Steps	02 July 2020
	• Fraud Risk Management Workshop	04 November 2020
	• EY Webinar | Recent Changes in the Transfer Pricing Landscape	12 March 2021
	• Strata Management Act	17 March 2021
Koay Kah Ee	• Restructuring Options & Legal Updates	23 September 2020
	• BURSA -Technical Briefing, Recent Developments in Listing Requirements	22 October 2020
	• 2021 Budget and Tax Updates	18 November 2020
	• Strata Management Act	17 March 2021
Nik A.Majid Bin Mohd. Kamil	• Strata Management Act	17 March 2021

The Directors are encouraged to attend other relevant training programmes to enhance the insight of their business, improve their technical knowledge and professionalism in discharging their duties as Directors of the Company. The relevant training, briefing, seminars and conferences, covering topics on governance, risk management, accounting, general management and investor relations were circulated by the management and/or Company Secretaries to the Board members for consideration to keep themselves updated on changes to the legislation and regulation affecting the Group.

Besides, the Directors are updated by the Company Secretaries on any changes to the statutory, corporate and regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors as and when occurred. The external auditors also have briefed the Board on the changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

PRINCIPLE A: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Part III – Remuneration

6. Level and Composition of Remuneration

6.1 Remuneration Policy and Procedure ("RPP")

The Group's RPP sets out the procedure of determining the remunerations of directors and senior management which takes into account the competitiveness, adequacy and are in line with current market practices to attract, retain, motivate and reward the Directors and senior management, thereby having sufficient, experienced and competent manpower on board to achieve the Company's corporate goals and objectives.

The objectives of this RPP are to ensure that the directors and senior management are offered an appropriate level and composition of remuneration and other benefits by taking into account the Group's desire to attract and retain the right talent and expertise to motivate the directors and senior management to achieve the Group's short-term and long-term business objectives.

The Group's RPP is adopted and will be periodically reviewed by the Board to ensure it remains effective, consistent with the Board's objectives and responsibilities and in line with the relevant laws and legislations. This RPP is made available on the Company's website at www.eksons.com.my.

6.2 Remuneration Committee

The Board as a whole determines the remuneration of the Non-Executive Directors, and each Director abstains from the Board deliberations on his remuneration. The Non-Executive Directors are paid annual fees and attendance allowance for each Board and Board Committee meeting that they attend.

The Remuneration Committee will perform a regular review of the competitiveness of the Directors' remuneration structure and policy to keep itself fully informed of the developments and best practices concerning remuneration, to attract and retain directors of high calibre.

The Remuneration Committee met one (1) time during the financial year ended 31 March 2021 to assess the performance and efficiency of Directors and the remuneration packages of Executive Directors and Senior Management of the Group.

The remuneration package of Non-Executive Directors will be a matter to be decided by the Board as a whole with the Directors concerned abstaining from deliberations and voting on decisions in respect of his remuneration. Fees payable to the Directors are determined by the Board with the approval from shareholders at the annual general meeting.

The current Remuneration Committee comprises exclusively of Non-Executive Directors, a majority of Independent Directors, and the members are as follows:

Name of Directors	Directorate	Designation
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	Non-Independent and Non-Executive Director	Chairman
Koay Kah Ee	Independent and Non-Executive Director	Member
Nik A.Majid Bin Mohd. Kamil	Independent and Non-Executive Director	Member

The Terms of Reference of the Remuneration Committee is being reviewed, updated and adopted by the Board during the Board of Directors meeting held during the financial year. It is made available on the Company's website at www.eksons.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Part III – Remuneration (cont'd)

7. Remuneration of Directors and Senior Management

7.1 Directors' Remuneration

The Directors' fees paid or payable to each Director of the Company are categorised into appropriate components in respect of the financial year ended 31 March 2021 including the remuneration breakdown of fees, salary, benefits-in-kind and other emoluments, which are subject to the shareholders' approval at the forthcoming Annual General Meeting, are as follows:

Name of Directors and Directorate	Salaries RM	Fees RM	Audit Committee Fees RM	Sitting Allowance RM	Total RM
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain - *Non-Independent and Non-Executive Chairman*	–	209,160	9,240	5,000	223,400
Tay Hua Sin - *Executive Deputy Chairman*	525,360	–	–	–	525,360
Dato' Philip Chan Hon Keong - *Group Managing Director*	315,360	–	–	–	315,360
Tang Seng Fatt - *Executive Director*	192,720	–	–	–	192,720
Koay Kah Ee - *Independent and Non-Executive Director*	–	39,600	18,480	5,500	63,580
Nik A.Majid Bin Mohd. Kamil - *Independent and Non-Executive Director*	–	39,600	9,240	5,500	54,340
	1,033,440	288,360	36,960	16,000	1,374,760

There is no bonus payable to the Directors for the current financial under review.

(a) Received on Group Basis

The remuneration of the top five (5) Senior Management including salaries, benefit-in-kind and other emoluments for the financial year ended 31 March 2021 disclosed in bands of RM50,000 is as follows:-

Executive Directors:

RM150,001 - RM200,000	1
RM200,001 - RM250,000	1
RM250,001 - RM300,000	1
RM300,001 - RM350,000	1
RM350,001 and above	1

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – Audit Committee

8. Effective and Independent Audit Committee

8.1 Chairman of Audit Committee

The Chairman of the Audit Committee is Koay Kah Ee, an Independent and Non-Executive Director, who is not the Chairman of the Board. The profile of the Chairman of the Audit Committee is set out in the Profile of Directors of this Annual Report.

8.2 Assessment of suitability and independence of external auditors

The Company maintains a transparent relationship with the external auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

The key features underlying the relationship between the Audit Committee and the external auditors are outlined in the Audit Committee's Terms of Reference made available on the Company's website at www.eksons.com.my whereas a summary of the works of the Audit Committee during the financial year is set out in the Audit Committee Report of this Annual Report.

The external auditors of the Company fulfil an essential role on behalf of the Company in giving an assurance to the shareholders and others, of the reliability of the financial statements of the Company. The external auditors should bring to the attention of the Board, the Audit Committee and the Company's Management any significant deficiency in the Company's systems of reporting, internal control and compliance with approved accounting standards as well as legal and regulatory requirements. The external auditors of the Company are invited to attend at least one meeting of the Audit Committee a year in the absence of the Executive Directors and Management.

During the financial year ended 31 March 2021, there were two sessions during the Audit Committee meeting between the Audit Committee members and the external auditors in the absence of the Executive Directors and Management.

The Audit Committee discusses the nature and scope of the audit, reporting obligations and audit schedule with the external auditors' prior to commencement of the audit engagement. It is also the practice of the Audit Committee to respond to auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.

The Audit Committee is empowered by the Board to review all issues concerning the re-appointment of external auditors. The existing external auditors are not seeking re-appointment during the forthcoming Annual General Meeting and hence new external auditors will be appointed to replace them accordingly.

The external auditors have confirmed to the Board that they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements. The Board has received a written declaration from the external auditors of their independence throughout the term of their engagement in accordance with the terms of the relevant professional and regulatory requirements including the by-laws of the Malaysian Institute of Accountants.

The Audit Committee and the Board will consider a policy governing the circumstances under which contracts for the provision of non-audit services could be entered into by the external auditors.

To further enhance the process of external auditors' assessment, the Audit Committee is looking into formalising an External Auditors Assessment Policy to be reviewed, deliberated and recommended to the Board for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

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

Part I – Audit Committee (cont'd)

8. Effective and Independent Audit Committee (cont'd)

8.3 Composition of Audit Committee

The Audit Committee comprises majority Independent Directors and the composition and activities carried out by the Audit Committee during the financial year under review are set out in the Audit Committee Report of this Annual Report.

The members of the Committee possess a variety of industry-specific knowledge and technical as well as commercial experiences and bring to bear objective and independent judgment in discharging their duties. All members of the Committee are financially literate and can understand matters under the purview of the Audit Committee including the financial reporting processes of the Group.

During the financial year ended 31 March 2021, the members of the Audit Committee have undergone various training programs, seminars, workshops and conferences to keep themselves updated with new regulatory developments and changes affecting the Group of which are detailed in Item 5.1 – Directors' Training of this statement.

Part II – Risk Management and Internal Control Framework

9. Effective Risk Management and Internal Control Framework

The Board acknowledges that the overall responsibility in maintaining a sound risk management framework and system of internal control that provides reasonable assurance of effective and efficient operations and compliance with the internal procedures and guidelines.

The Board undertakes ongoing reviews of the key commercial and financial risks facing the Group's businesses together with more general risks such as those relating to compliance with laws and regulations. The monitoring arrangements in place give reasonable assurance that the structure of controls and operations are appropriate to the Company's and the Group's situation and that there is an acceptable level of risk throughout the Group's businesses.

The Company's Statement on Risk Management and Internal Control can be found in this Annual Report.

10. Effective Governance

The Board acknowledges its responsibility for the Group's system of internal controls, which is designed to identify and manage the risks facing the business in pursuit of its objectives. The system of internal control covers risk management and financial, organizational and compliance controls to safeguard shareholders' investments and the Group's assets. This system can only provide reasonable but not absolute assurance against misstatement or loss.

The outsourced internal audit function provides the Audit Committee with periodic internal audit reports outlining the observations and recommendations to accomplish its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

During the financial year under review, a self-assessment evaluation was carried out by the outsourced internal audit function to assess their performance in the area of competency, resources and independence in discharging their duties of internal audit function of the Group. Further evaluation was carried out by the Audit Committee on the performance of the outsourced internal audit function of the Group and the results were reported to the Board. The Board is satisfied that the outsourced internal auditors have the necessary competency, experience and resources to carry function effectively and that the outsourced internal audit function is independent of the management of the Group.

Further details of the Group's risk management and internal control framework is provided in the Statement on Risk Management and Internal Control and Audit Committee Report set out in this Annual Report.

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

Part I – Communication with Stakeholders

11. Continuous Communication between the Company and Stakeholders

The Board recognises the importance to promote and maintain market integrity and investor confidence, and to build good investor relations, the Group has taken the initiative in setting up a framework that is in line with the Corporate Disclosure Policy to ensure proper dissemination and disclosure of information to the investing public. This framework will ensure that the Group provide access to material information in an accurate, clear, timely and complete manner and to avoid selective disclosure.

The Group maintains its corporate website at www.eksons.com.my for shareholders and the public to access information relating to its businesses, financial performance, operations and corporate development through annual reports, quarterly reports, circulars and various announcements in a timely manner. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or by phone. Primary contact details are set out on the Company's website.

Written communications are attended to within a reasonable time from the day of receipt.

Part II – Conduct of General Meetings

12. Encourage Shareholders' Participation at General Meetings

The Board of Directors acknowledges the need for shareholders to be informed of all material business matters affecting the Company. This is achieved through the various announcements made during the year to Bursa Securities, the timely release of financial results on a quarterly basis and the Company's Annual General Meeting. The notice of the Annual General Meeting had been given to the shareholders at least 28 days before the meeting to provide sufficient time for shareholders to consider the resolutions that will be discussed and decided at the meeting.

The Annual General Meeting and the Extraordinary General Meeting(s) are the main forum by which the Company provides the opportunity for dialogue between itself, its auditors and the shareholders. Ample time is given for question and answer sessions and for suggestions and comments by shareholders to be noted by management for consideration at the Company's general meetings.

The COVID-19 pandemic has changed the manner in which business is conducted in this country. The Company is also affected by the tight Standard Operating Procedures ("SOP") and restrictions imposed by the Malaysian Government to contain the virus. Thus the previous Annual General Meeting was held fully virtually via live streaming and online remote voting at the Broadcast Venue. All Directors including the Chair of all the respective Board Committees attended the Annual General Meeting to provide meaningful response the shareholder to questions posed by the shareholders or proxies via the remote participation and voting facilities. The results of the votes were scrutinised by an independent scrutineer.

The Board is satisfied with the current Annual General Meeting programme and there have been no major controversial issues noted with shareholders/investors during the Annual General Meeting

This CG Overview Statement and CG Report were made in accordance with a resolution of the Board of Directors on 25 August 2021.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") requires the Board of Directors of public listed companies to include in the Annual Report a "statement about the state of risk management and internal control of the listed corporation as a group". The Board is committed to maintaining a sound system of risk management and internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the year.

BOARD RESPONSIBILITY

The Board of Directors is responsible for Eksons Group's risk management and system of internal control including the establishment of an appropriate governance framework and control environment as well as reviewing its adequacy and effectiveness. The Board has established key policies on the Group's risk management practices and internal control system, which not only covers financial controls but organisational, operational and compliance controls. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. The Board through its Audit Committee regularly reviews the results of this process. The Board confirms that this process is in place for the year under review and up to the date of approval of this statement for inclusion in the annual report and that it accords with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the "Internal Control Guidelines").

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the significant risks faced and applying and monitoring appropriate internal controls to mitigate and manage these risks.

The Board has received assurance from the Group Managing Director and the Executive Director in charge of finance that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and system of internal control of the Group.

RISK MANAGEMENT FRAMEWORK

The Board fully supports the contents of the Internal Control Guidelines. During the financial year, the Board reviewed and updated the Corporate Risk Assessment (CRA) exercise for the Group to identify the nature and extent of risks faced by the Group. The CRA exercise involved due and careful inquiry by the Board with staff at both management and operational levels, not only to identify significant risks but also to assess how such risks are being identified, evaluated and managed at each level of the Company.

Through the CRA exercise, the Board has identified and evaluated the principal risks affecting the achievement of the Group's business objectives. Current measures to identify and monitor risks were also formally identified. Following from these findings, the Board has taken the necessary steps to implement various control measures to monitor and if required, tighten controls over these risks.

The above exercise is monitored and reviewed by the Audit Committee to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the significant risks affecting the business and business continuity and policies and procedures by which these risks are managed, and to determine whether these risks are within the Group's risk appetite.

The Board undertakes review of key commercial and financial risks in the Group's businesses as well as general risks such as those relating to compliance with laws and regulations and considers the recommendations made by the Audit Committee and the auditors. The monitoring arrangements in place give reasonable assurance that the structure of controls and operations is appropriate to the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTIONS

The Group has in place an internal audit function, which provides the Board with much of the assurance it requires regarding the adequacy and effectiveness of risk management, internal control and governance systems. This function is currently outsourced to an independent consulting firm.

The internal auditors independently reviews the internal controls on the key activities of the Group's businesses and presents an annual internal audit plan to the Audit Committee for prior approval before carrying out the review and audit. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Group.

The Audit Committee reviews the results of the risk monitoring and compliance procedure, and ensures that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The Audit Committee considers reports from internal audit and from the Management, before reporting and making recommendations to the Board in strengthening the risk management, internal control and governance systems. The Committee presents its findings to the Board on a quarterly basis or earlier as appropriate.

INTERNAL CONTROL SYSTEM

The Board of Directors recognizes the need for continuous improvement to its system of internal control and has taken steps to formalise and enhance the Group's procedures and processes. This include analysis reporting, identification of authorization limits with clear lines of accountability and responsibility, steps to formalise Group policies and guidelines and to enhance management information systems.

Broadly, the Group's internal control system includes the following key elements:

a) organisational structures with authority limits and responsibilities;

b) defined functions and responsibilities of committees of the Board;

c) establishment of a system of governance through Whistle Blowing Policy, Anti-Bribery and Anti-Corruption Policy, Remuneration Policy for Directors and Management and Board Charter;

d) documented internal policies and procedures which are the subject to regular review and improvement;

e) review of material contracts and related party transactions, if any;

f) regular and comprehensive information provided to the Management, covering both financial and non-financial performance and key business indicators; and

g) regular visits to operating units by Board members and senior management.

As part of a continuing process, the Group will be reviewing and updating the methodologies and documentation of procedures through internal discussions as well as recommendations from Internal and External Auditors where applicable.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

OTHER RISK AND CONTROL PROCESSES

Scheduled meetings are held at operational and management levels to identify, discuss and resolve business and operational issues. These include management meetings at individual company level and departmental meetings. The Executive Directors are aware of, and involved in when necessary in resolving any significant issues identified at these meetings. The Group is structured such that the heads of each operating unit have clear reporting lines. The Board has established and formalized clear authorization limits to management's authority for key aspects of the businesses.

