



**ATA IMS BERHAD**

Registration Number: 198901012846 (190155-M)

# **ANNUAL REPORT 2023**



# CONTENTS

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02	CORPORATE INFORMATION
03	GROUP STRUCTURE
04	FINANCIAL HIGHLIGHTS
06	CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS
09	OUR BOARD OF DIRECTORS
12	OUR SENIOR MANAGEMENT TEAM
13	SUSTAINABILITY STATEMENT BY THE CHAIRMAN
14	SUSTAINABILITY STATEMENT
46	CORPORATE GOVERNANCE OVERVIEW STATEMENT
66	STATEMENT OF DIRECTORS' RESPONSIBILITIES
67	STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL
73	AUDIT COMMITTEE REPORT
76	OTHER DISCLOSURES
78	DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
149	ANALYSIS OF SECURITIES
152	LIST OF PROPERTIES
153	NOTICE OF ANNUAL GENERAL MEETING AND STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

## 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

### 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  
Hong Leong Islamic Bank Berhad  
Maybank Islamic 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.  
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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 / 0146-7107199

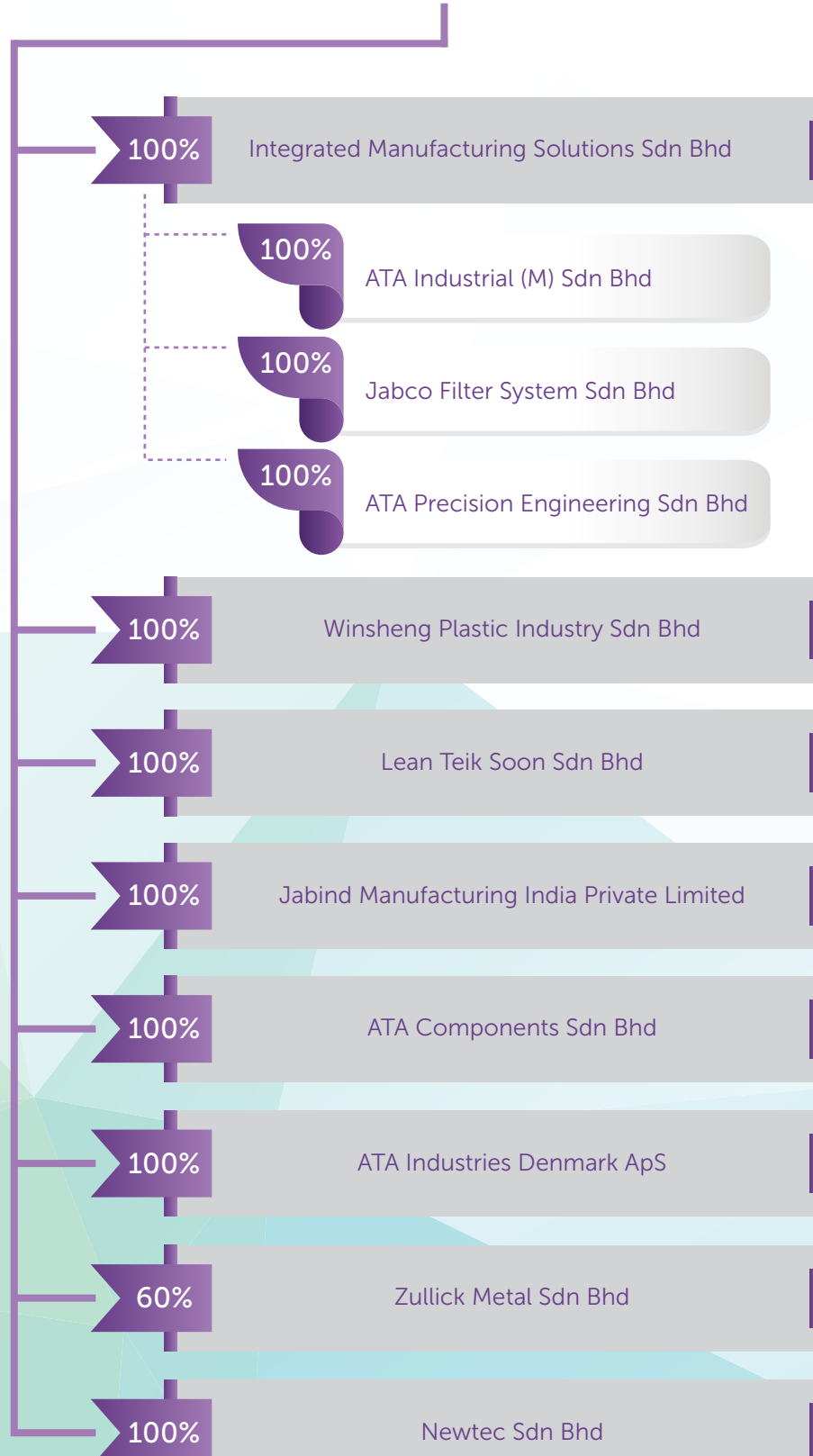
KPSN & Associates LLP,  
1st Floor, 128, Crown Court,  
Cathedral Road, Chennai 600086, India.  
Tel : +91 44 4500 0259

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)

