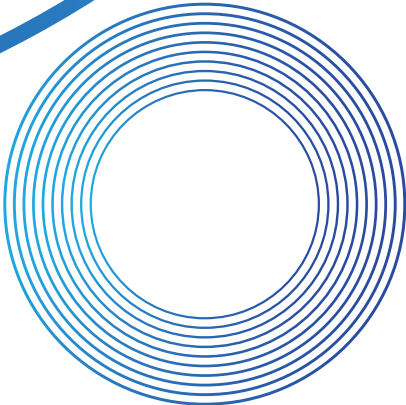




**ATA IMS BERHAD**

Registration Number: 198901012846 (190155-M)



# **ANNUAL REPORT 2022**



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Dato' Sri Foo Chee Juan  
Executive Chairman cum Executive Director

Dato' Fong Chiu Wan  
Chief Executive Officer cum Executive Director

Mr.Dharma Rajah Nadarajah  
Chief Operating Officer cum Executive Director  
*Appointed on 9 May 2022*

Mr. Koh Win Ton  
Independent Non-Executive Director

Mr. Lee Kok Jong  
Independent Non-Executive Director

Ms. Elizabeth Shanti A/P Frank Louis  
Independent Non-Executive Director  
*Appointed on 17 December 2021*

Datuk Balachandran A/L Govindasamy  
Chief Operating Officer cum Executive Director  
*Resigned on 31 December 2021*

Ms. Wong Chin Chin  
Independent Non-Executive Director  
*Resigned on 29 November 2021*

### COMPANY SECRETARIES

Ms. Yong May Li  
(LS 0000295, SSM PC No. 202008000285)  
Ms. Wong Chee Yin  
(MAICSA 7023530, SSM PC No. 202008001953)

### REGISTERED OFFICE

Suite 1301, 13th Floor, City Plaza  
Jalan Tebrau, 80300 Johor Bahru, Malaysia  
Tel : +607 332 2088  
Fax : +607 332 8096

### COMPANY'S WEBSITE

[www.ataims.com.my](http://www.ataims.com.my)

### STOCK EXCHANGE LISTING

Main Market,  
Bursa Malaysia Securities Berhad  
Bursa Code: 8176  
Reuters Code: ATAI.KL  
Bloomberg Code: AIB MK

### SHARE REGISTER

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,  
Malaysia.  
Tel : +603 2783 9299  
Fax : +603 2783 9222  
E-mail : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

### PRINCIPAL BANKERS

Alliance Islamic Bank Berhad  
AmBank Islamic Berhad  
CIMB Islamic Bank Berhad  
Citibank Berhad  
Hong Leong Islamic Bank Berhad  
HSBC Amanah Malaysia Berhad  
Maybank Islamic Berhad  
OCBC Al-Amin Bank Berhad  
RHB Islamic Bank Berhad  
Standard Chartered Bank Malaysia Berhad

### AUDITORS

KPMG PLT  
Level 3, CIMB Leadership Academy No. 3,  
Jalan Medini Utara 1, Medini Iskandar,  
79200 Iskandar Puteri, Johor, Malaysia.  
Tel : +607 266 2213  
Fax : +607 266 2214

RSM Malaysia  
Suite 16-02, Level 16, Menara Landmark,  
No. 12, Jalan Ngee Heng,  
80000 Johor Bahru, Johor, Malaysia.  
Tel : +607 276 2828  
Fax : +607 276 2832

AA Associates  
No.6, Jalan Setia Tropika 1/1  
Taman Setia Tropika  
81200 Johor Bahru  
Tel : 07-2344323  
HP : 010-8108426 / 016-7107199

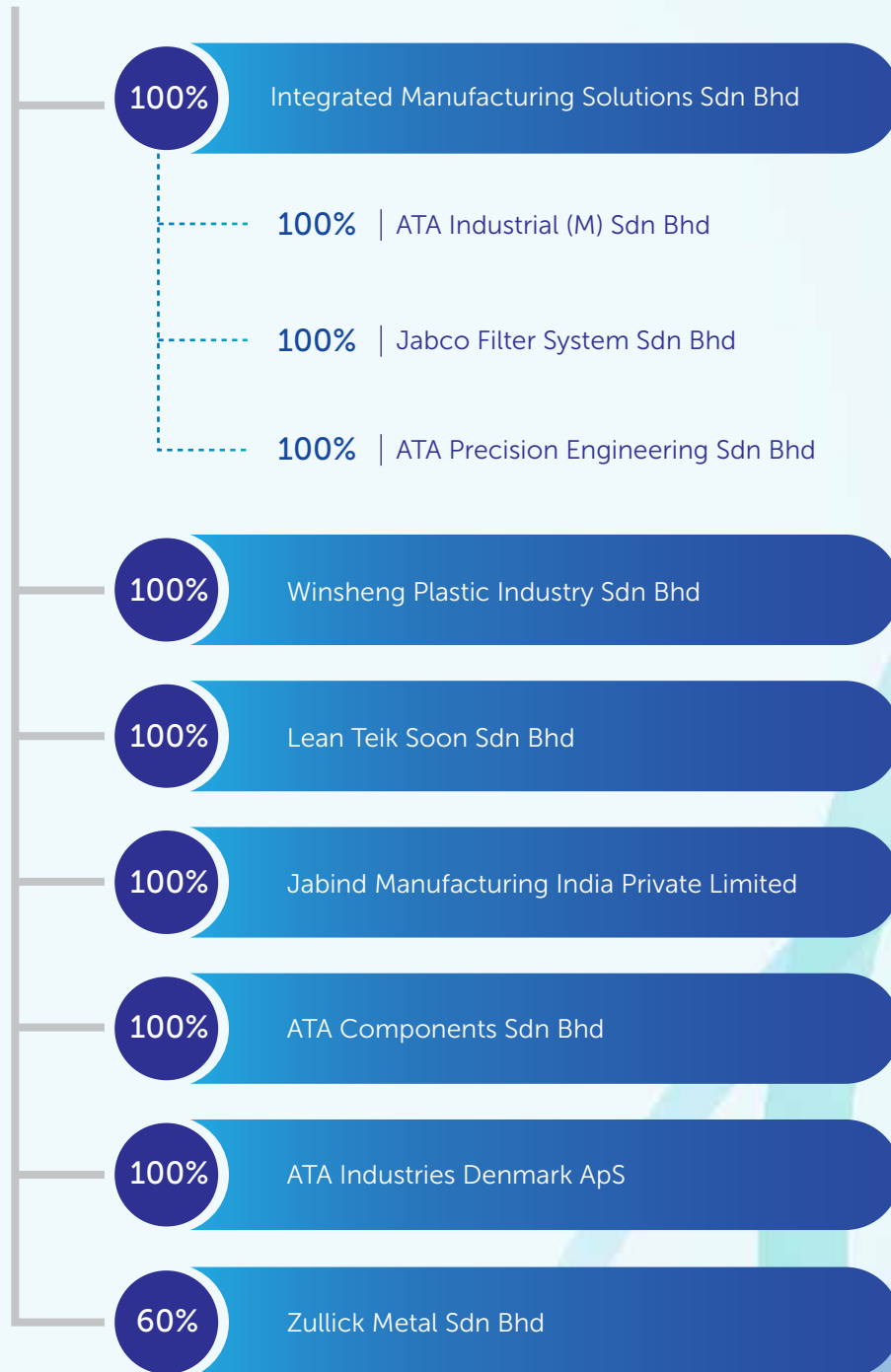
KPSN & Associates LLP,  
1st Floor, 128, Crown Court,  
Cathedral Road, Chennai 600086, India.  
Tel : +91 44 4500 0259

Beierholm - Limited Partnership Company  
Voergårdvej 2 - DK-9200 Aalborg SV - Denmark  
Tel : +45 9818 7200

# GROUP STRUCTURE



**ATA IMS BERHAD**  
Registration Number: 198901012846 (190155-M)



## FINANCIAL HIGHLIGHTS

### FIVE YEARS GROUP FINANCIAL SUMMARY

#### OPERATING RESULTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH (RM'000)

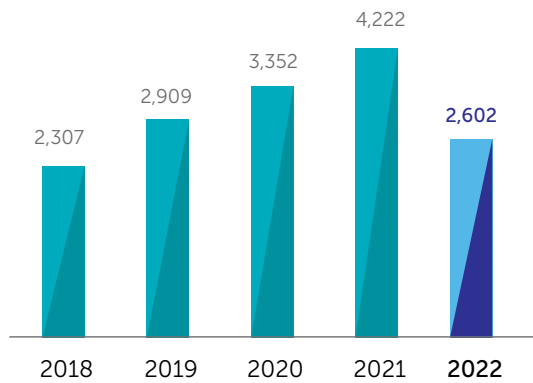
	2022	2021	2020	2019	2018
Revenue	2,602,120	4,221,815	3,352,243	2,908,560	2,306,630
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	53,012	252,398	161,447	190,140	147,947
(Loss)/Profit before Tax (PBT)	(13,563)	192,038	106,798	152,499	127,725
(Loss)/Profit after Tax (PAT)	(12,151)	150,300	76,270	112,941	94,002

#### KEY BALANCE SHEET DATA AS AT 31ST MARCH (RM'000)

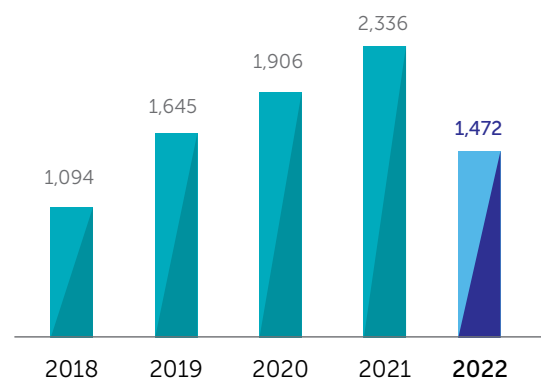
	2022	2021	2020	2019	2018
Shareholders' Funds	738,578	790,696	666,929	630,101	421,640
Total Assets	1,472,020	2,335,762	1,906,450	1,644,615	1,093,590
Net Current Assets	448,268	481,430	375,963	373,084	177,776
Total Borrowings	254,933	552,861	463,731	361,793	158,553
Cash and Cash Equivalents	200,672	351,208	359,627	270,633	154,828
<b>PER SHARE</b>					
Basic earning/(loss) per Share (sen)	(1.01)	12.49	6.33	9.83	8.96
Net Assets per Share (RM)	0.61	0.66	0.55	0.52	0.37
<b>FIANNCIAL RATIOS</b>					
Current Ratio (times)	1.77	1.34	1.34	1.42	1.28
EBITDA Margin (%)	2.04	5.98	4.82	6.54	6.41
Debt-to-Equity (times)	0.35	0.70	0.70	0.57	0.38
Return on Equity (%)	(1.64)	19.01	11.44	17.92	22.29

## FINANCIAL HIGHLIGHTS

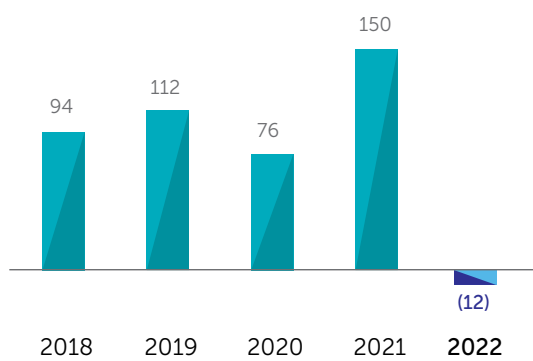
Revenue (RM' Millions)



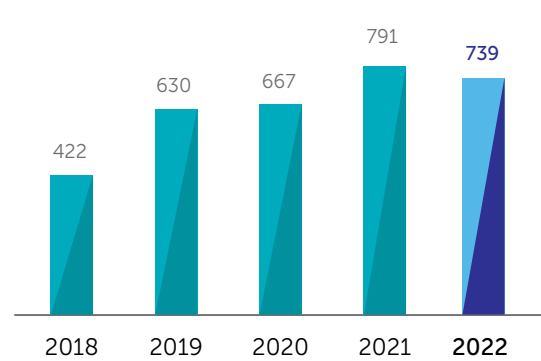
Total assets (RM' Millions)



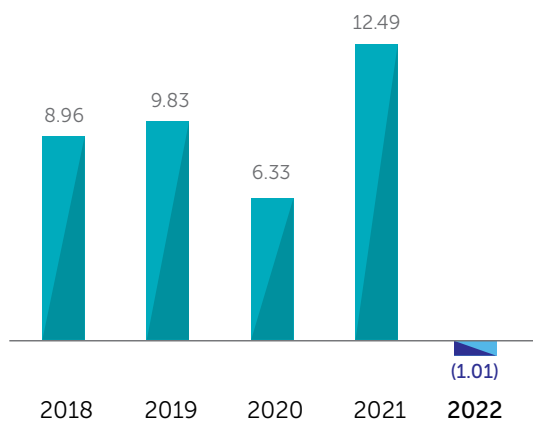
(Loss)/Profit after tax attributable to equity holder (RM' Millions)



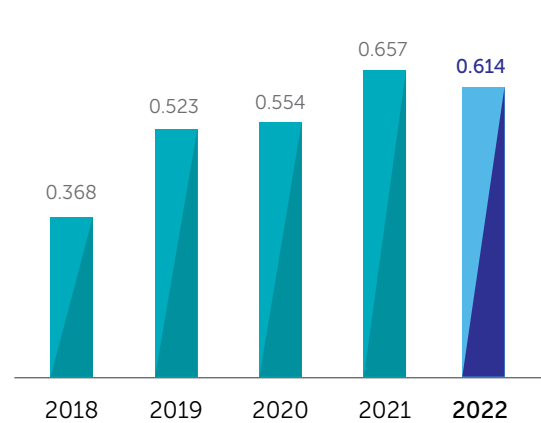
Shareholders' funds (RM' Millions)



Basic earning/(loss) per share (Sen)



Net asset per share (RM)

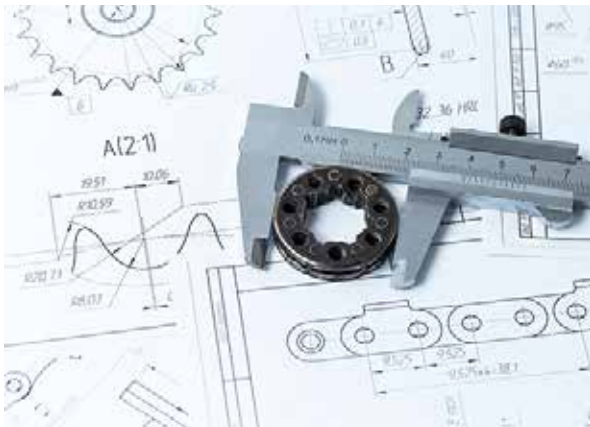


# CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

## WHO WE ARE

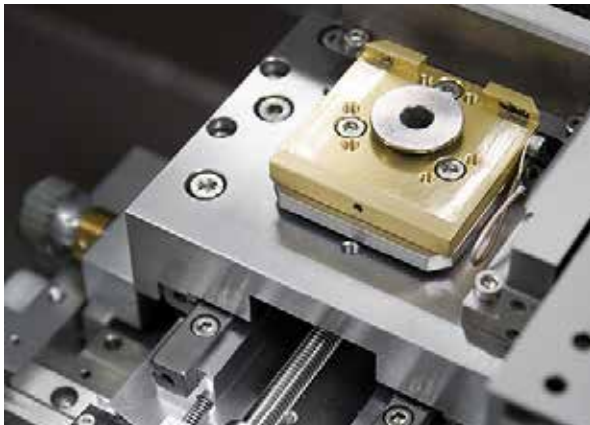
A leading Electronics Manufacturing Services (EMS) provider to internationally recognized brands. Qualified with multiple global ISO accreditations and honoured with numerous awards as well as backed by a team committed in delivering innovation, ATA IMS Berhad and its subsidiaries ("the Group" or "ATA") offer vertically integrated capabilities from design and engineering, mould design and fabrication, plastic injection moulding, spraying facilities, filter solutions, wire harness, metal stamping to box build assembly.

## OUR CAPABILITIES



### DESIGN & ENGINEERING SOLUTIONS

Integration from initial conceptualization all the way to production



### MOULD DESIGN AND FABRICATION

Unigraphic CAD & CAM software, AutoCAD and flow for creating mould design.

CNC Milling, wire cut and EDM machines for customised moulds



### PLASTIC INJECTION MOULDING

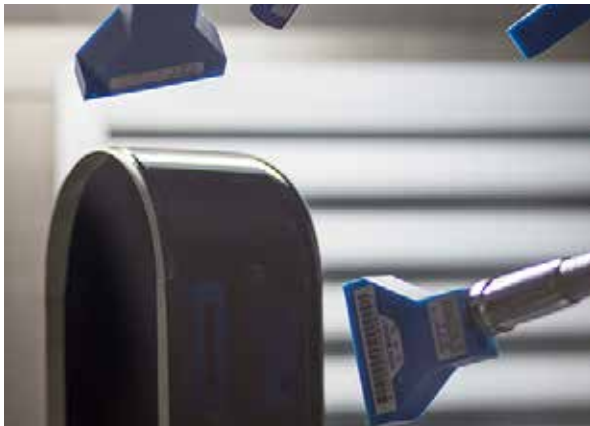
Single and double colour injection machines, insert moulding and clean room environment

## CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS



### BOX BUILD ASSEMBLY

Newest automation machines for high volume assembly process



### PAINTING & SECONDARY PROCESS

Ultra violet curing room, clean room, silk screening, tampo painting, hot stamping and laser marking



### FILTERS

High Efficiency Particulate Air (HEPA) technology from media pleating, slitting, scoring, sewing to PU potting



### WIRE HARNESS

Producing high quality cable and wiring assembly towards vertical integration effort



## CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS



### METAL STAMPING

Progressive metal stamping in producing incredibly precise parts in an efficient manner

### MESSAGE TO SHAREHOLDERS

FY2022 was no doubt another challenging year for the Group. In addition to the continued impact of the Covid 19 pandemic on a global scale, one of our subsidiaries was embroiled in forced labour allegations in November 2021 which resulted in the termination of sales contracts from its largest customer (which accounted for 81% of revenue) from 1 June 2022 onwards.

Without further delay, we had undertaken drastic downsizing measures to reduce cost and at the same time engaged an independent professional services company to conduct an independent assessment regarding our governance and risk management our governance and risk management on human resource management and practices. The assesment was guided by the International Labour Organisation ("ILO") Human Rights Indicators and relevant ethical requirements of the International Ethics Standards Board for Code of Ethics were used in the assessment.

At the time the third-party independent assessment was conducted, there were no indications of forced labour practice. We are continuously working on improving our practices and management of our people.

With this transparent report obtained from the independent assessment coupled with aggressive downsizing activities, we are certain that the Group will continue making progress in business while increasing awareness on the importance of protecting and promoting workers' rights.

### OPERATION REVIEW

The Group's weaker result for the FY2022 were firstly attributed by the implementation of Movement Control Order by Malaysian Government in the first and second quarters whereby workforce was restricted to a maximum of 60%, followed by the withdrawal of the sales contract by the Group's largest customer with one of its subsidiaries in third quarter. These had resulted under-utilization of the Group's production capacity and impairment of assets. The Group's revenue shrank by 38% to RM2.6 billion (FY2021: RM4.2 billion) and Profit before tax slumped by 107% to Loss before tax of RM13.6 million as compared with Profit before tax of RM192.0 million in FY2021.

As a result of the Group's financial performance, cash and cash equivalents dropped to 200.7 million (FY2021: RM351.2 million) with total debt stood at RM254.9 million as at 31 March 2022 (FY2021: RM552.9 million).

Following the drop in Revenue, Trade and Other Receivables reduced to RM433.1 million (FYE2021: RM984.5 million), whereas Trade and Other Payables declined to RM466.1 million (FYE2021: RM965.4 million). The inventories had also decreased by 31% to RM314.8 million (FYE2021: RM458.5 million).

## CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL HIGHLIGHTS

	FY2022 RM'000	FY2021 RM'000	Variations %
Revenue	2,602,120	4,221,815	-38%
EBITDA	53,012	252,398	-79%
(LBT)/PBT	(13,563)	192,038	-107%
(LAT)/PAT	(12,151)	150,300	-108%
Property, plant and equipment	361,423	368,851	-2%
Inventories	314,785	458,487	-31%
Trade and other receivables	433,148	984,553	-56%
Cash and cash equivalents	200,672	351,208	-43%
Trade and other payables	466,119	965,374	-52%
Total loans and borrowings	254,933	552,861	-54%

### STRATEGIC PRIORITIES

In order to be able to turnaround, moving forward the Group has been engaging in business developments with potential new customers particularly in the United States and Europe, and investing in new production capabilities including prototyping, so as to increase and grow its revenue. The group will also continue to accelerate its transformation plans by undertaking cost cutting measures and work towards downsizing whereby significant changes have been implemented throughout the organization by merging the existing subsidiaries, discontinuing some warehouses and reducing production capacity by selling excess plant and machineries.

The welfare and safety of our people remain our foremost priority. The Group continues to comply with all relevant local and international labour standards and practices while instilling a balanced and sustainable approach towards environmental, social and governance elements in our strategic decision and business direction. We will continue to strengthen our sustainability performance by monitoring our performance indicators, fostering close relationships with our stakeholders as well as incorporating sustainability principles across the Group.

### APPRECIATION

On behalf of the Board, I wish to express our sincere appreciation to all our valued shareholders, customers, vendors, bankers and business associates for the trust and loyalty given to us over the years, and continuously support us in this turbulent year.

To the Directors, management team and all employees – thank you very much for the excellent leadership in steering the Group and unwavering dedication during this challenging time.

We continue to look forward to further strengthening our relationship with you by going through this hard time together. Notwithstanding with lower Revenue expected in near future, with the downsizing and cost cutting strategy in place, the Board is confident that we will be able to turnaround to positive in the subsequent financial year and scaling the Group to a stable and sustainable future.

## OUR BOARD OF DIRECTORS

---

### DATO' SRI FOO CHEE JUAN

61, Singaporean, Male  
Executive Chairman & Executive Director

---

Dato' Sri Foo Chee Juan was appointed to the Board on 21 March 2017.

Dato' Sri Foo Chee Juan is the co-founder of Integrated Manufacturing Solutions Sdn Bhd and its group of subsidiaries and Executive Chairman of ATA IMS Berhad. He is responsible for setting the overall direction and strategy of the Group.

Dato' Sri Foo also leads the execution of strategic expansions and new investments to drive the overall growth of the Group.

Dato' Sri Foo has more than 30 years of experience in the manufacturing industry. Under his visionary leadership, ATA has transformed from an injection moulding start-up with 20 employees and five injection machines into today's leading EMS provider offering multiple capabilities under one roof.

Dato' Sri Foo holds a Bachelor of Science in Finance, Economics and Marketing from the University of Oregon's Lundquist College of Business.

Dato' Sri Foo is a director of Oregon Technology Sdn Bhd who is a substantial shareholder of the Company. He also sits on the board of several private limited companies.

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### DATO' FONG CHIU WAN

59, Singaporean, Female  
Chief Executive Officer (CEO) & Executive Director

---

Dato' Fong Chiu Wan was appointed to the Board on 13 February 2018.

Dato' Fong Chiu Wan is the co-founder of Integrated Manufacturing Solutions Sdn Bhd and its group of subsidiaries and Chief Executive Officer of ATA IMS Berhad. She is responsible for the formulation of corporate and business strategies of the Group.

With over 34 years of experience in the manufacturing industry, Dato' Fong has been instrumental in the growth of the company since the beginning. She has spent extensive amount of time in various areas from strategic planning, operations to business development. Under her leadership, ATA has grown from strength to strength to become today's leading EMS provider offering vertically integrated manufacturing capabilities.

Dato' Fong holds a Bachelor of Arts in Management and Marketing from the University of Oregon's Lundquist College of Business.

Dato' Fong also sits on the board of several private limited companies.

## OUR BOARD OF DIRECTORS

---

### DHARMA RAJAH NADARAJAH

52, Malaysian, Male  
Chief Operating Officer (COO) & Executive Director

---

Mr. Dharma was appointed to the board as Executive Director and Group Chief Operating Officer on 09 May 2022.

Mr. Dharma holds a Bachelor of Computer Systems Engineering (Hons) Degree from the University of Bristol, UK. He also has a Master of Business Administration (MBA) degree from the Nanyang Technological University, Singapore, where he was the Institute of Engineers Gold Medalist. He also obtained a Certificate in Blockchain Technologies from the Sloan School of Management, Massachusetts Institute of Technology (MIT).

Mr. Dharma has almost 30 years of deep industry experience and insight. He last served at Venture Corporation Ltd for more than 20 years where he was Executive Vice-President responsible for various functions including Global Operations, Customer Management, Design Services and Sales. Prior to joining Venture Corporation, he worked in the Hard-Disk industry for more than 5 years where he served as an Engineer at Seagate Corp and subsequently as Engineering Manager at Quantum Corp. He also worked at Schlumberger Wireline as a Field Engineer after graduation.

Mr. Dharma has a solid and proven record in Financial Management, Business Development and Operational Excellence. Over the span of his career, he has also built strong customer relationships with many of the world's most successful Electronics companies. As a strong advocate of Enterprise Business Systems and Continuous Improvement, Mr. Dharma is responsible to augment the Groups energy and focus in all areas of Operational Performance including building high-performing teams, strengthening the Groups revenue base and sharpen corporate ESG initiatives.

---

### KOH WIN TON

49, Malaysian, Male  
Independent Non Executive Director

---

Mr. Koh Win Ton was appointed to the Board on 21 March 2017. He holds a Master of Business Administration from the Veritas University College, Bachelor of Business(Accounting) from the University of Technology, Sydney in 1995 and he was admitted to CPA Australia on 30 June 1999 and admitted to the Malaysia Institute of Accountants on 27 August 1999. In 2005, he was also admitted to the Malaysia Institute of Taxation.

Mr. Koh Win Ton is a director of Opal Corporate Services Sdn Bhd and SK & Associates and has more than 20 years of experience in the accounting and tax profession as well as commercial sector in Malaysia, Singapore, Hong Kong and China. He joined one of the big four international accounting firms in 1996 and was exposed to a wide range of professional services including audit, tax and business advisory. In 1999, he joined a manufacturing company as the Financial Controller where he was responsible to oversee the internal control system as well as the finance and accounts departments. In 2001, he extended his exposure to China where he was appointed as the General Manager by a PLC in Malaysia to set up a factory in the southern part of China. In 2003, he was transferred back to Singapore to oversee the Group accounts department, and preparation of PLC's annual report as well as quarterly reporting and the internal audit function.

He joined Opal Corporate Service Sdn Bhd as a Director in 2004 and is currently in charge of the day-to-day operation of the business advisory department providing corporate secretarial services, compliance advisory, tax planning advisory, technical training services and internal audit services. In addition, he joined SK & Associates in 2009 to operate a branch office in Johor Bahru to handle audit and tax engagements.

He was appointed as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committee on 21 March 2017.

## OUR BOARD OF DIRECTORS

---

### LEE KOK JONG

47, Malaysian, Male  
Independent Non Executive Director

---

Mr. Lee Kok Jong was appointed to the Board on 24 August 2017. He holds a Master of Business Administration from the Veritas University College, Bachelor of Business majoring in Accounting from Charles Sturt University, Australia in 1999. He was admitted to CPA Australia in April 2003 and subsequently, he was admitted to the Malaysian Institute of Accountants in July 2003 and to the Malaysian Institute of Taxation in 2006. He is also a member of Institute of Approved Company Secretaries.