The Group Managing Director also reports to the Board on significant changes in the business and the external environment. The Executive Director in charge finance provides the Board with quarterly financial information. This also includes, among others, the information on performance, outlook and management action to address changes in operating environment and other operating issues that may arise, where necessary. Where areas for improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the Management before approving the same for implementation.

THE BOARD'S COMMITMENT

The Board remains committed towards maintaining a sound system of risk management and internal control and believes that a balanced achievement of the Group's business objectives and operational efficiency can be attained.

The Board is not aware of any material losses incurred during the current financial year as a result of weaknesses in internal control.

The process in identifying, evaluating and managing the significant risks faced by the Group is on-going as a part of a continuous improvement programme.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2021, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, 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, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' 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 Directors and management thereon. The report from the external auditors was made solely for, and directed solely to the Board in connection with their compliance with the listing requirements of Bursa Securities and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the board of directors in respect of any aspect of this report.

THE AUDIT
COMMITTEE REPORT

The Audit Committee ("AC") of Eksons Corporation Berhad ("Eksons" or "the Company") is pleased to present the AC Report for the financial year ended 31 March 2021.

MEMBERS

The AC consists of the following members:-

Chairman	-	Koay Kah Ee (Independent, Non-Executive Director)
Members	-	Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain (Non-Independent, Non-Executive Director)
	-	Nik A.Majid Bin Mohd. Kamil (Independent, Non-Executive Director)

ATTENDANCE OF MEETINGS

During the financial year ended 31 March 2021, the AC held a total of five (5) meetings. The details of attendance of the AC members are as follows:-

Members	Attendance
Koay Kah Ee	5/5
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	5/5
Nik A.Majid Bin Mohd. Kamil	5/5

TERMS OF REFERENCE

The Term of Reference for the AC is available at the company's website, www.eksons.com.my.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The AC carried out the following activities during the financial year ended 31 March 2021:-

1. FINANCIAL REPORTING

Reviewed the financial statements pertaining thereto and made recommendations to the Board of Directors for approval of the same as follows:-

DATE OF MEETING	REVIEW OF FINANCIAL STATEMENT
30 June 2020	Fourth-quarter results for the financial year ended 31 March 2020.
14 August 2020	Audited Financial Statements for the financial year ended 31 March 2020.
27 August 2020	First-quarter results for the financial year ended 31 March 2021.
26 November 2020	Second-quarter results for the financial year ended 31 March 2021.
23 February 2021	Third-quarter results for the financial year ended 31 March 2021.

The above review was focused particularly on significant changes in or implementation of accounting policies and practices, significant adjustment arising from the audit, if any, the going concern assumption, significant and unusual events, compliance with the relevant accounting standards and other statutory requirements to ensure that the financial statements presented a true and fair view of the company's financial performance.

THE AUDIT COMMITTEE REPORT
CONT'D

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

2. INTERNAL AUDIT

(a) Reviewed the internal audit reports presented by the internal auditors at the quarterly AC meetings to ensure that appropriate actions had been taken to implement the audit recommendations;

(b) Reviewed and approved the internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group and adequate resources within the internal audit team to carry out audit works; and

(c) Reviewed and monitored the scope functions and competency of internal audit functions, considered various internal audit findings and recommendations to improve internal controls and operational efficiencies.

3. EXTERNAL AUDIT

(a) Reviewed the audit strategy and scope of audit plan presented by the external auditors prior to the commencement of annual audit and also audit issues and recommendations raised by them from the audit;

(b) Reviewed the audit reports of the external auditors and management letters in relation to the audit including Management's responses arising from the audit;

(c) Reviewed the suitability and independence of the external auditors and being satisfied with the results of the said assessment, the same had been recommended to the Board for approval; and

(d) Met twice with the external auditors in the absence of the Executive Directors and Management to discuss on areas of audit emphasis, issues that may have arose from the audit and co-operation received from Management during the course of audit.

4. RISK MANAGEMENT

(a) Reviewed the Group's strategic plan and make recommendations to the Board of Directors; and

(b) Reviewed the Group's corporate risk assessment update and presented it to the Board of Directors.

5. RELATED PARTY TRANSACTIONS

(a) Reviewed and monitored the Group's Related Parties Transactions and Recurrent Related Parties Transaction of a Revenue or Trading Nature for the financial year on quarterly basis to ensure compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and

(b) Reviewed and recommended to the Board of Directors for approval, the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for recurrent related party transaction of revenue or trading nature.

6. ANNUAL REPORTING

Reviewed and recommended to the Board of Directors for approval the Audit Committee Report, Statement on Risk Management and Internal Control, for inclusion in the Annual Report.

THE INTERNAL AUDIT FUNCTION AND SUMMARY OF ITS ACTIVITIES

The internal audit function of the Group is outsourced to an independent accounting firm, Messrs. Crowe Governance Sdn. Bhd. The Group Internal Auditors' scope of work includes the review and evaluation of the adequacy and effectiveness of the internal control system to anticipate any potential risks and recommend improvements, if any. The Internal Auditor also assesses:-

(a) The Group's compliance to its established policies, procedures and guidelines;

(b) Reliability and integrity of financial and operational information;

(c) Safeguarding of assets;

(d) Operational effectiveness and efficiency;

(e) Recommending improvements to the existing systems of internal control; and

(f) Recommending improvements to operational effectiveness and efficiencies.

The internal audit reports are discussed with management and relevant plans of action are agreed upon and implemented. Significant internal audit findings are presented to the AC for consideration and reporting to the Board of Directors.

In addition, the internal auditors also provide the necessary assistance and manpower for any special assignments or investigations, which the management may request from time to time, with the approval of the AC.

During the year the internal auditors incurred a cost of approximately RM50,750. This AC Report was approved by the Board of Directors.

STATEMENT OF **DIRECTORS' RESPONSIBILITY**

The Main Market Listing Requirements of Bursa Malaysia Securities Berhad, paragraph 15.26 (a), requires the Directors to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the Approved Accounting Standards and the provisions of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the state of affairs of the Group and of the Company as at the financial year end, and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company have adopted and consistently applied the appropriate accounting policies, made reasonable and prudent judgments and estimates, and that all applicable Approved Accounting Standards in Malaysia have been followed.

The Directors also confirm that the Company maintains adequate accounting records and sufficient internal controls to safeguard the assets of the Group and the Company.

This Statement of Directors' Responsibility was approved by the Board of Directors.

DIRECTORS' **REPORT**

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2021.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit net of tax	4,774,345	12,228,121
Attributable to:		
Equity holders of the parent	5,811,243	12,228,121
Non-controlling interests	(1,036,898)	–
	4,774,345	12,228,121

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

RESERVES AND PROVISIONS

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

DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:

In respect of financial year ended 31 March 2020

	RM
Share dividend distribution of 1,598,809 treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held in the Company, distributed on 8 December 2020	1,962,999

The Board of Directors does not propose any final dividend for the financial year ended 31 March 2021.

DIRECTORS' REPORT
CONT'D

DIRECTORS

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

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain
Tay Hua Sin
Dato' Philip Chan Hon Keong
Tang Seng Fatt
Koay Kah Ee
Nik A. Majid Bin Mohd. Kamil

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Lee Peng Buan
Dato' Sri Faizal Bin Abdul Aziz
Choong Soo Onn
Sui Uh Hing
Tan Meng Seng

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any 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 as disclosed in Note 31(a)(i) to the financial statements.

Included in the analysis below is remuneration for directors of the Company and its subsidiaries in accordance with the requirements of Companies Act 2016:

	Group		**Company**	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Salaries and other emoluments	1,600,360	1,902,380	52,960	54,380
Fees	324,360	342,600	145,200	132,600
Defined contribution plan	150,314	203,219	–	–
Total (Note 9 to the financial statements)	2,075,034	2,448,199	198,160	186,980

The Company has agreed to indemnify its directors as part of the terms of their appointment against claims by third parties. The insurance premium charged during the financial year ended 31 March 2021 amounted to RM15,910.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares			
	At 1 April 2020	Acquired	Sold	At 31 March 2021
The Company				
Direct interest				
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	1,091,400	10,914	–	1,102,314
Tay Hua Sin	9,071,221	90,712	–	9,161,933
Dato' Philip Chan Hon Keong	300,000	3,000	–	303,000
Koay Kah Ee	20,000	200	–	20,200
Indirect interest				
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	20,264,736	202,647	–	20,467,383
Tay Hua Sin	65,596,000	655,960	–	66,251,960
Vibrant Hub Sdn. Bhd.				
Indirect interest				
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	249,800	–	–	249,800
Tay Hua Sin	803,245	99,964	–	903,209

	Number of preference shares			
	At 1 April 2020	Acquired	Sold	At 31 March 2021
Indirect interest				
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	3,549,981	–	–	3,549,981
Tay Hua Sin	11,416,624	1,420,977	–	12,837,601

Tay Hua Sin, by virtue of his interest in shares in the Company, is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT
CONT'D

OTHER STATUTORY INFORMATION

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, 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 provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances 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.

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

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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

SIGNIFICANT EVENT

Details of the above are disclosed in Note 39 to the financial statements.

AUDITORS

The retiring auditors, Ernst & Young PLT, will not be seeking re-appointment at the forthcoming Annual General Meeting.

Auditors' remuneration are disclosed in Note 7 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 August 2021.

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain

Dato' Philip Chan Hon Keong

STATEMENT BY **DIRECTORS**
pursuant to Section 251(2) of the Companies Act 2016

We, **Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain** and **Dato' Philip Chan Hon Keong**, being two of the directors of **Eksons Corporation Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 52 to 130 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 August 2021.

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain

Dato' Philip Chan Hon Keong

STATUTORY **DECLARATION**
pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Tang Seng Fatt**, being the director primarily responsible for the financial management of **Eksons Corporation Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 52 to 130 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Tang Seng Fatt** at Petaling Jaya in Selangor on 18 August 2021.

Tang Seng Fatt

Before me,

Commissioner for Oaths

INDEPENDENT
AUDITORS' REPORT
to the Members of Eksons Corporation Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Eksons Corporation Berhad**, which comprise the statements of financial position as at 31 March 2021 of the Group and of the Company, and 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on 52 to 130.

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 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 audit 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 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 year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Inventories – net realisable value of completed properties

As at 31 March 2021, the carrying amount of completed properties stood at RM57.5 million, which represents approximately 15% of the Group's total current assets and RM7.4 million of inventories were written down during the year. Completed properties are classified as inventories and are carried at the lower of cost or net realisable value. Management's annual assessment of the realisable value of completed properties is significant to our audit as significant degree of judgement is required to determine the assumptions used in the valuation of the completed properties.

INDEPENDENT AUDITORS' REPORT
CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (cont'd)

Inventories – net realisable value of completed properties (cont'd)

Our procedures in relation to management's assessment of the net realisable value of completed properties include:

– Assessed the objectivity, independence, reputation, experience and expertise of the independent valuer;

– Reviewed the methodology adopted by the independent valuer in estimating the fair value of the completed properties and assessed whether such methodology is consistent with those used in the industry;

– Evaluated the appropriateness of the data used by the independent valuer as input into their assessment. We interviewed the independent valuer, discussed and challenged the significant estimates and assumptions applied in the valuation process. For properties where independent valuations were not procured, we interviewed management, discussed and challenged the significant estimates and assumptions applied in their assessment.

The Group's accounting policies and disclosures on completed properties are disclosed in Notes 2.13 and 19 respectively, to the financial statements.

Impairment review of property, plant and equipment

As at 31 March 2021, the carrying value of property, plant and equipment of the Group stood at RM53.8 million, representing approximately 74% of the total non-current assets of the Group.

The Group assessed that there were indications of impairment on the Group's property, plant and equipment as the entities within the timber operations were loss making, one of the entities of which had temporarily ceased production in prior years, and the market capitalisation of the Group is lower than the net assets of the Group as at 31 March 2021. Accordingly, the Group performed impairment assessments to determine the recoverable amounts of the cash generating units ("CGUs") relating to the property, plant and equipment of the Group. These involve comparing the recoverable amounts of the related CGUs to the carrying amounts of these property, plant and equipment. The Group estimated the recoverable amounts of the respective CGUs based on their fair value less costs to sell or value-in-use, whichever is higher.

We consider this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management judgement about future market and economic conditions and changes in assumptions may lead to a significant change in the recoverable amounts of the CGUs.

Our procedures to address this area of focus included, amongst others, the following:

– Obtained an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;

– Evaluated the appropriateness of the methodology and approach applied;

– For impairment assessment based on fair value less costs to sell, to the extent that management relied on valuation reports provided by independent professional valuers, we have:

  - Assessed the objectivity, independence, reputation, experience and expertise of the independent valuer;

  - Reviewed the methodology adopted by the independent valuer in estimating the fair value of the assets and assessed whether such methodology is consistent with those used in the industry; and

  - Evaluated the appropriateness of the data used by the independent valuer as input into the valuation. We interviewed the external valuer, discussed and challenged the significant estimates and assumptions applied in the valuation process.

The Group's accounting policies and disclosures on impairment assessment of property, plant and equipment are disclosed in Notes 2.9 and 12 respectively, to the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (cont'd)

Impairment assessment of investment in subsidiaries - Company

As at 31 March 2021, the carrying amount of the investment in subsidiaries of the Company stood at RM142.2 million, representing approximately 79% and 41% of the Company's total non-current assets and total assets, respectively.

At the reporting date, the Company reviewed its investment in subsidiaries for indications of impairment and where such indications exist, the Company performed impairment assessments to determine the recoverable amounts of such investments. The Company estimated the recoverable amounts of the respective cash generating units ("CGUs") based on their fair value less costs to sell or their respective value-in-use ("VIUs"), whichever is higher. Estimating the VIUs of the CGUs involved estimates by management relating to the future cash inflows and outflows that will be derived from the CGUs and discounting them at the appropriate rate.

We consider this to be an area of focus for our audit as the amount involved is significant, the assessment process is complex and involves significant management judgement about future market and economic conditions. Any changes in assumptions may lead to a significant change in the recoverable amount of the investment in subsidiaries.

Our procedures to address this area of focus included, amongst others, the following:

– Obtained an understanding of the process of estimating the recoverable amounts of the CGUs;

– Evaluated the appropriateness of the methodology and approach applied;

– For impairment assessment based on fair value less costs to sell, we have:

    - Reviewed the methodology adopted by management in estimating the fair value of the assets and assessed whether such methodology is consistent with those used in the subsidiaries' industries; and

    - Evaluated the appropriateness of the data used by the management as input into their calculations. We discussed and challenged the significant estimates and assumptions applied in the evaluation process.

We also reviewed and assessed the Company's disclosures relating to the impairment of investment in subsidiaries as set out in Notes 2.9 and 15.

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 and will not express any form of assurance conclusion thereon.

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

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

INDEPENDENT AUDITORS' REPORT
CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of the directors for the financial statements

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

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.