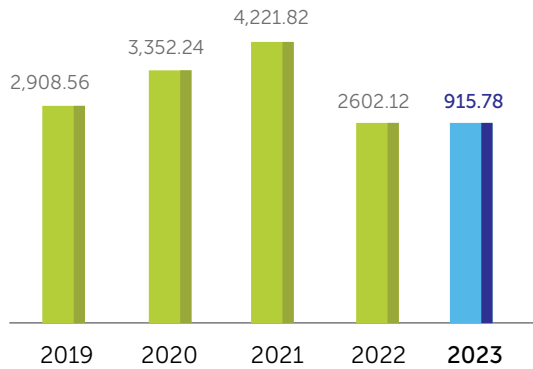
	2023	2022	2021	2020	2019
Revenue	915,783	2,602,120	4,221,815	3,352,243	2,908,560
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	(198,479)	53,012	252,398	161,447	190,140
(Loss)/Profit before Tax (PBT)	(253,057)	(13,563)	192,038	106,798	152,499
(Loss)/Profit after Tax (PAT)	(254,627)	(12,151)	150,300	76,270	112,941

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

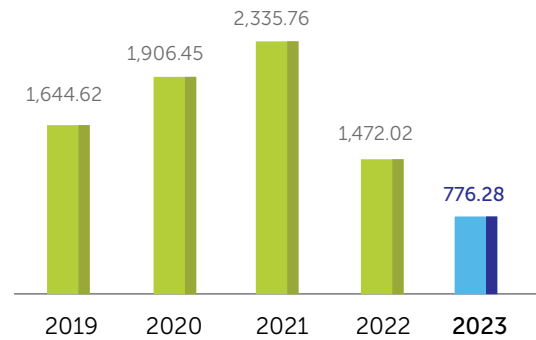
	2023	2022	2021	2020	2019
Shareholders' Funds	483,790	738,578	790,696	666,929	630,101
Total Assets	776,275	1,472,020	2,335,762	1,906,450	1,644,615
Net Current Assets	370,498	448,268	481,430	375,963	373,084
Total Borrowings	148,191	254,933	552,861	463,731	361,793
Cash and Cash Equivalents	255,904	200,672	351,208	359,627	270,633
<b>PER SHARE</b>					
Basic Earnings / (Loss) per Share (sen)	(21.16)	(1.01)	12.49	6.33	9.83
Net Assets per Share (RM)	0.40	0.61	0.66	0.55	0.52
<b>FINANCIAL RATIOS</b>					
Current Ratio (times)	2.87	1.77	1.34	1.34	1.42
EBITDA Margin (%)	(21.67)	2.04	5.98	4.82	6.54
Debt-to-Equity (times)	0.31	0.35	0.70	0.70	0.57
Return on Equity (%)	(52.63)	(1.65)	19.01	11.44	17.92

## FINANCIAL HIGHLIGHTS

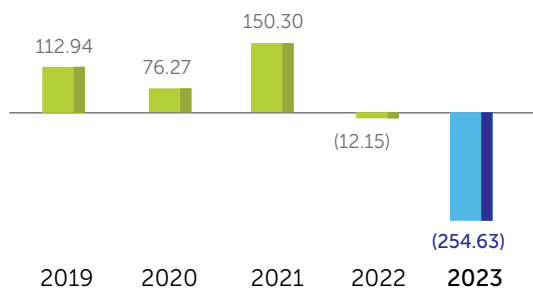
## Revenue (RM' Millions)



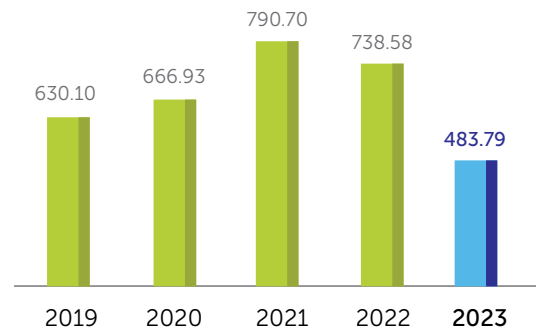
## Total assets (RM' Millions)



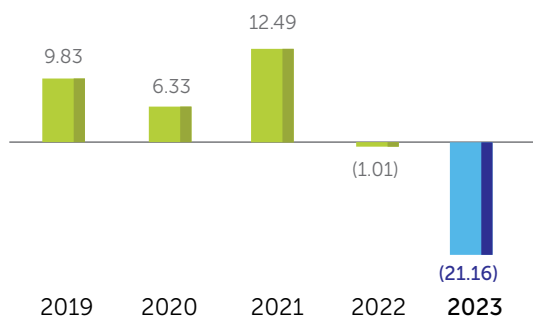
## (Loss)/Profit after tax attributable to equity holder (RM Millions)



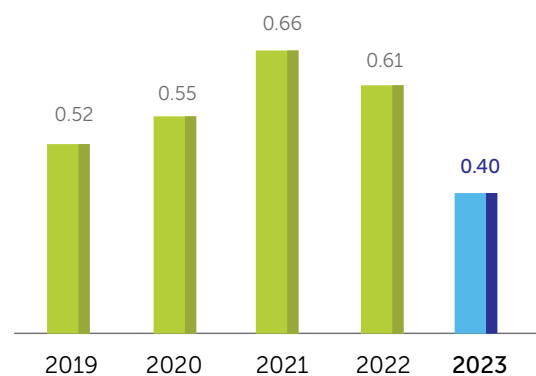
## Shareholders' funds (RM' Millions)