Mr. Lee has more than 25 years of working experience with great exposure to auditing, compliance, tax planning, group accounts, corporate governance, corporate planning and restructuring garnered from his previous employment with a CPA firm in Singapore after his graduation and also his current accountancy practice in Malaysia that he set up since 2005. His current practice provides various services including corporate secretarial services, compliance advisory, tax planning advisory and business consulting services to a wide clientele of different industries.

He was appointed as Chairman of the Nominating and Remuneration Committee and member of the Audit Committee on 24 August 2017.

---

### ELIZABETH SHANTI A/P FRANK LOUIS

54, Malaysian, Female  
Independent Non Executive Director

---

Ms Elizabeth Shanti was appointed to the Board on 17 December 2021. She was appointed as a member of the Audit Committee and a member of the Nominating and Remuneration Committee on 17 December 2021.

She holds a Bachelor of Laws (LLB.) from the University of London in 1991 and was admitted to the Malaysian Bar in 1993. She also holds a Master of Business Administration from the University of Strathclyde.

She has extensive experience in real estate matters and has represented property developers in connection with property development for residential and commercial as well as integrated development. She has undertaken a wide spectrum of work which includes property related finance and general conveyancing transactions, acquisitions and disposals of companies, shareholders agreements, leases, tenancies and work in relation to probate and administration matters.

---

#### Note:

Saved as disclosed, none of the Directors have:

- (a) Any family relationship with any Director and/or major shareholder of the Company.
- (b) Any conviction for offence (other than traffic offences) within the past 5 years.
- (c) Any conflict of interest with the Company.
- (d) Any other directorship in public companies and listed issuers.

## OUR SENIOR MANAGEMENT TEAM

The executive function in the Group is spearheaded by the Executive Chairman, namely Dato Sri' Foo Chee Juan and assisted by Dato' Fong Chiu Wan and Mr.Dharma Rajah Nadarajah whose profiles are included in the Board of Directors section of this Annual Report. The profile of other key senior management is set out below:

---

### LOH CHOO SHIEN

48, Malaysian, Male  
Finance Director

---

Mr. Loh Choo Shien graduated with a Bachelor Degree in Accounting from Curtin University, Australia in 1998. He completed the Australian Certified Practising Accountants (CPA) programme in 2001, and is currently a member of CPA Australia and the Malaysian Institute of Accountants (MIA) since 2003.

Mr. Loh started his career with H. Law & Co. in Kota Kinabalu in 1998, specialising in Financial Audit and was sent to set up the Kuala Lumpur branch in 2001. During his tenure in Kuala Lumpur, he oversaw a group of 10 staffs and was assigned to various organisations to do business restructuring and consulting engagements.

He left H. Law & Co. and joined Precision Plastic Industries Sdn Bhd, a manufacturer of plastic parts, as an Accountant in 2003 and was promoted to Accounts and Finance Manager in 2004. Mr. Loh gained extensive experience in his role as Finance Manager in the Manufacturing environment.

Mr. Loh left Precision Plastic Industries Sdn Bhd in 2007 and joined ATA Industrial (M) Sdn Bhd as Finance Manager in January 2008 and rose to the rank of Finance Director in 2021. He is currently in charge of the Group's day-to-day accounting and financial functions.

---

#### Note:

Saved as disclosed, none of the senior management have:

- (a) Any family relationship with any director or major shareholder of the Company.
- (b) Any conviction for offence (other than traffic offences) within the past 5 years.
- (c) Any conflict of interest with the Company.
- (d) Any directorship in public company and listed issuers.

**SUSTAINABILITY  
STATEMENT**



## SUSTAINABILITY STATEMENT

### OBJECTIVE

The Board of Directors of ATA IMS Berhad (“ATA” or “the Company”) acknowledges that a business will be judged not solely on its financial performance but increasingly on its wider impact and role within the society. The Group believes that the prime focus on sustainability not only could enhance the production efficiency but also competitiveness advantage in the long run. Sustainability efforts and approaches carried out by the Group during the financial year are reported in this statement, reflecting how the Group’s mindset guides business activities and its ability to create value over time.

### REPORTING SCOPE

There is no change to the scope of our Sustainability Statement from the previous financial year. This Statement covers our core business units which are located in Johor, Malaysia. These include (i) ATA Industrial (M) Sdn Bhd, (ii) Jabco Filter System Sdn Bhd and (iii) Winsheng Plastic Industry Sdn Bhd, collectively referred to as “the Group”.

This Statement contains information for the period from 1st April 2021 to 31st March 2022 unless otherwise stated. It discloses basic principles, policies, material sustainability matters, management’s initiatives and activities executed during this period.

This Statement was prepared in accordance with Practice Note 9 of the Main Market Listing Requirements and guided by the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad.

### SUSTAINABILITY PRINCIPLES

The Board is committed to be accountable and transparent in its sustainability performance, which is based upon the following principles:

- To observe and comply with all relevant legislation, regulations, recommended trade practices and codes of practice applicable and relevant to the Group;
- To integrate sustainability matters into the Group’s business operations and business strategies;
- To manage sustainability matters in a structured and systematic manner;
- To continuously promote, train and communicate with all relevant stakeholders;
- To continuously engage in identification, assessment and management of material sustainable issues; and
- To strive to improve the Group’s sustainability performance over time.



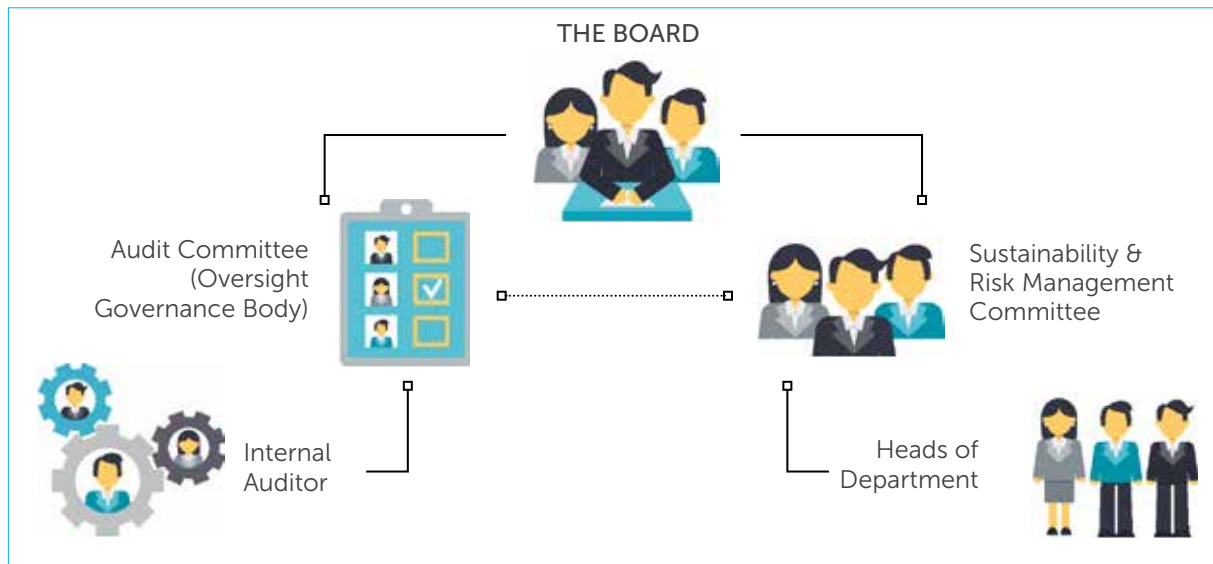


## SUSTAINABILITY STATEMENT

### SUSTAINABILITY GOVERNANCE STRUCTURE



<b>Board of Directors (BOD)</b>	Ultimately responsible for overall governance of sustainability strategies
<b>Audit Committee ("AC")</b>	Overseeing the sustainability management
<b>Sustainability &amp; Risk Management Committee ("SRMC")</b>	Implementing material sustainability matters' indicator, target and monitoring thereof
<b>Heads of Department (HOD)</b>	Managing and monitoring sustainability matters on day-to-day basis
<b>Internal Auditor</b>	Reviewing the Group's system of sustainability management in term of compliance, adequacy and reliability



### SUSTAINABILITY ASSESSMENT

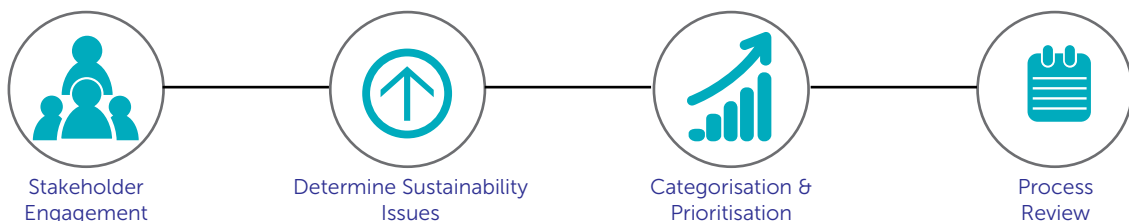


#### Materiality Assessment Process

Our materiality assessment process entails a methodical way of identifying, categorising and prioritising key sustainability issues. This enables the Group to identify and review material issues that are most relevant and significant to the organisation and its stakeholders. This approach better equips us to allocate our resources effectively to address the most pertinent sustainability issues.

Sustainability issues are considered material if:

- It has significant economic, environmental and social impacts on the Group from the organisation's point of view
- It substantively influences the assessments and decisions from the stakeholders' point of view
- It has significant economic, environmental and social impacts that affect the ability to meet the needs of the present and future generations



## SUSTAINABILITY STATEMENT

### Stakeholder Engagement

Engagement with stakeholders has been established as part of our Group's business practice, and is a major component of our overall sustainability process.

The following table summarises our key stakeholders groups, material sustainability matters and mapping with our engagement approaches:

Key Stakeholders Groups	Material Sustainability Matters	Engagement Approaches
Employees 	<ul style="list-style-type: none"> <li>- Fair and competitive remuneration and benefits</li> <li>- Health and wellness</li> <li>- Career enhancement</li> <li>- Talent development</li> <li>- Workplace safety</li> <li>- Succession planning</li> <li>- Job security</li> </ul>	<ul style="list-style-type: none"> <li>- Employee handbook</li> <li>- Induction briefings</li> <li>- Skills and personal development programs</li> <li>- On-the-job training and workshop</li> <li>- Performance appraisals</li> <li>- Learning and development programmes</li> <li>- Regular communication and meetings</li> </ul>
Shareholders and investors 	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- Shareholder value and returns</li> <li>- Business governance and risk management</li> <li>- Ethical practices</li> <li>- Business outlook</li> </ul>	<ul style="list-style-type: none"> <li>- Company's website and announcement at Bursa Malaysia website</li> <li>- Annual general meetings or other shareholders meetings</li> <li>- Analysts briefings</li> <li>- Investors presentations and meetings</li> <li>- Annual report and quarterly reports</li> </ul>
Customers 	<ul style="list-style-type: none"> <li>- Product quality and safety</li> <li>- Resilient and dynamic supply chain management</li> <li>- Competitive pricing</li> <li>- Protection of confidential information</li> <li>- Innovation and development</li> </ul>	<ul style="list-style-type: none"> <li>- Regular communications and meetings</li> <li>- Customer audits</li> <li>- Quality assurance evaluation</li> <li>- Customer satisfaction survey</li> <li>- Customer feedback</li> <li>- Customer's networking event</li> </ul>
Government and regulators 	<ul style="list-style-type: none"> <li>- Regulatory requirements</li> <li>- Economic and environmental issues</li> <li>- Pollution management</li> <li>- Community development</li> </ul>	<ul style="list-style-type: none"> <li>- Local council meetings and dialogues</li> <li>- Participation in government programs and initiatives</li> <li>- Consultation</li> <li>- Site visits and inspections</li> </ul>
Community 	<ul style="list-style-type: none"> <li>- Environmental issues</li> <li>- Ethical business</li> <li>- Labour practices</li> <li>- Talents attraction</li> <li>- Support for community development</li> </ul>	<ul style="list-style-type: none"> <li>- Donations and financial aid</li> <li>- Community engagement programmes</li> <li>- Company website</li> <li>- Social media platforms</li> </ul>
Suppliers 	<ul style="list-style-type: none"> <li>- Procurement management</li> <li>- Payment schedule</li> <li>- Sustainability supply chain and future business dealings</li> </ul>	<ul style="list-style-type: none"> <li>- Regular communications and meetings</li> <li>- Supplier evaluation and registration</li> <li>- Manufacturing collaborations discussions</li> <li>- Supplier audit</li> </ul>

## SUSTAINABILITY STATEMENT

### Categorization of Sustainability Issues

The list of sustainability issues identified internally and externally are further rationalized, refined and consolidated into different categories.

The list of sustainability matters covers similar matters to previous year except where we had added climate-related risks and opportunities as one of the environmental related issues. This is aligned with our increasing awareness on the impact of climate change to our environment and our aim is to reduce our carbon footprint. The new materiality matter in regard to the Covid-19 pandemic identified in the previous financial year continue to be our focus whereby safety and health of our employees and community remain our top priority.

Some of the key sustainability matters identified and prioritized by the Group during the financial year were detailed below, according to the category of Economic, Environment and Social.



Economic	Social	Environment
<ul style="list-style-type: none"> <li>• Business Performance and Growth</li> <li>• Business Integrity and Governance</li> <li>• Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational Health and Safety</li> <li>• Ethical Labour Practices</li> <li>• Workplace Diversity</li> <li>• Employment Development and Training</li> <li>• Employee Engagement</li> <li>• Communication Channels</li> <li>• Employee Compensations and Benefits</li> <li>• Pandemic Management</li> <li>• Community</li> </ul>	<ul style="list-style-type: none"> <li>• Waste management</li> <li>• Noise Pollution</li> <li>• Air Emissions</li> <li>• Climate-related Risks and Opportunities</li> </ul>



## SUSTAINABILITY STATEMENT

### ECONOMIC



#### Business Performance and Growth

ATA, the region largest EMS provider once before is always working towards in delivering long term economic value to its stakeholders for a sustainable economic growth.

ATA suffered severe earnings and revenue contraction in the FY2022, as the Revenue slumped 38% to RM2.6 billion from RM4.2 billion in the preceding year. This weaker performance was mainly caused by the effect of termination sales contract by one of its major customers. Please refer to page 4 of this Annual Report for more information on financials.

On the other hand, ATA is very cautious and disciplined in its investment strategy and capital expansion. The Group's initial plan carried forward from last financial year in which management had carefully evaluated order visibility and forecasts, was to expand production capacity through new innovations and additional facilities. However, due to the prolonged and new waves of the Covid-19 pandemic, the Malaysian government imposed a Full Movement Control Order ("FMCO") whereby most work places were only allowed to operate at a maximum of 60% of the companies' workforce between Jun to October 2021. This prolonged operational restriction severely affected the Group's output and operational efficiency. Furthermore, in the third quarter of FY2022 following the termination of Dyson's contract that resulted in an excess in production capacity, the Group had without any delay decided to suspend its capacity expansion plan while disposing some of its idle machineries.

Efforts to mitigate the damage on the Group's reputation and restoring stakeholders' confidence while working on customer diversification are our top priority in the near term. With the clean report from independent assessment on labour practise, the Company is now in the process to clear its name on forced labour allegations while accelerating its transformation plans and downsizing activities where changes will be implemented throughout the organisation which will allow the Group be resilient in the face of rising direct operating costs. Notwithstanding the loss of a major customer for one of the subsidiary companies of the Group, the production capacities of the other subsidiaries in the Group which were not affected by the contract termination will be expanded to cater for the expected increase in business volume and sales from increasing orders from other existing and also new customers. The Group will also continue to put more focus and efforts on customers diversification. With the strategic cost cutting efforts and development of new business, the management believes that even though the Group may not fully compensate for the reduction in revenue due to the loss of the major customer in one of the subsidiary companies, the Group is in the process of transformation to re-emerge into a more resilient and more diversified entity.

#### Business Integrity and Governance

##### Business Integrity

The Group is committed to conduct all business affairs in an ethical, responsible and transparent manner.

Our key policies are as follows:

- **Code of Ethics and Conduct** that outlines the general ethical standards applicable to all our stakeholders.
- **Anti-Corruption and Bribery ("ABC") Policy** which prohibits all the stakeholders involved in business dealings for the acts, either directly or indirectly offering and receiving all kind of gifts, entertainment, travelling, donations, advantage and benefit, either in cash or in kind that exceeds the limit stipulated in the ABC Policy.
- **Whistle-blowing Policy** provides detail procedures for employees and the public to report any wrongdoings or bribery practices via a confidential and secured channel.

Target  
FY2022

Zero reported  
incidents on bribery  
and corruption

Performance  
FY2022

Achieved

ATA adopts a zero tolerance approach to any violations of the Group's Code of Ethics and Conduct, ABC Policy and Whistle-blowing Policy. We continue our efforts to ensure our stakeholders receive training and communication on these policies through in-house training, internal and external emails, orientation and our official website.

##### Business Governance

ATA's business governance is included in the Statement of Corporate Government on pages 27 to 47 in this annual report.

## SUSTAINABILITY STATEMENT

### Supply Chain Management

#### Sustainable supply chain

Apart from being vertically integrated to become self sufficient, we continue our effort to ensure effectiveness and sustainability in supply chain management system through supplier evaluation and on-going review of procurement practices. Our evaluation criteria cover quality, cost, delivery, terms of payment, conflict of interest and ABC practice. Audit and ad-hoc reviews are conducted on subcontractors and suppliers to ensure continued compliance with industry standards.

On top of this, our supply chain practices are governed by our Code of Ethics and ABC Policy. All our supplier's capabilities and integrity are carefully evaluated before any engagement. Suppliers are to comply with Restriction of Hazardous Substances that prohibits certain specific hazardous substances used in materials supplied to the Group.



#### Local procurement

As part of the initiative to contribute to the local economy, we have always leveraged local supply chain network for procurement. During the financial year, the local suppliers recorded at 62% of the total group's procurement (FY2021:68%).

### SOCIAL



### Occupational Safety and Health (OHSAS)

The Group's continuous efforts toward good Occupational Safety and Health management practices has resulted in the subsidiaries being accredited with OHSAS 45001 : 2018. We had periodically reviewed the Group's Occupational Safety and Health Policy for effectiveness and suitability. To manage occupational, safety and health issues, we have established an Emergency Response Team and Occupational Safety and Health Committee lead by a qualified Safety and Health Officer.

Personal Protective Equipment (safety boots, ear plugs, ear muffs and face masks) is available to all workers; Periodic audiometric tests and eye checks for machine operators were conducted to monitor the risk of detrimental exposure to noise.

Regular fogging activities are being carried out by specialist contractors as a preventive measure to prevent dengue fever infections.

On-going implementation and maintenance of the 5S activities that are made up of 5 pillars of Sort (Seiri), Set in Order (Seiton), Shine (Seiso), Standardise (Seketsu) and Sustain (Shitsuke) through regular 5S audit to ensure a good working environment.



## SUSTAINABILITY STATEMENT

Our aim is to control hazards and take the best reasonably possible precautionary measures against accidents and occupational diseases. We are actively monitor the workplace environment whereby chemical exposure monitoring is conducted to assess the concentration of contaminants in the air. Hazard identification, Risk Assessment and Risk Control ("HIRARC") assessments are conducted to identify potential hazards in operational processes and corrective actions are developed to minimize risks.

Safety and health audits are conducted annually by our internal auditors. Audit findings are discussed with Management and presented to the Audit Committee. Our production plants also subject to external audit by Department of Occupational Safety and Health ("DOSH"), government labour office, customers, and other third party audits. Management ensure all the findings and recommendations are follow up by corrective and preventive action plans.

We emphasize the need for a safe working environment and take a serious view on preventing workplace accidents.

### Ethical Labour Practices

The Group is committed to ensure the rights and dignity of our employees are within legal regulations. Our commitments include:

- Fair wages with compliance to the requirement of minimum wages and maximum overtime hours under the guideline of Malaysia's Labour Rules.
- No forced labour or child labour.
- Fair disciplinary practices and no harsh treatment to all employees.
- Providing a safe environment free from discrimination, violence and harassment.
- To attend grievance through proper standard procedures.
- Passports of foreign workers are made available at any time.
- To adopt zero-recruitment fees policy such that foreign workers are not required to pay any recruitment or agent fees.

### Workplace Diversity

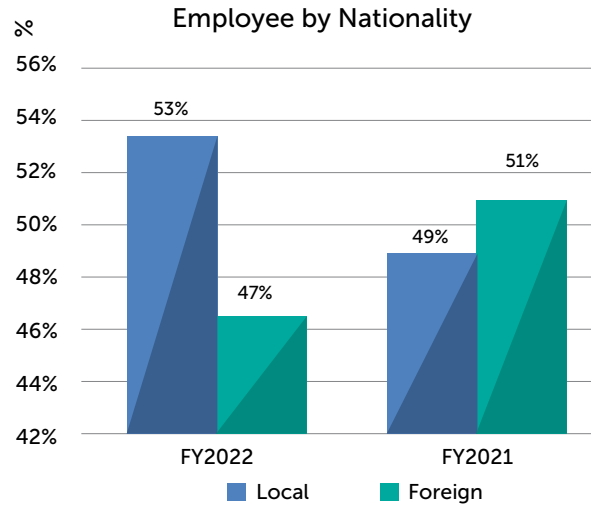
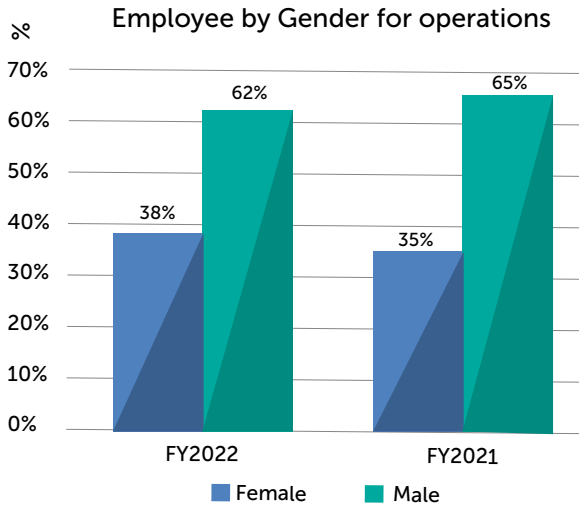
In respect to workplace diversity, the Group is committed to ensure equal opportunities to all employees irrespective of their gender, race, age, ethnicity, religious beliefs, disability, marital status and other socioeconomic background.

During the financial year under review, the Group had established a Gender Diversity Policy which set a target of at least 30% for female directors on the Board at any time. Also, we continue to support women employment and always demonstrate an equitable gender representation in all cross operational and functional team for decision making, recruitment and appraisal panels. Gender equality also applies to talent developments, remuneration and benefit package. Overall, the Board is committed to maintain an organizational culture which supports gender diversity and provides equitable opportunities for all employees at large.



## SUSTAINABILITY STATEMENT

On the other hand, the Group is committed to local employment where practical. Our workforce for FYE2022 comprised a healthy mix of male and female, foreign and local employees which is shown as below:



### Employee Development and Training

We are committed to provide learning opportunities that help our employees to grow and to retain the best talent in the Group. Our development programmes include on-the-job or in-house training on technical skills as well as professional seminars to stay updated on the latest industry knowledge

We have a specialized team for designing and arranging development programmes that are tailored to the needs of targeted employee groups. The training plan is reviewed annually and trainings in FY2022 were rolled out according to planned schedule.



Briefing on emergency response plan by our safety officer

## SUSTAINABILITY STATEMENT

### Employee Engagement

We cultivate close bonding and harmony at the workplace across the organization to boost morale and subsequently increase productivity and reduce absenteeism. During the FY2022, even though with the restrictions on social activities due to Covid-19 pandemic, we had tried our best to have festive celebration in smaller group while practicing strict procedures e.g: wearing mask and social distancing. Since the enforcement of Movement Control Order, our team had been adapting and adopting to the new normal of working environment whereby meeting, discussion and training are held virtually where possible, we are pleased to see our employees are strongly connect and communicate through all these virtual platforms.

### Communication Channels

Motivation and Empowerment Committee ("MEC") was established to encourage employees to participate in decision making with regards to product, quality, working environment and to create an atmosphere that promotes innovation.

We had in place a Grievance Policy and Whistle-blowing policy to provide a safe and confidential channel for employees to report misconduct, non-compliance or other matters related to work environment in a way the identity of the employee is fully protected. Disciplinary action would be taken against any misconduct that would jeopardize the harmony and good working environment.

### Employee Compensation and Benefits

At ATA, we strictly adhere to the Malaysian Employment Act 1955 and comply with the requirements of Minimum Wages Order, 2020. Hereby we are pleased to report that there was no breach of these regulations in FY2022.

- **Welfares and health awareness**

Signage and circular boards throughout our premises to create and reinforce the awareness on health and safety. In house clinic with qualified doctor on duty is available to all workers at a stipulated time with free of any charges up to an approved limit.

- **Workplace conveniences**

Bank Automated Teller Machine (ATM) installed at our factory premises to provide convenience and safety in performing cash withdrawal by employees.

Car park was provided at a designated clean land next to factory guarded with security force, equipped with CCTV and sufficient lighting.

- **Insurance coverage**

Group Term Life, Group Personal Accident, Group Hospital and Surgical insurance coverage were incurred for all employees. Workmen compensation scheme provided for all foreign workers.

- **Employee's Accommodation**

Foreign workers are provided purpose built dormitories with Certificate of Accommodation complied, operated by specialists' third parties for operators, well equipped with facilities such as convenience store, bath area, laundry area, garbage disposal, kitchen and prayer room. Whereas rented house/apartments were arranged for expatriates with transport provided. We put in place a monthly hostel self-audit system whereby hostel leader and our admin staff are responsible to carry out the self-audit and any incompliance will report to Human Resource manager.

- **Recreation**

The outbreak of this unprecedented Covid-19 pandemic causing a slowdown in social activities during the financial year whereby we only organised few Sports and recreational activities with limited headcount at every one time. We would not be hesitate to resume our weekly badminton and futsal games, bowling, fun runs and team building when the situation is stable.

We have a Recreation and Sport Club ("RSC") chaired by a non-executive staff who is responsible for organising and monitoring sport activities.