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

MUHAMMAD AFFAN BIN DAUD
No. 03063/02/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 18 August 2021

STATEMENTS OF PROFIT OR LOSS **AND OTHER COMPREHENSIVE INCOME**

for the financial year ended 31 March 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	4	42,613,747	42,373,543	–	50,325,000
Cost of sales	5	(35,223,572)	(51,693,386)	–	–
Gross profit/(loss)		7,390,175	(9,319,843)	–	50,325,000
Other items of income					
Interest income		2,562,905	2,469,994	2,062,059	988,980
Other income	6	22,805,494	5,233,315	20,449,026	3,375,938
Other items of expenses					
Administrative expenses		(17,808,946)	(11,590,006)	(715,281)	(610,199)
Marketing and distribution expenses		(2,021,201)	(1,658,588)	–	–
Other expenses		(9,988,430)	(15,351,420)	(9,126,729)	(50,803,815)
Interest expenses		(1,131,254)	(1,335,470)	(3,398)	–
Profit/(loss) before tax	7	1,808,743	(31,552,018)	12,665,677	3,275,904
Income tax expense	10	2,965,602	(4,690,980)	(437,556)	(229,059)
Profit/(loss) net of tax, representing total comprehensive income/(loss) the year		4,774,345	(36,242,998)	12,228,121	3,046,845
Profit/(loss) attributable to:					
Owners of the parent		5,811,243	(32,781,461)	12,228,121	3,046,845
Non-controlling interests		(1,036,898)	(3,461,537)	–	–
		4,774,345	(36,242,998)	12,228,121	3,046,845
Total comprehensive income/(loss) attributable to:					
Owners of the parent		5,811,243	(32,781,461)	12,228,121	3,046,845
Non-controlling interests		(1,036,898)	(3,461,537)	–	–
		4,774,345	(36,242,998)	12,228,121	3,046,845
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company during the year (expressed in sen)					
Basic and diluted	11(a)	4	(21)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **FINANCIAL POSITION**
as at 31 March 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	53,813,930	61,617,920	3,067,316	3,106,284
Prepaid land lease payments	13	–	–	–	–
Land held for property development	14(a)	17,296,968	17,296,968	–	–
Investment in subsidiaries	15	–	–	142,237,411	136,772,620
Deferred tax assets	17	1,313,298	–	–	–
Goodwill	18	–	–	–	–
Trade and other receivables	20	–	–	35,223,418	54,175,471
		72,424,196	78,914,888	180,528,145	194,054,375
Current assets					
Property development costs	14(b)	43,741,735	40,915,420	–	–
Inventories	19	104,831,506	121,831,113	–	–
Trade and other receivables	20	4,964,060	9,997,365	23,997	14,797
Other current assets	21	20,226,811	9,385,993	25,670	17,622
Current tax recoverable		948,292	1,009,742	–	104,639
Investment securities	22	163,493,307	134,140,521	163,378,444	134,028,097
Deposits with licensed banks	23	46,839,106	46,342,623	5,610,035	2,151,459
Cash and bank balances	23	7,653,534	17,359,693	291,983	1,421,026
		392,698,351	380,982,470	169,330,129	137,737,640
TOTAL ASSETS		465,122,547	459,897,358	349,858,274	331,792,015

STATEMENTS OF FINANCIAL POSITION
CONT'D

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	24	11,921,646	8,740,425	–	–
Trade and other payables	25	9,443,824	5,685,359	29,417,458	23,766,653
Other current liabilities	26	14,719,665	11,992,150	264,033	226,680
Current tax payable		362,870	418,479	114,959	–
Lease liabilities	27	45,006	–	35,021	–
		36,493,011	26,836,413	29,831,471	23,993,333
Net current assets		356,205,340	354,146,057	139,498,658	113,744,307
Non-current liabilities					
Loans and borrowings	24	6,390,311	6,773,762	–	–
Deferred tax liabilities	17	9,150,194	11,272,497	–	–
		15,540,505	18,046,259	–	–
TOTAL LIABILITIES		52,033,516	44,882,672	29,831,471	23,993,333
Net assets		413,089,031	415,014,686	320,026,803	307,798,682
Equity attributable to owners of the Company					
Share capital	28	131,370,400	131,370,400	131,370,400	131,370,400
Treasury shares	28	(3,355,903)	(5,318,902)	(3,355,903)	(5,318,902)
Retained earnings		264,753,812	262,903,427	192,012,306	181,747,184
		392,768,309	388,954,925	320,026,803	307,798,682
Non-controlling interests		20,320,722	26,059,761	–	–
TOTAL EQUITY		413,089,031	415,014,686	320,026,803	307,798,682
TOTAL EQUITY AND LIABILITIES		465,122,547	459,897,358	349,858,274	331,792,015

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

for the financial year ended 31 March 2021

	← Attributable to owners of the Company			→		
	Share capital (Note 28) RM	Treasury shares (Note 28) RM	Retained earnings RM	Equity attributable to the owners of the Company RM	Non-controlling interests RM	Total equity RM
Group						
Opening balance at 1 April 2019	131,370,400	(5,318,902)	295,616,932	421,668,430	28,735,146	450,403,576
Loss net of tax, representing total comprehensive loss for the year	–	–	(32,781,461)	(32,781,461)	(3,461,537)	(36,242,998)
Transactions with owners						
Investment in a subsidiary by non-controlling interest	–	–	–	–	854,108	854,108
Accretion of interest in a subsidiary	–	–	67,956	67,956	(67,956)	–
At 31 March 2020	131,370,400	(5,318,902)	262,903,427	388,954,925	26,059,761	415,014,686

STATEMENTS OF CHANGES IN EQUITY

CONT'D

	Note	← Attributable to owners of the Company			→		
		Share capital (Note 28) RM	Treasury shares (Note 28) RM	Retained earnings RM	Equity attributable to the owners of the Company RM	Non-controlling interests RM	Total equity RM
Group (cont'd)							
Opening balance at 1 April 2020		131,370,400	(5,318,902)	262,903,427	388,954,925	26,059,761	415,014,686
Profit net of tax, representing total comprehensive income for the year		–	–	5,811,243	5,811,243	(1,036,898)	4,774,345
Transactions with owners							
Share dividend distribution	38	–	1,962,999	(1,962,999)	–	–	–
Acquisition of non-controlling interest in a subsidiary	15	–	–	(1,997,859)	(1,997,859)	(4,702,141)	(6,700,000)
At 31 March 2021		131,370,400	(3,355,903)	264,753,812	392,768,309	20,320,722	413,089,031

STATEMENTS OF CHANGES IN EQUITY
CONT'D

	Note	Share capital (Note 28) RM	Treasury shares (Note 28) RM	Retained earnings RM	Total equity RM
Company					
Opening balance at 1 April 2019		131,370,400	(5,318,902)	178,700,339	304,751,837
Profit after tax, representing total comprehensive income for the year		–	–	3,046,845	3,046,845
Closing balance at 31 March 2020		131,370,400	(5,318,902)	181,747,184	307,798,682
Opening balance at 1 April 2020		131,370,400	(5,318,902)	181,747,184	307,798,682
Share dividend distribution	38	–	1,962,999	(1,962,999)	–
Profit after tax, representing total comprehensive income for the year		–	–	12,228,121	12,228,121
Closing balance at 31 March 2021		131,370,400	(3,355,903)	192,012,306	320,026,803

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Operating activities					
Profit/(loss) before tax		1,808,743	(31,552,018)	12,665,677	3,275,904
Adjustments for:					
Impairment loss on property, plant and equipment	7	111,956	2,509,700	–	–
Impairment loss on investment in subsidiaries	7	–	–	1,235,209	43,150,302
Impairment loss on trade and other receivables	7	51,127	5,257,622	5,828,348	5,017,970
Impairment of goodwill	7	–	4,735,291	–	–
Depreciation of property, plant and equipment	7	7,762,753	8,640,003	118,246	17,100
Interest expense	7	1,131,254	1,368,847	3,398	–
Inventories written down	7	7,397,528	9,404,721	–	–
Dividend income	4	–	–	–	(50,325,000)
Interest income	7	(2,562,905)	(2,469,994)	(2,062,059)	(988,980)
Unrealised foreign exchange loss/(gain)	7	2,071,102	(3,619,518)	2,063,172	(3,375,938)
Unrealised (gain)/loss on investment securities	7	(15,414,526)	2,635,545	(15,414,526)	2,635,545
Gain on disposal of property, plant and equipment	7	(89,657)	(113)	–	–
Property, plant and equipment written off	7	735	752	–	–
Dividend income from short term funds	7	(2,439)	(26,201)	–	–
Reversal of allowance on other receivables	7	(5,185,004)	–	(5,000,000)	–
Total adjustments		(4,728,076)	28,436,655	(13,228,212)	(3,869,001)
Operating cash flows before changes in working capital		(2,919,333)	(3,115,363)	(562,535)	(593,097)

STATEMENTS OF CASH FLOWS
CONT'D

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Operating activities (cont'd)					
Changes in working capital					
Property development costs		(2,826,315)	1,983,370	–	–
Inventories		9,602,079	(16,250,143)	–	–
Trade and other receivables		10,159,849	(7,982,537)	18,114,505	(1,284,179)
Other current assets		(10,840,818)	(8,587,053)	(8,048)	(16,161)
Trade and other payables		3,746,578	749,016	5,638,891	5,675,067
Other current liabilities		2,727,515	2,347,502	37,353	15,321
Total changes in working capital		12,568,888	(27,739,845)	23,782,701	4,390,048
Cash flows from/(used in) operations		9,649,555	(30,855,208)	23,220,166	3,796,951
Interest paid		(1,130,660)	(1,368,847)	(2,804)	–
Tax paid, net of refund		(464,158)	(1,242,847)	(217,958)	(253,221)
Net cash flows generated from/(used in) operating activities		8,054,737	(33,466,902)	22,999,404	3,543,730
Investing activities					
Dividend received from investment securities		2,439	26,201	–	–
Interest received		2,562,905	2,469,994	2,062,059	988,980
Additional investment in a subsidiary	15	–	–	(6,700,000)	(2,340,164)
Proceeds from disposal of property, plant and equipment		253,590	1,459	–	–
Proceeds from disposal of investment securities		–	2,113,712	–	–
Acquisition of property, plant and equipment	12	(136,521)	(3,142,796)	–	(3,118,973)
Acquisition of investment securities		(16,001,432)	–	(15,998,993)	–
Net cash flows (used in)/generated from investing activities		(13,319,019)	1,468,570	(20,636,934)	(4,470,157)

STATEMENTS OF CASH FLOWS
CONT'D

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Financing activities					
Acquisition of non-controlling interest in a subsidiary	15	(6,700,000)	–	–	–
Proceeds from issuance of new shares by a subsidiary to non-controlling interests		–	854,108	–	–
Proceeds from bridging loan		11,640,611	4,426,652	–	–
Repayments of bankers' acceptances		–	(1,680,000)	–	–
Repayments of term loan		(3,165,098)	(4,488,362)	–	–
Repayments of bridging loan		(5,478,879)	–	–	–
Repayment of principal portion of lease liabilities	27	(42,541)	–	(32,937)	–
Placement of deposit for bank guarantees		(384,000)	–	–	–
Net cash flows used in financing activities		(4,129,907)	(887,602)	(32,937)	–
Net (decrease)/increase in cash and cash equivalents		(9,394,189)	(32,885,934)	2,329,533	(926,427)
Effects of exchange rate changes on cash and cash equivalents		(623)	–	–	–
Cash and cash equivalents at beginning of year		58,952,009	91,837,943	3,572,485	4,498,912
Cash and cash equivalents at end of year	23	49,557,197	58,952,009	5,902,018	3,572,485

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2021

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at TB 4327, Block 31, 2nd Floor, Fajar Complex, Jalan Haji Karim, 91000 Tawau, Sabah.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of directors in accordance with a resolution of the directors on 18 August 2021.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as disclosed below:

On 1 April 2020, the Group and the Company adopted the applicable new and amended MFRSs and Annual Improvements (collectively referred to as "pronouncements"), which are mandatory for annual financial periods beginning on or after 1 January 2020.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 4, Extension of the Temporary Exemption from Applying MFRS 9	Immediately

Adoption of these pronouncements did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

2.3 Pronouncements issued but not yet effective

The Standards and Interpretations (collectively referred to as "pronouncements") that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these pronouncements, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework	1 January 2022
Annual improvements to MFRS Standards 2018-2020 Cycle	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before intended use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities As Current and Non-current	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between Investor and its Associates or Joint Venture	Deferred

The directors do not expect any material impact to the Group's and the Company's financial statements from the adoption of the above pronouncements in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

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

2.4 Basis of consolidation (cont'd)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement(s) with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

2.4 Basis of consolidation (cont'd)

Business combinations and goodwill (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

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

2.6 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within the equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

All other repair and maintenance costs are recognised in profit or loss as incurred. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Buildings	2% - 5%
Plant and machinery	5% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 33 1/3 %
Other assets	4% - 33 1/3%

Capital work-in-progress is not depreciated until the asset is held ready for use.

Leasehold land is depreciated over the remaining lease term.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

2.7 Property, plant and equipment (cont'd)

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.8 Land held for property development and property development costs

(a) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken other than earthwork, infrastructure work and professional fees incurred to put the land ready for development or where development activities are not expected to be completed within the normal operating cycle. Included in land held for property development consists of leasehold land that meet the definition of right-of-use asset.

Land held for property development is classified as non-current asset and is stated at the lower of cost and net realisable value.

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

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

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(b) Property development costs

Property development costs that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Such inventory costs are determined based on a specific identification basis.

Property development costs comprise costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors. Leasehold land that are included in property development costs meets the definition of right-of-use asset.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

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

2.8 Land held for property development and property development costs (cont'd)

(b) Property development costs (cont'd)

Where revenue recognised in profit or loss exceeds billings to purchasers, the balance is shown as contract assets under other current assets. Where billings to purchasers exceed revenue recognised in profit or loss, the balance is shown as contract liabilities under other current liabilities.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Financial instruments – initial recognition and subsequent measurement

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

(i) Financial assets

Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

2.10 Financial instruments – initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

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

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

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual costs held while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2.10 Financial instruments – initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Financial assets at amortised cost (debt instruments) (cont'd)

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade and other receivables and cash and bank balances.

Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably their equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

2.10 Financial instruments – initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Financial assets at fair value through profit or loss

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

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

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

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

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

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

2.10 Financial instruments – initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Derecognition (cont'd)

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

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

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date.

For debt instruments at fair value through OCI, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument. In addition, the Group and the Company consider that there have been a significant increase in credit risk when contractual payments are more than 14 to 45 days past due.

The Group and the Company consider a financial asset in default when contractual payments are 14 to 45 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

2.10 Financial instruments – initial recognition and subsequent measurement (cont'd)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of those measured subsequently at amortised cost, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

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

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

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

2.10 Financial instruments – initial recognition and subsequent measurement (cont'd)

(iii) Offsetting of financial instruments

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

2.11 Fair value measurement

The Group and the Company measure financial instruments at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 32.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost and specific identification basis. Costs include direct materials, direct labour and fixed and variable overheads. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on weighted average cost method.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on first in first out basis.

- Properties held for sale: cost associated with the acquisition of land, direct costs and appropriate proportion of common costs.

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

2.14 Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with MFRS 15, Revenue from Contracts with Customers.

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

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2.17 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.18 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

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

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

2.18 Leases (cont'd)

As a lessee (cont'd)

(a) Right-of-use assets

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

Buildings	2 years
Leasehold land	60 - 99 years

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

(b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and by the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

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

2.18 Leases (cont'd)

As a lessee (cont'd)

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

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

As a lessor

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

2.19 Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services. The Group and the Company have generally concluded that they are the principal in their revenue arrangements because they typically control the goods or services before transferring them to customer.

(i) Sale of goods

Revenue from sales of plywood and veneer is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the finished goods. The normal credit term ranges from 14 to 45 days upon delivery.

The Group and the Company consider whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., transportation services). In determining the transaction price for the sale of goods, the Group and the Company consider the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(ii) Transportation services

The Group and the Company provide transportation services that are bundled together with the sale of goods to certain customers. The transportation services can be obtained from other providers and do not significantly customise or modify the goods.

Contracts for bundled sales of goods and transportation services comprise two performance obligations because the promises to supply goods and provide shipping services are capable of being distinct and separately identifiable. Accordingly, the Group and the Company allocate the transaction price of transportation services based on the stand-alone selling prices while the transaction price of sale of goods is determined using the residual approach. The stand-alone selling prices of transportation services are determined based on the market charges.

The Group and the Company recognise revenue from transportation services over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

2.19 Revenue (cont'd)

(iii) Sale of properties under construction

The Group and the Company recognise revenue from property under construction over time, using an input method to measure progress towards complete satisfaction of the service. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Company have an enforceable right to payment for performance completed to date by the Group and the Company.