## Basic earning/(loss) per share (Sen)



## Net asset per share (RM)



## CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

### WHO WE ARE: A Premier Electronics Manufacturing Services Provider for Globally Acclaimed Brands

ATA IMS ("ATA" or the "Group") is a leading Electronics Manufacturing Services (EMS) provider catering to internationally renowned brands. With a strong leadership team and a range of global ISO accreditations and esteemed accolades, ATA and its subsidiaries are dedicated to delivering cutting-edge innovation.

Dear Shareholders,

### A COMMITMENT TO NAVIGATING CHALLENGES, STRENGTHENING RESILIENCE, AND EMBRACING NEW OPPORTUNITIES

I am pleased to provide you with an update on recent developments and our ongoing efforts to navigate challenges and secure new opportunities for the Group. Despite the cessation of business contracts with our principal customer, the Group remains committed to driving positive outcomes.

### CONTRACT TERMINATIONS AND REVENUE IMPACT

In November 2021, ATA Industrial (M) Sdn Bhd announced the termination of its contracts with Dyson. Subsequently, in December 2022, we shared the news of contract terminations between Dyson and our subsidiaries, Jabco Filter System Sdn Bhd ("JABCO") and Winsheng Plastic Industry Sdn Bhd ("WSP"), effective March 31, 2023.

Consequently, our Group's turnover for the financial year 2023 experienced a reduction of approximately 64.8% to RM915.8 million compared to the previous year. Additionally, weaker demand for consumer electronics products in the fourth quarter of our financial year further exacerbated this situation.

### PROVISIONS FOR IMPAIRMENT AND FINANCIAL RESULTS

In response to the revenue decrease, the Group conducted a thorough review of our business operations and forecasted discounted cashflows following the contract terminations. Consequently, we have made provisions for impairment, including goodwill on consolidation and property, plant, and equipment, onerous contracts, and allowance for slow-moving inventories. These impairments and provisions, combined with the reduction in revenue, resulted in a loss before tax of RM253.1 million for the Group in the current financial year.

### STRATEGIC MEASURES TO ENHANCE EFFICIENCY AND REDUCE COSTS

In response to the changing landscape, we have been continuously implementing downsizing and cost-cutting measures since the end of the previous financial year. These measures encompass reducing production capacity, divesting excess assets, discontinuing rented factories, optimising our workforce and stock holdings, and implementing staff reassignments to enhance efficiency.

As a result of these efforts, we are pleased to announce a reduction in bank borrowings from RM255 million last year to RM148 million in 2023. This reduction has led to a corresponding decrease in financing costs by approximately 44%.

The Group's net current assets now stand at RM370.5 million. I am also pleased to report that our working capital ratio has advanced from 1.77 times in the previous financial year to 2.87 in the current year. Additionally, our cash less borrowings have made strides, now standing at RM107.7 million; marking a noteworthy improvement compared to a deficit of RM54.2 million in the previous year.

These improvements have positioned us in a stronger financial position, enabling us to fulfill our obligations and seize new business opportunities despite the challenging economic conditions we face in this new financial year.

## CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

### COMMITMENT TO RESPONSIBLE CORPORATE CITIZENSHIP

As I reflect on ATA's accomplishments over the past year, I take great pride in the progress we have made as a Group. Despite facing challenges in FY2023, the Group's determination and resilience have demonstrated our commitment to being a responsible corporate citizen:

- **Resolving Workforce Concerns And Promoting Trust**

Addressing and resolving workforce concerns raised in the previous fiscal year has been one of the Group's foremost priorities. Through proactive measures and open communication, we have fostered a culture of transparency and trust among our stakeholders. By promptly addressing issues and strengthening confidence in our operations and commitment to ethical practices, we have built stronger relationships with our workforce.

- **Strengthening Governance And Risk Management**

ATA has significantly enhanced our governance and risk management practices. We have implemented robust measures for effective risk identification, assessment, and mitigation across all levels of the Group. Furthermore, we have fortified our internal control systems, providing a solid foundation for sound decision-making processes. This ensures that our operations are conducted with the highest level of integrity and accountability.

- **Alignment With International Labour Organization's Human Rights Indicators**

The Group has also aligned our human capital practices with the Human Rights Indicators set forth by the International Labour Organization (ILO). We conduct comprehensive training programmes and regular audits to ensure compliance and reinforce an ethical code of conduct in the workplace. Our commitment to ethical labour requirements remains unwavering, and we continually strive to exceed international standards.

- **Commitment To Environmental Sustainability And Positive Social Impact**

We recognise the profound impact we have on society and the environment. With this understanding, ATA is committed to fostering positive change within the communities where we operate while minimising our environmental footprint. Our sustainability initiatives serve as a testament to this unwavering commitment, and we are genuinely proud of the significant progress we have made toward these goals.