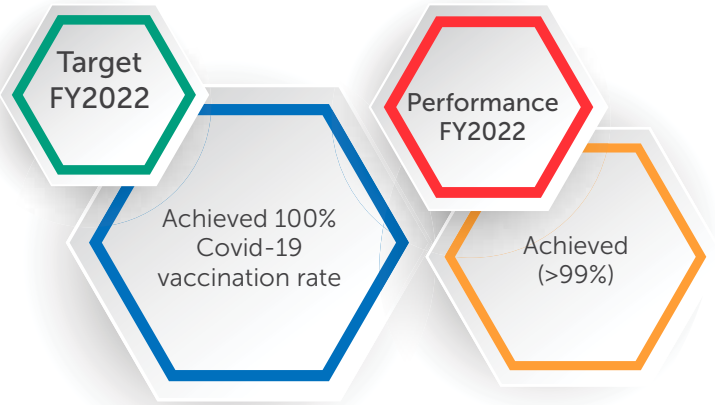


## SUSTAINABILITY STATEMENT

### Pandemic Management

A key concern for ATA during the pandemic was to safeguard our people to stay healthy and safe. In light of the Covid-19 pandemic and its impact on the businesses, the Group continues to observe the Standard Operating Procedures in FY2022, which covers the followings:

- Guests are not allowed to enter into factory, except RTK test proved negative result on Covid-19
- Daily temperature screening at factory entrance
- Daily distribute face mask and mandatory to use by all employees
- Hand sanitizer provided
- Practice physical distancing
- Daily sanitizing at premises
- Routine RTK tests provided at premises, should any employee's test result come up as reactive, then PCR swab test will be provided
- Setting up quarantine centre for those infected by Covid-19
- Arrange vaccination for all foreign workers



### Community

- Contribution to public

During the financial year, due to the pandemic, we had on hold all our usual charity activities i.e: blood donation by employees for general hospital; orphanage and old folks home visit. Nevertheless, the Group continued its effort in combating this difficult time faced by all during the pandemic by doing various types of sponsorships and donations in-kind to non-profitable organizations. Amongst others, in December 2021, the Company had donated RM150,000 to the Johor Cerebral Palsy Association for fund raising to help the children and young adults with cerebral palsy and multiple disabilities.



## SUSTAINABILITY STATEMENT

### ENVIRONMENTAL



It is always our Group's commitment to continuously be responsible in the conservation and protection of our environment. We strive to minimise the impact the environment footprint by operating sustainably.

We continue to drive our responsibility and accountability for the impact of our activities on the environment through our Environmental Management System ("EMS") framework. The Group's continuous efforts toward good environmental has resulted in the subsidiaries being accredited with ISO 14001 : 2015. The Group also complied with Restriction of Hazardous Substances (RoHS) requirement.

In FY2022, we had prioritised the following key environmental matters that are pertinent to our operations.



### Waste Management

There are two categories of waste generated from operating activities, i.e.: scheduled and non-scheduled waste. Waste segregation has been done by placing different bins and scheduled wastes are carefully handled and properly labelled, stored at a designated area, stored within the stipulated time frame and quantity in accordance to the requirement under Environment Quality Regulations. Schedule waste is being well managed with a waste code list measured and submitted to the Department of Environment ("DOE") on monthly basis.

Non-schedule waste in the form of scrap metal, packaging, papers, food waste, wood and etc are either sold to licensed scrap collectors or recycled/reused in the production to minimize waste to the environment.

External licensed consultant is engaged to conduct assessment annually at our operating plants to ensure industrial effluents and hazardous wastes are well managed and in compliance to local environmental laws issued by the DOE. In FY2022, result on the survey conducted on industrial effluents and sewage quality showed that both sampling found to be below the limit parameter specified for Environmental Quality Regulations 2009.

### Noise Pollution

In order to mitigate excessive noise exposure from our production facilities to external parties, we had our strict measures in controlling noise pollution through conducting environmental impact assessment according to the DOE's requirement. Boundary Noise Monitoring Assessment conducted in FY2022 with data collected during our normal daily operations hours, had revealed that our boundary noise level measurement was below the Malaysian Recommended Noise Limit.

### Air Emission

Air emission monitoring is conducted by external consultant on yearly basis, the aim is to determine and to monitor air pollutants level for our factory stacks, for compliance with Environmental Quality (Clean Air) Regulations 2014. The parameter for the sampling and analysis methodology used are based on guidelines by The National Institute for Occupational Safety and Health, U.S. Department. During the FY2022, the air emission monitoring results at our operating plants showed that the air pollutant level emitted at major chimneys were below the limits of the Malaysian Environment Quality (Clean Air) Regulations 2014 during the sampling period.

## SUSTAINABILITY STATEMENT

### Climate-related Risks and Opportunities

Climate change has led to more frequent extreme and unexpected weather events that has resulted in the global warming and significant financial recovery costs. In FY2022, we had established an ESG organisation which will lead the Group for a sustainable ESG related matters including tackling climate related risks. We had rolled out monitoring system in carbon emission in term of diesel and electricity usage. The main source of energy consumption of our manufacturing plant is electricity, we regularly manage our energy efficiency to reduce consumption by controlling and monitoring electricity bills and replacing existing appliances with energy-efficient system. We continue to perform regular maintenance on our machineries to ensure the performance are at optimum to save energy consumption.

### LOOKING FORWARD

At ATA, we continue our commitment towards responsible business practices and sustainable development by demonstrating balance between economic activities and promising genuine care to our environment and all our stakeholders.

Our approach in addressing the material sustainability matters had embedded in our business strategy and moving forward we will continue our journey towards a sustainable economic, environment and social for a better future for our next generations.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of ATA IMS Berhad ("ATA") and its subsidiaries ("the Group") is always committed toward ensuring high standards of corporate governance to assure greater transparency and protection of shareholders' interest.

The Board is guided by the principles and practices sets out in the Malaysian Code on Corporate Governance 2021 ("MCCG").

This Corporate Governance Overview Statement is prepared in compliance with the Main Market Listing Requirements (LR) of Bursa Malaysia Securities Berhad. This Statement provides an overview on the Group's application of the three broad principles of MCCG, namely Board Leadership and Effectiveness, Effective Audit & Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

ATA has also completed the Corporate Governance Report 2022 ("CG Report") which is available on the Company's website at [www.ataims.com.my](http://www.ataims.com.my).

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### Part I. Board Responsibilities

#### 1. Board's Responsibility and Leadership on Objectives and Goals

##### 1.1 Setting of strategic aim, values and standards

The Board regard Corporate Governance as vital to the success of the Group's business and are unreservedly committed to apply the necessary principles in ensuring the following aspects of good governance are practised in all of its business dealings in respect of the Company's shareholders and relevant stakeholders:

- The Board is the focal point of the Company's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company, including the oversight of subsidiaries' operations;
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities;
- All Board members are responsible to the Company for achieving a high level of good governance;
- Effective board leadership and oversight require the integration of sustainability considerations in corporate strategy, governance and decision-making, as sustainability and its underlying environment, social as well as governance issues become increasingly material to the ability of the Company to create durable and sustainable value for stakeholders; and
- Directors are bound by statutes which are pronounced by the relevant authorities from time to time.

The Board recognises the key role it plays in charting the strategic direction of the Group and has assumed the following specific duties in discharging its fiduciary and leadership functions:

- a) Reviewing and adopting the strategic plan of the Group that supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- b) Overseeing and evaluating the conduct of the Group's businesses by promoting good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour;

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### Part I. Board Responsibilities

#### 1. Board's Responsibility and Leadership on Objectives and Goals

##### 1.1 Setting of strategic aim, values and standards

- c) Identifying principal risks and set the risk appetite within which the board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- d) Ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
- e) Ensure that the Group has in place procedures to enable effective communication with all stakeholders;
- f) Ensure that all its directors are able to understand financial statements and form a view on the information presented;
- g) Ensure the integrity of the Group's financial and non-financial reporting;
- h) Ensure there is a sound framework for internal controls and risk management; and
- i) Primarily responsible for Anti-Bribery and Corruption Management ("ABCM") and ABC Policy for the group by reviewing the adequacy and effectiveness of the Group's ABCM system as well as promoting appropriate ABC culture within the Group.

In the discharge of its duties, the Board is supported by two Board Committees namely the Audit Committee (AC) and Nominating and Remuneration Committee ("NRC"). These Committees examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility of decision making, however, lies with the Board.

Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, management is responsible for instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. This demarcation of roles both complements and reinforces the supervisory role of the Board.

The Board is responsible for strategic planning, setting of corporate goals, organising resources, monitoring the achievement of goals and identifying critical business risks. The Board assumes full responsibility for the overall performance of ATA and its subsidiaries by providing leadership and direction as well as management supervision. It also lays down the appropriate policies for managing the related risks to ensure that good internal control is in place for operational efficiency and effectiveness of the Group.

The Board reserves full decision making power on the following matters to ensure the direction and control of the Group to be firmly in the Board's hand:

- Conflict of interest issues;
- Major changes in the activities of the Company, investment or divestment, acquisitions and disposal of assets (in the ordinary course or otherwise), including corporate restructuring exercise, which exceed specific thresholds as stipulated in "Financial Level of Delegated Authority Manual";
- Approval of Treasury policies and limits of authority, including changes thereof;
- Group's policies including Risk Management Policy, Anti-Bribery and Corruption Policy, Code of Ethic and Conduct, Whistle Blowing Policy and other policies that are required by LR or MCCG;

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### Part I. Board Responsibilities

#### 1. Board's Responsibility and Leadership on Objectives and Goals

##### 1.1 Setting of strategic aim, values and standards

- Approval of financial statement and the release of corporate announcements to Bursa Securities or other relevant authorities;
- Appointment, removal and remuneration package of Directors (except for fees which are to be approved by shareholders);
- Appointment and removal of the Company Secretary; and
- Other relevant matters requiring the Board's approval under the Memorandum and Articles of Association/Constitution of the Company, law or as may be determined by the Board from time to time.

##### 1.2 Chairman of the Board

The responsibility of the Chairman is to ensure effectiveness of the Board in achieving corporate and business objectives. He is focused on setting the Group's strategic vision and direction and leading the Board in overseeing the proper conduct of the business.

The Board Chairman is responsible for:

- a) Leading the Board in setting the values and standards of ATA and providing leadership for the Board so that it can perform its responsibilities effectively;
- b) Maintaining a relationship of trust between the Executive and Non-Executive Directors and managing interface between the Board and management;
- c) Ensuring effective communication with shareholders and relevant stakeholders and that their views are communicated to the board as a whole;
- d) Leading the board in the adoption and implementation for good corporate governance practices;
- e) Arranging regular evaluation of the performance of the Board, its Committees and individual Directors; and
- f) Facilitating the effective contribution of Non-Executive Directors and ensuring collegial relationship is maintained between Executive and Non-Executive Directors.

The Chairman, in consultation with Company Secretary, sets the agenda for Board meetings and ensures that relevant issues are on the agenda and information is provided to Directors on a timely basis. The Chairman is also responsible in leading Board meetings, encouraging active participation and allowing dissenting views to be freely expressed by Board members.

##### 1.3 Segregation of Role and Responsibilities of Chief Executive Officer ("CEO") and Chairman

The Board adopted the Practice 1.3 of the MCCG 2021 whereby the Chairman and CEO are held by different individuals in order to promote accountability and facilitate division of responsibilities between them. While the Chairman is responsible in leading the Board towards the Group's objective, the CEO focuses on the business and day-to-day management and operations of the Group.

##### 1.4 Chairman of the Board is not a member of Committee

The Board is aware that having the same person assume the position of Chairman of the board and Chairman of AC and NRC gives rise to the risk of self-review and may impair the objectivity when deliberating on the recommendations put forth by the board committees. Thus, the Board had adopted the Practice 1.4 of the MCCG 2021 whereby the Chairman of the Board is not the member of AC and NRC, this is to ensure there is check and balance as well as objective review by the board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### Part I. Board Responsibilities

#### 1. Board's Responsibility and Leadership on Objectives and Goals

##### 1.5 Company Secretaries

The Board is supported by competent and experienced Company Secretaries who are members of professional bodies and are qualified under section 235(2)(a) of the Companies Act, 2016. The roles and responsibilities of a company secretary include managing all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications, manage processes pertaining to the annual shareholder meeting, serve as a focal point for shareholders' and other stakeholders' communication, facilitate the orientation of new directors and assist in director training and development.

The Board is regularly updated and advised by the Company Secretaries on statutory and regulatory requirements and the resulting implications of any changes therein to the Group and Directors in relation to their duties and responsibilities.

The Company Secretaries are accountable to the Board through the Chairman of the Board and Committees on all governance matters.

The Company Secretaries always advise Directors of their obligations to adhere to matters relating to:

- Disclosure of interest in securities;
- Disclosure of any conflict of interest in a transaction involving ATA and/or the Group;
- Prohibition on dealing in securities;
- Restrictions on disclosure of price-sensitive information; and
- Changes in regulatory requirements that affect ATA and/or Directors in the discharge of their responsibilities.

The Company Secretaries are responsible and entrusted to record the Board's deliberations and discussion during the Board and Committee meetings. All pertinent issues discussed at the Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings. The conclusions and the minutes of the previous Board meeting are distributed to the Board and Committee members prior to the Board meeting for their perusal. The Directors may comment or request clarification before the minutes are tabled for confirmation and signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The appointment and removal of the Company Secretaries is a matter for the Board as a whole to decide.

During the financial year, the Board is satisfied with the performance and services rendered by the Company Secretaries.

##### 1.6 Access to information and advice

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, Board members have full and unrestricted access to all information pertaining to the Group's businesses and affairs. Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### Part I. Board Responsibilities

#### 1. Board's Responsibility and Leadership on Objectives and Goals

##### 1.6 Access to information and advice

Board and Board Committees papers, which are prepared by management, provide the relevant facts and analysis for the convenience of Directors. Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least five (5) business days prior to the Board and Board Committee meetings. This enables the Directors to have sufficient time to review and to facilitate effective discussion and decision making by the Board on matters arising.

Senior management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to management, Directors may obtain independent professional advice at the Group's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

The Chairman shall ensure that board committee meetings are not combined with the main board meeting to enable objective and independent discussion during the meeting.

Full minutes of each Board meeting are kept by the Company Secretaries and are made available for inspection by any Director during office hours.

#### 2. Demarcation of Responsibilities between the Board, Board Committees and Management

##### 2.1 Board Charter

The roles and functions of the Board, Board Committees, including the differing roles of the Executive Director and Non-Executive Directors as well as the schedule of issues and decisions reserved for the Board, are clearly delineated in the Board Charter. The Board Charter is reviewed when it is deemed necessary, in order to ensure the practices of the Group are in line with latest changes in MCCG and LR. The Board Charter is available on ATA's website at [www.ataims.com.my](http://www.ataims.com.my).

#### 3. Promoting Good Business Conduct and Healthy Corporate Culture

##### 3.1 Code of Ethics and Conduct

The Group is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Group recognises the need to formalise and commit to ethical values through the Code of Ethics and Conduct. The Code of Ethics and Conduct is intended to apply to all employees, customers and vendors of the Group.

The Code of Ethics and Conduct establishes standards to ensure that working environments and conditions are safe and healthy, conflicts of interest are avoided, workers are treated with respect and dignity, confidentiality is observed, good personal behaviour is exhibited and business operations are conducted ethically.

The fundamental principle in adopting the Code of Ethics and Conduct is to ensure that all business activities are in full compliance with the laws, rules and regulations of the country which it operates in. If a law of the country conflicts with a rule or policy set out in the Code of Ethics and Conduct, affected personnel should comply with the law. Besides, the Code of Ethics and Conduct encourages affected personnel to go beyond legal compliance and adopt internationally recognized standards in order to advance business ethics and conduct.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### Part I. Board Responsibilities

#### 3. Promoting Good Business Conduct and Healthy Corporate Culture

##### 3.1 Code of Ethics and Conduct

The Group is open to receive inputs from stakeholders with the aim of continued development and implementation of the Code of Ethics and Conduct and to adopt the best practices where possible.

This Code of Ethics and Conduct is a general guide to acceptable and appropriate behavior at ATA and it is not intended to be exhaustive. Therefore, there may be other additional obligations that management is expected to comply when performing their duties.

The Group's Code of Ethics and Conduct is available on ATA's website at [www.ataims.com.my](http://www.ataims.com.my).

##### 3.2 Whistleblowing Policy and Procedures

All stakeholders (including but not limited to, employees, customers, suppliers, government bodies and financial institutions) are encouraged to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices in the Group at the earliest opportunity, and in an appropriate way.

This Whistleblowing Policy and Procedures is designed to:

- Support ATA's values and Code of Ethics and Conduct;
- Ensure stakeholders can raise genuine concerns without fear of reprisals and safeguard such person's confidentiality;
- Protect whistleblower from reprisal consequent to making a genuine disclosure; and
- Provide a transparent and confidential process for dealing with concerns.

The Whistleblowing Policy and Procedures is available on ATA's website at [www.ataims.com.my](http://www.ataims.com.my).

##### 3.3 Anti-Bribery and Corruption Policy

In line with the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 ("MACC"), the Group has established an Anti-Bribery and Corruption ("ABC") Policy with the objective to take reasonable and proportionate measures to ensure the business environment is free from bribery and corruption. The Policy is applicable to the Board of Directors, all employees of the Group and any party associated to the Group.

The Group had developed a comprehensive set of measures to combat bribery and corruption of all forms related to its operations. These measures would be implemented in the form of policies and procedures, communication and enforcement to ensure they are effective at all times.

The ABC Policy is available on ATA's website at [www.ataims.com.my](http://www.ataims.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### Part I. Board Responsibilities

#### 4.0 Risks and Opportunities

##### 4.1 Governance of Sustainability

The Board and management work together for the governance of sustainability including setting the group's sustainability strategies, determining and prioritizing sustainability issues as well as review of sustainability process. Economic, Social and Governance ("ESG") issues had been factors in the Group's business strategic and decision making as or effort towards global commitment of transition to a net zero economy.

The Group Chairman provides leadership and direction for the sustainability priorities while head of departments drive the implementation of the priorities on day-to-day operations by proactively engaging with internal and external stakeholders.

##### 4.2 Sustainability priorities and initiatives

The Board is aware of the responsibility to communicate to the internal and external stakeholders on the group's sustainability priorities, targets and performance against these targets. The Group's priorities and initiatives taken during the financial year under review can be found in the Sustainability Statement on pages 14 to 26 of this Annual Report.

##### 4.3 Board's engagement

Management is responsible to provide timely update to the Board on the sustainability issues related to the Group's business and operations, including climate-related risks and opportunities. This is to ensure the Board has sufficient understanding and kept abreast to the key sustainability matters that are relevant to the Group and its business.

##### 4.4 Performance evaluations and reviews

While the senior management and head of departments across their operation and functional units are responsible for the achievement of sustainability targets for their division or departments, the board is playing an oversight role to ensure material sustainability issues are being taking care of effectively. The Board and Board Committee evaluation framework consists of related sustainability assessment criteria to ensure the Board is performing their role well in addressing material sustainability risks and opportunities.

### Part II. Board Composition

#### 5. Objectivity of the Board

##### 5.1 Composition of the Board

The Board consists of six (6) members, comprising three (3) Executive Directors, and three (3) Independent Non-Executive Directors. The directors with their diverse backgrounds, experiences and specialisations had bring a wide range of expertise to the Group.

The NRC is responsible for the appointment and annual re-election of a director and it is always contingent on a satisfactory evaluation on the director's performance and contribution to the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### Part II. Board Composition

#### 5. Objectivity of the Board

##### 5.2 Independent Directors

With three (3) Independent Non-Executive Directors on the board, the Board's composition is therefore in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities which stipulates that at least two Directors or one third of the Board, whichever is higher, must be Independent Directors and also the recommendation by the MCCG 2021 to have at least half of the Board comprising Independent Directors.

Independent Directors are independent of management, thereby ensuring independence in the Board's deliberation and decision-making. The role of Independent Directors is crucial in ensuring that the interest of all shareholders, stakeholders and communities as a whole are taken into account by the Board and that the relevant proposals are fully challenged and subjected to impartial consideration by the Board.

Given the scope of responsibilities for managing the Group's business operations, the Board considers its current composition and size as adequate.

##### 5.3 Tenure of Independent Directors

In May 2022, the Group had established an Independent Director Tenure Policy that limits the tenure of its independent directors to nine years. Under this Policy, the tenure of an independent director shall not exceed a cumulative term limit of nine (9) years from the date of first appointment.

Upon completion of nine (9) years tenure:

- an Independent Director may continue to serve on the board as a non-independent director; or
- if the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process. The said independent director upon shareholders' approval can continue to serve as independent director up to twelve (12) years

As at the date of this Statement, none of the three Independent Directors has reached nine (9) years of service since their appointment and/or election as Directors.

##### 5.4 Policy to limits tenure of Independent Directors to nine years without further extension

The Independent Director Tenure Policy that implemented by the Group allows an Independent Director to continue to serve on the Board after nine years but up to twelve years, by seeking annual shareholders' approval through a two-tier voting process. Upon retiring after twelve years, the independent director can be appointed after serving a cooling-off period of at least three years and comply with the independent criteria defined under MMLR. In such instance, the years tenure as an independent director in the Company will start afresh from the date of his/her latest appointment.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### Part II. Board Composition

#### 5. Objectivity of the Board

##### 5.5 Appointment of Board and Senior Management

The Group acknowledges the importance of boardroom and management diversity. The Company had established Policy and Procedure on Nomination and Selection of Director which provide criteria and procedure needed for nomination and selection of a candidate for the filling of casual vacancy or as additional director.

All candidates for the Board will be evaluated based on criteria such as individual merit, experience, skill, competency, knowledge and potential contribution. The Group ensures that there is no discrimination on the basis of, but not limited to gender, age, nationality, ethnicity, education, religion, physical ability or geographic region during the recruitment of Board members and management staffs.

##### 5.6 Diversity in sourcing Board members

The Board does not only solely rely on recommendations from existing Board members, management or major shareholders but also considers external professional advice in selecting and appointment of a new Director. The Independent Non-Executive Directors currently serving on Board were selected through recommendations from existing Board members and advice from external professionals.

##### 5.7 Information to Shareholders

Shareholders are being informed on the decision made regarding the appointment and reappointment of a director. During the financial year, the Board had supported those directors standing for re-election, the Board has through the NRC carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the MMLR on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

##### 5.8 Nominating and Remuneration Committee ("NRC")

The Board has combined the Nominating Committee and the Remuneration Committee into the Nominating and Remuneration Committee ("NRC"). The Group's NRC consists of three Independent Directors. The Committee is chaired by an Independent Director who leads the appointment and annual evaluation of Board members. The member of NRC will abstain from any deliberations of his/her own remuneration and performance evaluation.

##### 5.9 Women Directors

The Company adopted the best practice recommended by the MCCG 2021 to have at least 30% women directors. The Company currently has two (2) female directors, which comprise more than 30% under the MCCG's recommendation.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### Part II. Board Composition

#### 5. Objectivity of the Board

##### 5.10 Gender Diversity

The Company has formalized a Gender Diversity Policy to set out the approach for gender diversity on the composition of the Board, as well as senior management across the operations units in the Group. The Policy had set a target of at least 30% female directors on the Board at any time. In the event if the composition of women on the board is less than 30%, the board shall disclose in its annual report the action it has or will be taken to achieve the target and time frame to achieve it. However, the appointment of any director shall not be restricted by this Policy, merit and competence to serve the Board and shareholders remains top priority.

On the other hand, the Company does not set any specific target for female participation in the position of senior management. Nevertheless, the Board is responsible in ensuring that objectives for gender diversity are adopted in recruitment, performance evaluation and succession planning processes.

#### 6. Board Evaluation

##### 6.1 Board effectiveness

On an annual basis, the Board, through the NRC, conducts an evaluation of the effectiveness of individual Directors, the Board as a whole, as well as the Board Committees via customized questionnaires which include the following:

- Self-evaluation and evaluation of fellow Directors
- Evaluation on the effectiveness of the Board
- Declaration of independence

During the financial year under review, the Board did not engage an independent expert to facilitate the Board's evaluation. New questionnaire was used in the evaluation process which include criteria of fit and proper, contribution and performance, calibre and personality. Overall, NRC is satisfied with the composition of the Board and performance of the Board in terms of the Directors' capacity, integrity and commitment towards the Group. All three Independent Directors also had fulfilled the criteria for Independent Director as defined under MMLR.

##### 6.2 Board meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals which are scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule ahead of time. Additional meetings are convened when urgent and important decisions need to be made between the scheduled meetings.

The Board also meets on an ad-hoc basis to deliberate urgent issues and matters that require expeditious Board direction or approval. In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approval are sought via circular resolutions, which are supported with relevant information and explanations required for an informed decision to be made.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

## Part II. Board Composition

## 6. Board Evaluation

## 6.3 Time commitment

As stipulated in the Board Charter, the Directors are required to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Notwithstanding that no specific quantum of time has been fixed, all the Board members are required to notify the Board before accepting any new directorship. Any Director is, while holding office, at liberty to accept Board appointment in other companies so long as the appointment is not in conflict with ATA's business and does not affect the discharge of his/her duty as a Director of ATA. To ensure the Directors have the time to focus and fulfil their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five public listed companies (as prescribed in Paragraph 15.06 of Listing Requirements). During the financial year under review, none of the Directors have more than five (5) directorships in listed issuers listed on Bursa Securities.

Besides, Board members are expected to achieve at least fifty percent (50%) attendance of total Board meetings in any applicable financial year. Any leave of absence is to be notified to the Chairman and/or Company Secretaries, where applicable.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of ATA. This is evidenced by the attendance record of the Directors at Board during the financial year under review.

Name	Designation	Attendance	Percentage (%)
Dato' Sri Foo Chee Juan	Executive Director cum Executive Chairman	5/5	100
Dato' Fong Chiu Wan	Executive Director cum CEO	5/5	100
Mr.Dharma Rajah Nadarajah (appointed on 9 May 2022)	Executive Director cum COO	N/A	N/A
Koh Win Ton	Independent Non- Executive Director	5/5	100
Lee Kok Jong	Independent Non- Executive Director	5/5	100
Ms. Elizabeth Shanti A/P Frank Louis (appointed on 17 December 2021)	Independent Non- Executive Director	1/1	100
Datuk Balachandran A/L Govindasamy (resigned on 31 December 2021)	Executive Director cum COO	3/4	75
Wong Chin Chin (resigned on 29 November 2021)	Independent Non- Executive Director	4/4	100

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

## Part II. Board Composition

## 6. Board Evaluation

## 6.4 Directors' training

The Board oversees the training needs of its Directors whereby Directors are regularly updated on the Group's businesses and the competitive and regulatory environment which they operate in.

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend various external professional programmes to keep abreast of industry developments and business environment within which the Group operates in. Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within four months from the date of appointment. All Directors have attended and successfully completed the MAP within the time frame.

In addition, the Company Secretaries usually circulate relevant statutory and regulatory requirements from time to time for the Board's reference and briefs the Board on the updates, where applicable. External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards which may affect the Group's financial statements for the financial year under review.

The Board will on a continuing basis evaluate and determine the training needs of each Director, particularly on topics such as new laws and regulations, corporate governance and risk management to enable the Directors to effectively discharge their duties.