(iv) Sale of completed properties

Sale of completed properties are recognised at a point in time.

(v) Rental income

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

(vi) Interest income

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

(vii) Dividend income

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

(viii) Contract balances

(a) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(b) Trade receivables

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

(c) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company perform under the contract.

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

2.19 Revenue (cont'd)

(ix) Contract cost

(a) Costs to obtain a contract

The Group and the Company recognise incremental costs of obtaining contracts when the Group and the Company expect to recover these costs.

(b) Costs to fulfil a contract

The Group and the Company recognise a contract cost that relates directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group and the Company, will be used in satisfying performance obligations in the future, and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with pattern of revenue recognition to which the assets relate. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

2.20 Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

2.20 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transactions, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales and Services tax ("SST") and Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of SST or GST except:

- Where the SST and GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST and GST are recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of SST and GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statement of financial position.

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

2.21 Foreign currency

Functional and presentation currency

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

Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.24 Contingencies

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

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

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

2.25 Current versus non-current classification

The Group and the Company present assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

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

(i) Inventories

The Group reviews the adequacy of write down of inventories at each reporting date to ensure the inventories are stated at lower of cost and net realisable value. In assessing the extent of write down for slow moving inventories, the directors, having considered all available information, are of the opinion that these goods can be realised in the ordinary course of business.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

(ii) Impairment review of property, plant and equipment ("PPE")

Impairment exists when the carrying value of any assets exceeds its recoverable amount, which is the higher of its fair value less costs to sell ("FVLCTS") and its value-in-use ("VIU").

The Group reassesses whether there are indicators of impairment for its PPE at each reporting date. During the current financial year, the Group carried out the impairment tests on the PPE based on FVLCTS, and compared against its carrying amounts.

The impairment assessment of the PPE involved significant judgement and estimates in determining the recoverable amount.

An impairment loss of RM111,956 (2020: RM2,509,700) was recognised by the Group during the financial year.

An increase/(decrease) in the fair value of the PPE by 10% will result in a reversal of impairment of RM3,277,612 and a further impairment of RM4,052,200 respectively.

(iii) Recognition of revenue from development properties recognised over time

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total development and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred.

(iv) Impairment review of cost of investment in subsidiaries

Impairment exists when the carrying value of any assets exceeds its recoverable amount, which is the higher of its fair value less costs to sell ("FVLCTS") and its value-in-use ("VIU").

The Company reassesses whether there are indicators of impairment for its cost of investment in subsidiaries at each reporting date. During the current financial year, the Company carried out the impairment tests on the cost of investment in subsidiaries based on FVLCTS, and compared against its carrying amounts.

The impairment assessment of the cost of investment in subsidiaries involved significant judgement and estimates in determining the recoverable amount.

An impairment loss of RM1,235,209 (2020:RM43,150,302) was recognised by the Company during the financial year.

An increase/(decrease) in the fair value of the investment in subsidiaries by 10% will result in a reversal of impairment of RM7,642,949 and a further impairment of RM7,642,949 respectively.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

4. REVENUE

	Timber operations RM	Properties RM	Total RM
Group			
2021			
Revenue from contracts with customers	15,952,616	26,607,131	42,559,747
Revenue from other sources			
- Rental income	–	54,000	54,000
Total revenue	15,952,616	26,661,131	42,613,747
(a) Disaggregation of revenue from contracts with customers:			
- Sale of goods	15,681,985	–	15,681,985
- Sale of properties under construction	–	25,257,131	25,257,131
- Sale of completed properties	–	1,350,000	1,350,000
- Transportation services	270,631	–	270,631
	15,952,616	26,607,131	42,559,747
(b) Timing of revenue recognition:			
- At a point in time	15,681,985	1,350,000	17,031,985
- Over time	270,631	25,257,131	25,527,762
	15,952,616	26,607,131	42,559,747
2020			
Revenue from contracts with customers	31,568,759	10,750,784	42,319,543
Revenue from other sources			
- Rental income	–	54,000	54,000
Total revenue	31,568,759	10,804,784	42,373,543
(a) Disaggregation of revenue from contracts with customers:			
- Sale of goods	28,768,795	–	28,768,795
- Sale of properties under construction	–	8,770,784	8,770,784
- Sale of completed properties	–	1,980,000	1,980,000
- Transportation services	2,799,964	–	2,799,964
	31,568,759	10,750,784	42,319,543
(b) Timing of revenue recognition:			
- At a point in time	28,768,795	1,980,000	30,748,795
- Over time	2,799,964	8,770,784	11,570,748
	31,568,759	10,750,784	42,319,543

4. REVENUE (CONT'D)

(c) Transaction prices allocated to the remaining performance obligation:

	Properties RM	Total RM
Group		
2021		
Sales of properties under construction		
- Within one year	35,195,617	35,195,617
2020		
Sales of properties under construction		
- Within one year	17,981,190	17,981,190
- Over one year	26,372,716	26,372,716
	44,353,906	44,353,906

	2021 RM	2020 RM
Company		
Revenue from other sources		
- Dividend from subsidiaries	–	50,325,000

5. COST OF SALES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cost of inventories sold				
- timber operations	14,798,615	44,100,709	–	–
- properties	20,418,622	7,586,983	–	–
Cost of letting properties	6,335	5,694	–	–
	35,223,572	51,693,386	–	–

NOTES TO THE FINANCIAL STATEMENTS
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6. OTHER INCOME

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Gain on disposal of property, plant and equipment	89,657	113	–	–
Rental income	1,304,715	1,110,603	34,500	–
Unrealised foreign exchange gain	–	3,619,518	–	3,375,938
Realised foreign exchange gain	73,424	330,205	–	–
Miscellaneous income	735,729	146,675	–	–
Dividend income from short term funds	2,439	26,201	–	–
Unrealised gain on investment securities	15,414,526	–	15,414,526	–
Reversal of allowance on other receivables	5,185,004	–	5,000,000	–
	22,805,494	5,233,315	20,449,026	3,375,938

7. PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before tax:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Auditors' remuneration:				
- statutory audit	134,500	162,500	55,000	50,000
- other services	12,000	12,720	12,000	12,720
Depreciation of property, plant and equipment (Note 12)	7,762,753	8,640,003	118,246	17,100
Dividend income from short term funds	(2,439)	(26,201)	–	–
Employee benefits expense (Note 8)	5,307,364	12,134,865	–	–
Gain on disposal of property, plant and equipment, net	(89,657)	(113)	–	–
Impairment loss on:				
- other receivables (Note 20(c))	38,672	5,257,622	5,828,348	5,017,970
- trade receivables (Note 20)	12,455	–	–	–
- investment in subsidiaries (Note 15)	–	–	1,235,209	43,150,302
- property, plant and equipment (Note 12)	111,956	2,509,700	–	–
Impairment of goodwill (Note 18)	–	4,735,291	–	–
Interest expense	1,131,254	1,368,847	3,398	–
Interest income	(2,562,905)	(2,469,994)	(2,062,059)	(988,980)
Inventories written down	7,397,528	9,404,721	–	–
Management fee expense	404,978	872,211	–	8,806
Non-executive directors' remuneration (Note 9)	400,564	461,180	198,160	186,980
Property, plant and equipment written off	735	752	–	–

7. PROFIT/(LOSS) BEFORE TAX (CONT'D)

The following items have been included in arriving at profit/(loss) before tax: (cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Realised foreign exchange (gain)/loss	(14,369)	232	–	–
Expenses relating to low value assets (Note 12(b))	660	792	–	–
Expenses relating to short term leases (Note 12(b))	84,088	87,579	–	47,655
Unrealised (gain)/loss on investment securities	(15,414,526)	2,635,545	(15,414,526)	2,635,545
Unrealised foreign exchange loss/(gain)	2,071,102	(3,619,518)	2,063,172	(3,375,938)
Reversal of allowance on other receivables (Note 20(c))	(5,185,004)	–	(5,000,000)	–

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries and wages	4,776,736	11,370,146	–	–
Employees Provident Fund contributions	355,511	528,331	–	–
Social Security Organisation contributions	47,517	100,988	–	–
Other benefits	127,600	135,400	–	–
	5,307,364	12,134,865	–	–

Included in staff costs of the Group are executive directors' remuneration amounting to RM1,674,470 (2020: RM1,987,019) as further disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS
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9. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Directors of the Company				
Executive:				
Salaries and other emoluments	1,033,440	1,174,800	–	–
Contributions to defined contribution plan	62,878	55,890	–	–
Total executive directors' remuneration (Note 8)	1,096,318	1,230,690	–	–
Non-executive:				
Fees	288,360	306,600	145,200	132,600
Other emoluments	52,960	54,380	52,960	54,380
Contributions to defined contribution plan	17,873	58,900	–	–
Total non-executive directors' remuneration (Note 7)	359,193	419,880	198,160	186,980
Total directors' remuneration	1,455,511	1,650,570	198,160	186,980
Other directors				
Executive:				
Salaries and other emoluments	513,960	673,200	–	–
Contributions to defined contribution plan	64,192	83,129	–	–
Total executive directors' remuneration (Note 8)	578,152	756,329	–	–
Non-executive:				
Fees	36,000	36,000	–	–
Contributions to defined contribution plan	5,371	5,300	–	–
Total non-executive directors' remuneration (Note 7)	41,371	41,300	–	–
Total directors' remuneration	619,523	797,629	–	–
Total directors' remuneration (Note 31(b))	2,075,034	2,448,199	198,160	186,980

10. INCOME TAX EXPENSE

Major components of income tax expense

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

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Statements of profit or loss and other comprehensive income:				
Current income tax:				
Malaysian income tax	510,042	1,348,245	478,014	253,220
Over provision in respect of previous years	(40,043)	(46,171)	(40,458)	(24,161)
	469,999	1,302,074	437,556	229,059
Deferred income tax (Note 17):				
Origination and reversal of temporary differences	(1,890,301)	5,106,722	(477)	(607)
Deferred tax assets recognised in respect of previously unutilised tax lossess	(1,546,068)	–	–	–
Under/(over) provision in respect of previous years	768	(1,717,816)	477	607
	(3,435,601)	3,388,906	–	–
Income tax expense recognised in profit or loss	(2,965,602)	4,690,980	437,556	229,059

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	2021 RM	**2020 RM**
Group		
Profit/(loss) before tax	1,808,743	(31,552,018)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	434,099	(7,572,484)
Adjustments:		
Non-deductible expenses	766,621	3,308,325
Income not subject to tax	(5,182,173)	(1,181,263)
Deferred tax assets not recognised	2,601,194	7,808,565
Reversal of deferred tax asset previously recognised	–	4,091,824
Deferred tax assets recognised in respect of previously unutilised tax losses	(1,546,068)	–
Under/(over) provision of deferred income tax in respect of previous years	768	(1,717,816)
Over provision of income tax in respect of previous years	(40,043)	(46,171)
Income tax expense recognised in profit or loss	(2,965,602)	4,690,980

NOTES TO THE FINANCIAL STATEMENTS
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10. INCOME TAX EXPENSE (CONT'D)

Reconciliation between tax expense and accounting profit/(loss) (cont'd)

	2021 RM	2020 RM
Company		
Profit before tax	12,665,677	3,275,904
Tax at Malaysian statutory rate of 24% (2020: 24%)	3,039,763	786,217
Adjustments:		
Non-deductible expenses	2,569,831	10,554,961
Income not subject to tax	(5,132,057)	(13,254,185)
Deferred tax assets not recognised	–	2,165,620
Under provision of deferred income tax in respect of previous years	477	607
Over provision of income tax in respect of previous years	(40,458)	(24,161)
Income tax expense recognised in profit or loss	437,556	229,059

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2021 RM	2020 RM
Unutilised tax losses	127,497,995	121,681,737
Unabsorbed capital allowances	35,082,834	30,060,799
Unutilised reinvestment allowances	13,946,316	13,946,316
	176,527,145	165,688,852

As at 31 March 2021, the deferred tax assets are not recognised as it is not probable that future taxable profit will be available against which the unutilised tax losses, unabsorbed capital allowances and unutilised reinvestment allowances can be utilised. The availability of these benefits for offsetting against future profits of the Group and is subject to the provisions of the Income Tax Act, 1967 ("the Act").

Pursuant to Section 44(5F) of the Act, the unutilised tax losses can only be carried forward until the following years of assessment:

	Group	
	2021 RM	2020 RM
Unutilised tax losses to be carried forward until:		
- Year of assessment 2025	101,114,485	101,114,485
- Year of assessment 2026	5,195,786	5,195,786
- Year of assessment 2027	15,371,466	15,371,466
- Year of assessment 2028	5,816,258	–
	127,497,995	121,681,737

10. INCOME TAX EXPENSE (CONT'D)

For unutilised reinvestment allowances accumulated prior to and up to YA 2019, such unutilised reinvestment allowances can only be carried forward until YA 2025, pursuant to the transitional provision provided in the Act. Other allowances may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

11. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) is calculated by dividing profit/(loss) for the year, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2021	**2020**
Profit/(loss) net of tax attributable to owners of the Company (RM)	5,811,243	(32,781,461)
Weighted average number of ordinary shares in issue	160,547,070	159,880,900
Basic earnings/(loss) per share (sen)	4	(21)

(b) Diluted

The Group does not have any instruments that could potentially dilute basic earnings per share and therefore, diluted earnings/(loss) per share is equivalent to basic earnings/(loss) per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Other assets RM	Capital work-in-progress RM	Total RM
Cost								
At 1 April 2020	12,058,662	69,917,836	218,610,898	1,660,647	6,137,349	7,773,743	–	316,159,135
Additions	–	209,177	–	25,000	1,210	–	–	235,387
Disposals	–	–	(594,705)	–	(1,626)	–	–	(596,331)
Written off	–	–	–	–	(52,322)	–	–	(52,322)
At 31 March 2021	12,058,662	70,127,013	218,016,193	1,685,647	6,084,611	7,773,743	–	315,745,869
Accumulated depreciation and impairment								
At 1 April 2020	4,177,115	44,011,273	191,593,314	1,656,019	5,808,697	7,294,797	–	254,541,215
Charge for the year (Note 7)	157,470	1,995,620	5,438,757	1,835	80,935	88,136	–	7,762,753
Disposals	–	–	(431,761)	–	(637)	–	–	(432,398)
Written off	–	–	–	–	(51,587)	–	–	(51,587)
Impairment (Note 7)	–	87,879	–	–	11,692	12,385	–	111,956
At 31 March 2021	4,334,585	46,094,772	196,600,310	1,657,854	5,849,100	7,395,318	–	261,931,939
Analysed as:								
Accumulated depreciation	4,334,585	45,556,293	188,541,310	1,657,854	5,837,408	7,382,833	–	253,310,283
Accumulated impairment losses	–	538,479	8,059,000	–	11,692	12,485	–	8,621,656
At 31 March 2021	4,334,585	46,094,772	196,600,310	1,657,854	5,849,100	7,395,318	–	261,931,939
Net carrying amount								
At 31 March 2021	7,724,077	24,032,241	21,415,883	27,793	235,511	378,425	–	53,813,930

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

Group (cont'd)	Leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Other assets RM	Capital work-in-progress RM	Total RM
Cost								
At 1 April 2019	–	66,917,836	218,600,553	1,660,647	6,020,610	7,773,743	–	300,973,389
Effect of adoption of MFRS 16 (Note 13)	12,058,662	–	–	–	–	–	–	12,058,662
At 1 April 2019, restated	12,058,662	66,917,836	218,600,553	1,660,647	6,020,610	7,773,743	–	313,032,051
Additions	–	3,000,000	10,345	–	132,451	–	–	3,142,796
Disposals	–	–	–	–	(5,900)	–	–	(5,900)
Written off	–	–	–	–	(9,812)	–	–	(9,812)
At 31 March 2020	12,058,662	69,917,836	218,610,898	1,660,647	6,137,349	7,773,743	–	316,159,135
Accumulated depreciation and impairment								
At 1 April 2019	–	41,358,707	183,442,019	1,631,663	5,744,170	7,207,441	–	239,384,000
Effect of adoption of MFRS 16 (Note 13)	4,021,126	–	–	–	–	–	–	4,021,126
At 1 April 2019, restated	4,021,126	41,358,707	183,442,019	1,631,663	5,744,170	7,207,441	–	243,405,126
Charge for the year (Note 7)	155,989	2,201,966	6,092,295	24,356	78,141	87,256	–	8,640,003
Disposals	–	–	–	–	(4,554)	–	–	(4,554)
Written off	–	–	–	–	(9,060)	–	–	(9,060)
Impairment (Note 7)	–	450,600	2,059,000	–	–	100	–	2,509,700
At 31 March 2020	4,177,115	44,011,273	191,593,314	1,656,019	5,808,697	7,294,797	–	254,541,215

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

Group (cont'd)	Leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Other assets RM	Capital work-in-progress RM	Total RM
Analysed as:								
Accumulated depreciation	4,177,115	43,560,673	183,534,314	1,656,019	5,808,697	7,294,697	–	246,031,515
Accumulated impairment losses	–	450,600	8,059,000	–	–	100	–	8,509,700
At 31 March 2020	4,177,115	44,011,273	191,593,314	1,656,019	5,808,697	7,294,797	–	254,541,215
Net carrying amount								
At 31 March 2020	7,881,547	25,906,563	27,017,584	4,628	328,652	478,946	–	61,617,920

In 2021, the impairment loss of RM111,956 represented the write-down of certain property, plant and equipment in the timber operations and property development segments to the recoverable amount as a result of the decrease in the asset's market value. This was recognised in the statement of profit or loss as other expenses. The recoverable amount of RM1,920,000 as at 31 March 2021 was based on fair value less cost to sell and was determined at the level of the CGU. The CGUs consisted of the buildings of Rajang Plywood Sawmill Sdn. Bhd. and furniture and fittings and other assets of Russella Teguh Sdn. Bhd..