*Please consult the Sustainability Statement for the Financial Year 2023 by the Chairman located on page 13 for further information.*

- **Expanding Market Presence**

Through strategic partnerships and careful acquisitions, ATA has attracted business inquiries from the United States, Europe, and Australia. These initiatives have the potential to expand the Group's customer base and open doors to exciting prospects for increased market share and revenue growth.

- **Driving Product Innovation**

By maintaining an unwavering focus on continuous research and development efforts in the fields of Electronic Manufacturing Services, ATA remains committed to delivering innovative solutions that cater to the ever-changing needs and preferences of our valued customers. The Group's dedication to staying at the forefront of technology enables us to provide reliable and high-quality products.



## CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

### THE POSITIVE IMPACT OF OUR ACTIONS

In conclusion, the concerted efforts we have made to bolster our financial standings have not only positioned the Group to successfully navigate the intricate and ever-changing economic landscape but have also reinforced our dedication to sustainability and resilience. As we look toward the future, the leadership team and I remain steadfast in our commitment to further build upon these achievements in the upcoming fiscal year and beyond.

### GRATITUDE

Last but not least, as I bring this statement to a close, I want to express my heartfelt gratitude to ATA's leadership team, dedicated employees, loyal customers, valued shareholders, and esteemed partners. Your unwavering trust and support have been the cornerstone of our success. Together, we have tackled challenges head-on, adapted to the evolving business landscape, and emerged stronger as a result. Looking ahead, I have full confidence in the Group's ability to capitalise on new opportunities, create value for our stakeholders, and withstand ATA's path of growth sustainably.

Thank you.

DATO' SRI FOO CHEE JUAN @ JAMES FOO  
Executive Chairman  
ATA IMS Berhad

## OUR BOARD OF DIRECTORS

### DATO' SRI FOO CHEE JUAN

62, 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 complete design and manufacturing capabilities to well-known global brand names.

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.

### DATO' FONG CHIU WAN

60, 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 35 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

53, 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

50, 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, and a 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 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 and compliance advisory.

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

48, 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, and a Bachelor of Business majoring in Accounting from Charles Sturt University, Australia in 1999. He was admitted to CPA Australia in April 2003 and in 2022, he was awarded a fellow membership of the Association. He was also admitted to the Malaysian Institute of Accountants in July 2003 and to the Malaysian Institute of Taxation in 2006. Additionally, he is 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, (if any) within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.
- (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

49, 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 a member of the Malaysian Institute of Accountants (MIA) since 2003.

Mr. Loh started his career in 1998, specialising in Financial Audit and joined a plastic manufacturer firm in 2003.

Mr. Loh then joined ATA Industrial (M) Sdn Bhd in January 2008 and rose to the rank of Finance Director. 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, (if any) within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.
- (c) Any conflict of interest with the Company.
- (d) Any directorship in public company and listed issuers.

## SUSTAINABILITY STATEMENT BY THE CHAIRMAN

Dear Stakeholders,

Welcome to ATA's Sustainability Statement, guided by the principle of "Unlocking Value through ESG : Harnessing Innovation, Sensibility, and Meaningfulness".

This Statement delves into three crucial pillars:

- a. **Environment**
- b. **Social, and**
- c. **Governance**

These areas are at the core of ATA's commitment to sustainability and responsible business practices. By exploring each of these pillars, we will highlight our dedication to creating long-term value for our stakeholders while addressing global challenges and driving positive change.

### 1. ENVIRONMENT

- In the face of climate change, we recognise the urgent need to reduce our carbon emissions and enhance energy efficiency. Our Statement highlights the measures we have implemented to mitigate our environmental impact.
- We emphasise resource management, focusing on efficient water usage and sustainable energy sources. Additionally, we delve into crucial factors such as waste management, energy and resource reduction, and noise control.
- By prioritising these areas, we demonstrate our dedication to protecting and preserving the environment for future generations.

### 2. SOCIAL

- I am proud to announce that ATA has successfully undergone assessment by an independent professional services company for our integrated management system. This assessment confirms our compliance with the required standards and best practices, validating our commitment to social responsibility.
- In the Group's pursuit of excellence, we have made difficult decisions, terminating hostels that failed to meet our stringent requirements. Furthermore, we have actively collaborated with a global responsible business conduct advisory firm to address and resolve allegations and implement a comprehensive Corrective and Preventive Actions (CAPA) Plan.
- The Group's CAPA Plan covers a range of areas, including transparency, living conditions, recruitment fees, worker rights, and ethical practices. Through these initiatives, we demonstrate our dedication to fostering a socially responsible and inclusive environment.

### 3. GOVERNANCE

- Strong governance is the foundation upon which the Group thrives. With new leadership and a commitment to good corporate governance, ATA has established a robust framework to ensure ethical practices and accountability. Our record of accomplishment is exemplary, with zero cases of penalties for non-compliance.
- Additionally, we have maintained a clean record by adhering to environmental laws and regulations, avoiding fines or non-monetary sanctions. Our commitment extends beyond legal compliance, as we have worked tirelessly to create a safe and inclusive workplace with zero cases of discrimination, harassment, violence, forced labour, child labour, bribery, or corruption.
- These achievements underscore our unwavering dedication to upholding the highest standards of governance.