The details of the relevant training sessions attended by each Director during the financial year under review are as follows:

Name	Training Programme	Date
Dato' Sri Foo Chee Juan	<ul style="list-style-type: none"> <li>Safety Health Environment Program – Emergency Response Plan</li> </ul>	20 September 2021
Dato' Fong Chiu Wan	<ul style="list-style-type: none"> <li>Credit Suisse Wealth Management APAC 1H Market Outlook Seminar</li> </ul>	20 January 2022
Mr. Dharma Rajah Nadarajah (appointed on 9 May 2022)	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	Not applicable
Koh Win Ton	<ul style="list-style-type: none"> <li>MIA Webinar Series: Engagement Quality Reviews and Documentation: ISQM 2, ISA 220 (Revised) &amp; ISA 230</li> <li>Webinar Series : 2022 Budget Seminar</li> <li>Budget 2022: Key Tax Proposals</li> <li>Fundamentals in Secretarial Practice 1: Loan To/By Directors &amp; Shareholders</li> <li>SSM National Conference 2021</li> <li>A practical look at share issue, reduction of capital &amp; redemption of preference shares</li> </ul>	23 February 2022  15 February 2022  20 January 2022 5 January 2022  24 August 2021 18 August 2021

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

## Part II. Board Composition

## 6. Board Evaluation

## 6.4 Directors' training

Name	Training Programme	Date
Lee Kok Jong	<ul style="list-style-type: none"> <li>MIA 2022 Budget Seminar</li> <li>CTIM 2022 Budget Seminar</li> <li>Preparation of Capital Statement, Skillful Tax Negotiations and Recent Cases</li> <li>SSM National Conference 2021 Governing Under New Normal</li> </ul>	15 February 2022 9 December 2021 3 December 2021  24 August 2021
Ms. Elizabeth Shanti A/P Frank Louis (appointed on 17 December 2021)	<ul style="list-style-type: none"> <li>No training attended</li> </ul>	Not applicable
Datuk Balachandran A/L Govindasamy (resigned on 31 December 2021)	<ul style="list-style-type: none"> <li>No training attended due to health issue</li> </ul>	Not applicable
Wong Chin Chin (resigned on 29 November 2021)	<ul style="list-style-type: none"> <li>Bar Council Malaysia - Virtual Conference on Corporate and Commercial Law</li> <li>Deloitte Malaysia - Awareness Briefing_Anti-Profiteering</li> <li>Bar Council Malaysia - Further Issues and Latest Development To Companies Act 2016</li> </ul>	6 to 10 September 2021  3 June 2021  21 April 2021

## Part III Remuneration

## 7. Level and Composition of Remuneration of Directors and Senior Management

## 7.1 Remuneration Policy and Procedure

The Company had adopted the Best Practice 7.1 of the MCCG 2021 recommendation to put in place policies and procedures to determine the remuneration of Directors and senior management, taking into account the demands, complexities and performance of ATA as well as skills and experience required. The policies and procedures are periodically reviewed and made available on ATA's website at [www.ataims.com.my](http://www.ataims.com.my).

## 7.2 Nominating and Remuneration Committee (NRC)

The Board has a NRC for the implementation of remuneration policies and procedures to ensure that remuneration packages are determined based on individual's merit, responsibilities, qualifications, experience, performance and contribution to the Company.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

## Part III Remuneration

## 7. Level and Composition of Remuneration of Directors and Senior Management

## 7.2 Nominating and Remuneration Committee (NRC)

Appointment/ Composition of the NRC:

- Committee members shall be appointed by the Board.
- Committee shall consist of no less than three (3) members.
- Majority of the Nominating and Remuneration Committee members shall be Independent Non-Executive Directors.
- The Chairman of the Nominating and Remuneration Committee must be a Non-Executive Director and shall be appointed by the Board. In the absence of the Chairman of the Nominating and Remuneration Committee, the remaining members present shall elect one of their members to chair the meeting.

As at the date of this statement, the Nominating and Remuneration Committee comprises the following members with the meeting attendance as below:

	Designation	Meetings Attended
<b><u>Chairman</u></b>		
Lee Kok Jong	Independent Non- Executive Director	1/1
<b><u>Members</u></b>		
Koh Win Ton	Independent Non- Executive Director	1/1
Ms. Elizabeth Shanti A/P Frank Louis (appointed on 17 December 2021)	Independent Non-Executive Director	1/1
Wong Chin Chin (resigned on 29 November 2021)	Independent Non- Executive Director	0/0

During the financial year, the Committee carried out its duties in accordance with its terms of reference, which encompassed the following:

- Conducted the annual assessment of the effectiveness of the individual Directors, the Board as a whole as well as the Board Committees;
- Reviewed the composition of the Board with the view to ensure it has the required mix of skills, experience and competencies for the Group's core business;
- Recommended to the Board the Directors' fee payable to members of the Board which is deliberated at the Board meeting before being presented at the Annual General Meeting for shareholders' approval;
- Reviewed and recommended the re-election and re-appointment of Directors to the Board for recommendation of the same to the shareholders for approval at Annual General Meeting; and

The Board is satisfied with how the NRC has effectively and efficiently discharged its duties and responsibilities in respect to its nomination and remuneration functions. As such, it is not necessary to separate the nomination and remuneration functions into distinct nomination and remuneration committees.

The terms of reference of the NRC is available for viewing at ATA's website at [www.ataims.com.my](http://www.ataims.com.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

## Part III Remuneration

## 8. Disclosure of Directors' and Senior Management's Remuneration

## 8.1 Director's remuneration

The breakdown of the total remuneration paid or payable or otherwise made available to all Directors of ATA and the Group who served during the financial year is as follows:

Name	Designation	Fees RM'000	Salaries RM'000	Bonus RM'000	Other Emoluments RM'000	Defined Contribution RM'000	Total RM'000
Dato' Sri Foo Chee Juan	Executive Director cum Executive Chairman	-	1,707	-	-	199	1,906
Dato' Fong Chiu Wan	Executive Director cum CEO	-	1,707	-	-	204	1,911
Datuk. Balachandran A/L Govindasamy (resigned on 31 December 2021)	Executive Director cum COO	-	2,136	-	-	143	2,279
Koh Win Ton	Independent Non- Executive Director	100	-	-	-	-	100
Ms. Elizabeth Shanti A/P Frank Louis (appointed on 17 December 2021)	Independent Non- Executive Director	29	-	-	-	-	29
Lee Kok Jong	Independent Non- Executive Director	100	-	-	-	-	100
Wong Chin Chin (resigned on 29 November 2021)	Independent Non- Executive Director	-	-	-	-	-	-

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

## Part III Remuneration

## 8. Disclosure of Directors' and Senior Management's Remuneration

## 8.2 Key senior management's remuneration

The key senior management of the Group who served during the financial year is listed out in the management profile section of this Annual Report. Their total remuneration falls within the following bands:

Range of Remuneration (RM)	Number of Key Senior Management	
	Directors	Manager/Financial Controller
350,001 – 400,000	-	1
1,900,001 – 1,950,000	2	-
2,250,001 – 2,300,000	1	-

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

## Part I. Audit Committee

## 9.1 Chairman of Audit Committee

The Audit Committee ("AC") is comprised wholly of Independent Non-Executive Directors whereby the Chairman of the AC is not the Chairman of the Board. The AC is charged with the responsibility to conduct a formal, transparent and independent review on the Group's financial reporting, risk management, internal control and governance processes. The Committee meets periodically to carry out its functions and duties pursuant to its terms of reference and has unrestricted access to the internal and external auditors and members of the management. The composition of the AC, including its roles and responsibilities, are set out in the AC Report in this Annual Report.

## 9.2 Policy that requires cooling-off period for a former audit partner

The AC has a policy that requires a former audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of AC.

Up to date, none of the members of the Board is a former key audit partner.

## 9.3 Assessment of suitability, objectivity and independence of external auditor

The AC had established the External Auditors policies and procedures with the objective to review, assess and monitor the performance, suitability and independence of external auditor as well as non-audit services to be provided by external auditors and its network firms/companies.

The AC is also empowered by the Board to review any matters concerning the appointment and reappointment, resignations or dismissals of external auditors and review and evaluate factors relating to their independence. The terms of engagement for services provided by the external auditors are reviewed by the AC prior to submission to the Board for approval.

The shareholders shall at each Annual General Meeting decide on the appointment or re-appointment of the external auditors of ATA, and the external auditors appointed, shall hold office until the conclusion of the next Annual General Meeting of ATA.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Part I. Audit Committee

#### 9.3 Assessment of suitability, objectivity and independence of external auditor

The independence of external auditors is essential to the provision of an objective opinion on the truth and fairness of the financial statements. The External Auditor Policy outlines the guidelines below:

- a) AC is to obtain written assurance from the external auditors, at the conclusion of the audit works, confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
- b) Ex-employees of the Group's external auditor joining the Group must be pre-approved by the Group Financial Controller for non-managerial employees or by the AC for managerial employees;
- c) A former audit partner is required to observe three (3) years cooling off period before being appointed as an AC member;
- d) Practices on the rotation of audit partner by external auditor in compliance to Malaysian regulations and ethical guidance;
- e) Declaration from the external auditors, on an annual basis, information about their policies and processes as well as monitoring system in relation to ethics and independence which shall be in compliance with relevant regulatory requirements;
- f) Assurance from external auditors that representatives of the external auditors assigned to the engagements with the Group are independent and clear of potential conflict of interest, that they have no family, financial, employment, investment or any other business relationship with the Group, other than that in the normal course of business; and
- g) Commitment between the Group and the external auditors not only apply to the audit services but also extended to non-audit services which were provided by the external auditors or an affiliated firm of the external auditors. Guidelines for non-audit services in relation to term of engagement, approval for engagement, type of allowable non-audit services and fees structure shall be adhered to accordingly.

In this regard, the AC had assessed the independence of KPMG PLT as external auditors of ATA as well as reviewed the level of non-audit services rendered by KPMG PLT to the Group for the financial year under review. The AC was satisfied with the technical competency and audit independence of KPMG PLT. Having satisfied itself with the performance of and fulfilment of criteria as set out in the Non-Audit Services Policy by the external auditors, the Audit Committee recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at ATA's forthcoming 33rd Annual General Meeting.

#### 9.4 Composition of AC

The AC comprises solely of Independent Directors as the Board values the independence of the AC.

#### 9.5 Competency of AC

The Board recognizes the crucial role that the AC serves in terms of objectivity, impartiality and independent judgement. All three AC members have vast and varied professional experiences and expertise. All AC members are financially literate, have sufficient understanding of the Group's business and are able to provide a true and fair view of financial statements.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Part II. Risk Management and Internal Control Framework

#### 10 Effective Risk Management and Internal Control Framework

##### 10.1 Establishment of effective risk management and internal control framework

The Board regards risk management and internal controls as an integral part of the overall management process. The following represent the key elements of the Group's risk management and internal control structure:

- The Board has formalised a Risk Management framework to provide management with structured policies and procedures to identify, evaluate, control, monitor and report to the Board any principal business risks faced by the Group; and
- The Heads of Department are delegated with the responsibility of identifying and managing risks. The Board and the Audit Committee are responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure that risk is properly monitored and managed to an acceptable level.

##### 10.2 Features of risk management and internal control framework

The AC assists the Board in overseeing the risk management framework of the Group and reviewing the risk management policies formulated by management and to make relevant recommendations to the Board for approval. Details of risk management and internal control carried out during the financial year are set out in the Statement of Risk Management and Internal Control in this Annual Report.

#### 11 Effective Governance, Risk Management and Internal Control framework

##### 11.1 Effectiveness and functionality of internal audit

The internal audit function of the Group is outsourced to Needsbridge Advisory Sdn Bhd who reports directly to the AC on the adequacy and effectiveness of the Group's internal controls. The independent external consultant provides assurance to the AC through the execution of internal audit works based on an approved risk-based internal audit plan. Observations and findings, together with management's response and proposed action plans with deadlines, are presented to the AC for review and discussion. The internal auditor will ensure all outstanding issues are followed up and responded by management, and a report with regards to the follow up status and outcome will then be presented for the AC's review.

The AC evaluates, on an annual basis, the internal audit function to assess its effectiveness in the discharge of its responsibilities. During the financial year, the AC had assessed the performance of the internal auditor in terms of its objectivity, independence and capability in addressing significant issues. The AC was satisfied with the work done and performance of the internal auditor.

##### 11.2 Internal auditors' resources

The internal audit is guided by internal auditing standards outlined by the Institute of Internal Auditors, a globally recognised professional body for internal auditors. The internal audit function is independent of the activities it audits. The scope of work covered during the financial year under review is provided in the Audit Committee Report set out in this Annual Report.

The staffs of the outsourced internal auditors who are involved in the internal audit reviews are free from any relationship or conflict of interest. They hold professional qualifications and most of them are members of the Institute of Internal Auditors Malaysia. The engagement partner has a diverse professional experience in internal audit, risk management and corporate governance advisory.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Part I. Engagement with Stakeholders

#### 12. Continuous Communication between ATA and Stakeholders

##### 12.1 Effectiveness, transparency and regularity communication

ATA recognises the importance of maintaining transparency and accountability to its shareholders. The Board believes that they are not only accountable to shareholders but also responsible for managing a successful and productive relationship with ATA's stakeholders. In this regard, the Board ensures that all ATA's shareholders and stakeholders are treated equitably and the rights of all investors, including minority shareholders, are protected.

ATA takes into account Practice 12.0 of the MCCG 2021 which recommends continuous communication between ATA and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

ATA takes into consideration the shareholders' rights to access information relating to ATA and has thus, taken measures to enable ATA to communicate effectively with its shareholders, prospective investors, stakeholders and the public with the aim of giving them a clear picture of the Group's performance and operations. The Board has adopted the following measures with regards to communication with ATA's stakeholders:

1) ATA's website

Through the Group's website ([www.ataims.com.my](http://www.ataims.com.my)) with a dedicated "Investor Relations" page, shareholders and prospective investors can access corporate information, Annual Reports, press releases, financial information and company announcements. If stakeholders have any questions, they are able to reach out via email at [info@ataims.com.my](mailto:info@ataims.com.my).

2) Investor relations

The Group typically establishes shareholder communication via its quarterly results announcements, investor briefings and press releases to the media. For this purpose, the Board has identified Mr. Koh Win Ton as the Independent Non-Executive Director to whom queries or concerns regarding the Group may be conveyed.

Mr. Koh may be contacted via the following channels:

Address: ATA IMS Berhad  
No.6, Jalan Dewani 1, Kawasan Perindustrian Dewani,  
81100, Johor Bahru, Johor.

Telephone No: 07-3340911  
Fax No.: 07-3345912  
Email: [winton.koh@ataims.com.my](mailto:winton.koh@ataims.com.my)

3) Announcement to Bursa Securities

Information with regards to material corporate information, financial report and other updates are published on a timely basis through ATA's announcements to Bursa Securities. The Board is committed to ensure that all information and corporate disclosures comply with disclosure guidelines as stipulated in the Bursa's Listing Requirements.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Part I. Engagement with Stakeholders

#### 12. Continuous Communication between ATA and Stakeholders

##### 12.1 Effectiveness, transparency and regularity communication

4) Annual Report

ATA's Annual Reports serve to inform shareholders about the Group's operations, activities and performance for the past financial year.

5) Annual General Meeting (AGM) or Extraordinary General Meeting (EGM)

ATA's AGM/EGMs serve as a platform to provide in-person meaningful response or clarification to any question or doubt from shareholders.

#### Part II. Conduct of General Meetings

#### 13. Engagement of shareholders at AGM

##### 13.1 Notice of AGM

The AGM provides an opportunity for shareholders to engage directly with the Board and pose questions to the Board for clarification.

In accordance with Practice 13.1 MCCG 2021, the Notice of the 32nd AGM was circulated to shareholders at least twenty-eight (28) days before the date of the meeting to enable them to go through the Annual Report and papers supporting the resolutions proposed.

In line with paragraph 8.29A of the Listing Requirements of Bursa Securities, poll voting is used to facilitate the voting process. An independent scrutineer will be appointed to scrutinize the polling process. For the convenience of shareholders, the Board endeavors to arrange the meeting venue at one of the Group's Johor Bahru offices, which is located near town, with sufficient parking and accessible by public transport. This is to encourage shareholders' participation in the AGM.

##### 13.2 Attendance of Directors

All Directors will be present at the AGM to provide an opportunity for shareholders to meet and engage in. During the AGM, shareholders are invited and encouraged to participate in deliberating resolutions being proposed. The Chairmen of the respective Board committees, as well as the members of risk management committee, are typically present during the AGM to address any questions and concerns raised by shareholders.

During the 32nd AGM held last year, all Directors were present and all the questions raised by shareholders were addressed in the meeting.

##### 13.3 Leverage technology for general meetings

In FY2021, the Company had leveraged on technology by conducting the 32nd AGM on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities. Shareholders registered for remote participation via online website provided by Tricor Investor & Issuing House Services Sdn Bhd ("TIH") to join the live streaming and posed questions to the Chair, and had their votes casted online via the RPV facilities.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Part II. Conduct of General Meetings

#### 13. Engagement of shareholders at AGM

##### 13.4 Engagement between the Board, senior management and Shareholders

During the 32nd Annual General Meeting, all Board members and senior management were present, either at the Broadcast venue or remotely, to address questions raised by shareholders, financial and non-financial related to the agenda. Whilst AGM is one of the platforms for shareholders to raise concerns and seek response, all shareholders may contact our investor relation representative whose details are in stated on item 12.1 in this statement. Shareholder may also contact our Company Secretary for any request such as hard copy of annual report.

##### 13.5 Infrastructure of AGM

During the 32nd Annual General Meeting, the Company had engaged TIIH to provide and support audio and visual services for broadcasting the meeting virtually. Shareholders are invited to raise questions in real time via type text in the TIIH platform and questions are made visible to all meeting participants during the meeting itself.

##### 13.6 Circulation of AGM minutes

The minutes of the 32nd AGM was published on the Company's website no later than 30 business days after the meeting.

### COMPLIANCE STATEMENT

ATA's Corporate Governance Overview Statement is made in compliance with Paragraphs 15.25 and 15.08A of the Listing Requirements. Save and except for those stated therein, the Board considers and is satisfied with ATA's compliance with the principles and practices of the MCCG 2021, the relevant chapters of the Listing Requirements on corporate governance and all applicable laws and regulations throughout the financial year under review.

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



## STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board is required under paragraph 15.26(a) of the Listing Requirements to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Directors are responsible for the following, that:

- the financial statements of the Group are drawn up in accordance with the applicable Malaysian Financial Reporting Standard issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by the International Accounting Standards Board, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Group for each financial year, and the result of their operations and cash flows for the financial year ended;
- proper accounting records are kept which disclose with reasonable accuracy of the financial position of the Group are kept in accordance with the Companies Act 2016;
- the annual financial statements are audited by external auditors in accordance to the approved standards on auditing in Malaysia and they remain independent throughout the conduct of their audit engagement;
- made judgements and estimates that are reasonable and prudent in which External Auditors will assess accounting principles used and significant estimates made by Directors to evaluate the overall presentation of the financial statements;
- in preparing the audited financial statements, the Directors will make reasonable assurance that the financial statements are free of material misstatement; and
- taking necessary and reasonable steps to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

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

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors ("The Board") is pleased to present the Statement on Risk Management and Internal Control ("SRMIC") for the financial year ended 31 March 2022 which is prepared in accordance with Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa"), guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), in line with corporate governance practices as proposed in Malaysian Code on Corporate Governance ("MCCG") 2021 and guided by the Taskforce on Internal Control with the support and endorsement of Bursa Securities.

The scope of this Statement includes the Company and all operating subsidiaries.

## BOARD RESPONSIBILITIES

With the recent changes in the environment, corporate, economic and social landscape, the expectations on directors have evolved significantly and now directors are expected to exercise greater vigilance and professional scepticism in shaping the strategic direction of the Group.

The Board had been taking a much more holistic view for the integration of sustainability and its underlying issues on environmental, social and governance (ESG) in drafting the Group's corporate strategy and directions, as the board sees the ESG has become increasingly material to create durable value to stakeholders.

Therefore, the Group is committed to establish the risk appetite of the Group based on the risk capacity, strategies, internal and external business context, business nature and corporate/product lifecycle and to maintain an effective governance, risk management framework and internal control system in the Group.

This involves the Board in setting the policies on risk management and internal control after conducting an assessment of the Group's risks exposure. The overall control environment is established and the monitoring and oversight mechanisms are developed and implemented involving the Board, the Audit Committee ("AC"), senior executive management and Heads of Departments ("HODs").

The Board endeavours to maintain an adequate system of governance, risk management and internal control to support the Group's operations and will periodically evaluate and continue to take proactive measures to further strengthen the procedures and processes to ensure the framework remains relevant, effective and efficient.

The system of internal control covers, inter-alia, control environment, risk assessment, control activities, information and communication and monitoring activities. In view of the inherent limitation in any system of internal control, it should be noted that such a system is designed to manage, rather than to eliminate, the risk of not achieving the Group's business objectives. The system can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

### GROUP RISK MANAGEMENT FRAMEWORK

The Board has established a formal comprehensive structured risk management framework for identifying key risks, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans being taken to manage those risks. This forms a structured process for timely identification, reporting, monitoring and continually reviewing and improving on risks management to ensure key risks to be within its risk appetite whilst embedding a healthy risk management system into its structures and processes that enable the Group to provide reasonable assurance to meet performance objectives.

**The principles, practices and process** of the risk management framework established by the Board are, in all material aspects, guided by ISO 31000:2018 – Risk Management Guidelines.

A **Sustainability and Risk Management Committee** (“SRMC”) was established to assist and report to the Board in regard to the ongoing process for identification, evaluation and management of risks. The risk management framework clearly defines the risk management’s objectives and processes, along with clear roles and responsibilities of the Board, AC (the governance oversight role), SRMC, risk owners, key sustainability & risk officers and outsourced Internal Audit Function. Overall, the risk management process is overseen by SRMC and involves all the HODs within the Group with governance oversight by the AC.

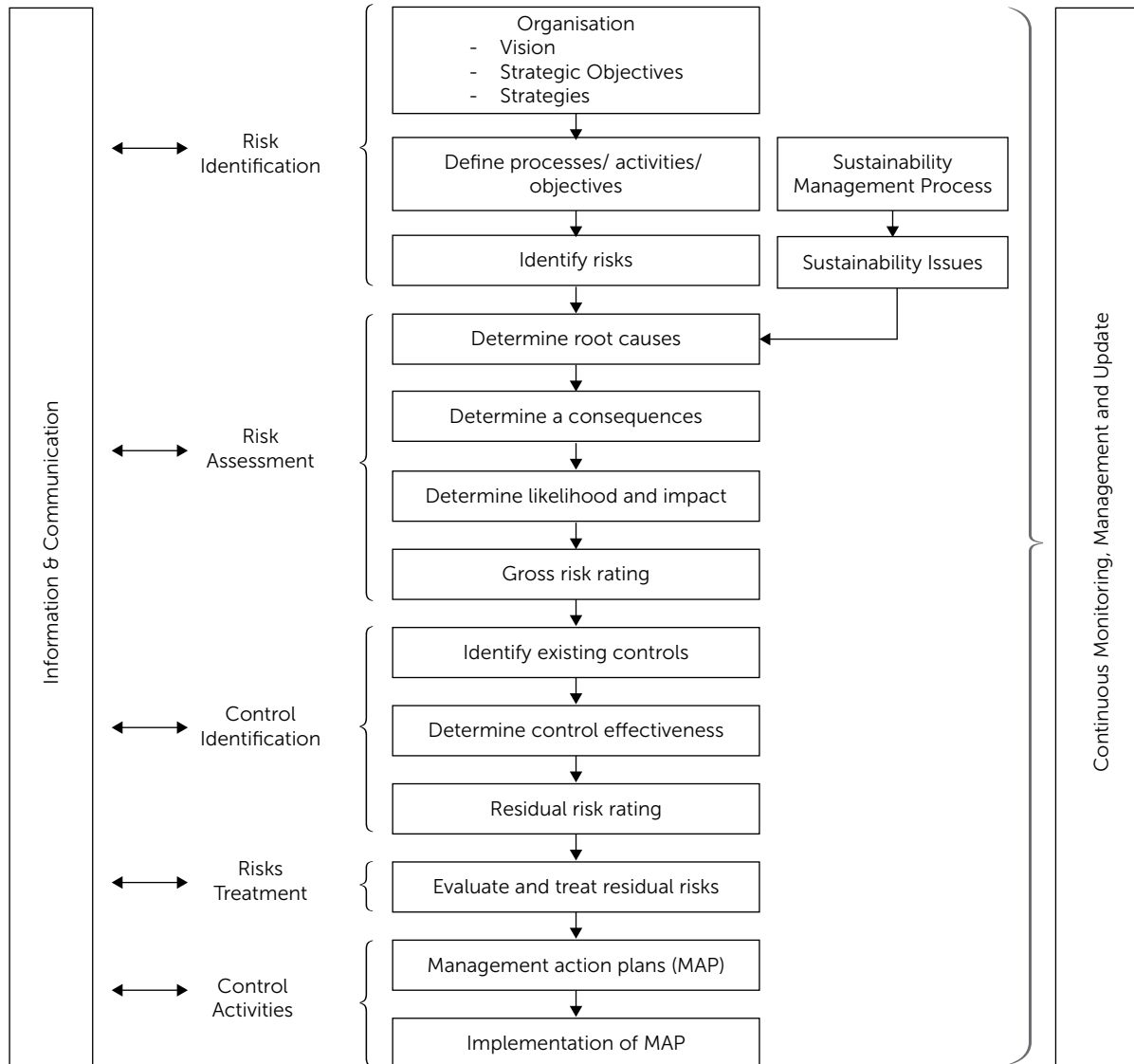
**Key Risk Registers** were used for the identification of risks, the possibility of risks occurring, the potential impacts to the Group and acting as important risk monitoring records. SRMC updates the Key Risk Registers with the assistance and feedback from the risk owners and also through the results of the internal audit works. Key Risk Report and Key Risks Profile are compiled by the SRMC based on updated Key Risk Registers and submitted to the Executive Chairman for his review. Subsequent to the review by the Executive Chairman, the Key Risk Report and Key Risks Profile compiled therefrom will be made available to the AC for review. The AC subsequently reports results of such update to the Board for their final review and decision. During the financial year ended, the AC had received the Key Risk Report and Key Risk Profile from SRMC and was satisfied with the existing risk management and internal controls in place.