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

Other assets of the Group comprise electrical installation, wharf, signboard, renovation, water pond and cooling trench.

	Buildings RM	Furniture, fittings and office equipment RM	Total RM
Company			
Cost			
At 1 April 2019	–	866,893	866,893
Additions	3,000,000	118,973	3,118,973
At 31 March 2020	3,000,000	985,866	3,985,866
Additions	79,278	–	79,278
At 31 March 2021	3,079,278	985,866	4,065,144
Accumulated depreciation			
At 1 April 2019	–	862,482	862,482
Charge for the year (Note 7)	15,000	2,100	17,100
At 31 March 2020	15,000	864,582	879,582
Charge for the year (Note 7)	105,302	12,944	118,246
At 31 March 2021	120,302	877,526	997,828
Net carrying amount			
At 31 March 2020	2,985,000	121,284	3,106,284
At 31 March 2021	2,958,976	108,340	3,067,316

(a) Acquisitions of property, plant and equipment

Acquisitions of property, plant and equipment during the financial year were by the following means:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash	136,521	3,142,796	–	3,118,973
Lease arrangements	98,866	–	79,278	–
	235,387	3,142,796	79,278	3,118,973

NOTES TO THE FINANCIAL STATEMENTS
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12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Right-of-use assets

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

Group

	Leasehold land RM	Building RM	Total RM
At 1 April 2019	–	–	–
Effect of adoption of MFRS 16	8,037,536	–	8,037,536
Depreciation charge for the year	(155,989)	–	(155,989)
At 31 March 2020/1 April 2020	7,881,547	–	7,881,547
Additions	–	98,866	98,866
Depreciation charge for the year	(157,470)	(55,096)	(212,566)
At 31 March 2021	7,724,077	43,770	7,767,847

Company

	Building RM
At 1 April 2020	–
Addition	79,278
Depreciation charge for the year	(45,302)
At 31 March 2021	33,976

The Group and the Company have leases for land and buildings used in their operations.

The table below describes the nature of the Group's and the Company's leasing activities by type of right-of-use asset recognised on the statements of financial position:

Group

2021

	Leasehold land	Building
No. of right-of-use assets leased	8	2
No. of leases with extension option	–	–
No. of leases with purchase option	–	–
No. of leases with variable lease payments	–	–
No. of leases with termination option	–	–

2020

	Leasehold land
No. of right-of-use assets leased	8
No. of leases with extension option	–
No. of leases with purchase option	–
No. of leases with variable lease payments	–
No. of leases with termination option	–

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

(b) Right-of-use assets (cont'd)

Company

2021

	Building
No. of right-of-use assets leased	1
No. of leases with extension option	–
No. of leases with purchase option	–
No. of leases with variable lease payments	–
No. of leases with termination option	–

2020

No. of right-of-use assets leased	–
No. of leases with extension option	–
No. of leases with purchase option	–
No. of leases with variable lease payments	–
No. of leases with termination option	–

The expenses relating to payments not included in the measurement of right-of-use assets are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Expenses relating to leases of low value assets (Note 7)	660	792	–	–
Expenses relating to short term leases (Note 7)	84,088	87,579	–	47,655

13. PREPAID LAND LEASE PAYMENTS

	Group	
	RM	RM
Cost:		
At 1 April 2020/2019	–	12,058,662
Effect of adoption of MFRS 16 (Note 12)	–	(12,058,662)
At 31 March 2021/2020	–	–
Accumulated amortisation:		
At 1 April 2020/2019	–	4,021,126
Effect of adoption of MFRS 16 (Note 12)	–	(4,021,126)
At 31 March 2021/2020	–	–
Net carrying amount		
At 31 March 2021/2020	–	–

NOTES TO THE FINANCIAL STATEMENTS
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14. LAND HELD FOR PROPERTY DEVELOPMENT AND DEVELOPMENT COSTS

(a) Land held for property development (Non-current)

	Group	
	RM	RM
Freehold land		
At 1 April 2020/2019 and 31 March 2021/2020	17,296,968	17,296,968

(b) Property development costs (Current)

	Group	
	2021 RM	2020 RM
At beginning of the year	40,915,420	42,898,790
Costs incurred during the year	22,382,350	4,799,460
Foreseeable losses for affordable housing	862,587	1,029,326
Costs charged out to income statement	(20,418,622)	(7,812,156)
At end of the year	43,741,735	40,915,420

A parcel of freehold land held under GM478, Lot 574, Mukim Petaling, Selangor is pledged as security for the banking facilities of a subsidiary as disclosed in Note 24.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost		
- Ordinary shares	153,393,649	152,953,290
- Non-cumulative redeemable preference shares ("NCRPS")	36,684,271	30,424,630
	190,077,920	183,377,920
Less: Accumulated impairment losses	(47,840,509)	(46,605,300)
	142,237,411	136,772,620

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

In respect of the NCRPS, the salient terms and conditions are disclosed in Note 16.

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2021	2020
Held by the Company				
Rajang Plywood Sawmill Sdn. Bhd.	Malaysia	Manufacture and trading of sawn timber, veneer and plywood	100%	100%
Rajang Plywood (Sabah) Sdn. Bhd.	Malaysia	Manufacture and trading of sawn timber, veneer and plywood	100%	100%
Eksons Biomass Energy Sdn. Bhd.	Malaysia	Generation and provision of electricity and steam	100%	100%
Chongai Properties Sdn. Bhd.	Malaysia	Trading and rental of properties	100%	100%
Vibrant Hub Sdn. Bhd.	Malaysia	Investment holding	68%	61%
Uomo Donna (Malaysia) Sdn. Bhd.	Malaysia	Property development and investment holding	100%	100%
Knit-Whizz Corporation Sdn. Bhd.	Malaysia	Manufacture and sale of knitwear (ceased operation)	100%	100%
Held through subsidiaries				
Wholly-owned subsidiaries of Vibrant Hub Sdn. Bhd.				
The Atmosphere Sdn. Bhd.	Malaysia	Property development	68%	61%
Oval Rock Sdn. Bhd.	Malaysia	Property development and investment holding	68%	61%
Viva Paradise Sdn. Bhd.	Malaysia	Property development and investment holding	68%	61%
Wholly-owned subsidiary of The Atmosphere Sdn. Bhd.				
Russella Teguh Sdn. Bhd.	Malaysia	Property development and investment holding	68%	61%

NOTES TO THE FINANCIAL STATEMENTS
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15. INVESTMENT IN SUBSIDIARIES (CONT'D)

During the year, the Company acquired for an additional 99,964 ordinary shares and 1,420,977 preference shares in Vibrant Hub Sdn. Bhd. ("VHSB") for a total cash consideration of RM6,700,000, as follows:

	RM
Cash consideration paid to non-controlling shareholders	6,700,000
Carrying value of the additional interest in VHSB	4,702,141
Difference recognised in retained earnings	1,997,859

The impairment loss of RM1,235,209 represents the write down of cost of investment in subsidiaries engaged in timber operations and investment holding to the recoverable amount as a result of continuing losses. This amount was recognised in the statement of profit or loss as other expenses. The recoverable amount was determined based on fair value less costs of disposal.

The Group's subsidiaries that have material non-controlling interests ("NCI") are set out below.

(i) Summarised Statements of Financial Position

	Vibrant Hub Sdn. Bhd. group 2021 RM	Vibrant Hub Sdn. Bhd. group 2020 RM
Total assets	129,766,812	121,799,714
Total liabilities	66,149,883	55,451,667
Net assets	63,616,929	66,348,047
Equity attributable to owners of the Company	43,296,207	40,288,286
Non-controlling interests	20,320,722	26,059,761
	63,616,929	66,348,047

(ii) Summarised Statements of Profit or Loss and Other Comprehensive Income

	Vibrant Hub Sdn. Bhd. group 2021 RM	Vibrant Hub Sdn. Bhd. group 2020 RM
Revenue	26,607,131	13,750,784
Loss for the year	(2,731,118)	(8,386,082)
Loss attributable to owners of the Company	(1,694,220)	(4,924,545)
Non-controlling interests	(1,036,898)	(3,461,537)
	(2,731,118)	(8,386,082)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

The Group's subsidiaries that have material non-controlling interests ("NCI") are set out below. (cont'd)

(iii) Summarised Cash Flows

	Vibrant Hub Sdn. Bhd. group	
	2021 RM	**2020 RM**
Net cash used in operating activities	(3,463,196)	(2,113,957)
Net cash (used in)/generated from investing activities	(85,703)	2,144,644
Net cash generated from financing activities	2,996,634	3,132,562
Net (decrease)/increase in cash and cash equivalents	(552,265)	3,163,249
Cash and cash equivalents at the beginning of the year	(3,070,976)	(6,234,225)
Cash and cash equivalents at the end of the year	(3,623,241)	(3,070,976)

16. INVESTMENT IN NCRPS OF VIBRANT HUB SDN. BHD. ("VIBRANT HUB")

The salient features of the NCRPS acquired by the Company are as follows:

(a) The holders of the NCRPS shall be entitled to a non-cumulative preferential dividend at a rate to be determined by the directors of Vibrant Hub from the net profit after tax of Vibrant Hub for the year and in the event a loss is incurred for a particular year or years, then the holder of such NCRPS shall not be entitled to receive any dividend. The net profit after tax of Vibrant Hub is based on the current year and not on an accumulated loss or profit basis. The payment of preferential dividend shall rank in priority to any payment of dividend on any other shares or classes of shares. The payment and amount of such dividend shall be non-cumulative and payable at such time, place and in such manner as the directors may determine.

(b) Vibrant Hub may create and issue further preference shares ranking in all respects pari passu with, but not in priority to the NCRPS.

(c) Holders of the NCRPS shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of Vibrant Hub provided always that holders of the NCRPS shall not have the right to vote or to move or second any resolution at any general meeting of Vibrant Hub except on each of the following circumstances:

(i) when the dividend or part of the dividend on the share is in arrears for more than six months;

(ii) on a proposal to reduce the Vibrant Hub's share capital;

(iii) on a proposal for the disposal of the whole of the Vibrant Hub's property, business and undertaking;

(iv) on a proposal that directly or indirectly varies of affects rights, privileges or conditions attached to the NCRPS, or the exercise of any of those rights, privileges or conditions;

(v) on a proposal to wind up Vibrant Hub; and

(vi) during the winding up of Vibrant Hub.

In any such case a holder shall have one (1) vote for each NCRPS held.

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16. INVESTMENT IN NCRPS OF VIBRANT HUB SDN. BHD. ("VIBRANT HUB")

The salient features of the NCRPS acquired by the Company are as follows: (cont'd)

(d) The NCRPS shall be redeemed in the following manner and terms:

(i) Vibrant Hub may at any time from the date of issue of the NCRPS, apply any profits or monies which may be lawfully applied or out of the proceeds of a fresh issue of shares made for the purpose of the redemption of NCRPS at par. For this purpose, Vibrant Hub shall give not less than seven (7) days' notice in writing to the holders of NCRPS of its intention to redeem such shares.

(ii) In the event of Vibrant Hub determining to redeem a part only of the NCRPS, the same shall be redeemed in proportion to the shareholdings held by the existing holders of the NCRPS.

(iii) Each such holder shall be bound to surrender to Vibrant Hub the certificate for his NCRPS to be redeemed and Vibrant Hub shall pay him the amount payable in respect of such redemption and where such certificate comprises any NCRPS which have not been drawn for redemption, Vibrant Hub shall issue to the holder thereof a fresh certificate thereof.

17. DEFERRED TAX

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 April	11,272,497	7,883,591	–	–
Recognised in profit or loss (Note 10)	(3,435,601)	3,388,906	–	–
At 31 March	7,836,896	11,272,497	–	–

Presenting after appropriate offsetting as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax assets	(1,313,298)	–	–	–
Deferred tax liabilities	9,150,194	11,272,497	–	–
	7,836,896	11,272,497	–	–

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax liabilities	22,526,679	25,032,282	347	477
Deferred tax assets	(14,689,783)	(13,759,785)	(347)	(477)
	7,836,896	11,272,497	–	–

17. DEFERRED TAX (CONT'D)

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

Deferred tax liabilities of the Group:

	Property, plant and equipment RM	Costs to obtain contract RM	Total RM
At 1 April 2020	25,032,282	–	25,032,282
Recognised in profit or loss	(2,665,286)	159,683	(2,505,603)
At 31 March 2021	22,366,996	159,683	22,526,679
At 1 April 2019	27,167,630	–	27,167,630
Recognised in profit or loss	(2,135,348)	–	(2,135,348)
At 31 March 2020	25,032,282	–	25,032,282

Deferred tax assets of the Group:

	Payables RM	Unutilised tax losses and unabsorbed capital allowances RM	Property, plant and equipment RM	Others RM	Total RM
At 1 April 2020	(13,000)	(13,558,872)	(625)	(187,288)	(13,759,785)
Recognised in profit or loss	–	(250,031)	83	(680,050)	(929,998)
At 31 March 2021	(13,000)	(13,808,903)	(542)	(867,338)	(14,689,783)
At 1 April 2019	(13,000)	(19,083,001)	(750)	(187,288)	(19,284,039)
Recognised in profit or loss	–	5,524,129	125	–	5,524,254
At 31 March 2020	(13,000)	(13,558,872)	(625)	(187,288)	(13,759,785)

NOTES TO THE FINANCIAL STATEMENTS
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17. DEFERRED TAX (CONT'D)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM
At 1 April 2020	477
Recognised in profit or loss	(130)
At 31 March 2021	347
At 1 April 2019	710
Recognised in profit or loss	(233)
At 31 March 2020	477

Deferred tax assets of the Company:

	Unabsorbed capital allowances RM
At 1 April 2020	(477)
Recognised in profit or loss	130
At 31 March 2021	(347)
At 1 April 2019	(710)
Recognised in profit or loss	233
At 31 March 2020	(477)

18. GOODWILL

	Group RM
Cost	
At 1 April 2020/2019 and 31 March 2021/2020	26,824,257
Accumulated impairment	
At 1 April 2019	22,088,966
Charge for the year (Note 7)	4,735,291
At 31 March 2020/2021	26,824,257
Net carrying amount	
At 31 March 2020	–
At 31 March 2021	–

18. GOODWILL (CONT'D)

Property development division

The recoverable amount of goodwill of the property development division CGU was determined based on fair value less costs-to-sell. The following describes each key assumption on which management had based their fair value and costs of disposal to undertake impairment testing of goodwill:

(i) Fair value

The fair value is derived from the market price of similar properties in the immediate vicinity.