In summary, ATA's Sustainability Statement highlights the Group's integrated approach to sustainability and responsible business practices. Through our focus on the environment, social responsibility, and strong governance, we strive to unlock value while fostering innovation, sensibility, and meaningful impact.

Join us on this enlightening journey as we demonstrate our unwavering commitment to a better, more sustainable future.

Thank you.

**DATO' SRI FOO CHEE JUAN @ JAMES FOO**  
Executive Chairman  
ATA IMS Berhad

# SUSTAINABILITY STATEMENT





## SUSTAINABILITY STATEMENT



### About This Sustainability Statement

"Unlocking Value Through ESG: Harnessing Innovation, Sensibility, and Meaningfulness" serves as the unifying and guiding principle driving every facet of ATA's operations. With an unwavering commitment to building enduring customer value through relentless innovation, we strive to position ourselves as the industry's premier service provider. Our core focus lies in delivering cutting-edge and high-performance devices and equipment solutions, while serving as a trusted electronic and technological partner. Our unwavering goal is to consistently exceed customer expectations, driving continuous innovation within our industry.

In perfect harmony with our overarching vision, purpose, and business strategy, sustainability takes centre stage in our operations. Our sustainability statement encapsulates the economic, environmental, and social impact the Group has on the community and the broader ecological landscape.

At the heart of this statement lies our unwavering dedication to fostering transparent and effective communication with our diverse stakeholders, including business partners, customers, shareholders, employees, community members, and suppliers. We believe in empowering our stakeholders with comprehensive insights into our sustainability practices, enabling them to make informed decisions regarding our efforts. Our sustainability framework outlines tangible and actionable steps that we are actively taking to promote and drive sustainable practices. This approach not only enhances our business strategies and operations but also ensures long-term growth that aligns harmoniously with the best interests of all our stakeholders.

### Reporting Standards

In the development of this Sustainability Statement, we have closely adhered to key regulatory frameworks and guidelines, including:

- Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, ensuring compliance and accountability in sustainable practices.
- The Sustainability Reporting Guide, 2nd Edition, issued by Bursa Malaysia Securities, serving as a blueprint for comprehensive and transparent reporting of our sustainability initiatives and performance.
- The updated Malaysian Code on Corporate Governance, which provides a framework for effective governance, risk management, and ethical conduct.
- The Global Reporting Initiative (GRI) 2021 standards, a globally recognised reporting framework that ensures systematic reporting of economic, environmental, and social impacts.

By incorporating these regulatory frameworks and guidelines, we demonstrate our commitment to professionalism, accountability, and transparency in the preparation of this Sustainability Statement.



## SUSTAINABILITY STATEMENT

### Reporting Scope and Period

Our Sustainability Statement retains the same scope as the previous financial year, encompassing the core business units situated in Johor, Malaysia. These units consist of (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," "we," or "our."

This Statement provides information for the period spanning from 1 April 2022 to 31 March 2023, unless specified otherwise.

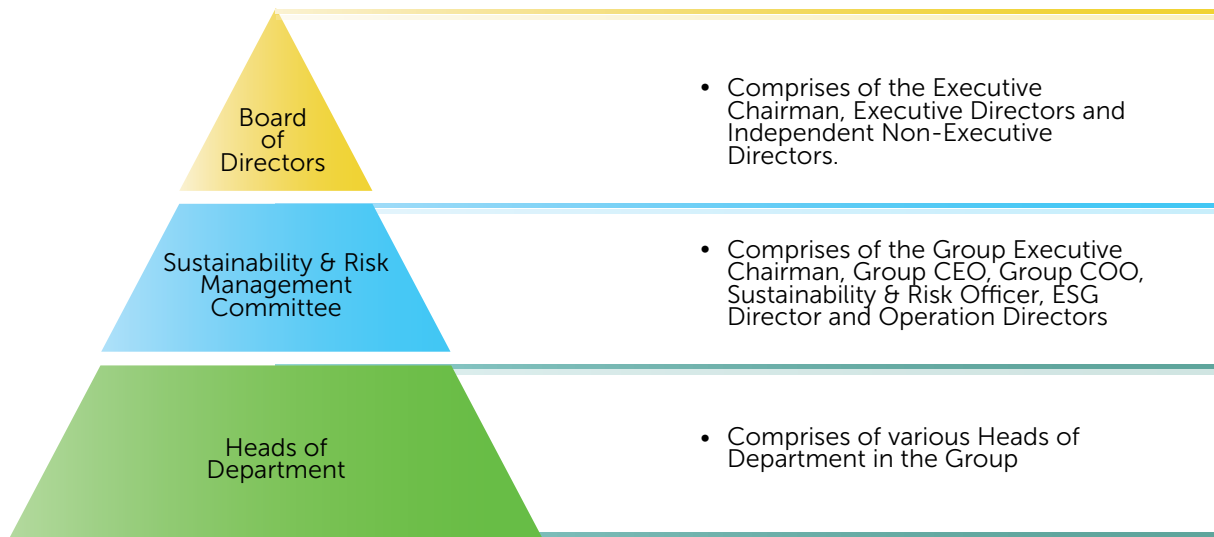
### Feedback

We value and encourage feedback from our stakeholders regarding our Sustainability Report and the topics discussed within. We invite comments, queries, and suggestions regarding the content of this Statement, which can be emailed to [info@ataims.com.my](mailto:info@ataims.com.my). Your input is greatly appreciated.