**Key features** of this framework include but are not limited to:

- (i) A structured governance process for implementing, identifying, assessing, measuring, monitoring, reporting, managing and mitigating business risks across the Group from risk owners to the Board of Directors;
- (ii) Determination and formalisation of risk appetite and setting the Key Risks tolerance levels;
- (iii) Identified risk owners who are accountable for ensuring that the respective risks are continuously updated and monitored. The status of risk mitigation action plans is tracked to ensure their effectiveness and timely implementation and escalated to the appropriate level of management;
- (iv) Risk management process that is embedded into the day-to-day operations and decision makings (strategic and operations) at all levels of the Group; and
- (v) Risk management and internal control reviews are undertaken by the outsourced Internal Audit Function. The Internal Auditor adopts a risk-based approach in evaluating governance, risk and control structures and processes of the Group. The internal audit procedures are focused on the identified key risk areas.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The **Risk assessment process** is illustrated by the following diagram:



### INTERNAL CONTROL

Apart from the risk management and Internal Audit Functions, the Board has established internal control system made up of five core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with principles representing the fundamental concepts associated with each component as follows:

- The role, functions, composition, operation and processes of the Board are guided by a formal board charter whereby roles and responsibilities of the Board, the Chairman of the Board and Chief Executive Officer are specified to preserve the independence of the Board from the management;
- Board Committees are established to carry out duties and responsibilities delegated by the Board, governed by written terms of reference;
- Clearly defined and documented lines and limit of authority, responsibility and accountability have been established through the approved Group Financial Level of Delegated Authority Limit Manual;
- Annual business plans, strategies and budgets are presented by senior executive management to the Board for review and approval;

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

- An organisational structure which formally defines lines of responsibilities, accountabilities of performance and controls and delegation of authority is in place;
- Effective and efficient information and communication infrastructures and channels, i.e. computerised systems, secured intranet, electronic mail system and modern telecommunication are put in place so that operation data and management information can be collected and communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders;
- Quarterly financial reports with comprehensive information on financial performance and key business indicators are reviewed by the Audit Committee and approved by the Board;
- The Board and the AC meet at least once every quarter to discuss matters raised by management and Internal Auditor on corporate and operation matters. Any potential financial and non-financial risks; monitoring and control measures; and significant changes in the business and environment will be discussed;
- Operation meetings between senior management and HODs are conducted to address ongoing operational issues and the senior management will report key issues to either Executive Chairman, CEO or COO for further deliberation and decision;
- Executive Chairman, CEO and COO receive and review financial reports from each business unit on monthly basis and/or when necessary;
- The tone from the top on integrity and ethical values are enshrined in the Code of Ethics and Conduct to ensure that working environments and conditions are safe and healthy, conflicts of interest are avoided, workers are treated with respect and dignity, confidentiality is observed, good personal behaviour is exhibited and business operations are conducted ethically;
- Recruitment, staff entitlement and termination guidelines are in place and documented in the Employee Handbook. Code of conduct at work and company's rules and regulations are communicated to all employees upon their employment;
- Anti-Bribery and Corruption ("ABC") Policy and its framework was established and it applied to the Board, all staffs, customers, suppliers and any persons associated to the Group. As part of demonstrating top level commitment, an ABC Compliance Unit has been set up, led by Finance Director, to act as management oversight function on ABC. During the financial year, AC had received ABC Report from ABC Compliance Unit that serves to provide information to AC in order to assess the adequacy and effectiveness of the existing internal control and management action plans in detecting and mitigating bribery and corruption risk. AC had assessed the Group's ABC management and was satisfied with the controls and procedures being implemented;
- Staff training and human resource development programs are conducted internally and externally to ensure that staff are kept up to date with the necessary competencies and knowledge in order to perform towards achieving the Group's objectives;
- A Whistle-blowing Policy and Procedures has been adopted to provide a channel for stakeholders to raise genuine concerns or feedbacks without fear of reprisals and safeguard such person's confidentiality; protect a blower from reprisal consequent for making a genuine disclosure; provide a transparent and confidential process for dealing with concerns. This policy not only covers possible improprieties in matters of financial reporting, but also fraud, corruption, bribery or blackmail, criminal offences, failure to comply with a legal or regulatory obligation, miscarriage of justice, endangerment of an individual's health and safety, and concealment if any;
- Adequate insurance coverage and physical safeguards on major assets are in place to ensure that the assets of the Group are sufficiently covered against pertinent perils that may result in material losses to the Group;
- Documented internal procedures and standard operating procedures are in place. Internal policies and standard operating procedures are appropriately communicated to all employees and clearly documented in a manual which would be reviewed and revised when necessary;

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

- During the financial year ended, the Company had appointed an independent professional services company to conduct an independent assessment of its governance and risk management on human resource management and practices. The Methodology used and outcome of the assessment are set out in the Management Discussion & Analysis on page 9 of this Annual Report.
- Internal and external quality and surveillance audits are conducted on a regular basis to ensure compliance.

The external audits are conducted by assessors certified by the accreditation bodies and the following ISO Certifications at the Group's Manufacturing Divisions were renewed during the year:

- ISO 13485:2016 Quality Management System in Medical Device;
- ISO 14001:2015 Environmental Management System;
- ISO 22000:2018 Manufacturing of Plastic Component for Food Packaging Application;
- OHSAS 45001:2018 Occupational Health and Safety Management;
- ISO 9001:2015 Quality Management System; and
- IATF 16949:2016 Quality Specification for Automotive Industry Supply Chain.

### INTERNAL AUDIT

**Messrs. NeedsBridge Advisory Sdn Bhd** is the Group's outsourced internal audit and an independent professional services firm, who assists the AC to review the governance, risk management and control processes implemented by the management and reports on its findings and recommendations together with management's response to the AC. The Board delegates the task of overseeing the Internal Function to the AC to ensure the adequacy and competency of outsourced internal audit function.

The internal audits are guided by, in all material aspects, the **International Professional Practices Framework**, i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. The engagement director of the outsourced internal audit function, Mr. Pang Nam Ming, is accredited by the Institute of Internal Auditors Global as Certified Internal Auditor and for Certification in Risk Management Assurance. He is also a professional member of the Institute of Internal Auditors Malaysia.

The **internal audit engagement** of the outsourced internal audit function is governed by the engagement letter with key terms which include purpose and scope of works, accountability, independence, outsourced internal audit function's responsibilities, management's responsibilities, authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review by the AC and for its reporting to the Board for ultimate approval.

The **resources** allocated to the fieldworks of the internal audit by the outsourced internal audit function was one (1) manager assisted by at least one (1) senior consultant and one (1) consultant per one (1) engagement with oversight performed by the director. The outsourced internal audit function reported its staff strength, qualification and experience as well as continuous professional education during the AC meeting for AC's review.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

During the financial year under review, based on the risk-based internal audit plan reviewed by AC and approved by the Board on recommendation by AC, the outsourced internal audit function had conducted visits at the group's main operation plant to assess its adequacy and effectiveness of its internal control system on the human resource and treasury management as well as recurrent related party transactions. Upon the completion of the internal audit field works during the financial year, the internal audit reports were presented to AC for review and subsequent report to the Board. During the presentation by the outsourced internal audit function, the internal audit findings, priority level, risk/potential implication, recommendations formulated based on the root cause(s) of the internal audit findings as well as management responses/action plans and person-in-charge together with date of implementation were presented and deliberated with AC. Together with the internal audit reports, the updates on the implementation progress of action plans formulated per previous internal audit reports via the Action Plan Progress Report were also presented to AC during the financial year for review and deliberation. The Board was of the view that there were no material or significant losses arising from the weaknesses in risk management system and internal control of the Group.

**Internal audit fee** of RM 50,600 was incurred during the financial year.

An **evaluation of internal audit** function had been done by AC to assess the performance, resources, qualification and reviewing of the works performed and deliverables by the outsourced internal audit function for the financial year, AC and the Board are satisfied with the independence and objectivity, resources and competency of the internal audit processes and results.

### REVIEW OF THIS STATEMENT BY EXTERNAL AUDITOR

The external auditors have reviewed this SRMIC pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the SRMIC included in the Annual Report issued by Malaysian Institute of Accountants ("MIA") for inclusion in this Annual Report for the year ended 31 March 2022, 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 this Annual Report, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the SRMIC: Guidelines for Directors of Listed Issuers, or
- (b) 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 Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

### ASSURANCE FROM MANAGEMENT

For the financial year ended 2022 and up to the date of this SRMIC, the Board has received assurance from the Executive Chairman, being the highest ranking executive in the Company and Finance Director, being the person primarily responsible for the management of the financial affairs of the Company, that the Group's risk management and internal control system is, in all material aspects, operating adequately and effectively in meeting the Group's objectives.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

### OPINION AND CONCLUSION

Based on the review of the risk management results and process, monitoring and review mechanism stipulated above, assurance provided by the Executive Chairman and the Finance Director and review of all the relevant internal and external reports, the Board is of the view that the risk management and internal control system is satisfactory for the financial year under review and up to the date of approval of this SRMIC, and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

The Board continues to take pertinent measures to sustain and, where required, to improve the Group's governance, risk management and internal control system in meeting the Group's business objectives.

This SRMIC is made in accordance with a resolution of the Board dated 22 July 2022.



## AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of the Group is pleased to present the Audit Committee Report for the financial year ended 31 March 2022 in compliance with Paragraph 15.15 (1) of the Listing Requirements of the Bursa Securities.

### MEMBERS

#### Koh Win Ton

Chairman, Independent Non-Executive Director

#### Ms. Elizabeth Shanti A/P Frank Louis

Member, Independent Non-Executive Director (appointed on 17 December 2021)

#### Lee Kok Jong

Member, Independent Non-Executive Director

### FORMER MEMBER

#### Wong Chin Chin

Member, Independent Non-Executive Director (resigned on 29 November 2021)

The composition of AC is in compliance with paragraph 15.09 of Main Market Listing Requirements ("MMLR"), whereby the AC consists of three (3) Independent Non-Executive Director, with the AC Chairman fulfilling the requirements under paragraph 15.09 (1)(c)(i) and paragraph 7.1 of Practice Note 13 of MMLR. The AC meets the requirement under Step Up Practice 9.4 of the Malaysian Code on Corporate Governance ("MGGC") 2021 whereby the committee comprises solely of Independent Non-Executive Directors. No alternate director has been appointed as a member of the AC.

The AC Chairman is an independent director and no alternate director and former key audit partner had been appointed as a member of the AC. In compliance with Practice 9.1 of the MCCG 2021, the AC Chairman is not the Chairman of the Board of Directors of the Company. The Chairman of the Board of Directors is not a member of the AC pursuant to Practice 1.4 of the MCCG 2021.

The profile of the members can be found on the Profile of the Board of Directors set out in this Annual Report.

### SUMMARY OF MEETINGS

During the financial year, the Committee held five (5) meetings. The attendance of each member of the Committee was as follows:

Name	Designation	Meetings Attended
Chairman Koh Win Ton	Independent Non-Executive Director	5/5
Members Lee Kok Jong	Independent Non-Executive Director	5/5
Elizabeth Shanti A/P Frank Louis (appointed on 17 December 2021)	Independent Non-Executive Director	1/1
Former Member Wong Chin Chin (resigned on 29 November 2021)	Independent Non-Executive Director	4/4

The Terms of Reference of the Audit Committee is available on the Company's website at: [www.ataims.com.my](http://www.ataims.com.my)

## AUDIT COMMITTEE REPORT

### SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year, the AC held three (3) meetings with the External Auditors ("EA") and two (2) meetings with the Internal Auditors ("IA"). The AC had two (2) private sessions with the External Auditors.

During the financial year, the AC had carried out its duties in accordance with its terms of reference, which encompassed the following:

#### A. External Audit

- Reviewed the EA's Audit Planning Memorandum comprising the audit plan, audit strategy, scope of work and proposed fees for the statutory audit and approved the engagement of the External Auditors on recurring and non-recurring non-audit services;
- Reviewed the EA's Audit Status Memorandum and Management Letter for improving internal controls based on their observations made during the course of the external audit, management's response to the issues and findings was that these issues and findings will be discussed internally with the management team and ensure that they are resolved; and
- Assessed the performance, independence and objectivity of EA through a prescribed Suitability and Independence Checklist.

#### B. Internal Audit

- Reviewed and approved the Internal Audit Plan and assessed the Internal Audit reports and recommendations. Management's responses on the issues reported were reviewed, discussed and additional directives were given to management as and when necessary to ensure issues affecting internal controls are promptly addressed and resolved by management; and
- Assessed and evaluated the adequacy and independence of the Internal Audit function through a prescribed checklist, on the areas as set out in paragraph 15.12(1)(e) and (f) of the Listing Requirements and report the same to the Board.

#### C. Internal Control, Risk Management and Financial Reporting

- Reviewed the Group's Quarterly Interim Financial Statements before a recommendation is made to the Board for approval;
- Reviewed the Group's annual Audited Financial Statements and confirmed with management and External Auditors that the Audited Financial Statements have been prepared in compliance with applicable Malaysian Financial Reporting Standards;
- Reviewed the new accounting policies adopted by the Group to ensure compliance with the applicable approved Malaysian Financial Reporting Standards;
- Reviewed the Group's annual Financial Budgets and Capital Expenditure Budget and recommended to the Board for approval;
- Review of recurrent related party transactions on quarterly basis to ensure transactions involved related parties are free from conflict of interest;
- Received and reviewed the Key Risk Report and Key Risk Registers presented by the management to ensure the adequacy of the scope of coverage and acceptability of the residual risks and proposed management action plans with the results on its review and recommendation reported to the Board;

## AUDIT COMMITTEE REPORT

- Received and reviewed the performance on the compliance of Group's ABC management to ensure they are adequate, effective and efficient in managing bribery and corruption risks. AC reviewed ABC risks report and Internal Audit report presented by management on the performance of ABC management and reported the finding and recommendations to the Board;
- Reviewed and approved the updated External Auditor Policy and Procedures;
- Reviewed and approved the updated Delegated Financial Authority Manual;
- Received and reviewed the Company's Sustainability Targets for the FYE 2022 to ensure ESG factors are integrated in the Company's strategies and long term plan; and
- Reviewed the Sustainability Statement, Corporate Governance Overview Statement, Corporate Governance Report, Statement of Risk Management and Internal Control and the Audit Committee Report for inclusion in this Annual Report.

### SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The significant activities carried out by the internal audit function include but are not limited to the following:

- (a) Conduct of Internal Audit, focusing on key risks included ABC risks faced by significant business units within the Group, based on an Internal Audit Plan presented to, and approved by the AC;
- (b) The Internal Audit covered testing the existence and effectiveness of compliance, financial and operational controls deployed by management to address the business risks faced by the Group;
- (c) Weaknesses in the internal control system were highlighted to the AC and management, including recommendations for improvement and management's response to such observations; and
- (d) Follow-up on the status of implementation by management on action plans to address the issues highlighted during the Internal Audit.

During the financial year, the outsourced internal audit function conducted scheduled internal audits in accordance with the risk-based internal audit plan (and any amendments thereof) reviewed by AC and approved by the Board on recommendation by AC. Areas of improvement in internal controls had been identified and formally tabled at the quarterly AC meetings. Follow-up reviews were carried out to ascertain the status of implementation of agreed management action plans. The results of the follow-up reviews were reported to the AC.

The further details on outsourced internal audit function and internal audit activities are disclosed in the Statement on Risk Management and Internal Control available on pages 53 to 54 of this Annual Report.

This Audit Committee Report is made in accordance with a resolution of the Board of the Directors dated 22 July 2022.

## OTHER DISCLOSURES

### Share Buy-Back

On 23 September 2021, Shareholders' approval were obtained at an Annual General Meeting, that the Company was granted authority to purchase its own ordinary shares of up to 10% of the entire issued and fully paid share capital.

### Audit Fees

The Audit fees payable to the External Auditors of the Company and the Group for the financial year ended 31 March 2022 were as follows:

Audit Fees	Company (RM)	Group (RM)
Messrs KPMG PLT	65,000	295,500
Other auditors	-	58,724

### Non-Audit Fees

The amount of non-audit fees paid or payable to the external auditors with services rendered to the Company and the Group for the financial year ended 31 March 2022 were as follows:

Non Audit Fees	Company (RM)	Group (RM)
Messrs KPMG PLT and its affiliates	13,500	257,415
Other auditors and its affiliates	-	39,267

### Material Contracts

There was no material contract entered into by the Company and/or its subsidiaries involving Directors' and/or major shareholders' interest (other than those disclosed under Recurrent Related Party Transactions).

### Employee Share Option Scheme ("ESOS")

The Company does not have an ESOS programme.

### Related Party Transactions

During the financial year ended 31 March 2022, there were Related Party Transactions entered into by subsidiaries companies which involved a company related to the Executive Chairman and an Executive Director. All the Related Party Transactions entered were in the ordinary course of business and were within the applicable prescribed threshold as defined under Rule 10.09 and Guidance Note No.8/2006.

The Company is seeking shareholders' mandate for recurrent related party transactions of a revenue in nature or trading nature pursuant to paragraph 10.09 of the Listing Requirements of Bursa Securities at the forthcoming AGM.

## OTHER DISCLOSURES

During the 32nd AGM held on 23 September 2021, the Company obtained a shareholders' mandate for recurrent related party transactions of a revenue or trading nature between Winsheng Plastic Industry Sdn Bhd ("Winsheng") and ATA Industrial (M) Sdn Bhd ("AIM") with Microtronics Technology Sdn Bhd ("Microtronics") as follows :

Transacting party within the Group	Transacting party	Nature of transactions	Shareholders' Mandate approved during the previous AGM on 23 Sep 2021	Actual aggregate value of transactions from 24 Sep 2021 to 31st Mar 2022
Winsheng (Provider)	Microtronics (Recipient)	Sales of plastic and assembly parts in the ordinary course of business	20,000,000	315,162
Winsheng (Recipient)	Microtronics (Provider)	Purchase of assembly parts in the ordinary course of business	20,000,000	102,701
AIM (Recipient)	Microtronics (Provider)	Purchase of assembly parts in the ordinary course of business	2,500,000,000	213,433,102
AIM (Provider)	Microtronics (Recipient)	Sales of plastic and assembly parts in the ordinary course of business	62,500,000	2,529,550
ATA Components (Provider)	Microtronics (Recipient)	Sales of wire harness and assembly components	20,000,000	1,652,649

## Utilisation of Proceeds

The Company did not undertake any capital raising proposal during the financial year.

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2022.

### PRINCIPAL ACTIVITIES

The principal activity of the Company consists of investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

### RESULTS

	Group RM'000	Company RM'000
Loss for the year attributable to:		
Owners of the Company	12,110	610,530
Non-controlling interests	41	-
	12,151	610,530

### RESERVES AND PROVISIONS

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

### DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

- i) In respect of the financial year ended 31 March 2021 as reported in the Directors' Report of that year:
  - a final dividend of 3.35 sen per ordinary share totalling RM40,295,931 declared on 3 August 2021 and paid on 28 October 2021.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

### DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Sri Foo Chee Juan  
 Dato' Fong Chiu Wan  
 Mr. Koh Win Ton  
 Mr. Lee Kok Jong  
 Ms. Elizabeth Shanti A/P Frank Louis (appointed on 17 December 2021)  
 Mr. Dharma Rajah Nadarajah (appointed on 9 May 2022)  
 Ms. Wong Chin Chin (resigned on 29 November 2021)  
 Datuk Balachandran A/L Govindasamy (resigned on 31 December 2021)

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

### DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Name of Directors	Interest	Number of ordinary shares			
		At 1 April 2021 '000	Bought '000	Sold '000	At 31 March 2022 '000
<b>Company</b>					
Dato' Sri Foo Chee Juan	Direct	-	1,290	-	1,290
	Deemed <sup>(1)</sup>	406,896	500	-	407,396
Dato' Fong Chiu Wan	Direct	314,066	2,000	-	316,066

<sup>(1)</sup> Deemed interested by virtue of his equity interest in Oregon Technology Sdn. Bhd..

By virtue of Dato' Sri Foo Chee Juan's and Dato' Fong Chiu Wan's substantial interests in the Company, they are also deemed to have interests in the ordinary shares of all the wholly-owned subsidiaries of the Company as disclosed in Note 5 to the financial statements.

None of the other Directors holding office at 31 March 2022 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company or of related corporations) by reason of a contract made by the Company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than sales and purchases in the ordinary course of business to/from companies in which the Directors have substantial financial interests as disclosed in Note 30 to the financial statements.

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

### ISSUE OF SHARES

There were no changes in the issued and paid-up capital of the Company during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### INDEMNITY AND INSURANCE COSTS

During the financial year, the total premium paid for insurance effected for Directors and officer of the Group and of the Company is RM28,175.

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

### QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' reports on the audited financial statements of Company's subsidiaries did not contain any qualification or any adverse comments.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors, except for the impairment loss on property, plant and equipment of the Group and impairment loss on investments in certain subsidiaries due to the termination of Contract Manufacturing Agreement, Agreement for the Supply of Goods and Services and Framework Agreement for the Supply of Goods ("Contracts") with a major customer as disclosed in Notes 3 and 5 of the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 March 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.



## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

### AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 20 to the financial statements.

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

.....  
Dato' Sri Foo Chee Juan  
Director

.....  
Dato' Fong Chiu Wan  
Director

Date: 22 July 2022

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 MARCH 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Assets</b>					
Property, plant and equipment	3	361,423	368,851	-	-
Right-of-use assets	4	926	6,908	-	-
Investments in subsidiaries	5	-	-	715,894	1,321,414
Goodwill on consolidation	6	76,414	76,414	-	-
<b>Total non-current assets</b>		<b>438,763</b>	<b>452,173</b>	<b>715,894</b>	<b>1,321,414</b>
Inventories	7	314,785	458,487	-	-
Contract assets	8	52,811	86,541	-	-
Trade and other receivables	9	433,148	984,553	13,217	58,327
Current tax assets		28,618	2,587	-	-
Derivative financial assets	10	-	213	-	-
Cash and cash equivalents	11	200,672	351,208	121	137
Assets classified as held for sale	12	1,030,034 3,223	1,883,589 -	13,338 -	58,464 -
<b>Total current assets</b>		<b>1,033,257</b>	<b>1,883,589</b>	<b>13,338</b>	<b>58,464</b>
<b>Total assets</b>		<b>1,472,020</b>	<b>2,335,762</b>	<b>729,232</b>	<b>1,379,878</b>
<b>Equity</b>					
Share capital	13	1,338,445	1,338,445	1,338,445	1,338,445
Reserves	13	(599,867)	(547,749)	(609,627)	41,199
<b>Equity attributable to owners of the Company</b>		<b>738,578</b>	<b>790,696</b>	<b>728,818</b>	<b>1,379,644</b>
<b>Non-controlling interests</b>		<b>195</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>738,773</b>	<b>790,696</b>	<b>728,818</b>	<b>1,379,644</b>
<b>Liabilities</b>					
Loans and borrowings	14	137,079	118,293	-	-
Lease liabilities		88	5,178	-	-
Deferred tax liabilities	15	11,091	19,436	-	-
<b>Total non-current liabilities</b>		<b>148,258</b>	<b>142,907</b>	<b>-</b>	<b>-</b>
Loans and borrowings	14	117,854	434,568	-	-
Lease liabilities		1,016	2,019	-	-
Trade and other payables	16	466,119	965,374	414	234
Contract liabilities	8	-	198	-	-
<b>Total current liabilities</b>		<b>584,989</b>	<b>1,402,159</b>	<b>414</b>	<b>234</b>
<b>Total liabilities</b>		<b>733,247</b>	<b>1,545,066</b>	<b>414</b>	<b>234</b>
<b>Total equity and liabilities</b>		<b>1,472,020</b>	<b>2,335,762</b>	<b>729,232</b>	<b>1,379,878</b>

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	17	2,602,120	4,221,815	-	47,850
Cost of sales		(2,518,337)	(3,916,389)	-	-
<b>Gross profit</b>		<b>83,783</b>	<b>305,426</b>	<b>-</b>	<b>47,850</b>
Other income		8,323	9,201	-	-
Distribution expenses		(42,914)	(72,110)	-	-
Administrative expenses		(34,243)	(38,309)	(1,291)	(781)
Other expenses		(16,643)	(1,702)	(609,233)	(6,177)
<b>Results from operating activities</b>		<b>(1,694)</b>	<b>202,506</b>	<b>(610,524)</b>	<b>40,892</b>
Finance income		4,699	7,302	1	27
Finance costs	18	(16,568)	(17,770)	-	-
<b>Net finance (costs)/income</b>		<b>(11,869)</b>	<b>(10,468)</b>	<b>1</b>	<b>27</b>
<b>(Loss)/Profit before tax</b>		<b>(13,563)</b>	<b>192,038</b>	<b>(610,523)</b>	<b>40,919</b>
Tax credit/(expense)	19	1,412	(41,738)	(7)	(24)
<b>(Loss)/Profit for the year</b>	20	<b>(12,151)</b>	<b>150,300</b>	<b>(610,530)</b>	<b>40,895</b>
<b>Other comprehensive income/ (expense), net of tax</b>					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation/ Other comprehensive income/ (expense) for the year, net of tax		288	(579)	-	-
<b>Total comprehensive (expense)/ income for the year</b>		<b>(11,863)</b>	<b>149,721</b>	<b>(610,530)</b>	<b>40,895</b>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(12,110)	150,300	(610,530)	40,895
Non-controlling interest		(41)	-	-	-
<b>(Loss)/Profit for the year</b>		<b>(12,151)</b>	<b>150,300</b>	<b>(610,530)</b>	<b>40,895</b>
<b>Total comprehensive (expense)/ income attributable to:</b>					
Owners of the Company		(11,822)	149,721	(610,530)	40,895
Non-controlling interest		(41)	-	-	-
<b>Total comprehensive (expense)/ income for the year</b>		<b>(11,863)</b>	<b>149,721</b>	<b>(610,530)</b>	<b>40,895</b>
Basic (loss)/earnings per ordinary share (sen)	21	(1.01)	12.49		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2022

	Attributable to owners of the Company		Distributable		Total Equity RM'000		
	Share capital RM'000	Non-distributable	Exchange fluctuation reserve RM'000	Reverse accounting reserve RM'000		Retained earnings RM'000	Total RM'000
<b>Group</b>							
<b>At 1 April 2020</b>	1,338,445	-	644	(1,104,436)	432,276	666,929	-
Foreign currency translation differences for foreign operation/	-	-	(579)	-	-	(579)	-
<b>Total other comprehensive expense for the year</b>	-	-	-	-	150,300	150,300	-
Profit for the year	-	-	(579)	-	150,300	149,721	-
<b>Total comprehensive (expense)/ income for the year</b>	-	-	(579)	-	150,300	149,721	-
<i>Contributions by and distributions to owners of the Company</i>							
Own shares acquired	-	(1,897)	-	-	-	(1,897)	-
Dividends to owners of the Company	-	-	-	-	(24,057)	(24,057)	-
<b>Total transactions with owners of the Company</b>	-	(1,897)	-	-	(24,057)	(25,954)	-
<b>At 31 March 2021</b>	1,338,445	(1,897)	65	(1,104,436)	558,519	790,696	-

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

*cont'd*

Group	Attributable to owners of the Company									
	Share capital RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Reverse accounting reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000		
<b>At 1 April 2021</b>	1,338,445	(1,897)	65	(1,104,436)	558,519	790,696	-	790,696		
Foreign currency translation differences for foreign operation/ <b>Total other comprehensive income for the year</b>	-	-	288	-	-	288	-	288		
Loss for the year	-	-	-	-	(12,110)	(12,110)	(41)	(12,151)		
<b>Total comprehensive income/ (expense) for the year</b>	-	-	288	-	(12,110)	(11,822)	(41)	(11,863)		
<i>Contributions by and distributions to owners of the Company</i>										
Dividends to owners of the Company	-	-	-	-	(40,296)	(40,296)	-	(40,296)		
<b>Total transactions with owners of the Company</b>	-	-	-	-	(40,296)	(40,296)	-	(40,296)		
Acquisition of a subsidiary	-	-	-	-	-	-	236	236		
<b>At 31 March 2022</b>	1,338,445	(1,897)	353	(1,104,436)	506,113	738,578	195	738,773		

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

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 MARCH 2022

Company	Note	Attributable to owners of the Company			Total equity RM'000
		Non-distributable Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings Non-Distributable (Accumulated losses) RM'000	
At 1 April 2020		1,338,445	-	26,258	1,364,703
Profit and total comprehensive income for the year		-	-	40,895	40,895
<i>Contributions by and distributions to owners of the Company</i>					
Own shares acquired	13	-	(1,897)	-	(1,897)
Dividends to owners of the Company	22	-	-	(24,057)	(24,057)
<b>Total transactions with owners of the Company</b>		-	(1,897)	(24,057)	(25,954)
At 31 March 2021/1 April 2021		1,338,445	(1,897)	43,096	1,379,644
Loss and total comprehensive expense for the year		-	-	(610,530)	(610,530)
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company	22	-	-	(40,296)	(40,296)
<b>Total transactions with owners of the Company</b>		-	-	(40,296)	(40,296)
At 31 March 2022		1,338,445	(1,897)	(607,730)	728,818