(ii) Costs-to-sell

Legal fees, stamp duties and commission paid form part of the management's estimate of costs-to-sell.

19. INVENTORIES

	Group	
	2021 RM	**2020 RM**
Property division		
Unsold properties at cost	25,815,466	65,018,194
Unsold properties at net realisable value	31,694,888	–
	57,510,354	65,018,194
At cost		
Timber operations and trading division		
Trading and finished goods	40,356,153	48,115,876
Work-in-progress	1,068,194	3,128,216
Raw materials	533,808	7,665
Consumable stores	5,188,469	5,561,162
Goods in transit	174,528	–
	47,321,152	56,812,919
	104,831,506	121,831,113

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM14,468,823 (2020: RM45,027,638).

Included in the unsold properties, twenty-one (21) units of shops from the project known as "The Atmosphere" located along Jalan Putra Permai, within Bandar Putra Permai, Seri Kembangan erected on land held under H.S.(D) 251945 for Lot PT 78698 in the Mukim and District of Petaling, State of Selangor are pledged as security for bank overdraft and term loan facilities of a subsidiary (Note 24).

NOTES TO THE FINANCIAL STATEMENTS
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20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Non-current				
Other receivables				
Amount due from subsidiaries	–	–	72,474,944	85,598,649
Less: Accumulated impairment losses	–	–	(37,251,526)	(31,423,178)
	–	–	35,223,418	54,175,471
Current				
Trade receivables				
Third parties	3,296,967	9,128,016	–	–
Less: Accumulated impairment losses (Note 7)	(12,455)	–	–	–
	3,284,512	9,128,016	–	–
Other receivables				
Third parties	1,505,047	836,470	11,169	1,969
Refundable deposits	514,211	5,518,921	12,828	5,012,828
	2,019,258	6,355,391	23,997	5,014,797
Less: Accumulated impairment losses	(339,710)	(5,486,042)	–	(5,000,000)
	1,679,548	869,349	23,997	14,797
	4,964,060	9,997,365	23,997	14,797
Total trade and other receivables	4,964,060	9,997,365	35,247,415	54,190,268

(a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 14 to 45 days (2020: 14 to 45 days). Other credit terms are assessed and approved on a case-by-case basis. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

20. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Trade receivables

Ageing analysis of trade receivables

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

	Gross carrying amount RM	Loss allowances RM	Net balance RM
Group			
31 March 2021			
Current (not past due)	1,740,874	–	1,740,874
1 to 30 days past due	287,155	–	287,155
31 to 60 days past due	526,528	–	526,528
61 to 90 days past due	–	–	–
More than 90 days past due	742,410	(12,455)	729,955
	3,296,967	(12,455)	3,284,512
31 March 2020			
Current (not past due)	1,961,140	–	1,961,140
1 to 30 days past due	6,727,345	–	6,727,345
31 to 60 days past due	439,531	–	439,531
	9,128,016	–	9,128,016

The movements in the allowance for impairment losses in respect of other receivables during the year are shown below:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 April 2020/2019	–	–	–	–
Charge for the year (Note 7)	12,455	–	–	–
At 31 March 2021/2020	12,455	–	–	–

Receivables that are neither past due not impaired

Trade and other receivables that are neither past due not impaired are creditworthy receivables with good payment records with the Group.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,543,638 (2020: RM7,166,876) that are past due at the reporting date but not impaired, due to anticipated post settlement after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
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20. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) Other receivables

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables.

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Other receivables - nominal amounts	408,585	5,699,803	72,498,941	90,613,446
Less: Accumulated impairment losses	(339,710)	(5,486,042)	(37,251,526)	(36,423,178)
	68,875	213,761	35,247,415	54,190,268

The movements in the allowance for impairment losses in respect of other receivables during the year are shown below:

	Group		Company	
	RM	**RM**	**RM**	**RM**
At 1 April 2020/2019	5,486,042	228,420	36,423,178	31,405,208
Charge for the year (Note 7)	38,672	5,257,622	5,828,348	5,017,970
Reversal of allowance on other receivables (Note 7)	(5,185,004)	–	(5,000,000)	–
At 31 March 2021/2020	339,710	5,486,042	37,251,526	36,423,178

(d) Amounts due from subsidiaries

Apart from an amount of RM14 million (2020: RM14 million) owing by a subsidiary which earns interest at the rate from 5.40% to 6.15% (2020: 6.15% to 6.9%) per annum, the other amounts due from subsidiaries are unsecured, interest free and are repayable upon demand.

21. OTHER CURRENT ASSETS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Prepaid operating expenses	235,004	631,221	25,670	17,622
Contract assets (a)	18,551,152	6,856,173	–	–
Costs to obtain a contract	1,440,655	1,898,599	–	–
	20,226,811	9,385,993	25,670	17,622

(a) Contract assets

	Group	
	2021 RM	2020 RM
At 1 April	6,856,173	–
Revenue recognised during the year	26,607,131	10,750,784
Progress billings during the year	(14,912,152)	(3,894,611)
At 31 March	18,551,152	6,856,173

Contract assets relate to sale of properties under construction that are initially recognised for revenue earned from construction as receipt of consideration is conditional on certain successful percentage of construction. Upon completion of these percentages, the amounts recognised as contract assets are reclassified to trade receivables.

22. INVESTMENT SECURITIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current				
Financial assets at fair value through profit or loss				
Equity instruments (unquoted outside Malaysia)	163,378,444	134,028,097	163,378,444	134,028,097
Unit trust funds (quoted in Malaysia)	114,863	112,424	–	–
	163,493,307	134,140,521	163,378,444	134,028,097

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23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits with licensed banks	46,839,106	46,342,623	5,610,035	2,151,459
Cash and bank balances	7,653,534	17,359,693	291,983	1,421,026
Total cash and bank balances	54,492,640	63,702,316	5,902,018	3,572,485

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	54,492,640	63,702,316	5,902,018	3,572,485
Bank overdraft (Note 24)	(4,551,443)	(4,750,307)	–	–
Less: Deposit pledged for bank guarantees	(384,000)	–	–	–
	49,557,197	58,952,009	5,902,018	3,572,485

Cash at banks earn interest at floating rates based on daily bank deposit rates.

The average interest rates of deposits of the Group and of the Company at reporting date are 1.40% to 2.80% per annum (2020: 2.20% to 3.80% per annum) and 1.40% to 2.65% per annum (2020: 2.64% to 3.20% per annum), respectively.

The maturities of deposits of the Group and of the Company at reporting date range from 30 to 92 days (2020: 1 to 99 days) and 31 days (2020: 1 to 30 days), respectively.

Included in cash at banks of the Group are amounts of RM798,022 (2020: RM1,441,649) held pursuant to Section 12 of the Housing Development (Control and Licensing) Ordinance, 2013 and are restricted from use in other operations.

24. LOANS AND BORROWINGS

	Maturity	Group	
		2021 RM	2020 RM
Current			
Secured:			
Bank overdraft (Note 23)	On demand	4,551,443	4,750,307
Term loans:			
- RM loan at BLR	2021	–	2,930,144
- RM loan at BLR + 1.50%	2022/2021	489,945	472,323
Bridging loan	2022/2021	6,880,258	587,651
		11,921,646	8,740,425

24. LOANS AND BORROWINGS (CONT'D)

	Maturity	Group 2021 RM	2020 RM
Non-current			
Secured:			
Term loans:			
- RM loan at BFR + 1.50%	2023 - 2025	2,682,185	2,934,761
Bridging loan	2023 - 2024	3,708,126	3,839,001
		6,390,311	6,773,762
Total loans and borrowings		18,311,957	15,514,187

The remaining maturity of the loans and borrowings as at 31 March 2021 and 31 March 2020 are as follows:

	Group 2021 RM	2020 RM
On demand or within one year	11,921,646	8,740,425
More than one year and less than five years	6,390,311	6,166,802
Five years or more	–	606,960
	18,311,957	15,514,187

Bank overdraft

Bank overdraft of subsidiaries bears interest of 6.45% to 7.22% (2020: 7.20% to 7.22%) per annum and are secured by a corporate guarantee from the Company and twenty-one (21) units of shops from the project known as "The Atmosphere" located along Jalan Putra Permai, within Bandar Putra Permai, Seri Kembangan, erected on land held under H.S.(D) 251945 for Lot PT 78698 in the Mukim and District of Petaling, State of Selangor, as disclosed in Note 19.

Term loans

(i) BLR

Term loan of a subsidiary bears interest of 5.45% (2020: 6.20%) per annum and is secured by a corporate guarantee from the Company and a parcel of freehold land held under GM478, Lot 574, Mukim Petaling, Selangor, as disclosed in Note 14. The term loan is to be repaid over 60 months from 1 April 2016. The term loan has been fully repaid during the financial year.

(ii) BLR + 1.5%

Term loan of a subsidiary bears interest of 6.97% (2020: 7.97%) per annum and is secured by a corporate guarantee from the Company and a third party first legal charge over twenty-one (21) units of shops from the project known as "The Atmosphere" located along Jalan Putra Permai, within Bandar Putra Permai, Seri Kembangan, erected on land held under H.S.(D) 251945 for Lot PT 78698 in the Mukim and District of Petaling, State of Selangor, as disclosed in Note 19 to the financial statements. The term loan is to be repaid over 120 months from 5 February 2016.

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24. LOANS AND BORROWINGS (CONT'D)

Bridging loan

Bridging loan of a subsidiary bears interest ranging from 6.45% to 7.20% (2020: 7.20%) per annum and is secured by a corporate guarantee from the Company and a parcel of freehold land held under GM478, Lot 574, Mukim Petaling, Selangor, as disclosed in Note 14. The bridging loan is to be repaid over 30 months from the date of first drawdown.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current				
Trade payables				
Third parties	8,078,696	4,008,197	–	–
Other payables				
Sundry payables	1,010,521	1,177,610	–	–
Refundable deposits	96,891	245,010	–	–
Provision for accrued annual leave	17,716	14,476	–	–
Amount due to subsidiaries	–	–	29,417,458	23,766,653
Amount due to director	240,000	240,066	–	–
	1,365,128	1,677,162	29,417,458	23,766,653
Total trade and other payables	9,443,824	5,685,359	29,417,458	23,766,653

(a) Trade payables

These amounts are non-interest bearing. The normal credit terms granted to the Group range from 30 to 150 days (2020: 30 to 150 days).

(b) Sundry payables

These amounts are non-interest bearing. Sundry payables are normally settled on an average term of six months (2020: average term of six months).

(c) Amount due to subsidiaries

The amount due to subsidiaries were unsecured, interest free and were repayable on demand.

26. OTHER CURRENT LIABILITIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Accrued operating expenses	14,719,665	11,992,150	264,033	226,680

27. LEASE LIABILITIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current				
Lease liability	45,006	–	35,021	–
Total lease liability	45,006	–	35,021	–
At 1 April 2020	–	–	–	–
Additions	98,867	–	79,278	–
Interest charged	3,958	–	3,398	–
Payment of:				
Principal	(42,541)	–	(32,937)	–
Interest	(3,364)	–	(2,804)	–
Accrued rental payment	(11,914)	–	(11,914)	–
At 31 March 2021	45,006	–	35,021	–

During the year, the Group and Company had total cash outflow for leases amounting to RM130,653 (2020: Nil) and RM35,741 (2020: Nil) respectively.

There were no leases with residual value guarantee or leases not yet commenced to which the Group and the Company are committed.

28. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares		Amount	
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM	Treasury shares RM
At 1 April 2019/ 31 March 2020	164,213,000	(4,332,100)	131,370,400	(5,318,902)
Share dividend distribution	–	1,598,809	–	1,962,999
At 31 March 2021	164,213,000	(2,733,291)	131,370,400	(3,355,903)

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28. SHARE CAPITAL (CONT'D)

Treasury shares

During the financial year, the Company declared a share dividend distribution of 1,598,809 treasury shares on the basis of 1 treasury share for every 100 ordinary shares held in the Company totalling RM1,962,999.

As at 31 March 2021, the Company held a total of 2,733,291 (2020: 4,332,100) ordinary shares as treasury shares out of its total issued and paid up share capital of 164,213,000 ordinary shares. Such treasury shares are recorded at a carrying amount of RM3,355,903 (2020: RM5,318,902).

29. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group

	1 April 2020 RM	New leases RM	Cash flows RM	Others RM	31 March 2021 RM
Current interest-bearing loans and borrowings	3,990,118	–	(350,968)	3,731,053	7,370,203
Non-current interest-bearing loans and borrowings	6,773,762	–	3,347,602	(3,731,053)	6,390,311
Current obligations under lease arrangements	–	98,867	(42,541)	–	56,326
Total liabilities from financing activities	10,763,880	98,867	2,954,093	–	13,816,840

	1 April 2019 RM	Cash flows RM	Others RM	31 March 2020 RM
Current interest-bearing loans and borrowings	5,342,466	(2,131,072)	778,724	3,990,118
Non-current interest-bearing loans and borrowings	7,163,124	389,362	(778,724)	6,773,762
Total liabilities from financing activities	12,505,590	(1,741,710)	–	10,763,880

Company

	1 April 2020 RM	New leases RM	Cash flows RM	31 March 2021 RM
Current obligations under lease arrangements	–	79,278	(32,937)	46,341

30. SEGMENT INFORMATION

(a) Geographical segment:

No geographical analysis has been presented as the Group's business interests are predominantly located in Malaysia.

(b) Business segments:

For management purposes, the Group is organised into business segments based on their strategic business units, and has three reportable operating segments as follows:

(i) Timber operations - manufacturing and sale of sawn timber, veneer and plywood and generation and supply of power and steam;

(ii) Property and investment holdings - rental of properties, investment holding and provision of management services; and

(iii) Property development - the development of commercial and residential properties.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities, income and expenses.