### Sustainability Governance

ATA acknowledges the critical importance of promoting sound corporate governance and placing transparency at the forefront to attain responsible and sustainable growth. The Group is resolutely dedicated to establishing a resilient governance structure that guarantees the effective implementation of all sustainability policies and endeavours. This framework serves to uphold our steadfast commitment to responsible business practices while upholding the highest standards of transparency across all operational facets.

The following outline delineates the functions and responsibilities assigned to each level within our governance structure:



The Board plays a crucial role in examining and approving the strategic plan, prioritizing sustainability in the Group's operations. Recognizing its responsibility in setting good governance practices, the Board actively promotes the ESG agenda throughout the organization.

The Audit Committee, consisting of independent non-executive directors, ensures the integrity of financial reporting, risk management, and internal controls to support sustainability efforts.

The Sustainability & Risk Management Committee implements sustainability indicators, sets targets, and monitors progress. Department Heads integrate sustainability considerations into daily operations and decision-making processes. Together, these efforts drive our commitment to excellence and sustainable practices.

## SUSTAINABILITY STATEMENT

### Policies and Procedures for Governance and Oversight

We have implemented a robust suite of policies and procedures to ensure the seamless integration of sustainability into our daily operations. These meticulously crafted frameworks establish clear and stringent guidelines, emphasizing the highest standards of ethics, governance, accountability, and compliance with pertinent laws and regulations. With the resolute approval and adoption of the Board, the following policies exemplify our steadfast commitment to sustainability:

 <p>Board Charter</p>	 <p>Anti-Bribery and Corruption Policy</p>	 <p>Remuneration Policy</p>
 <p>Code of Ethics and Conduct Policy</p>	 <p>Whistleblowing Policy</p>	 <p>Directors' Fit and Proper Policy</p>
 <p>Safety and Health Policy</p>	 <p>Anti-Discrimination Policy</p>	 <p>Anti-Harassment Policy</p>
 <p>Supply Chain Policy</p>	 <p>Environmental Policy</p>	 <p>Learning and Development Policy</p>




## SUSTAINABILITY STATEMENT

The implementation of these policies reflects our unwavering commitment to fostering transparency, accountability, and responsible stewardship of the environment and the communities in which we operate. By adhering to these meticulously crafted frameworks, we seek to uphold the highest standards of professionalism and ethical conduct. Furthermore, we actively contribute to the well-being and sustainable development of our surroundings, ensuring a harmonious coexistence with the environment and communities we serve. Through these efforts, we strive to be a catalyst for positive change and exemplify our dedication to corporate citizenship.

### Stakeholders Engagement

We profoundly appreciate and hold in high regard the indispensable role of stakeholders, both as individuals and groups, who possess a vested interest in our business operations and wield substantial direct or indirect influence over the Group. We actively recognize the utmost significance of nurturing meaningful relationships with our stakeholders, and as such, we adopt a multi-faceted approach to engage with diverse stakeholder groups. Our commitment to robust engagement is exemplified through a wide array of communication channels, encompassing both traditional mediums, such as hard copies, and web-based platforms that facilitate efficient and effective interaction.

With a steadfast dedication to fostering collaboration and mutual understanding, we present a comprehensive summary of our key stakeholders, alongside their associated material sustainability matters and our ongoing engagement efforts, as outlined in the following table:

Key Stakeholders	Areas of Interest	Engagement Methodology	Frequency
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 on Bursa Malaysia website</li> <li>Annual general meetings and shareholder meetings</li> <li>Analysts' briefings</li> <li>Investors presentations and meetings</li> <li>Annual report and quarterly reports</li> </ul>	Annually or as when required
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 dialogue</li> <li>Participation in government programs and initiatives</li> <li>Consultation</li> <li>Site visits and inspection</li> </ul>	Ad-hoc
Employees 	<ul style="list-style-type: none"> <li>Fair and competitive remuneration</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> <li>Provision of accommodation such as hostels</li> </ul>	<ul style="list-style-type: none"> <li>Employee handbook</li> <li>Induction briefings</li> <li>Skills, personal and learning development programs</li> <li>On-the-job training and workshops</li> <li>Performance appraisals</li> <li>Regular communication and meetings</li> <li>Hostel visits and town hall sessions</li> </ul>	Regularly