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

## STATEMENTS OF CASH FLOWS

### FOR THE YEAR ENDED 31 MARCH 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>					
(Loss)/Profit before tax		(13,563)	192,038	(610,523)	40,919
Adjustments for:					
Bad debts written off		-	449	-	-
Depreciation:					
- Property, plant and equipment		47,988	39,213	-	-
- Right-of-use assets		2,019	3,377	-	-
Finance income		(4,699)	(7,302)	(1)	(27)
Finance costs	18	16,568	17,770	-	-
(Reversal of impairment loss)/					
Impairment loss on:					
- Trade receivables		(25)	(51)	-	-
- Amounts due from subsidiaries		-	-	3,233	4,039
- Investments in subsidiaries		-	-	606,000	2,138
- Goodwill		127	-	-	-
Property, plant and equipment:					
- (Gain)/Loss on disposal		(3,201)	54	-	-
- Impairment loss		12,000	-	-	-
Provision for restoration costs		1,100	-	-	-
Provision for litigation claims		2,700	-	-	-
Gain arising from lease modification		-	(2)	-	-
Unrealised gain on foreign exchange		(1,994)	(4,874)	-	-
Inventories:					
- Allowance for slow moving		9,277	506	-	-
- Write-down to net realisable value		343	96	-	-
Fair value gain on derivative instruments		-	(213)	-	-
<b>Operating profit/(loss) before changes in working capital</b>		68,640	241,061	(1,291)	47,069
Change in inventories		134,082	(89,907)	-	-
Change in contract assets		33,730	(50,432)	-	-
Change in trade and other receivables		551,830	(268,883)	41,877	(50,427)
Change in trade and other payables		(474,870)	202,132	180	(99)
Change in contract liabilities		(198)	64	-	-
Change in derivative financial assets		213	-	-	-
<b>Cash generated from/(used in) operations</b>		313,427	34,035	40,766	(3,457)
Dividend received		-	-	-	27,180
Interest received		-	-	1	27
Tax paid		(33,004)	(35,605)	(7)	(24)
<b>Net cash from/(used in) operating activities</b>		280,423	(1,570)	40,760	23,726

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

STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2022  
*cont'd*

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	23	(57,451)	(9,705)	-	-
Acquisition of a subsidiary, net cash and cash equivalents acquired	24	(58)	-	-	-
Proceeds from disposal of property, plant and equipment		7,392	1,157	-	-
Change in pledged deposits		8,982	9,346	-	-
Increase in investment in subsidiaries		-	-	(480)	(386)
Interest received		4,699	7,302	-	-
<b>Net cash (used in)/from investing activities</b>		<b>(36,436)</b>	<b>8,100</b>	<b>(480)</b>	<b>(386)</b>
<b>Cash flows from financing activities</b>					
Repayment of term loans		(4,414)	(2,107)	-	-
(Repayment of)/Proceeds from bankers' acceptances		(223,666)	73,601	-	-
Repayment of supply chain financing		(78,644)	(19,306)	-	-
Proceeds from/(Repayment of) hire purchase liabilities		2,136	(39,504)	-	-
Repayment of lease liabilities		(2,130)	(3,234)	-	-
(Repayment of)/Proceeds from revolving credits		(23,000)	30,000	-	-
Dividends paid to owners of the Company		(40,296)	(24,057)	(40,296)	(24,057)
Repurchase of treasury shares		-	(1,897)	-	(1,897)
Interest paid		(16,568)	(17,770)	-	-
<b>Net cash used in financing activities</b>		<b>(386,582)</b>	<b>(4,274)</b>	<b>(40,296)</b>	<b>(25,954)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(142,595)</b>	<b>2,256</b>	<b>(16)</b>	<b>(2,614)</b>
Effect of exchange rate fluctuation on cash held		293	(662)	-	-
<b>Cash and cash equivalents at 1 April</b>		<b>342,226</b>	<b>340,632</b>	<b>137</b>	<b>2,751</b>
<b>Cash and cash equivalents at 31 March</b>	11	<b>199,924</b>	<b>342,226</b>	<b>121</b>	<b>137</b>

Cash outflows for leases as a lessee

	Note	Group	
		2022 RM'000	2021 RM'000
<b>Included in net cash from operating activities</b>			
Payment relating to short-term leases	20	22,156	18,277
Covid-19 related rent concessions income	20	-	(30)
<b>Included in net cash from financing activities</b>			
Payment of lease liabilities		2,130	3,234
Interest paid in relation to lease liabilities	18	244	489
<b>Total cash outflows for leases</b>		<b>24,530</b>	<b>21,970</b>

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



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

cont'd

### Reconciliation of movement of liabilities to cash flows arising from financing activities

Group	At 1 April 2021 RM'000	Net changes from financing cash flows RM'000	Acquisition of new hire purchase liabilities (Note 23) RM'000	Acquisition of new leases RM'000	Remeasure- ment of leases combination RM'000	Acquisition through business RM'000	At 31 March 2022 RM'000
Hire purchase liabilities	94,090	2,136	28,645	-	-	267	125,138
Term loans	56,695	(4,414)	-	-	-	-	52,281
Bankers' acceptances	288,432	(223,666)	-	-	-	-	64,766
Supply chain financing	78,644	(78,644)	-	-	-	-	-
Revolving credits	35,000	(23,000)	-	-	-	-	12,000
Lease liabilities	7,197	(2,130)	-	256	(4,219)	-	1,104
<b>Total liabilities from financing activities</b>	<b>560,058</b>	<b>(329,718)</b>	<b>28,645</b>	<b>256</b>	<b>(4,219)</b>	<b>267</b>	<b>255,289</b>
Group	At 1 April 2020 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Acquisition of new hire purchase liabilities (Note 23) RM'000	Derecognition of leases RM'000	At 31 March 2021 RM'000	
Hire purchase liabilities	86,481	(39,504)	-	47,113	-	94,090	
Term loans	58,802	(2,107)	-	-	-	56,695	
Bankers' acceptances	214,831	73,601	-	-	-	288,432	
Supply chain financing	97,950	(19,306)	-	-	-	78,644	
Revolving credits	5,000	30,000	-	-	-	35,000	
Lease liabilities	8,373	(3,234)	2,158	-	(100)	7,197	
<b>Total liabilities from financing activities</b>	<b>471,437</b>	<b>39,450</b>	<b>2,158</b>	<b>47,113</b>	<b>(100)</b>	<b>560,058</b>	

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

# NOTES TO THE FINANCIAL STATEMENTS

ATA IMS Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

**Principal place of business**

No. 6, Jalan Dewani 1  
Kawasan Perindustrian Dewani  
81100 Johor Bahru  
Johor

**Registered office**

Suite 1301, 13th Floor  
City Plaza, Jalan Tebrau  
80300 Johor Bahru  
Johor

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group Entities"). The financial statements of the Company as at and for the financial year ended 31 March 2022 do not include other entities.

The principal activity of the Company consists of investment holding. The principal activities of its subsidiaries are disclosed in Note 5.

These financial statements were authorised for issue by the Board of Directors on 22 July 2022.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

#### *MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022*

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION *cont'd*

#### (a) Statement of compliance *cont'd*

*MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023*

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred tax related to assets and liabilities arising from a Single Transaction*

*MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed*

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company upon their first adoption.

#### (b) Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

#### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in the following notes:

- Note 3.1 - Impairment loss on property, plant and equipment
- Note 4 - Extension options and incremental borrowing rate in relation to leases
- Note 5 - Impairment of investments in subsidiaries
- Note 6 - Goodwill on consolidation
- Note 28.4 - Measurement of expected credit loss ("ECL")

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

#### (a) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

##### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

##### (iii) Reverse accounting

On 5 February 2018, the Company completed its acquisition of the entire equity interest in Integrated Manufacturing Solutions ("IMS") and its subsidiaries (collectively referred to as "IMS Group") via the issuance of 1,032,104,348 new ordinary shares of the Company to the shareholders of IMS Group. This acquisition has been accounted for using reverse accounting in accordance with MFRS 3, Business Combinations.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (a) Basis of consolidation *cont'd*

##### (iii) Reverse accounting *cont'd*

Accordingly, the IMS Group (being the legal subsidiaries in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree. In addition, the consolidated financial statements represent a continuation of the financial position, performance and cash flows of the IMS Group. Accordingly, the consolidated financial statements are prepared on the following basis:

- (a) the assets and liabilities of the IMS Group are recognised and measured in the statements of financial position of the Group at their pre-acquisition carrying amounts;
- (b) the assets and liabilities of the Company and its subsidiaries are recognised and measured in the consolidated statements of financial position at their acquisition-date fair values;
- (c) the accumulated profits and other equity balances recognised in the consolidated financial statements are the accumulated profits and other equity balances of the IMS Group immediately before the acquisition; and
- (d) the amount recognised as issued equity interests in the consolidated financial statements is determined by adding to the issued equity of the IMS Group immediately before the acquisition. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issues) reflect the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the Company to effect the acquisition.

#### *Separate financial statements of the Company*

The above accounting applies only at the consolidated financial statements. In the Company's separate financial statements, investments in the legal subsidiaries (the IMS Group) is accounted for at cost less accumulated impairment losses, if any, in the Company's statements of financial position. The initial cost of the investment in the IMS Group is based on the fair value of the ordinary shares issued by the Company as at the acquisition date.

##### (iv) Loss of control

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

##### (v) Transactions eliminated on consolidation

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (b) Foreign currency

##### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

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

##### (ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (c) Financial instruments

##### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

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

##### (ii) Financial instrument categories and subsequent measurement

###### Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

The categories of financial assets at initial recognition are as follows:

###### (a) *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (c) Financial instruments *cont'd*

##### (ii) Financial instrument categories and subsequent measurement *cont'd*

###### Financial assets *cont'd*

##### (b) *Fair value through other comprehensive income*

###### (i) *Debt investments*

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

###### (ii) *Equity investments*

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

##### (c) *Fair value through profit or loss*

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(k)(i)).



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (c) Financial instruments *cont'd*

##### (ii) Financial instrument categories and subsequent measurement *cont'd*

###### Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

###### (a) *Fair value through profit or loss*

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

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

###### (b) *Amortised cost*

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (c) Financial instruments *cont'd*

##### (iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group or the Company, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

##### (iv) Financial guarantee contracts

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

Financial 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 to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

##### (v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (c) Financial instruments *cont'd*

##### (vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

#### (d) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

##### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

##### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (d) Property, plant and equipment *cont'd*

##### (iii) Depreciation *cont'd*

The estimated useful lives for the current and comparative periods are as follows:

Buildings	10 - 50 years
Plant and machinery	6.67 - 10 years
Office furniture and equipment	5 - 10 years
Motor vehicles	5 - 6.67 years
Renovation and electrical installation	6.67 - 10 years

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

#### (e) Leases

##### (i) Definition of a lease

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

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (e) Leases *cont'd*

##### (ii) Recognition and initial measurement

###### (a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

###### (b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (e) Leases *cont'd*

##### (iii) Subsequent measurement

###### (a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

###### (b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of "other income".

#### (f) Intangible assets

##### Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

#### (g) Inventories

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

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (h) Non-current asset held for sale or distribution to owners

Non-current assets that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

#### (i) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see Note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

#### (j) Cash and cash equivalents

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

#### (k) Impairment

##### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debts investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (k) Impairment *cont'd*

##### (i) Financial assets *cont'd*

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

##### (ii) Other assets

The carrying amounts of other assets (except for inventories and contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (k) Impairment *cont'd*

##### (ii) Other assets *cont'd*

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### (l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

##### (i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

##### (ii) Ordinary shares

Ordinary shares are classified as equity.

##### (iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

#### (m) Employee benefits

##### (i) Short-term employee benefits

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (m) Employee benefits *cont'd*

##### (ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### (n) Revenue and other income

##### (i) Revenue

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

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

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

##### (ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

##### (iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

##### (iv) Lease income

Lease income is recognised in profit or loss on straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total lease income over the term of the lease.

##### (v) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group or the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group or the Company for expenses incurred are recognised in profit or loss as deducted in related expense on a systematic basis in the same period in which the expenses are recognised.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (o) Borrowing costs

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

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### (p) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### (q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Chairman of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

#### (s) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### (t) Fair value measurements

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

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

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

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM'000	Plant and machinery RM'000	Office furniture and equipment RM'000	Motor vehicles RM'000	Renovation and electrical installation RM'000	Construction -in -progress RM'000	Total RM'000
<b>Group</b>							
<b>At cost</b>							
At 1 April 2020	126,882	333,966	18,556	6,844	28,571	688	515,507
Additions	-	64,965	2,373	37	4,714	-	72,089
Disposals/Written off	-	(12,062)	(378)	(129)	(83)	-	(12,652)
Translation differences	-	92	3	-	6	-	101
At 31 March 2021/ 1 April 2021	126,882	386,961	20,554	6,752	33,208	688	575,045
Additions	-	52,756	2,478	666	3,625	-	59,525
Acquisition of a subsidiary (Note 24)	-	454	-	-	-	-	454
Disposals/Written off	-	(15,675)	(4)	-	(504)	-	(16,183)
Translation differences	-	(5)	(1)	-	-	-	(6)
Transfer to assets held for sale (Note 12)	-	(11,511)	-	-	-	-	(11,511)
At 31 March 2022	126,882	412,980	23,027	7,418	36,329	688	607,324
<b>Accumulated depreciation</b>							
At 1 April 2020	9,358	142,305	10,061	3,489	13,191	-	178,404
Depreciation charge	2,020	31,909	1,973	989	2,322	-	39,213
Disposals/Written off	-	(10,926)	(355)	(128)	(32)	-	(11,441)
Translation differences	-	16	1	-	1	-	18
At 31 March 2021/ 1 April 2021	11,378	163,304	11,680	4,350	15,482	-	206,194
Depreciation charge	2,020	39,957	2,316	964	2,731	-	47,988
Disposals/Written off	-	(11,831)	(1)	-	(160)	-	(11,992)
Translation differences	-	(1)	-	-	-	-	(1)
Transfer to asset held for sale (Note 12)	-	(8,288)	-	-	-	-	(8,288)
At 31 March 2022	13,398	183,141	13,995	5,314	18,053	-	233,901

## NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Land and buildings RM'000	Plant and machinery RM'000	Office furniture and equipment RM'000	Motor vehicles RM'000	Renovation and electrical installation RM'000	Construction -in -progress RM'000	Total RM'000
<b>Group</b>							
<b>Accumulated impairment losses</b>							
At 1 April 2021	-	-	-	-	-	-	-
Impairment loss	-	6,791	535	-	4,674	-	12,000
At 31 March 2022	-	6,791	535	-	4,674	-	12,000
<b>Carrying amounts</b>							
At 1 April 2020	117,524	191,661	8,495	3,355	15,380	688	337,103
At 31 March 2021/ 1 April 2021	115,504	223,657	8,874	2,402	17,726	688	368,851
At 31 March 2022	113,484	223,048	8,497	2,104	13,602	688	361,423

## 3.1 Impairment loss

During the year, due to the termination of Contracts with a major customer in one of the subsidiaries, the Group assessed the excess production capacity based on the revised business plan. The Group has assessed the recoverable amount based on both value-in-use and the fair value less costs of disposal methods.

The value-in-use of property, plant and equipment for continuing use is determined by discounting the future cash flows to be generated and based on the following key assumptions:

- (i) Cash flows were projected based on the longest useful life of the assets.
- (ii) Revenue for year 2023 was projected to reduce by approximately 86% and 29% in the first and second projection year respectively as compared to the preceding financial year and subsequently an anticipated annual revenue growth rate of 5%.
- (iii) Profit margins were estimated based on current economic condition.
- (iv) A pre-tax discount rate of 12% was applied in determining the recoverable amount. The discount rate was estimated based on the industry's weighted average cost of capital.

Based on management assessment, the recoverable amount of the unit was determined to be higher than its carrying amount and therefore, no impairment loss was recognised.

The recoverable value of the remaining assets amounted to RM101,000,000 are determined based on fair value less costs of disposal and the Group recognised an impairment loss of RM12,000,000 in the statement of profit or loss and other comprehensive income.

The fair value measurement is categorised as Level 3 fair value hierarchy.

## NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

## 3.2 Carrying amounts of land and buildings

Included in the carrying amount of land and buildings are:

	Group	
	2022 RM'000	2021 RM'000
Land	39,463	39,463
Buildings	74,021	76,041
	113,484	115,504

## 3.3 Land and buildings subject to operating lease

Certain land and buildings of the Group with carrying amounts of RM25,360,000 (2021: RM25,667,000) are leased to a company in which certain Directors have substantial financial interests.

The following are recognised in profit or loss:

	Group	
	2022 RM'000	2021 RM'000
Lease income	2,040	2,040

## 3.4 Security

The land and buildings, plant and machineries of the Group with carrying amounts of RM115,584,000 (2021: RM117,603,000) are charged to licensed banks as securities for bank borrowings as disclosed in Note 14.

The net carrying amount of the assets pledged for hire purchase liabilities is RM131,438,000 (2021: RM143,676,000).

## 4. RIGHT-OF-USE ASSETS

	Land RM'000	Factories RM'000	Hostels RM'000	Total RM'000
<b>Group</b>				
At 1 April 2020	194	8,003	28	8,225
Addition	-	-	2,158	2,158
Depreciation	(116)	(1,573)	(1,688)	(3,377)
Derecognition*	-	-	(98)	(98)
At 31 March 2021/1 April 2021	78	6,430	400	6,908
Addition	256	-	-	256
Depreciation	(120)	(1,499)	(400)	(2,019)
Remeasurement**	-	(4,219)	-	(4,219)
At 31 March 2022	214	712	-	926

## NOTES TO THE FINANCIAL STATEMENTS

4. RIGHT-OF-USE ASSETS *cont'd*

- \* Derecognition of the right-of-use assets during 2021 was as a result of partial termination.
- \*\* During the year, the Group reassess the lease term and determined that it was not reasonably certain to exercise the renewal option of certain factories. The Group revises the carrying amount of the right-of-use assets for the remeasurement of lease liability.

The Group leases a land and a number of factories and hostels that run between one year and six years. Certain leases contain options to renew the lease after that date. Lease payments are increased upon renewal of lease term to reflect current market rentals.

## 4.1 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the lease. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

## 4.2 Extension options

The lease of assets contains extension options exercisable by the Group up to three years before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control.

Group	Lease liabilities recognised (discounted) RM'000	Potential future lease payments not included in lease liabilities (discounted) RM'000	Historical rate of exercise of extension options %
<b>2022</b>			
Lease assets	1,104	235	80
<b>2021</b>			
Lease assets	7,197	2,106	80



## NOTES TO THE FINANCIAL STATEMENTS

## 5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	2021
	RM'000	RM'000
Cost of investments	1,253,595	1,253,115
Amount due from a subsidiary	85,787	85,787
Less: Impairment losses	1,339,382 (623,488)	1,338,902 (17,488)
	715,894	1,321,414

Included in the carrying amount of cost of investments are investment in Integrated Manufacturing Solutions Sdn. Bhd. and its subsidiaries ("IMS Group") amounted to RM1,190,481,000 (2021: RM1,190,481,000).

The amount due from a subsidiary represents amount owing from ATA Industrial (M) Sdn. Bhd.. The amount is interest free, unsecured and no fixed term of repayment. The settlement of balance is neither planned nor likely to occur in the foreseeable future. In substance, the amount forms part of the Company's net investments in the subsidiaries and is stated at cost.

The Company determines whether there is impairment on interests in subsidiaries when indicators of impairment were identified. The recoverable amount is estimated based on the higher of fair value less costs of disposal and the value in use. The Company is required to estimate the recoverable amount based on forecasting and discounting future cash flows which involves estimation uncertainties.

The recoverable amount for IMS Group were based on its value in use, determined by discounting the future cash flows to be generated from the IMS Group and were based on the following key assumptions:

- (i) Cash flows were projected based on 5-year plan and an estimated terminal value with zero growth rate.
- (ii) Revenue for year 2023 was projected to reduce by approximately 78% and 14% in the first and second projection year respectively as compared to the preceding financial year and subsequently an anticipated annual revenue growth rate of 5%.
- (iii) Profit margins were estimated based on current economic condition.
- (iv) A pre-tax discount rate of 13% was applied in determining the recoverable amount. The discount rate was estimated based on the industry's weighted average cost of capital.

During the financial year, the Company provided impairment loss of RM606,000,000 because the value in use is lower than the carrying amount of the investment in IMS Group.

In previous financial year, the Company provided impairment loss of RM2,138,000 because the investment cost of the certain subsidiaries were deemed irrecoverable.

## NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
Winsheng Plastic Industry Sdn. Bhd. ("WPI")	Malaysia	Manufacturing and sales of precision plastic injection moulded parts, secondary process, sub-assembly, full assembly of finished products, and tooling fabrication	100	100
Lean Teik Soon Sdn. Bhd.	Malaysia	Wholesaler/retailer of foodstuff and consumer goods	100	100
Integrated Manufacturing Solutions Sdn. Bhd. ("IMS")	Malaysia	Investment holding	100	100
ATA Components Sdn. Bhd.*	Malaysia	Manufacturing and sales of electrical and electronic components and products	100	100
Jabind Manufacturing India Private Limited*	India	Manufacturing of filter systems and other related products	100	100
ATA Industries Denmark ApS*	Denmark	Dormant	100	100
Zullick Metal Sdn. Bhd.*	Malaysia	Manufacturing of metal stamping	60	-
<b><i>Subsidiary of IMS</i></b>				
ATA Industrial (M) Sdn. Bhd. ("AIM")	Malaysia	Manufacturing and sales of precision plastic injection moulded parts and assembly of electrical and electronic components and products	100	100
Jabco Filter System Sdn. Bhd.*	Malaysia	Manufacturing and sales of air filters and sterilizers	100	100
ATA Precision Engineering Sdn. Bhd.*	Malaysia	Design and fabrication of tools and moulds	100	100

\* Not audited by KPMG PLT.

There is no disclosure for non-controlling interest in a subsidiary as the balance is not material to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

## 6. GOODWILL ON CONSOLIDATION

	Goodwill RM'000
<b>Group</b>	
<b>At cost</b>	
At 1 April 2020/31 March 2021	76,414
At 1 April 2021	76,414
Acquisition through business combination	127
At 31 March 2022	76,541
<b>Accumulated impairment loss</b>	
At 1 April 2021	-
Impairment loss	127
At 31 March 2022	127
<b>Carrying amounts</b>	
At 1 April 2020/31 March 2021	76,414
At 31 March 2022	76,414

**Goodwill**

In year 2018, the Company acquired the entire equity interest in IMS Group via the issuance of 1,032,104,348 new ordinary shares of the Company. The acquisition has been accounted for using reverse accounting in accordance with MFRS 3, Business Combinations. Arising from this acquisition, the Group recognised a goodwill of RM76 million.

Goodwill represents enhanced scale and synergies expected from the combined business. It is expected that the Group, as enlarged by the acquisition of IMS (the "enlarged group"), will substantially increase its annual production capacity of its plastic injection which would enable the enlarged group to increase its market share in the plastic injection moulding business.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination.

The aggregate carrying amounts of goodwill were allocated to the manufacture, assembly and sale of plastic injection moulded parts.

The recoverable amount for the goodwill were based on its value in use, determined by discounting the future cash flows to be generated from the CGU and were based on the following key assumptions:

- (i) Cash flows were projected based on 5-year plan and an estimated terminal value with zero growth rate.
- (ii) Revenue for year 2023 was projected to reduce by approximately 64% as compared to the current financial year and subsequently an anticipated annual revenue growth rate of 2% to 5%.
- (iii) Profit margins were estimated based on current economic condition.
- (iv) A pre-tax discount rate of 13% was applied in determining the recoverable amount. The discount rate was estimated based on the industry's weighted average cost of capital.

## NOTES TO THE FINANCIAL STATEMENTS

6. GOODWILL ON CONSOLIDATION *cont'd*

Based on management assessment, the recoverable amount of the unit was determined to be higher than its carrying amount and therefore, no impairment loss was recognised.

Based on the sensitivity analysis, the Group has identified that a reasonably possible change in the key assumptions for the projection years could cause the carrying amount of the CGU to exceed its recoverable amount. An approximate 0.9% decrease in revenue growth rate, 0.1% decrease in GP margin or 0.1% increase in discount rate for the projection years would have reduced the recoverable amount of the CGU to its carrying amount.

## 7. INVENTORIES

	Group	
	2022 RM'000	2021 RM'000
Raw materials	262,531	320,613
Work-in-progress	40,216	115,654
Finished goods	12,038	22,220
	314,785	458,487
Recognised in profit or loss:		
- Inventories recognised as cost of sales	2,509,047	3,915,787
- Write-down to net realisable value	343	96
- Allowance for slow moving	9,277	506

The write-down and allowance for slow moving are included in cost of sales.

## 8. CONTRACT WITH CUSTOMERS

	Group	
	2022 RM'000	2021 RM'000
Contract assets	52,811	86,541
Contract liabilities	-	(198)

The contract assets primarily relate to the Group's rights to consideration for work completed on contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 to 90 days.

The contract liabilities primarily relate to the progress billings exceed cost incurred for tooling sales contract, which revenue is recognised over time during the contract period. The contract liabilities are expected to be recognised as revenue over a period of 30 to 90 days.

There is no significant changes to contract assets balances during the year.

## NOTES TO THE FINANCIAL STATEMENTS

## 9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Trade</b>				
Trade receivables	391,999	911,457	-	-
<b>Non-trade</b>				
Other receivables, deposits and prepayments	41,149	73,096	43	553
Due from subsidiaries	-	-	13,174	57,774
	41,149	73,096	13,217	58,327
	433,148	984,553	13,217	58,327

The amounts due from subsidiaries are non-trade, unsecured, interest free and repayable on demand.

Included in trade receivables of the Group are RM1,078,000 (2021: RM3,212,000) due from companies in which certain Directors have substantial financial interests.

Included in other receivables, deposits and prepayments are:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Due from companies in which certain Directors have substantial financial interests	887	869	-	-
Other receivables	15,050	30,836	-	-
Deposits	8,323	8,003	1	1
Prepayments	16,889	33,388	42	552
	41,149	73,096	43	553

## 10. DERIVATIVES FINANCIAL ASSETS

	2021	
	Nominal value RM'000	Financial assets RM'000
<b>Group</b>		
Derivatives held for trading at fair value through profit or loss - Forward exchange contracts	36,106	213

Forward exchange contracts were used to manage the foreign currency exposures arising from the Group's payables denominated in currencies other than the functional currency of the Group. Most of the forward exchange contracts had maturities of less than one year after the end of the reporting period. When necessary, the forward contracts were rolled over at maturity.

## NOTES TO THE FINANCIAL STATEMENTS

## 11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed deposits with licensed banks	9,648	97,141	-	-
Cash and bank balances	191,024	254,067	121	137
<b>Cash and cash equivalents in the statements of financial position</b>	<b>200,672</b>	<b>351,208</b>	<b>121</b>	<b>137</b>
Less: Pledged deposits	-	(8,982)	-	-
Bank overdrafts	(748)	-	-	-
<b>Cash and cash equivalents in the statements of cash flows</b>	<b>199,924</b>	<b>342,226</b>	<b>121</b>	<b>137</b>

Included in fixed deposits of the Group are amounts of NIL (2021: RM8,982,000) pledged to banks to secure banking facilities granted to the subsidiaries.

Fixed deposits of the subsidiaries amounting to NIL (2021: RM8,345,000) were registered in the name of certain Directors held in trust for the subsidiaries.

## 12. ASSETS CLASSIFIED AS HELD FOR SALE

The Group is committed to dispose certain property, plant and equipment and the sale is expected to be completed by year 2022.

At 31 March 2022, the assets classified as held for sale comprise the following:

	Note	2022 RM'000
<b>Assets classified as held for sale</b>		
Property, plant and equipment	3	3,223

The carrying value of property, plant and equipment is the same as its carrying value before it was being reclassified to current asset.