Segment revenue, expenses and results include transactions between business segments. These transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

30. SEGMENT INFORMATION (CONT'D)

	Timber operations RM	Property and investment holdings RM	Property development RM	Total segments RM	Elimination RM	Notes	Consolidated RM
31 March 2021							
Revenue							
External sales	15,952,616	54,000	26,607,131	42,613,747	–		42,613,747
Inter-segment sales	–	3,100,000	160,000	3,260,000	(3,260,000)	A	–
Total revenue	15,952,616	3,154,000	26,767,131	45,873,747	(3,260,000)		42,613,747
Results							
Interest income	1,226,709	2,418,280	24,606	3,669,595	(1,106,690)		2,562,905
Depreciation	7,559,401	118,452	84,900	7,762,753	–		7,762,753
Other non-cash expenses	6,887	(18,554,794)	7,491,168	(11,056,739)	–	B	(11,056,739)
Segment (loss)/profit	(14,930,219)	12,915,575	(6,582,641)	(8,597,285)	10,406,028	C	1,808,743
Assets							
Additions to non-current assets	45,798	239,278	–	285,076	(49,689)	D	235,387
Segment assets	171,455,314	396,579,797	193,996,942	762,032,053	(296,909,506)	E	465,122,547
Segment liabilities	7,956,017	16,338,342	163,282,032	187,576,391	(135,542,875)	F	52,033,516

30. SEGMENT INFORMATION (CONT'D)

	Timber operations RM	Property and investment holdings RM	Property development RM	Total segments RM	Elimination RM	Notes	Consolidated RM
31 March 2020							
Revenue							
External sales	31,568,759	54,000	10,750,784	42,373,543	–		42,373,543
Inter-segment sales	–	50,325,000	3,000,000	53,325,000	(53,325,000)	A	–
Total revenue	31,568,759	50,379,000	13,750,784	95,698,543	(53,325,000)		42,373,543
Results							
Interest income	2,149,894	1,451,868	4,731	3,606,493	(1,136,499)		2,469,994
Depreciation	8,535,060	17,100	87,843	8,640,003	–		8,640,003
Other non-cash expenses	16,671,480	(740,393)	257,622	16,188,709	–	B	16,188,709
Segment (loss)/profit	(20,798,752)	3,086,858	13,441,794	(4,270,100)	(27,281,918)	C	(31,552,018)
Assets							
Additions to non-current assets	23,822	3,118,974	–	3,142,796	–	D	3,142,796
Segment assets	203,052,383	383,450,451	179,309,680	765,812,514	(305,915,156)	E	459,897,358
Segment liabilities	24,889,659	15,685,364	149,797,366	190,372,389	(145,489,717)	F	44,882,672

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

30. SEGMENT INFORMATION (CONT'D)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash (gain)/expenses consist of the following items as presented in the respective notes to the financial statements:

	2021 RM	2020 RM
Gain on disposal of property, plant and equipment	(89,657)	(113)
Impairment loss on property, plant and equipment	111,956	2,509,700
Property, plant and equipment written off	735	752
Net unrealised foreign exchange loss/(gain)	2,071,102	(3,619,518)
Impairment loss on trade and other receivables	51,127	5,257,622
Reversal of allowance on other receivables	(5,185,004)	–
Inventories written down	7,397,528	9,404,721
Unrealised (gain)/loss on investment securities	(15,414,526)	2,635,545
	(11,056,739)	16,188,709

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	2021 RM	2020 RM
Profit from inter-segment sales	3,260,000	65,325,000
Inter-segment allowance for impairment	(13,598,844)	(43,218,272)
Others	(67,184)	5,175,190
	10,406,028	27,281,918

D Additions to non-current assets consist of:

	2021 RM	2020 RM
Property, plant and equipment	235,387	3,142,796

30. SEGMENT INFORMATION (CONT'D)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd)

E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2021 RM	2020 RM
Segment operating assets	762,032,053	765,812,514
Intersegment balances (elimination)	(296,909,506)	(305,915,156)
	465,122,547	459,897,358

Segment asset information presented also consists of the following non-current assets as presented in the consolidated statement of financial position:

	2021 RM	2020 RM
Property, plant and equipment	53,813,930	61,617,920
Land held for property development	17,296,968	17,296,968
	71,110,898	78,914,888

F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2021 RM	2020 RM
Segment operating liabilities	187,576,391	190,372,389
Intersegment balances (elimination)	(135,542,875)	(145,489,717)
	52,033,516	44,882,672

NOTES TO THE FINANCIAL STATEMENTS
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31. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year, in the normal course of business and transacted on terms agreed by both parties:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
(i) Transactions with director related companies:				
Expenses paid to:				
Tempo Properties Sdn. Bhd. *	1,272	1,272	1,272	1,272
Management fee expense paid to:				
Tempo Properties Sdn. Bhd. *	811,479	863,405	–	–
Management fee income from:				
Topaz Blue Sdn. Bhd. *	(406,569)	–	–	–
Rental of premises paid to:				
Quantum Heritage Sdn. Bhd. **	35,741	47,655	35,741	47,655
(ii) Transactions with subsidiaries:				
Interest income from a subsidiary	–	–	750,470	904,278
Shoplots purchased from a subsidiary	–	–	–	3,000,000

* The directors of Tempo Properties Sdn. Bhd., namely Choong Soo Onn and Tan Meng Seng are directors of Vibrant Hub Sdn. Bhd. and its subsidiaries.

** The directors of Quantum Heritage Sdn. Bhd. include Tay Hua Sin and Choong Soo Onn.

31. RELATED PARTY DISCLOSURES (CONT'D)

(b) Compensation of key management personnel

The remuneration of directors who are also key management during the year is as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Short term employee benefits	1,924,720	2,244,980	198,160	186,980
Post-employment benefits:				
Defined contribution plan	150,314	203,219	–	–
Total (Note 9)	2,075,034	2,448,199	198,160	186,980

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	20
Cash and bank balances	23
Loans and borrowings	24
Trade and other payables (current)	25

(i) Cash and bank balances, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short term nature.

(ii) Trade receivables and trade payables

The carrying amounts of trade receivables and trade payables approximate their fair values because they are subject to normal trade credit terms.

(iii) Loans and borrowings

The carrying values of bank borrowings and term loans approximate their fair values as they bear interest rates which approximate the current incremental borrowing rates for similar types of lending and borrowing arrangements.

NOTES TO THE FINANCIAL STATEMENTS
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32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Determination of fair value (cont'd)

(iv) Financial guarantees

Fair value is determined based on the probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed were to default.

33. FAIR VALUE MEASUREMENT

Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2021 and 31 March 2020 were as follows:

	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group					
Assets measured at fair value					
Investment securities (Note 22)					
- Equity instruments (unquoted outside Malaysia)	31 March 2021	–	–	163,378,444	163,378,444
- Unit trust funds (quoted in Malaysia)	31 March 2021	114,863	–	-	114,863
		114,863	–	163,378,444	163,493,307

33. FAIR VALUE MEASUREMENT (CONT'D)

Fair value hierarchy (cont'd)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2021 and 31 March 2020 were as follows: (cont'd)

	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group					
Assets measured at fair value (cont'd)					
Investment securities (Note 22)					
- Equity instruments (unquoted outside Malaysia)	31 March 2020	–	–	134,028,097	134,028,097
- Unit trust funds (quoted in Malaysia)	31 March 2020	112,424	–	–	112,424
		112,424	–	134,028,097	134,140,521
Company					
Assets measured at fair value					
Investment securities (Note 22)					
- Equity instruments (unquoted outside Malaysia)	31 March 2021	–	–	163,378,444	163,378,444
Investment securities (Note 22)					
- Equity instruments (unquoted outside Malaysia)	31 March 2020	–	–	134,028,097	134,028,097

There have been no transfers between levels during the financial year.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risk arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risks by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- A nominal amount of RM57,500,000 (2020: RM67,933,000) relating to corporate guarantees provided by the Company to banks and financial institutions for subsidiaries' banking facilities.

Exposure to credit risk

The Group's and the Company's maximum exposure to credit risk for the components of the statements of financial position as at 31 March 2021 and 2020 are the carrying amounts as disclosed in Note 20 except for financial guarantees of the Company. The maximum exposure relating to financial guarantees of the Company is shown in the liquidity table disclosed in Note 34(b).

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are past due but not impaired

Information regarding trade and other receivables that are past due but not impaired is disclosed in Note 20.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain minimal borrowings and to maintain sufficient liquid financial assets and standby credit facilities. At the reporting date, all of the Group's borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

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 reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2021				
Group				
Financial liabilities				
Trade and other payables	9,443,824	–	–	9,443,824
Loans and borrowings	12,862,615	7,054,992	–	19,917,607
Lease liabilities	45,905	–	–	45,905
Other current liabilities	14,719,665	–	–	14,719,665
Total undiscounted financial liabilities	37,072,009	7,054,992	–	44,127,001
2020				
Group				
Financial liabilities				
Trade and other payables	5,685,359	–	–	5,685,359
Loans and borrowings	9,566,537	7,041,092	608,775	17,216,404
Other current liabilities	11,992,150	–	–	11,992,150
Total undiscounted financial liabilities	27,244,046	7,041,092	608,775	34,893,913

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2021				
Company				
Financial liabilities				
Trade and other payables	29,417,458	–	–	29,417,458
Lease liabilities	35,741	–	–	35,741
Other current liabilities	264,033	–	–	264,033
Financial guarantees*	57,500,000	–	–	57,500,000
Total undiscounted financial liabilities	87,217,232	–	–	87,217,232
2020				
Company				
Financial liabilities				
Trade and other payables	23,766,653	–	–	23,766,653
Other current liabilities	226,680	–	–	226,680
Financial guarantees*	67,933,000	–	–	67,933,000
Total undiscounted financial liabilities	91,926,333	–	–	91,926,333

* Based on the maximum amount that can be called under the financial guarantee contracts.

(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 will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from their loans and borrowings where interests are charged at floating rates and contractually re-priced to market interest rates.

There is no interest rate risk for the Company as the interest rate for short term borrowings and fixed deposits are fixed until the maturity of the financial instruments.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM34,793 (2020: RM29,477), arising mainly as a result of lower/higher interest expense on floating loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sensitivity analysis has not been disclosed for the Company as the Company have no significant net exposure to interest risk at the reporting date.

(d) Foreign currency risk

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

The Group and the Company have transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currencies of the Group and the Company, Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD").

Approximately 18% (2020: 59%) of the Group's sales are denominated in foreign currencies whilst 0.1% (2020: 5%) total selling expenses and cost of goods sold are denominated in foreign currencies. The Group's trade receivables and trade payables balances at the reporting date have similar exposures.

The Group and the Company hold investment securities amounting to RM163,378,444 (2020: RM134,028,097) which are denominated mainly in USD.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amount to RM247,882 (2020: RM136,196) for the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrate the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the functional currency of the Group, with all other variables held constant.

	Group Increase/(decrease)	
	2021 RM	**2020 RM**
USD/RM		
- Strengthened 3% (2020: 3%)	4,930,486	4,260,365
- Weakened 3% (2020: 3%)	(4,930,486)	(4,260,365)

	Company Increase/(decrease)	
	2021 RM	**2020 RM**
USD/RM		
- Strengthened 3% (2020: 3%)	4,901,372	4,020,863
- Weakened 3% (2020: 3%)	(4,901,372)	(4,020,863)

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Equity price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to quoted equity securities and unquoted equity securities at fair value was RM114,863 (2020: RM112,424) and RM163,378,444 (2020: RM134,028,097) respectively. A decrease of 5% in the prices of investment securities with all other variables being held constant, could have an impact of approximately RM5,743 (2020: RM5,621) for quoted equity securities and RM8.1 million (2020: RM6.7 million) for unquoted equity securities on the profit or loss. An increase of 5% in the value of the quoted securities would have had the equal but opposite effect to the amounts shown above.

35. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Financial assets

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial assets at fair value through profit and loss				
Investment securities (Note 22)	163,493,307	134,140,521	163,378,444	134,028,097
Current and non-current debt instruments at amortised cost				
Trade and other receivables (Note 20)	4,964,060	9,997,365	35,247,415	54,190,268
Deposits with licensed banks (Note 23)	46,839,106	46,342,623	5,610,035	2,151,459
Cash and bank balances (Note 23)	7,653,534	17,359,693	291,983	1,421,026
Total financial assets	222,950,007	207,840,202	204,527,877	191,790,850

Debt instruments at amortised cost include trade and other receivables and receivables from related parties.

35. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(b) Financial liabilities

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current and non-current financial liabilities at amortised cost				
Loans and borrowings (Note 24)	18,311,957	15,514,187	–	–
Trade and other payables (Note 25)	9,443,824	5,685,359	29,417,458	23,766,653
Lease liabilities (Note 27)	45,006	–	35,021	–
Other current liabilities	14,719,665	11,992,150	264,033	226,680
Total financial liabilities	42,520,452	33,191,696	29,716,512	23,993,333

36. CONTINGENCIES

Material litigation

On 26 February 2020, a main contractor ("the main contractor") commenced Persatuan Arkitek Malaysia arbitration proceedings against The Atmosphere Sdn. Bhd., one of the subsidiaries of the Company ("the subsidiary"), in respect of the construction projects of the subsidiary to seek payment for the previously agreed deduction for liquidated ascertained damages ("LAD") and also the compound interest from 9 January 2013 to the date of the arbitration award.

The main contractor had alleged that the Settlement Agreement dated 9 January 2013 was signed under undue influence by virtue of Section 16 of the Contracts Act 1950. The main contractor also alleged that pursuant to Section 75 of Contracts Act 1950, the subsidiary has the obligation to prove actual loss for the agreed LAD sum.

The subsidiary had strongly opposed the claims of the main contractor and defended that the subject matter of the dispute referred to Arbitration by the main contractor had already been finalised and fully settled by way of the Settlement Agreement dated 9 January 2013. It is the subsidiary's case that there is no longer any dispute under the construction contract to be determined by Arbitration. The Company had finished paying the main contractor in accordance to the agreed settlement. In a turn of events, the main contractor commenced arbitration to claim for the allegedly wrongfully deducted LAD.

The alleged LAD is an express term in the Settlement Agreement and both parties had relied on these agreed terms. The main contractor did not challenge the said settlement agreement in court for 6 years but had chosen to commence an arbitration proceeding alleging that the settlement agreement is void and that any monies deducted ought to be payable to the main contractor.

The subsidiary had also raised the issue on limitation as a Preliminary Question to the Arbitrator and the Arbitrator has issued his decision finding that he has jurisdiction to hear and decide on the dispute between the parties. The subsidiary filed an appeal to the High Court on 17 June 2020.

On 11 September 2020, the High Court ordered inter alia, that the Arbitrator does not have the jurisdiction to hear the arbitration between the parties and that the main contractor pay the costs of the arbitration of the subsidiary.

On 7 October 2020, the Arbitrator informed the parties that the matter is closed.

NOTES TO THE FINANCIAL STATEMENTS
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37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

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

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances and deposits with licensed banks. Capital includes equity attributable to owners of the Company.

		Group		**Company**	
	Note	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
Loans and borrowings	24	18,311,957	15,514,187	–	–
Trade and other payables	25	9,443,824	5,685,359	29,417,458	23,766,653
Less: Cash and bank balances	23	(7,653,534)	(17,359,693)	(291,983)	(1,421,026)
Deposits with licensed banks	23	(46,839,106)	(46,342,623)	(5,610,035)	(2,151,459)
Net (cash)/debt		(26,736,859)	(42,502,770)	23,515,440	20,194,168
Total capital:					
Equity attributable to owners of the Company		392,768,309	388,954,925	320,026,803	307,798,682
Capital and net debt		366,031,450	346,452,155	343,542,243	327,992,850
Gearing ratio		N/A*	N/A*	6.8%	6.2%

* Not applicable as the Group was in a net cash position.

38. SHARE DIVIDEND DISTRIBUTION

During the financial year, the Company declared a share dividend distribution of 1,598,809 treasury shares on the basis of 1 treasury share for every 100 ordinary shares held in the Company totalling RM1,962,999.

39. SIGNIFICANT EVENT

COVID-19 pandemic has affected many businesses and the Malaysian economy as a whole since the previous financial year. Since March 2020, The Malaysian Government has issued various Movement Control Orders ("MCO") as a preventive measure against the spread of COVID-19. We are currently undergoing a Full MCO 3.0 which started 1 June 2021 which requires the closure of all government and private premises except for those involved in the provision of essential services. The Group is not involved in the provision of essential services.

As the situation is fluid and still evolving and given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, it is not practicable to provide reliably a quantitative estimate of the potential financial impact of COVID-19 on the Group's and the Company's financial statements for the financial year ending 31 March 2022 at this juncture.