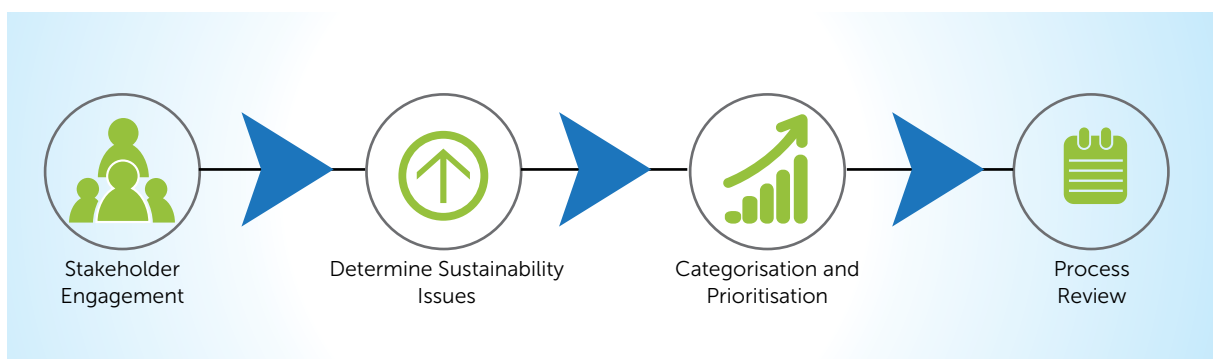
## SUSTAINABILITY STATEMENT

Key Stakeholders	Areas of Interest	Engagement Methodology	Frequency
Community 	<ul style="list-style-type: none"> <li>Environmental issues</li> <li>Ethical business practices</li> <li>Labour practices</li> <li>Talent attraction</li> <li>Support for community development</li> </ul>	<ul style="list-style-type: none"> <li>Focus groups or workshops dedicated to environmental issues</li> <li>Workshops on ethical business practices</li> <li>Donations and financial aid</li> <li>Community engagement programmes</li> <li>Company website</li> <li>Social media platforms</li> </ul>	Quarterly
Suppliers 	<ul style="list-style-type: none"> <li>Procurement management</li> <li>Payment terms and conditions</li> <li>Sustainable supply chain and future business dealings</li> </ul>	<ul style="list-style-type: none"> <li>Regular communications, meetings and site visits</li> <li>Supplier evaluations, registration and supplier audits</li> <li>Transparency in interactions and partnership with suppliers</li> </ul>	Regularly

### Identifying and Addressing Materiality Matters

Our organisation has undertaken a meticulous review in collaboration with our key managers to identify and assess material factors. This comprehensive assessment encompassed an in-depth analysis of both internal and external risks, as well as a thorough evaluation of the severity and significance of each sustainability-related matter.

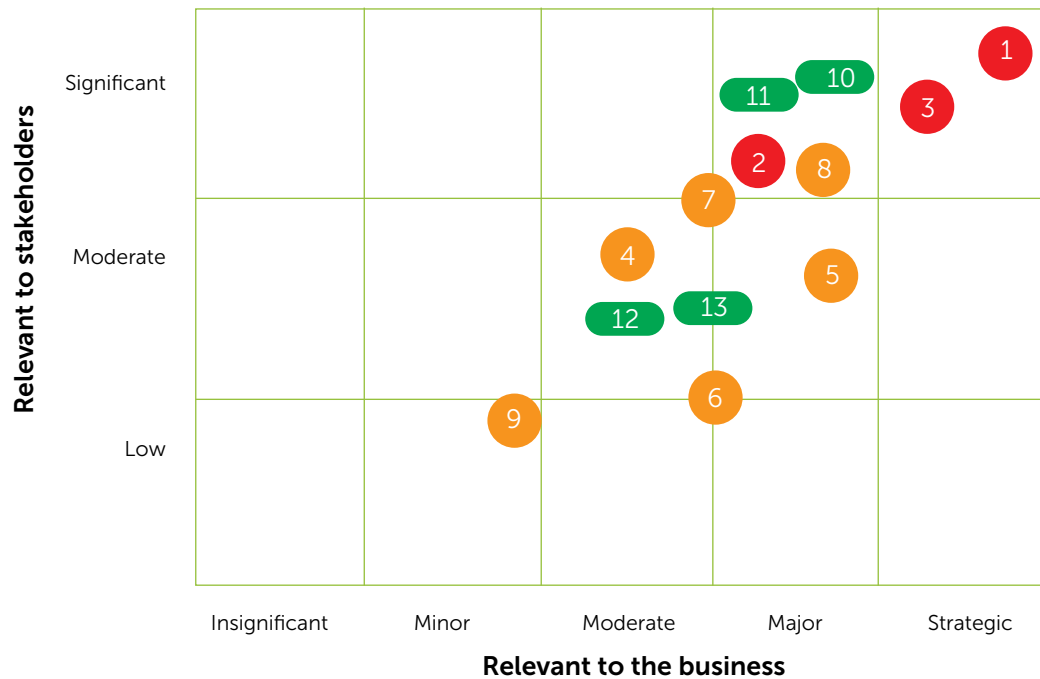
To ensure a robust and systematic approach, we employed a rigorous four-step process in determining the list of materiality factors for reporting. This process adhered to industry best practices and aimed to provide a clear and accurate representation of our organization's sustainability priorities. The steps involved in this process are as follows:



## SUSTAINABILITY STATEMENT

A total of thirteen (13) key material sustainability matters were mapped as outlined in the graph below.