## 13. CAPITAL AND RESERVES

## Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2022 RM'000	2021 RM'000	2022 '000	2021 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares	1,338,445	1,338,445	1,204,371	1,204,371

## NOTES TO THE FINANCIAL STATEMENTS

13. CAPITAL AND RESERVES *cont'd*

## Reserves

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Distributable</b>				
Retained earnings/ <b>Non-distributable</b> (Accumulated losses)	506,113	558,519	(602,730)	43,096
<b>Non-distributable</b>				
Exchange fluctuation reserve	353	65	-	-
Reverse accounting reserve	(1,104,436)	(1,104,436)	-	-
Treasury shares	(1,897)	(1,897)	(1,897)	(1,897)
	(599,867)	(547,749)	(604,627)	41,199

## Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

## Reverse accounting reserve

The reverse accounting reserve arose to reflect the equity structure of the Company, including the equity interests issued by the Company to affect the business combinations of IMS Group.

## Treasury shares

At the Annual General Meeting held on 23 September 2021, the shareholders of the Company renewed their approval for the Company to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

In 2021, the Company repurchased from the open market a total of 1,507,400 of its issued ordinary shares with an average repurchase price of RM1.26. The repurchase transactions were financed by internally generated funds and the repurchased shares are being held as treasury shares and carried at cost.

At 31 March 2022, a total of 1,507,400 repurchased shares were held as treasury shares. The number of outstanding shares in issue after the set off is 1,202,863,599.

Treasury shares have no rights to voting, dividends and participation in any other distribution. Treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisition of meeting, the quorum for a meeting and the result of a vote on a resolution at a meeting.

## NOTES TO THE FINANCIAL STATEMENTS

## 14. LOANS AND BORROWINGS

	Group	
	2022	2021
	RM'000	RM'000
<b>Secured</b>		
<b>Non-current</b>		
Hire purchase liabilities	90,026	65,936
Term loans	47,053	52,357
	137,079	118,293
<b>Current</b>		
Hire purchase liabilities	35,112	28,154
Term loans	5,228	4,338
Bankers' acceptances	64,766	288,432
Supply chain financing	-	78,644
Revolving credits	12,000	35,000
Bank overdrafts	748	-
	117,854	434,568
	254,933	552,861

**Securities**

The loans and borrowings are secured by way of:

- i) first party legal charges over the properties, plant and machineries of the Group;
- ii) pledged fixed deposits of the Group;
- iii) jointly and severally guaranteed by certain Directors of the Company; and
- iv) corporate guarantee by the Company.

**Significant covenants**

The loans and borrowings of the subsidiaries are subject to specific covenants on that subsidiary as follows:

**AIM**

- i) gearing ratio of the Group, shall not exceed 1.0 time;
- ii) gearing ratio of the subsidiary shall not exceed 2.0 times; and
- iii) dividend declared shall not exceed profit for the year.

**WPI**

- i) gearing ratio of the Group, shall not exceed 1.5 times; and
- ii) dividend declared shall not exceed 50% of profit for the year.



## NOTES TO THE FINANCIAL STATEMENTS

## 15. DEFERRED TAX LIABILITIES

## Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Group</b>						
Property, plant and equipment	-	-	(25,466)	(19,137)	(25,466)	(19,137)
Right-of-use assets	-	-	(222)	(1,658)	(222)	(1,658)
Inventories	1,208	1,056	-	-	1,208	1,056
Contract assets	-	-	(2,719)	(3,199)	(2,719)	(3,199)
Trade receivables	39	50	-	-	39	50
Lease liabilities	265	1,727	-	-	265	1,727
Provisions	2,501	1,217	-	-	2,501	1,217
Unabsorbed capital allowances	12,928	-	-	-	12,928	-
Unutilised tax losses	472	-	-	-	472	-
Unrealised exchange differences	-	508	(97)	-	(97)	508
Set off of tax	17,413 (17,413)	4,558 (4,558)	(28,504) 17,413	(23,994) 4,558	(11,091) -	(19,436) -
Net tax liabilities	-	-	(11,091)	(19,436)	(11,091)	(19,436)

## Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2022 RM'000	2021 RM'000
(Taxable)/Deductible temporary differences	(54)	491
Unabsorbed capital allowances	858	799
Unutilised tax losses	10,078	9,684
	10,882	10,974

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

The comparative figures have been restated to reflect the revised tax losses carry-forward, capital allowances carry-forward and deductible temporary differences available to the Group.

Pursuant to the Finance Act 2021, unutilised tax losses up to the year of assessment 2018 can be carried forward until year of assessment 2028 and unutilised tax losses for the year of assessment 2019 onwards can be carried forward up to 10 consecutive years of assessment immediately following that year of assessment.

In prior year, unutilised tax losses can only be carried forward up to 7 consecutive years of assessment.

## NOTES TO THE FINANCIAL STATEMENTS

15. DEFERRED TAX LIABILITIES *cont'd*

The unutilised tax losses will expire in the following year of assessment:

	Group	
	2022 RM'000	2021 RM'000
2024	-	7,423
2025	-	757
2026	-	439
2027	-	919
2028	9,027	146
2029	439	-
2030	257	-
2031	355	-
	10,078	9,684

The deductible temporary differences and unabsorbed capital allowances do not expire under the current tax legislation.

Movements in temporary differences during the year are as follows:

Group	At	Recognised	At	Recognised	Arising	At
	1 April 2020 RM'000	in profit or loss (Note 19) RM'000	31 March 2021/ 1 April 2021 RM'000	in profit or loss (Note 19) RM'000	from business combination (Note 24) RM'000	31 March 2022 RM'000
Property, plant and equipment	15,514	3,623	19,137	6,319	10	25,466
Right-of-use assets	1,974	(316)	1,658	(1,436)	-	222
Inventories	(577)	(479)	(1,056)	(152)	-	(1,208)
Contract assets	1,575	1,624	3,199	(480)	-	2,719
Trade receivables	(50)	-	(50)	11	-	(39)
Lease liabilities	(2,009)	282	(1,727)	1,462	-	(265)
Provisions	(229)	(988)	(1,217)	(1,284)	-	(2,501)
Unabsorbed capital allowances	-	-	-	(12,928)	-	(12,928)
Unutilised tax losses	-	-	-	(472)	-	(472)
Unrealised exchange differences	(1,760)	1,252	(508)	605	-	97
	14,438	4,998	19,436	(8,355)	10	11,091

## NOTES TO THE FINANCIAL STATEMENTS

## 16. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	298,543	788,193	-	-
Other payables and accrued expenses	167,576	177,181	414	234
	466,119	965,374	414	234

Included in trade payables of the Group are RM71,134,000 (2021: RM193,662,000) due to companies in which certain Directors have substantial financial interests which is subject to normal trade terms.

Included in other payables and accrued expenses of the Group and the Company are:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment creditors	12,381	38,952	-	-
Due to Directors	432	312	229	150
Due to companies in which certain Directors have substantial financial interests	165	2,058	-	-
Provision for restoration costs	1,100	-	-	-
Provision for litigation claims	2,700	-	-	-
Other payables and accrued expenses	150,798	135,859	185	84
	167,576	177,181	414	234

The non-trade amounts due to Directors and companies in which certain Directors have substantial financial interests are unsecured, interest free and repayable on demand.

The provision for restoration costs relate to the estimated dismantling of the building improvements and installations as well as the restoration to the original state of leased factories.

## NOTES TO THE FINANCIAL STATEMENTS

## 17. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers				
- Over time	2,602,120	4,221,815	-	-
Other revenue				
- Dividend income	-	-	-	47,850
	2,602,120	4,221,815	-	47,850

## 17.1 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Warranty
Electrical and electronic components and products	Revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group has rights to payment for work performed.	Credit period of 60 to 90 days from invoice date	Assurance warranties of 15 to 24 months are given to certain customers

The revenue from contracts with customers of the Group are not subject to variable element in the consideration and obligation for returns or refunds.

The Group applies the practical expedients for exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

## 18. FINANCE COSTS

	Group	
	2022 RM'000	2021 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	16,324	17,281
Interest expenses on lease liabilities	244	489
	16,568	17,770

## NOTES TO THE FINANCIAL STATEMENTS

## 19. TAX (CREDIT)/EXPENSE

Recognised in profit or loss

Major components of income tax (credit)/expense include:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current tax expense</b>				
- Current year	11,577	39,712	7	22
- Prior years	(4,634)	(2,972)	-	2
	6,943	36,740	7	24
<b>Deferred tax (benefit)/expense</b>				
- Origination and reversal of temporary differences	(11,682)	5,390	-	-
- Under/(Over) provision in prior years	3,327	(392)	-	-
	(8,355)	4,998	-	-
	(1,412)	41,738	7	24
<b>Reconciliation of tax expense</b>				
(Loss)/Profit before tax	(13,563)	192,038	(605,523)	40,919
Income tax calculated using				
Malaysian tax rate of 24%	(3,255)	46,089	(145,326)	9,821
Non-deductible expenses	3,135	2,825	145,333	1,685
Non-taxable income	(7)	(8)	-	(11,484)
Utilisation of tax incentives	-	(3,925)	-	-
Effect of unrecognised deferred tax assets	22	121	-	-
	(105)	45,102	7	22
(Over)/Under provision in prior years	(1,307)	(3,364)	-	2
Tax (credit)/expense	(1,412)	41,738	7	24

## NOTES TO THE FINANCIAL STATEMENTS

## 20. (LOSS)/PROFIT FOR THE YEAR

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>(Loss)/Profit for the year is arrived at after charging/(crediting)</b>					
Auditor's remuneration:					
- Audit fees:					
- KPMG PLT		296	296	65	65
- Other auditors		59	53	-	-
- Non-audit fees:					
- KPMG PLT		8	8	8	8
- Local affiliates of KPMG PLT		249	45	5	5
- Other auditors		39	37	-	-
Bad debts written off		-	449	-	-
Depreciation:					
- Property, plant and equipment		47,988	39,213	-	-
- Right-of-use assets		2,019	3,377	-	-
Expenses relating to short-term leases	a	23,756	18,277	-	-
Personnel expenses (including key management personnel):					
- Contribution to state plans		13,915	13,004	-	-
- Wages, salaries and others		266,802	367,649	229	300
Net foreign exchange gain		(4,783)	(22,319)	-	-
Lease income		(2,040)	(2,040)	-	-
Gain arising from lease modification		-	(2)	-	-
Covid-19 related rent concessions income	b	-	(30)	-	-
Property, plant and equipment:					
- (Gain)/Loss on disposal		(3,201)	54	-	-
- Impairment loss		12,000	-	-	-
Provision for restoration costs		1,100	-	-	-
Inventories:					
- Allowance for slow moving		9,277	506	-	-
- Write-down to net realisable value		343	96	-	-
Provision for litigation claims		2,700	-	-	-
(Reversal of impairment loss)/					
Impairment loss on:					
- Trade receivables		(25)	(51)	-	-
- Amounts due from subsidiaries		-	-	3,233	4,039
- Investments in subsidiaries		-	-	606,000	2,138
- Goodwill		127	-	-	-
Fair value gain on derivative instruments		-	(213)	-	-
Wages subsidy from government	c	(2,956)	(2,563)	-	-

**Note a**

The Group leases factories, hostels and forklift equipment with contract terms of not more than 1 year. These leases are short-term item in nature. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

## NOTES TO THE FINANCIAL STATEMENTS

20. (LOSS)/PROFIT FOR THE YEAR *cont'd***Note b**

In the prior year, the Group negotiated rent concessions with its landlords for its factory building lease as a result of the severe impact of the Covid-19 pandemic. The Group applied the practical expedient for Covid-19 related rent concessions consistently to eligible rent concessions relating to its factory building lease. Rent concessions income reflect the changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for Covid-19 related rent concessions.

**Note c**

The Group receives grants related to wage subsidy programme introduced by the government in response to the Covid-19 pandemic. The grants are recognised in profit or loss as a deduction against the related expense.

## 21. (LOSS)/EARNINGS PER ORDINARY SHARE

**Basic (loss)/earnings per ordinary share**

The calculation of basic (loss)/earnings per ordinary share at 31 March 2022 was based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2022	2021
	RM'000	RM'000
(Loss)/Profit for the year attributable to owners	(12,110)	150,300

Weighted average number of ordinary shares are determined as follows:

	Group	
	2022	2021
	'000	'000
Weighted average number of ordinary shares at 31 March	1,202,864	1,203,330
Basic (loss)/earnings per ordinary share (sen)	(1.01)	12.49

**Diluted (loss)/earnings per ordinary share**

The diluted (loss)/earnings per ordinary share is the same as basic (loss)/earnings per ordinary share as there is no outstanding dilutive potential ordinary shares.

## NOTES TO THE FINANCIAL STATEMENTS

## 22. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
<b>2022</b>			
Final dividend 2021	3.35	40,296	28 October 2021
<b>2021</b>			
Final dividend 2020	2.00	24,057	28 October 2020

After the end of the reporting period, the Directors do not recommend the payment of any final dividend in respect of current financial year.

## 23. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Acquisition of property, plant and equipment represent:

	Group	
	2022 RM'000	2021 RM'000
Current year's additions of property, plant and equipment	59,525	72,089
Less: Amount financed by hire purchase	(28,645)	(47,113)
Less: Balances in respect of acquisition of property, plant and equipment included in other creditors		
- at end of year	(12,381)	(38,952)
- at beginning of year	38,952	23,681
Cash used in acquisition of property, plant and equipment	57,451	9,705

## 24. ACQUISITION OF A SUBSIDIARY

On 1 April 2021, the Group acquired 60% of shares in Zullick Metal Sdn. Bhd. for RM480,000, satisfied in cash. The company manufactures metal stamping. The acquisition of Zullick Metal Sdn. Bhd. was undertaken to expand the Group's business into metal stamping industry.

The consideration for the acquisition was determined in accordance with MFRS 3, Business Combinations on the basis of the fair value of Zullick Metal Sdn. Bhd. on the date of completion.

From the date of acquisition, accounting acquiree has contributed revenue of RM745,310 and net loss of RM60,774 to the Group.



## NOTES TO THE FINANCIAL STATEMENTS

24. ACQUISITION OF A SUBSIDIARY *cont'd*

The fair value of the assets and liabilities arising from the acquisition are as follows:

## Identifiable assets acquired and liabilities assumed

	2022 RM'000
Property, plant and equipment	454
Trade and other receivables	400
Cash and cash equivalents	422
Tax payable	(29)
Trade and other payables	(381)
Loans and borrowings	(267)
Deferred tax liabilities	(10)
<b>Net assets acquired</b>	<b>589</b>
Non-controlling interest	(236)
Goodwill on consolidation	127
Consideration effectively transferred	480
<b>Net cash outflow arising from acquisition:</b>	
Purchase consideration settled in cash and cash equivalents	(480)
Cash and cash equivalents acquired	422
	(58)

## 25. OPERATING SEGMENTS

The Group is principally involved in manufacturing and sales of precision plastic injection of moulded parts, secondary process, sub assembly, full assembly of the finished products for the electronic industry and are predominantly carried out in Malaysia. Segmental information is not prepared as the food trading segment has not met the quantitative thresholds for reporting segment in 2022 and 2021.

## Major customers

The following is the major customer with revenue equal to or more than 10 percent of the Group's total revenue:

	Revenue RM'000
<b>2022</b>	
Customer A	1,851,199
<b>2021</b>	
Customer A	3,626,384

## NOTES TO THE FINANCIAL STATEMENTS

## 26. CAPITAL COMMITMENTS

	Group	
	2022 RM'000	2021 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	841	44,661

## 27. CONTINGENT LIABILITIES

	Company	
	2022 RM'000	2021 RM'000
Unsecured		
Corporate guarantees given to financial institutions for banking facilities of subsidiaries	213,392	520,115

## 28. FINANCIAL INSTRUMENTS

## 28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC")
- (b) Fair value through profit or loss ("FVTPL")
  - Mandatorily required by MFRS 9

Group	Carrying amount RM'000	Mandatorily at FVTPL	
		AC RM'000	RM'000
<b>2022</b>			
<b>Financial assets</b>			
Trade and other receivables	416,259	416,259	-
Cash and cash equivalents	200,672	200,672	-
	616,931	616,931	-
<b>Financial liabilities</b>			
Loans and borrowings	(254,933)	(254,933)	-
Trade and other payables	(466,119)	(466,119)	-
	(721,052)	(721,052)	-

## NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS *cont'd*28.1 Categories of financial instruments *cont'd*

Group	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
<b>2021</b>			
<b>Financial assets</b>			
Trade and other receivables	951,165	951,165	-
Derivative financial assets	213	-	213
Cash and cash equivalents	351,208	351,208	-
	<b>1,302,586</b>	<b>1,302,373</b>	<b>213</b>
<b>Financial liabilities</b>			
Loans and borrowings	(552,861)	(552,861)	-
Trade and other payables	(965,374)	(965,374)	-
	<b>(1,518,235)</b>	<b>(1,518,235)</b>	<b>-</b>
		<b>Carrying amount RM'000</b>	<b>AC RM'000</b>
<b>Company</b>			
<b>2022</b>			
<b>Financial assets</b>			
Other receivables and deposits		13,175	13,175
Cash and cash equivalents		121	121
		<b>13,296</b>	<b>13,296</b>
<b>Financial liabilities</b>			
Trade and other payables		(414)	(414)
<b>2021</b>			
<b>Financial assets</b>			
Other receivables and deposits		57,775	57,775
Cash and cash equivalents		137	137
		<b>57,912</b>	<b>57,912</b>
<b>Financial liabilities</b>			
Trade and other payables		(234)	(234)

## NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS *cont'd*

## 28.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gains/(losses) arising on:				
Financial assets at amortised cost	4,724	6,904	(3,232)	(4,012)
Fair value through profit or loss				
- Mandatorily required by MFRS 9	-	213	-	-
Financial liabilities at amortised cost	(11,541)	5,038	-	-
	(6,817)	12,155	(3,232)	(4,012)

## 28.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

## 28.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivable from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior period.

**Trade receivables and contract assets*****Risk management objectives, policies and processes for managing the risk***

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to prior period.

***Exposure to credit risk, credit quality and collateral***

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS *cont'd*28.4 Credit risk *cont'd*Trade receivables and contract assets *cont'd**Concentration of credit risk*

The Group trades extensively with established customers which the Group has a long standing business relationship. As at the end of the reporting period, the Group's largest customer constitute approximately 44% (2021: 82%) of total trade receivables. The customer does not have any significant outstanding balances exceeding its normal credit terms as at the end of the reporting period.

*Recognition and measurement of impairment loss*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions to recover long overdue balances.

As there are only few customers, the Group assesses the risk of loss of the customer individually based on their financial information, past trend of payment and external credit ratings, where applicable.

The following table provides information about the exposure to credit risk and expected credit losses ("ECLs") for trade receivables and contract assets as at the end of the reporting date which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>2022</b>			
Current (not past due)	321,001	-	321,001
1 - 30 days past due	97,406	-	97,406
31 - 90 days past due	21,415	-	21,415
	439,822	-	439,822
<b>Credit impaired</b>			
More than 90 days past due	5,524	536	4,988
	445,346	536	444,810
Trade receivables	392,535	536	391,999
Contract assets	52,811	-	52,811
	445,346	536	444,810

## NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS *cont'd*28.4 Credit risk *cont'd*Trade receivables and contract assets *cont'd**Recognition and measurement of impairment loss cont'd*

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>2021</b>			
Current (not past due)	827,659	-	827,659
1 - 30 days past due	164,517	-	164,517
31 - 90 days past due	2,942	-	2,942
	995,118	-	995,118
<b>Credit impaired</b>			
More than 90 days past due	3,544	664	2,880
	998,662	664	997,998
Trade receivables	912,121	664	911,457
Contract assets	86,541	-	86,541
	998,662	664	997,998

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

Group	Credit impaired/ 2022 RM'000	Total 2021 RM'000
<b>Balance at 1 April</b>	664	1,015
Net remeasurement of loss allowance	(25)	(51)
Amount written off	(103)	(300)
Balance at 31 March	536	664

**Financial guarantees***Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries. The Company monitors the ability of the subsidiaries to service its loans on an individual basis.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM213,292,000 (2021: RM520,115,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

## NOTES TO THE FINANCIAL STATEMENTS

### 28. FINANCIAL INSTRUMENTS *cont'd*

#### 28.4 Credit risk *cont'd*

##### Financial guarantees *cont'd*

##### *Recognition and measurement of impairment loss*

The Company assumes that there is a significant increase in credit risk when subsidiaries' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company does not recognise any allowance for impairment losses.

##### Inter-company balances

##### *Risk management objectives, policies and processes for managing the risk*

The Company monitors the ability of subsidiaries to repay the balances on an individual basis.

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

##### *Recognition and measurement of impairment loss*

The Company considers amounts due from subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when subsidiaries' financial position deteriorates significantly. The Company considers amounts due from subsidiaries to be credit impaired when:

- The subsidiary is unlikely to repay the amounts to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for amounts due from subsidiaries individually using internal information available.

## NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS *cont'd*28.4 Credit risk *cont'd*Inter-company balances *cont'd**Recognition and measurement of impairment loss cont'd*

The following table provides information about the exposure to credit risk and ECLs for inter-companies as at the end of the reporting period:

Company	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>2022</b>			
Low credit risk	13,174	-	13,174
Credit impaired	7,272	7,272	-
	20,446	7,272	13,174
<b>2021</b>			
Low credit risk	57,774	-	57,774
Credit impaired	4,039	4,039	-
	61,813	4,039	57,774

The movements in the allowance for impairment in respect of inter-companies during the year are shown below.

	Company	
	2022 RM'000	2021 RM'000
<b>Balance at 1 April</b>	4,039	-
Net remeasurement of loss allowance	3,233	4,039
<b>Balance at 31 March</b>	7,272	4,039

## Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

## Other receivables

*Risk management objectives, policies and processes for managing the risk*

The Group and the Company monitor the exposure to credit risk on individual basis.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.



## NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS *cont'd*28.4 Credit risk *cont'd*Other receivables *cont'd**Recognition and measurement of impairment loss*

Generally, the Group and the Company consider other receivables have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when other receivables' financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the other receivables when they are receivable, the Group and the Company consider the other receivables to be in default when the other receivables are not able to pay when demanded. The Group and the Company consider other receivables to be credit impaired when:

- The other receivables are unlikely to repay its balance to the Group and the Company in full; and
- The other receivables are continuously loss making and are having a deficit shareholders' fund.

The Group and the Company determine the probability of default for these debtors individually using information available.

The following table provides information about the exposure to credit risk and ECLs for other receivables as at the end of the reporting period.

	Gross carrying amount/ Net balance	
	2022 RM'000	2021 RM'000
<b>Group</b>		
Low credit risk	15,937	31,705

The movements in the allowance for impairment in respect of other receivables during the financial year are shown below:

	2021 RM'000
<b>Group</b>	
At 1 April	146
Amount written off	(146)
At 31 March	-

## 28.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

## NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS *cont'd*28.5 Liquidity risk *cont'd*

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

*Maturity analysis*

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

	Carrying amount RM'000	Contractual interest rate/coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>Group</b>							
<b>2022</b>							
<i>Non-derivative financial liabilities</i>							
Secured hire							
purchase liabilities	125,138	2.10 - 5.79	137,808	40,928	38,886	57,994	-
Secured term loans	52,281	3.80 - 6.92	63,719	7,229	6,875	19,836	29,779
Secured bankers' acceptances	64,766	1.08 - 3.46	64,766	64,766	-	-	-
Secured revolving credits	12,000	3.41 - 4.24	12,000	12,000	-	-	-
Secured bank overdrafts	748	6.42 - 6.45	748	748	-	-	-
Lease liabilities	1,104	5.10 - 5.60	1,220	1,130	90	-	-
Trade and other payables	466,119	-	466,119	466,119	-	-	-
	<b>722,156</b>		<b>746,380</b>	<b>592,920</b>	<b>45,851</b>	<b>77,830</b>	<b>29,779</b>

## NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS *cont'd*28.5 Liquidity risk *cont'd**Maturity analysis cont'd*

	Carrying amount RM'000	Contractual interest rate/coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>Group</b>							
<b>2021</b>							
<i>Non-derivative financial liabilities</i>							
<i>Secured hire</i>							
purchase liabilities	94,090	2.45 - 5.79	104,049	32,555	26,401	45,089	4
Secured term loans	56,695	4.05 - 6.92	74,611	6,923	6,899	20,777	40,012
Secured bankers' acceptances	288,432	2.35 - 3.53	288,432	288,432	-	-	-
Supply chain financing	78,644	-*	78,644	78,644	-	-	-
Secured revolving credits	35,000	3.41 - 4.37	35,000	35,000	-	-	-
Lease liabilities	7,197	5.10	7,979	2,330	1,804	3,845	-
Trade and other payables	965,374	-	965,374	965,374	-	-	-
	1,525,432		1,554,089	1,409,258	35,104	69,711	40,016
<i>Derivative financial liabilities</i>							
<i>Forward exchange contracts (gross settled):</i>							
Outflow	-	-	35,893	35,893	-	-	-
Inflow	(213)	-	(36,106)	(36,106)	-	-	-
	1,525,219		1,553,876	1,409,045	35,104	69,711	40,016

\* Interest is borne by the supplier.

## NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS *cont'd*28.5 Liquidity risk *cont'd**Maturity analysis cont'd*

	Carrying amount RM'000	Contractual interest rate/ coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000
<b>Company</b>				
<b>2022</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	414	-	414	414
Financial guarantees*	-	-	213,392	213,392
	414		213,806	213,806
<b>2021</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	234	-	234	234
Financial guarantees*	-	-	520,115	520,115
	234		520,349	520,349

\* The amount represents the outstanding banking facilities of subsidiaries as at the end of the reporting period.

## 28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

**Currency risk**

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD"), Singapore Dollar ("SGD"), Chinese Yuan ("CNY") and Euro ("EUR").

*Risk management objectives, policies and processes for managing the risk*

The Group uses forward exchange contracts from time to time to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS *cont'd*28.6 Market risk *cont'd*Currency risk *cont'd*

## Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD RM'000	SGD RM'000	CNY RM'000	EUR RM'000
<b>Group</b>				
<b>2022</b>				
Trade and other receivables	79,398	5	384	-
Cash and cash equivalents	43,938	4	183	798
Trade and other payables	(75,150)	(1,440)	(16,735)	(13)
	48,186	(1,431)	(16,168)	785
<b>2021</b>				
Trade and other receivables	65,153	36	-	-
Cash and cash equivalents	17,416	102	-	1,718
Trade and other payables	(250,211)	(4,336)	(41,748)	(2,559)
	(167,642)	(4,198)	(41,748)	(841)

## Currency risk sensitivity analysis

A 10% (2021: 10%) strengthening of Ringgit Malaysia against the following currencies at the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2022 RM'000	2021 RM'000
<b>Group</b>		
USD	(3,662)	12,741
SGD	109	319
CNY	1,229	3,173
EUR	(60)	64
	(2,384)	16,297

A 10% (2021: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

## NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS *cont'd*28.6 Market risk *cont'd***Interest rate risk**

The Group's fixed rate deposits, lease liabilities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

***Risk management objectives, policies and processes for managing the risk***

Exposure to interest risk is monitored on an ongoing basis and the Group endeavours to keep the exposure at an acceptable level.