PROPERTIES OF **THE GROUP**

as at 31 March 2021

Location	Date	Description	Land area (build-up area) sq meters	Tenure	Age of building (years)	Net book value as at 31.03.2021 RM
Rajang Plywood Sawmill Sdn. Bhd.						
Engkilo Land - Lot No. 1632, Block 11 Engkilo Land District, Sungai Dasan, Sibu	Revalued on 31.03.2000	Hostel & canteen	14,364	Leasehold expiring year 2062	24 to 28	1,443,607
Engkilo Land - Lot No. 1634, Block 11 Engkilo Land District, Sungai Dasan, Sibu		Plywood processing mill, sawmill, workshop & main administrative office	157,131	Leasehold expiring year 2062	25 to 28	5,217,973
Rajang Plywood (Sabah) Sdn. Bhd.						
Merotai, District of Tawau, Sabah Title No. CL 105486762 Ref No. LA94100174 LS 1001.1.1973 Geocode : 4889817517	Acquired on 30.03.2001	Factory office, plywood processing mill, sawmill & workshop	101,094 (43,024)	Leasehold expiring year 2094	3.5 to 19	16,129,261
Merotai, District of Tawau, Sabah Title No. CL 105486771 Ref No. LA94100175 LS 1001.1.1965 Geocode : 4889814589	Acquired on 30.03.2001	Sawmill, workshop, hostel & canteen	101,201 (2,493)	Leasehold expiring year 2094	11 to 19	
Eksons Biomass Energy Sdn. Bhd. *						
Merotai, District of Tawau, Sabah Title No. CL 105486762 Ref No. LA94100174 LS 1001.1.1973 Geocode : 4889817517	Acquired on 30.03.2001	Building for biomass power plant	101,094 (2,304)	Leasehold expiring year 2094	13 years 9-10 months	2,238,060
The Atmosphere Sdn. Bhd.						
No.1 to 3 Jalan Prima Tropika Barat 2 Taman Prima Tropika 47100 Puchong Selangor	Acquired on 10.09.2008	Sales and project site office	436.42 (1,253.32)	Leasehold expiring year 2106	12	2,593,824

PROPERTIES OF THE GROUP
CONT'D

Location	Date	Description	Land area (build-up area) sq meters	Tenure	Age of building (years)	Net book value as at 31.03.2021 RM
The Atmosphere Sdn. Bhd.						
2 units, Block B Jalan Atmosphere 5 Pusat Perniagaan The Atmosphere 43300 Seri Kembangan Selangor	Acquired on 10.01.2013	Shop office for sale	265	Leasehold expiring year 2097	8	661,266
13 units, Block E Jalan Atmosphere 8 Pusat Perniagaan The Atmosphere 43300 Seri Kembangan Selangor	Acquired on 29.10.2014	Shop office for sale	2,286	Leasehold expiring year 2097	7	9,170,057
Russella Teguh Sdn. Bhd.						
12 units, Block B Jalan Atmosphere 5 Pusat Perniagaan The Atmosphere 43300 Seri Kembangan Selangor	Acquired on 10.01.2013	Shop office for sale	1,912	Leasehold expiring year 2097	8	4,962,993
30 units, Block C Jalan Atmosphere 6 Pusat Perniagaan The Atmosphere 43300 Seri Kembangan Selangor	Acquired on 10.01.2013	Shop office for sale	4,958	Leasehold expiring year 2097	8	12,742,271
26 units, Block D Jalan Atmosphere 7 Pusat Perniagaan The Atmosphere 43300 Seri Kembangan Selangor	Acquired on 08.05.2013	Shop office for sale	4,641	Leasehold expiring year 2097	8	10,531,683
28 units, Block E Jalan Atmosphere 8 Pusat Perniagaan The Atmosphere 43300 Seri Kembangan Selangor	Acquired on 29.10.2014	Shop office for sale	4,641	Leasehold expiring year 2097	7	18,938,640

PROPERTIES OF THE GROUP
CONT'D

Location	Date	Description	Land area (build-up area) sq meters	Tenure	Age of building (years)	Net book value as at 31.03.2021 RM
Uomo Donna (Malaysia) Sdn. Bhd.						
8 parcels of land for Lot No.12398, Lot No.12399, Lot No.12400, Lot No.12402, Lot No.12403, Lot No.12404, Lot No.12405 and Lot No.12407 Mukim of Rasah, District of Seremban, Negeri Sembilan	Acquired on 04.12.2012	Land for development	270,433	Freehold	–	17,296,968
Chongai Properties Sdn. Bhd.						
Lot No. G01 and Lot No. G02 Jalan Arumugam Pillai 14000 Bukit Mertajam Pulau Pinang	Acquired on 08.08.1995	Shoplots for sale	140	Freehold	–	503,441
Eksons Corporation Berhad						
6 units, Block D Jalan Atmosphere 7 Pusat Perniagaan The Atmosphere 43300 Seri Kembangan Selangor	Acquired on 09.12.2019	Shop office for sale	844	Leasehold expiring year 2097	8	2,925,000
Vibrant Hub Sdn. Bhd.						
1 unit, Block D Jalan Atmosphere 7 Pusat Perniagaan The Atmosphere 43300 Seri Kembangan Selangor	Acquired on 08.03.2021	Shop office for sale	152	Leasehold expiring year 2097	8	110,105

DISCLOSURE OF RECURRENT **RELATED PARTY TRANSACTIONS**

The details of recurrent related party transactions conducted during the financial year ended 31 March 2021 pursuant to the shareholders' mandate are disclosed as follows :-

Transacting company in the Eksons Group	Mandated Related Party	Nature of transactions by the Mandated Related Party	Amount transacted during the financial year
			RM
Viva Paradise Sdn. Bhd. ("Viva Paradise") [1]	Tempo Properties Sdn. Bhd. ("TPSB") [2]	Project management services by TPSB to Viva Paradise for the property development project at Bukit Serdang,Selangor.	RM 404,978 [3,4]

Notes:

1. Viva Paradise Sdn. Bhd. is a wholly-owned subsidiary of Vibrant Hub Sdn. Bhd.

2. Vibrant Hub Sdn. Bhd., a 68.06%-owned subsidiary of Eksons Corporation Berhad. The balance 31.94% of Vibrant Hub Sdn. Bhd. is owned by Topaz Blue Sdn. Bhd. (13.12%), a subsidiary of TPSB and Zenith Joy Sdn. Bhd. (18.82%).

3. The management fee paid to TPSB includes Sales and Service Tax of RM47,588.63.

4. The amount disclosed represents the amount paid of RM811,701 after deducting the portion amounting to RM406,723 to be borne by Topaz Blue Sdn. Bhd. pursuant to the Second Supplemental Project Management Agreement between Viva Paradise Sdn. Bhd. and Tempo Properties Sdn. Bhd. dated 30 July 2020.

ANALYSIS OF **SHAREHOLDINGS**
as at 4 August 2021

SHARE CAPITAL

Issued and Paid-Up Share Capital	:	RM131,370,400.00 divided into 164,213,000 ordinary shares (including 2,733,334 treasury shares)
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	No. of holders	%	No. of Shares	%
less than 100	82	3.90	3,631	0.00
100 – 1,000	287	13.66	87,618	0.06
1,001 – 10,000	1,158	55.09	3,581,702	2.18
10,001 – 100,000	489	23.26	11,860,355	7.22
100,001 to less than 5% of issued shares	82	3.90	53,808,418	32.77
5% and above of issued shares	4	0.19	94,871,276	57.77
Total	2,102	100.00	164,213,000	100.00

DIRECTORS' SHAREHOLDINGS

As per the Register of Directors' Shareholdings, save for the Directors named below, no other Directors of the Company has any interest in shares, direct or indirect, in the Company or its related corporation.

Names	Shareholding Direct	%	Shareholding Indirect	%	note
1. Tay Hua Sin	9,161,933	5.58	66,251,960	40.35	(i)
2. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	1,102,314	0.67	20,467,383	12.46	(ii)
3. Dato' Philip Chan Hon Keong	303,000	0.18	–	–	–
4. Koay Kah Ee	20,200	0.01	–	–	–

Notes:-

i. Indirect interest is by virtue of the shareholder's interest in Darujasa Sdn. Bhd. (33,125,980 shares) and Kesturi Suria Sdn. Bhd. (33,125,980 shares).

ii. Indirect interest is by virtue of the interests of the shareholder's son, Dato' Sri Faizal Bin Abdul Aziz (1,010,000 shares), and shareholder's interest in Serira Sdn. Bhd. (19,457,383 shares).

ANALYSIS OF SHAREHOLDINGS
CONT'D

SUBSTANTIAL SHAREHOLDERS

Names	Shareholding Direct	%	Shareholding Indirect	%	note
1. Darujasa Sdn. Bhd.	33,125,980	20.17	–	–	
2. Kesturi Suria Sdn. Bhd.	33,125,980	20.17	–	–	
3. Serira Sdn. Bhd.	19,457,383	11.85	–	–	
4. Tay Hua Sin	9,161,933	5.58	66,251,960	40.35	(i)
5. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain	1,102,314	0.67	20,467,383	12.46	(ii)
6. Dato' Sri Faizal Bin Abdul Aziz	1,010,000	0.62	19,457,383	11.85	(iii)
7. Khairul Arifin Bin Abdul Aziz	–	–	19,457,383	11.85	(iii)

Notes:-

(i) Indirect interest is by virtue of the shareholder's interest in Darujasa Sdn. Bhd. (33,125,980 shares) and Kesturi Suria Sdn. Bhd. (33,125,980 shares).
(ii) Indirect interest is by virtue of the interests of the shareholder's son, Dato' Sri Faizal Bin Abdul Aziz (1,010,000 shares), and shareholder's interest in Serira Sdn. Bhd. (19,457,383 shares).
(iii) Indirect interest is by virtue of the shareholder's interest in Serira Sdn. Bhd. (19,457,383 shares).

THIRTY LARGEST SECURITIES HOLDERS AS AT 4 AUGUST 2021

NO	NAME	SHAREHOLDING	%
1	DARUJASA SDN. BHD.	33,125,980	20.1726
2	KESTURI SURIA SDN. BHD.	33,125,980	20.1726
3	SERIRA SDN BHD	19,457,383	11.8489
4	KENANGA NOMINEES (ASING) SDN BHD -TAY HUA SIN (PCS)	9,161,933	5.5793
5	LIM PEI TIAM @ LIAM AHAT KIAT	6,761,142	4.1173
6	ADDEEN PRINTERS SDN. BHD.	5,236,951	3.1891
7	CIMB GROUP NOMINEES (ASING) SDN. BHD. -EXEMPT AN FOR DBS BANK LTD (SFS)	4,472,381	2.7235
8	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. -EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	4,386,353	2.6711
9	EKSONS CORPORATION BERHAD	2,733,334	1.6645
10	TEO KWEE HOCK	2,679,530	1.6317
11	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. -PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	2,079,791	1.2665

ANALYSIS OF SHAREHOLDINGS
CONT'D

THIRTY LARGEST SECURITIES HOLDERS AS AT 4 AUGUST 2021 (CONT'D)

NO	NAME	SHAREHOLDING	%
12	LO, WU-HSIUNG	2,079,186	1.2662
13	RAFAZJAYA SDN. BHD.	1,797,800	1.0948
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. -PLEDGED SECURITIES ACCOUNT FOR TAN MENG SENG	1,651,855	1.0059
15	CITIGROUP NOMINEES (ASING) SDN. BHD. -PERSHING LLC FOR CRAFTSMAN SPECIAL OPPORTUNITIES LP	1,160,894	0.7069
16	ZULKIFLI BIN HUSSAIN	1,129,786	0.6880
17	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. -PLEDGED SECURITIES ACCOUNT FOR ABDUL AZIZ BIN HUSAIN (KUCHING)	1,102,314	0.6713
18	FAIZAL BIN ABDUL AZIZ	1,010,000	0.6151
19	KENANGA NOMINEES (TEMPATAN) SDN. BHD. -PLEDGED SECURITIES ACCOUNT FOR TAN MENG SENG	1,010,000	0.6151
20	LOW HAN KEE	866,378	0.5276
21	TAY WAH SENG	707,000	0.4305
22	KENANGA NOMINEES (TEMPATAN) SDN. BHD. -PLEDGED SECURITIES ACCOUNT FOR CHOONG SOO ONN	561,055	0.3417
23	TEH SENG HOCK	535,000	0.3258
24	NGUI MEU CHUONG	504,541	0.3072
25	LEE SEE JIN	498,536	0.3036
26	CHEN, YI-HSIN	404,000	0.2460
27	HSBC NOMINEES (ASING) SDN. BHD. -EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	394,736	0.2404
28	LIM PAY KAON	388,850	0.2368
29	CHIENG NGEE ONG	374,912	0.2283
30	SOW TIAP	363,600	0.2214

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No. of Shares Held	
CDS Account No.	

EKSONS CORPORATION BERHAD
(Registration No.: 199001014145 (205814-V))

PROXY FORM
(To be completed in Block Letters. Before completing this form please refer to the notes below.)

*I/We ....

*NRIC No./Passport No./Registration No. .... of ....

....

with email address .... mobile phone no. ....

being a member(s) of **EKSONS CORPORATION BERHAD** ("the Company") hereby appoint *the Chairman of the meeting or:-

Full Name		**NRIC/Passport No.**	**Proportion of shareholdings**	
Address	**Email Address**	**Mobile No.**	**No. of Shares**	**%**

*and/or

Full Name		**NRIC/Passport No.**	**Proportion of shareholdings**	
Address	**Email Address**	**Mobile No.**	**No. of Shares**	**%**

as *my/our proxy to vote for *me/us on *my/our behalf at the Annual General Meeting ("AGM") of the Company to be conducted on a fully virtual basis from the Broadcast Venue at Mega Corporate Services Sdn. Bhd. of Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 23 September 2021 at 3.00 p.m. or at any adjournment thereof, in the manner indicated below:-

Ordinary Resolution		**For**	**Against**	**Abstain**
1.	To re-elect Mr Tay Hua Sin as Director.			
2.	To re-elect Dato' Philip Chan Hon Keong as Director.			
3.	To approve the payment of Directors' fees of RM325,320 in respect of the financial year ended 31 March 2021.			
4.	To approve the payment of Directors' benefits for an amount up to RM25,500 from the conclusion of the AGM until the next AGM of the Company.			
5.	To appoint Messrs Crowe Malaysia PLT as Auditors of the Company in place of the retiring auditors, Messrs Ernst & Young PLT for the ensuing year and to authorise the Board to fix their remuneration.			
6.	To renew Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.			
7.	To renew authority for the Company to purchase its own shares.			

(Please indicate with an "X" in the spaces provided on how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.)

Signed this .... day of ....

....
*Signature(s)/Common Seal of Shareholder

* Delete if not applicable.

Note:

1) Only depositors whose names appear in the record of depositors as at 13 September 2021 shall be regarded as members and entitled to attend, participate, speak and vote at the meeting or appoint a proxy or proxies in his stead.

2) A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend, participate, speak and vote at the same meeting instead of him and that a proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.

3) Where a Member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.

4) A member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

   Where a Member 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 as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5) The instrument appointing a proxy(ies) shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorised. Any alteration to the proxy form must be initialled.

6) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarial certified copy of such power or authority, must be deposited through any one of the following methods and within the relevant timelines, and in default, the instrument appointing a proxy shall not be treated as valid:

<table>
<tr><th></th><th>Place</th><th>Timeline</th></tr>
<tr><td>Physical instrument/ hard copy</td><td>To be deposited at the office of the Poll Administrator:
Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur.</td><td>Not less than twenty-four (24) hours before the time appointed for holding the meeting or adjourned meeting.

No later than Wednesday, 22 September 2021 at 3.00 p.m.</td></tr>
<tr><td>Electronic form/ soft copy</td><td>To email to
AGM-support.Eksons@megacorp.com.my</td><td rowspan="2">Not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

No later than Tuesday, 21 September 2021 at 3.00 p.m.</td></tr>
<tr><td>Other methods</td><td>To register directly at
https://vps.megacorp.com.my/dq4VRv

For further information on the registration, kindly refer to the Administrative Notes.</td></tr>
</table>

7) Corporate representatives of the corporate shareholders must deposit their original or duly certified certificate of appointment of corporate representative through any one of the methods and within the relevant timelines as set out in note 6 above.

8) By submitting the instrument appointing a proxy/representative, a member and his/her proxy/representative consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for this meeting and any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

EKSONS CORPORATION BERHAD
(Registration no.: 199001014145 (205814-V))

Poll Administrator Office
Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

1st fold here

EKSONS
CORPORATION BERHAD
(Registration No.: 199001014145 (205814-V))

www.eksons.com.my