***Exposure to interest rate risk, credit quality and collateral***

The interest rate profile of the Group's significant interest-bearing financial instruments and lease liabilities, based on carrying amounts as at the end of the reporting period was:

	Group	
	2022	2021
	RM'000	RM'000
<b>Fixed rate instruments</b>		
Financial assets	9,648	97,141
Financial liabilities	(203,008)	(424,719)
	(193,360)	(327,578)
<b>Floating rate instruments</b>		
Financial liabilities	(53,029)	(56,695)

***Interest rate risk sensitivity analysis******(a) Fair value sensitivity analysis for fixed rate instruments***

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

***(b) Cash flow sensitivity analysis for variable rate instruments***

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by RM403,000 (2021: RM431,000). This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

## NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS *cont'd*

## 28.7 Fair value information

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

The carrying amount of floating rate term loans approximates their fair values as their effective interest rate changes accordingly to movements in market interest rate.

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value Level 2 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
<b>Group</b>				
<b>2022</b>				
<b>Financial liabilities</b>				
Hire purchase liabilities	-	(128,654)	(128,654)	(125,138)
<b>2021</b>				
<b>Financial assets</b>				
Forward exchange contracts	213	-	213	213
<b>Financial liabilities</b>				
Hire purchase liabilities	-	(97,006)	(97,006)	(94,090)

## Level 2 fair value

*Derivatives*

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract provided by the bank.

## Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

*Financial instruments not carried at fair value*

Type	Description of valuation technique and inputs used
Hire purchase liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

### 29. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and maintain an optimal capital and liquidity ratio that complies with debt covenants and regulatory requirements.

The gearing ratios at 31 March 2022 and at 31 March 2021 were as follows:

	Group	
	2022	2021
	RM'000	RM'000
Total loans and borrowings (Note 14)	254,933	552,861
Lease liabilities	1,104	7,197
<b>Total debts</b>	<b>256,037</b>	<b>560,058</b>
Total equity attributable to owners of the Company less goodwill	662,164	714,282
Gearing ratio	0.39	0.78

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

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is also required to maintain a maximum gearing ratio of 1 time to comply with bank covenants, failing which, the bank may call an event of default. The Group has complied with this covenant.

### 30. RELATED PARTIES

#### Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its shareholders, subsidiaries, companies in which certain Directors have substantial financial interest and key management personnel.



## NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTIES *cont'd*

## Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 9 and 16.

	Group	
	2022	2021
	RM'000	RM'000
<b>A. Companies in which certain Directors of the Company have substantial financial interest</b>		
Sales	37,834	29,711
Purchases	544,453	1,022,738
Lease income	2,040	2,040
Transportation charges	1,229	1,276
<b>B. Key management personnel</b>		
<i>Directors</i>		
- Remuneration	5,779	9,634
- Contribution to state plans	546	1,067
Total short-term employee benefits	6,325	10,701
<i>Other key management personnel</i>		
- Wages, salaries and others	3,779	4,329
- Contributions to state plans	440	504
	4,219	4,833
	10,544	15,534
	Company	
	2022	2021
	RM'000	RM'000
<b>A. Subsidiaries</b>		
Dividend receivable	-	47,850
<b>B. Key management personnel</b>		
<i>Directors</i>		
- Remuneration	229	300

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

## NOTES TO THE FINANCIAL STATEMENTS

### 31. SIGNIFICANT EVENTS

- (i) One of the subsidiaries, namely AIM had received (1) Notice of Termination of Contract Manufacturing Agreement dated 15 October 2020 between Dyson Operations Pte Ltd ("Dyson Operations") and AIM; (2) Notice of Termination of the Agreement for the Supply of Goods and Services dated 1 March 2013 and the Framework Agreement for the Supply of Goods (Tooling) dated 17 June 2009 between Dyson Manufacturing Sdn. Bhd. ("Dyson Manufacturing") and AIM on 24 November 2021 ("termination of contracts").

The effective date of termination was on 1 June 2022. The Group assessed the excess production capacity based on the revised business plan. The financial implication arising from the termination of contracts has resulted in an impairment loss on property, plant and equipment, allowance for slow moving inventories, provision for restoration costs of the Group and impairment on investments in certain subsidiaries of the Company as disclosed in Note 3, 5 and 20 respectively.

- (ii) AIM received a Writ of Summons and Statement of Claim dated 29 April 2021 from a landlord, United Max Construction Sdn. Bhd. claiming for thirteen months compensation from March 2021 to March 2022 for mesne profits or two times of the rental, together with the claim for extra repair works amounting to RM3,212,000 or RM2,867,000 respectively. As at 31 March 2022, the Group has incurred RM73,000 for restoration costs and in addition, provided approximately RM2,700,000 in the financial statements based on the Directors' estimation of the potential liability.

The case management has been held on 13 July 2022 and the trial dates for the case has been fixed for 5 to 8 December 2022.

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

In the opinion of the Directors, the financial statements set out on pages 65 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2022 and of their financial performance and cash flows for the financial year then ended.

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

.....  
**Dato' Sri Foo Chee Juan**  
Director

.....  
**Dato' Fong Chiu Wan**  
Director

Date: 22 July 2022

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

I, **Loh Choo Shien**, the officer primarily responsible for the financial management of ATA IMS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 65 to 129 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Loh Choo Shien, NRIC: 741126-01-6517, MIA CA 22027, at Johor Bahru in the State of Johor on 22 July 2022.

.....  
**Loh Choo Shien**

Before me:  
**Lau Lay Sung**  
Commissioner for Oaths  
J-246

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ATA IMS BERHAD

Registration Number: 198901012846 (190155-M) (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of ATA IMS Berhad, which comprise the statements of financial position as at 31 March 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 129.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022, and of their financial performance and 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

#### **Impairment of property, plant and equipment - Group**

Refer to Note 2(k)(ii) Significant accounting policies: Impairment - other assets and Note 3 Property, plant and equipment.

As at 31 March 2022, the carrying amount of the Group's property, plant and equipment was RM361 million. There is an impairment indicator that the carrying amount of the Group's property, plant and equipment may be higher than the recoverable amount due to the termination of Contract Manufacturing Agreement, Agreement for the Supply of Goods and Services and Framework Agreement for the Supply of Goods with a major customer in one of the subsidiaries. The Group has assessed the excess production capacity based on the revised business plan.

The recoverable amount of a cash generating unit ("CGU") is the greater of its value in use and the fair value less costs of disposal of the related assets. The Group has estimated the recoverable amount based on the fair value less costs of disposal method.

Due to the significance of the carrying value of property, plant and equipment, and the complexity and subjectivity involved in the impairment assessment, we considered this as key audit matter.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATA IMS BERHAD

Registration Number: 198901012846 (190155-M) (Incorporated in Malaysia)

### How the matter was addressed in our audit

Our audit procedures performed in this area included, amongst others:

- Made inquiries of management regarding the indicators they assess as possible indicators of impairment for assets.
- Inspected management's assessment and considered whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions and other information obtained during the audit.
- Assessed the accuracy of management's calculations for those assets subject to impairment testing and considered whether the assets tested are complete.
- Evaluated the assumptions and data used by management to make their accounting estimates used for fair value less costs of disposal.

### Goodwill impairment assessment - Group

Refer to Note 2(f) - Significant accounting policies: Intangible assets and Note 6 Goodwill on consolidation.

### The key audit matter

Arising from the business combination, the Group has recognised a significant amount of goodwill of RM76 million, predominantly allocated to the cash generating unit ("CGU") that is expected to benefit from synergies of the business combination.

The Group conducted an impairment assessment on the CGU to identify if the recoverable amount is less than the carrying amount, indicating that the goodwill may be impaired. The Group determined the recoverable amount of the CGU based on its value-in-use, using discounted cash flows projections in which the Directors made judgements over certain key inputs, including revenue growth rates, profit margin, discount rates and terminal value growth rates.

We identified this as a key audit matter because of the significance of the amount of goodwill on acquisition in the financial statements. The estimation of the recoverable amount is based on forecasting and discounting future cash flows, which are inherently judgemental.

### How the matter was addressed in our audit:

Our audit procedures performed in this area included, amongst others:

- We obtained the cash flows projections performed by the Group and considered whether there were material inconsistencies with the approved business plans and forecasts.
- We assessed the appropriateness of key assumptions used in particular those relating to revenue growth rates, profit margin, discount rates and terminal value applied to the cash flows projections, by comparing to the historical and current performance, internal business plans and forecasts and externally derived market data.
- We evaluated the Group's sensitivity analyses around the key assumptions including revenue growth rates, profit margin, discount rates and terminal value growth rates to the extent of the change that would result the assets to be impaired.
- We also assessed the Group's disclosures on the CGU's key assumptions used and sensitivity of the outcome of the impairment assessment to changes in key assumptions and determined whether the disclosures reflected the risks inherent in the valuation of goodwill.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATA IMS BERHAD

Registration Number: 198901012846 (190155-M) (Incorporated in Malaysia)

### Impairment on investment in subsidiaries - Company

Refer to Note 2(k)(ii) - Significant accounting policies: Impairment - other assets and Note 5 Investments in subsidiaries.

The key audit matter

As at 31 March 2022, the Company's gross carrying amount of investments in subsidiaries amounted to RM1,339 million, including interests in IMS group and amount due from a subsidiary with a total amount of RM1,276 million, which the Company regards as one cash generating unit. There are indications that investment may be impaired as the net assets balances of IMS Group was lower than the carrying amount of the investment.

The Company is required to estimate the recoverable amount based on forecasting and discounting future cash flows and to recognise impairment loss if the recoverable amount is less than its carrying amount in accordance with MFRS 136 Impairment of Assets.

In view of the significance of the carrying amount of investments in IMS Group and the inherent uncertainties and level of judgement required in evaluating the Company's assumptions included within the cash flows projections, impairment on investments in subsidiaries is determined as a key audit matter.

### How the matter was addressed in our audit

Our audit procedures performed in this area included, amongst others:

- We obtained the cash flows projections performed by the Company and considered whether there were material inconsistencies with the approved business plans and forecasts.
- We assessed the appropriateness of key assumptions used in particular those relating to revenue growth rates, profit margin, discount rates and terminal value applied to the cash flows projections, by comparing to the historical and current performance, internal business plans and forecasts and externally derived market data.
- We evaluated the Company's sensitivity analyses around the key assumptions including revenue growth rates, profit margin, discount rates and terminal value growth rates to the extent of the change that would result the assets to be impaired.

### 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 annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATA IMS BERHAD

Registration Number: 198901012846 (190155-M) (Incorporated in Malaysia)

### 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATA IMS BERHAD

Registration Number: 198901012846 (190155-M) (Incorporated in Malaysia)

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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

### Other Matter

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.

KPMG PLT  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Chan Yen Ing  
Approval Number: 03174/04/2023 J  
Chartered Accountant

Johor Bahru

Date: 22 July 2022



## ANALYSIS OF SECURITIES

### ORDINARY SHARE AS AT 30 JUNE 2022

Total Number of Issued Capital	:	1,204,370,999 (including 1,507,400 shares held as treasury shares)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote Per Ordinary Share

### DISTRIBUTION OF SHAREHOLDING AS AT 30 JUNE 2022

Size of Holdings	No. of Holders	%(*)	No. of Shares	%(*)
1 - 99	795	5.719	33,339	0.003
100 - 1,000	4,204	30.240	1,943,329	0.162
1,001 - 10,000	4,981	35.829	26,454,356	2.199
10,001 - 100,000	3,401	24.464	114,205,465	9.494
100,001 – 60,143,178 (*)	518	3.726	250,474,862	20.823
60,143,179 and above (**)	3	0.022	809,752,248	67.319
<b>TOTAL</b>	<b>13,902</b>	<b>100.000</b>	<b>1,202,863,599<sup>^</sup></b>	<b>100.000</b>

REMARKS : \* Less than 5% of issued shares  
 \*\* 5% and above of issued shares  
 ^ Excluding a total of 1,507,400 shares bought back by the Company and retained as treasury shares.  
 (\*) Based on the total number of issued shares net of 1,507,400 treasury shares.

### DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2022

DIRECTOR	Direct Interest	No. of Shares Held		
		%(*)	Indirect Interest	%(*)
DATO' SRI FOO CHEE JUAN	1,290,000	0.107	407,396,307*	33.869
DATO' FONG CHIU WAN	316,066,157	26.276	-	-
DHARMA RAJAH NADARAJAH	-	-	-	-
KOH WIN TON	-	-	-	-
LEE KOK JONG	-	-	-	-
ELIZABETH SHANTI A/P FRANK LOUIS	-	-	-	-

Note : \* Deemed interested in the shares held by Oregon Technology Sdn. Bhd. ("Oregon") by virtue of his interest in Oregon.  
 (\*) Based on the total number of issued shares net of 1,507,400 treasury shares.

### SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2022

SUBSTANTIAL SHAREHOLDERS	Direct Interest	No. of Shares Held		
		%(*)	Indirect Interest	%(*)
OREGON TECHNOLOGY SDN BHD	407,396,307	33.869	-	-
DATO' SRI FOO CHEE JUAN	1,290,000	0.107	407,396,307*	33.869
DATO' FONG CHIU WAN	316,066,157	26.276	-	-
PP TECH LIMITED	86,005,134	7.150	-	-

Note : \* Deemed interested in the shares held by Oregon Technology Sdn. Bhd. ("Oregon") by virtue of his interest in Oregon.  
 (\*) Based on the total number of issued shares net of 1,507,400 treasury shares.

## ANALYSIS OF SECURITIES

## TOP THIRTY SHAREHOLDERS AS AT 30 JUNE 2022

No.	Shareholders	Number of Shares Held	% (*)
1.	OREGON TECHNOLOGY SDN BHD	407,396,307	33.869
2.	FONG CHIU WAN	316,066,157	26.276
3.	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C- NR)</i>	86,289,784#	7.174
4.	KENANGA NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACC)</i>	16,650,300	1.384
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>BALACHANDRAN A/L GOVINDASAMY (JBA)</i>	9,869,400	0.820
6.	ASIA NEW VENTURE CAPITAL HOLDINGS SDN. BHD.	7,910,000	0.658
7.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)</i>	6,105,700	0.508
8.	ER SOON PUAY	6,000,000	0.499
9.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>EXEMPT AN FOR DEUTSCHE BANK AG SINGAPORE (MAYBANK SG PWM)</i>	5,727,400	0.476
10.	CHONG CHING YEE	5,000,000	0.416
11.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TERENCE WONG @ HUANG THAR REARN</i>	4,000,000	0.333
12.	NG YOKE HIN	3,461,600	0.288
13.	CHOO WING HONG	3,197,700	0.266
14.	HERG, JIA-JUNE @ MICHAEL HERG	2,956,900	0.246
15.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD <i>TA ISLAMIC FUND</i>	2,824,000	0.235
16.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR CHAN CHOUN SIEN (PB)</i>	2,787,000	0.232
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIAW HEN KYUN @ ALEX LIAW</i>	2,700,000	0.224
18.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LIM TECK HUAT</i>	2,592,500	0.216

## ANALYSIS OF SECURITIES

## TOP THIRTY SHAREHOLDERS AS AT 30 JUNE 2022

No.	Shareholders	Number of Shares Held	% (*)
19.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MENG CHUE @ LENG YIT HOONG</i>	2,069,400	0.172
20.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KINA RESOURCES SDN.BHD. (MY3551)</i>	2,060,000	0.171
21.	ONG HUNG HOCK	2,000,000	0.166
22.	RHB NOMINEES (TEMPATAN) SDN BHD <i>TAN AH LOY @ TAN MAY LING</i>	2,000,000	0.166
23.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAY MOY KOH (SEGAMAT-CL)</i>	1,990,000	0.165
24.	TA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR PAU KIEW HIONG</i>	1,850,000	0.154
25.	GUH HOLDINGS BHD	1,700,000	0.141
26.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SOH OON HAI</i>	1,700,000	0.141
27.	CARTABAN NOMINEES (ASING) SDN BHD <i>SSBT FUND TCT9 FOR CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM</i>	1,545,900	0.129
28.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SAW KAY CHING (M)</i>	1,545,000	0.128
29.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG (MY3821)</i>	1,500,000	0.125
30.	SJ SEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR FRANCIS HO IK SING (SMT)</i>	1,344,900	0.111
	Total	912,839,948	75,889

Note : # inclusive of 86,005,134 ordinary shares held by PP Tech Limited  
(\*) Based on the total number of issued shares net of 1,507,400 treasury shares.

## LIST OF PROPERTIES

Item	Title	Location	Tenure	Description	Land Area/ Built-up Area	Age of Building (Years)	Net Book Value (RM'000)	Date of Acquisition
1)	H.S. (D) 251643 P.T.D. 62917 Mukim of Tebrau, District of Johor Bahru	16, Jalan Hasil Dua, 81200 Tampoi, Johor Bahru, Johor.	Freehold	2 storey and 5 storey detached factory	2.4 acres/ 12,616m <sup>2</sup>	25	17,200	31 January 2018
2)	H.S. (D) 187269 P.T.D. 62921 Mukim of Tebrau, District of Johor Bahru	18, Jalan Hasil Satu, 81200 Tampoi, Johor Bahru, Johor.	Freehold	2 storey office cum factory	1 acre/ 4,100m <sup>2</sup>	26	22,526	31 January 2018
3)	H.S. (D) 187268 P.T.D. 62920 Mukim of Tebrau, District of Johor Bahru	20, Jalan Hasil Dua, 81200 Tampoi, Johor Bahru, Johor.	Freehold	5 storey office cum factory	1.1 acres/ 15,244m <sup>2</sup>	23		
4)	HSD187267 PTD62919 Mukim of Tebrau, District of Johor Bahru	No.15, Jalan Bayu, Tampoi, 81200 Johor Bahru, Johor.	Freehold	2 storey detached factory with office	1.2 acres/ 5,911m <sup>2</sup>	24	6,999	20 November 2009
5)	HSD187266 PTD62918 Mukim of Tebrau, District of Johor Bahru	No.9, Jalan Hasil Satu, Tampoi, 81200 Johor Bahru, Johor.	Freehold	Single storey detached factory with office	1 acre/ 3,351m <sup>2</sup>	26	3,022	25 January 1996
6)	HSD187264 PTD62916 Mukim of Tebrau, District of Johor Bahru.	No.7, Jalan Hasil Satu, Tampoi, 81200 Johor Bahru, Johor.	Freehold	2 storey detached factory with office	1 acre/ 3,308m <sup>2</sup>	26	2,844	20 April 1999
7)	LOT 1534 GERAN 92344 Mukim of Tebrau, District of Johor Bahru	No. 6, Jalan Dewani 1, Kawasan Perindustrian Dewani, 81100 Johor Bahru, Johor.	Freehold	5 storey detached factory with office	1.55 acres/ 17,516m <sup>2</sup>	24	15,446	17 March 2016
8)	Lot 1572 Geran 128419 Mukim of Tebrau, District of Johor Bahru	Lot 1572, Jalan Dewani, Kawasan Perindustrian Dewani, 81100 Johor Bahru, Johor.	Freehold	3 storey detached factory with office	1.43 acres/ 5,772m <sup>2</sup>	4	20,087	16 April 2018
9)	Lot 2050 Geran 88401 Mukim of Tebrau, District of Johor Bahru	No 10 & 10A, Jalan Bayu, Kawasan Perindustrian Jalan Hasil, Tampoi, 81200 Johor Bahru, Johor.	Freehold	2 storey with lower ground floor detached factory	4.69 acres/ 19,765m <sup>2</sup>	22	25,360	15 May 2019

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE THIRTY-THIRD (33rd) ANNUAL GENERAL MEETING OF ATA IMS BERHAD WILL BE HELD AT THE CONFERENCE ROOM, NO. 6, JALAN DEWANI 1, KAWASAN PERINDUSTRIAN DEWANI, 81100 JOHOR BAHRU ON WEDNESDAY, 24 AUGUST 2022 AT 11:00 A.M. FOR THE FOLLOWING PURPOSES:

### AGENDA

#### Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2022 and the Reports of the Directors and Auditors thereon. *Please refer to Explanatory Note 12 (a) (i)*
2. To approve the Directors' fees of RM180,000.00 for the financial year ending 31 March 2023. *Resolution 1*
3. To re-elect the following Directors who are retiring in accordance with the Company's Constitution:-
  - (i) Mr. Koh Win Ton - Clause 76(3) *Resolution 2*
  - (ii) Ms. Elizabeth Shanti a/p Frank Louis - Clause 78 *Resolution 3*
  - (iii) Mr. Dharma Rajah Nadarajah - Clause 78 *Resolution 4*
4. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 5*

#### Special Business

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

5. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 and 76 OF THE COMPANIES ACT 2016** *Resolution 6*

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2022.

## NOTICE OF ANNUAL GENERAL MEETING

THAT with effect from 1 January 2023, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

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

**6. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH THE RELATED PARTIES AS DISCLOSED UNDER PARAGRAPH 4.3 OF THE CIRCULAR TO SHAREHOLDERS**

*Resolution 7*

"THAT approval be and is hereby given pursuant to Paragraph 10.09 and Practice Note 12 of the Bursa Malaysia Main Market Listing Requirements for the Company and its subsidiaries to enter into the category of Recurrent Related Party Transactions of a revenue or trading nature as set out in Paragraph 4.3 of the Circular to Shareholders dated 26 July 2022 with those Related Parties as set out in paragraph 4.2 which are necessary for their day-to-day operations, in the ordinary course of business made on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders; AND THAT the authority conferred by this Mandate shall commence immediately upon the passing of this Resolution and is subject to annual renewal. In this respect, the authority shall continue to be in force until:

## NOTICE OF ANNUAL GENERAL MEETING

- i. the conclusion of the next Annual General Meeting of the Company at which time the authority will lapse unless the authority is renewed by a Resolution passed at that Annual General Meeting;
- ii. the expiration of the period within which the next Annual General Meeting after that date is required to be held pursuant to Section 340 of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340 of the Companies Act 2016); or
- iii. revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;"

7. To transact any other ordinary business of which due notice shall have been given.

### BY ORDER OF THE BOARDS

YONG MAY LI (f)  
(LS0000295) (SSM Practicing Certificate No. 202008000285)  
WONG CHEE YIN (f)  
(MAICSA 7023530) (SSM Practicing Certificate No. 202008001953)

Company Secretaries  
Johor Bahru

Dated: 26 July 2022

### Notes:

1. *For the purpose of determining members' eligibility to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 67(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 15 August 2022. Only members whose names appear therein shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on his/her behalf.*
2. *A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *In the case of a corporation, this proxy should be executed under its Common Seal or under the hand of officer or attorney of the corporation duly authorised in writing on its behalf.*
4. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The appointment of a proxy may be made in a hard copy form be deposited at the Share Registrar Office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.*

## NOTICE OF ANNUAL GENERAL MEETING

7. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar's Office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
8. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
9. Last date and time for lodging this proxy form is 11.00 a.m. on Monday, 22 August 2022.
10. A corporate member who has appointed a representative, please deposit the ORIGINAL or duly certified certificate of appointment with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
11. Pursuant to Paragraph 8.29(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM shall be put to vote by poll.
12. Explanatory Note on Ordinary and Special Business:
  - (a) Ordinary Business
    - (i) **Item 1 of Agenda**

This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.
    - (ii) **Ordinary Resolution No. 2, 3 & 4**

Mr. Koh Win Ton, Ms. Elizabeth Shanti a/p Frank Louis and Mr. Dharma Rajah Nadarajah are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 33rd AGM.

The Board of Directors has through the Nomination Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

The profiles of the Directors standing for re-election are provided on pages 11 to 12 of the Board of Directors' Profile in the 2022 Annual Report.



## NOTICE OF ANNUAL GENERAL MEETING

*(b) Special Business**(iii) Ordinary Resolution No. 6**– Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016*

*The Proposed Resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2022. With effect from 1 January 2023, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*

*The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.*

*The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as it will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.*

*The Company has not issued any shares under the mandate granted to the Directors at the last Annual General Meeting of the Company held on 23 September 2021 and which will lapse at the conclusion of the 33rd Annual General Meeting of the Company.*

*(iv) Ordinary Resolution No. 7**- Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature*

*The Proposed Resolution, if passed, will authorise the Company and each of its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature in their ordinary course of business. This authority, unless revoked or varied by the shareholders of the Company at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.*

# STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

The Thirty-Third (33rd) Annual General Meeting of ATA IMS Berhad will be held at the Conference Room, No. 6, Jalan Dewani 1, Kawasan Perindustrian Dewani, 81100 Johor Bahru on Wednesday 24 August 2022 at 11:00 a.m.

## Directors standing for election / re-election

There is no person standing for election as Director of the Company at this 33rd AGM except for the following Directors who are seeking for re-election at the 33rd AGM of the Company pursuant to the Company's Constitution as follows:

<u>Name of Director</u>	<u>Clause</u>
Mr. Koh Win Ton	76(3)
Ms. Elizabeth Shanti a/p Frank Louis	78
Mr. Dharma Rajah Nadarajah	78

Details of the directors who are standing for re-election and his/her shareholdings are set out in the Director's Profile on pages 11 to 12 of the Annual Report.

## Information on Board meetings

The details of attendance of directors at board meetings are set out on the Corporate Governance Overview Statement on page 37 of this Annual Report.

## Statement Relating to General Mandate for Issue of Securities In Accordance With Paragraph 6.03(3) Of The Main Market Listing Requirements Of Bursa Malaysia Securities Berhad

Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 12 (b) (iii) of the Notice of 33rd AGM.

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# PROXY FORM

**ATA IMS BERHAD**  
Registration No. 198901012846 (190155-M)  
(Incorporated in Malaysia)

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of ATA IMS BERHAD hereby appoint :-

Full Name (in Block) and NRIC/Passport No.	Address	Proportion of Shareholdings	
		No. of Shares	%

and/or (delete as appropriate)

Full Name (in Block) and NRIC/Passport No.	Address	Proportion of Shareholdings	
		No. of Shares	%

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Third (33rd) Annual General Meeting of the Company will be held at the Conference Room, 6 Jalan Dewani 1, Kawasan Perindustrian Dewani, 81100 Johor Bahru, Johor on Wednesday, 24 August 2022 at 11:00 a.m. and at any adjournment thereof.

My/Our Proxy is to vote as indicated below:

	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		
RESOLUTION 6		
RESOLUTION 7		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion).

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2022

No. of Shares Held	
CDS Account No.	

Signature of shareholder(s) \_\_\_\_\_  
Contact No. :

**Notes:**

- For the purpose of determining members' eligibility to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 67(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 15 August 2022. Only members whose names appear therein shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on his/her behalf.
- A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- In the case of a corporation, this proxy should be executed under its Common Seal or under the hand of officer or attorney of the corporation duly authorised in writing on its behalf.
- Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy 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 of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The appointment of a proxy may be made in a hard copy form be deposited at the Share Registrar Office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.

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    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
11. Pursuant to Paragraph 8.29(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM shall be put to vote by poll.

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AFFIX  
STAMP

THE SHARE REGISTRAR FOR  
**ATA IMS BERHAD**  
Registration No. 198901012846 (190155-M)  
Tricor Investor & Issuing House Services Sdn. Bhd.,  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3,  
Bangsar South, No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur, Malaysia

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**ATA IMS BERHAD**

Registration Number: 198901012846 (190155-M)

No. 6, Jalan Dewani 1, Kawasan Perindustrian Dewani,  
81100, Johor Bahru, Johor.

Tel : +607 334 0911 | Fax : +607 334 5912  
Email : info@ataims.com.my

**[www.ataims.com.my](http://www.ataims.com.my)**