**MATERIALITY MATRIX**

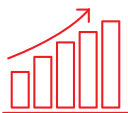




ECONOMIC		ENVIRONMENT		SOCIAL	
1	Economic Presence	4	Energy	10	Occupational Health and Safety
2	Anti-Corruption	5	Water	11	Ethical Labour Practices
3	Supply Chain Management	6	Waste Management	12	Diversity and Equal Opportunity
		7	Emissions	13	Training and Education
		8	Environment Compliance		
		9	Noise Pollution		







## SUSTAINABILITY STATEMENT

### Risks, Opportunities and Management Approach





Through our materiality assessment process, we were able to identify potential sustainability risks and opportunities that are relevant and significant to our business and stakeholders. By categorising each material matter as either a risk or opportunity, allowed us to proactively set future targets and action plans to address these issues.

Material Topics	Risks	Opportunities	Impacted Key Stakeholders	Management Approach
<b>ECONOMIC</b>				
 Economic Presence	<ul style="list-style-type: none"> <li>Economic conditions, market volatility, regulatory changes and geopolitical uncertainties</li> </ul>	<ul style="list-style-type: none"> <li>Growing market demand</li> <li>Provision of outsourcing services in the electronics manufacturing sector</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders and Investors</li> <li>Customers</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of a proactive management approach and alignment of business strategies with Group's vision, mission and goals</li> </ul>
 Anti-Corruption	<ul style="list-style-type: none"> <li>Integrity risk</li> <li>Reputation damage</li> </ul>	Increased reputation and customers' loyalty	<ul style="list-style-type: none"> <li>Shareholders and Investors</li> <li>Government and Regulators</li> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Anti-Bribery and corruption declaration by employees on annual basis</li> <li>Reminders on Anti-Bribery and Corruption ("ABC") through training, memos and briefings</li> </ul>
 Supply Chain Management	<ul style="list-style-type: none"> <li>Poor suppliers' performance</li> <li>Unpredictable demand due to uncertainties</li> <li>Labour shortage</li> </ul>	Building strong relationships and working closely with suppliers	<ul style="list-style-type: none"> <li>Suppliers</li> <li>Customers</li> <li>Shareholders and Investors</li> </ul>	<ul style="list-style-type: none"> <li>Continuously assessing and addressing supply chain risks</li> </ul>

## SUSTAINABILITY STATEMENT

Material Topics	Risks	Opportunities	Impacted Key Stakeholders	Management Approach
ENVIRONMENT				
 Energy	Pollution/ Environmental risk	Lessen environmental impact whilst decreasing overall cost	<ul style="list-style-type: none"> <li>Customers</li> <li>Suppliers</li> <li>Employees</li> </ul>	International Safety Management ("ISM") and International Ship and Port Facility ("ISPS") audits are carried out on annual basis
 Water	Disruption to production processes and daily use	Create opportunities for water saving technologies and management solutions	<ul style="list-style-type: none"> <li>Government and Regulators</li> <li>Shareholders and Investors</li> <li>Employees</li> </ul>	Exploring various innovation solutions
 Waste Management	Non-compliance with regulatory requirements	Reduce the stress on the environment, controlling overall waste produced	<ul style="list-style-type: none"> <li>Customers</li> <li>Suppliers</li> <li>Employees</li> <li>Government and regulators</li> </ul>	Procedures in place to guide the various steps in the waste management
 Emissions	Impact of GHG emissions on the environment, climate and human health	<ul style="list-style-type: none"> <li>Energy efficiency solutions</li> <li>Renewable energy integration</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders and Investors</li> <li>Employees</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Implement emissions reduction measures</li> <li>Set emissions reduction targets</li> </ul>
 Environment Compliance	Pollution/ Environmental risk	Able to meet regulatory and legal requirements, avoiding penalties while increasing company reputation	<ul style="list-style-type: none"> <li>Shareholders and Investors</li> <li>Customers</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Conduct environmental audits on annual basis</li> </ul>
 Noise Pollution	Negative impacts on human health, well-being, and the environment	Protect human health and well-being, preserve ecosystems, and create more liveable and sustainable environments	Employees	<ul style="list-style-type: none"> <li>Providing hearing Personal Protective Equipment ("PPE") protection to employees</li> <li>Conduct noise assessments and monitoring</li> </ul>

## SUSTAINABILITY STATEMENT

Material Topics	Risks	Opportunities	Impacted Key Stakeholders	Management Approach
SOCIAL				
 Occupational Health and Safety	<ul style="list-style-type: none"> <li>Safety and health hazards</li> <li>Reputational damage</li> </ul>	Taking care of overall well-being of employees by mitigating future accidents	<ul style="list-style-type: none"> <li>Customers</li> <li>Suppliers</li> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly meeting to identify potential hazards, develop safety policies and procedures, and implement safety improvement initiatives</li> </ul>
 Ethical Labour Practices	<ul style="list-style-type: none"> <li>Competency gap</li> <li>Labour violation</li> </ul>	<ul style="list-style-type: none"> <li>Improved performance and productivity</li> <li>Good labour practices for fair and equitable working environment</li> </ul>	Employees	<ul style="list-style-type: none"> <li>Annual staff training matrix is prepared based on the training need assessment carried out and result of performance appraisal</li> <li>Development programme is incorporated in the appraisal system</li> </ul>
 Diversity and Equal Opportunities	Competency gap	<ul style="list-style-type: none"> <li>Increase employee satisfaction</li> <li>Able to provide new perspectives and ideas</li> </ul>	Employees	<ul style="list-style-type: none"> <li>Close and continuous communication between superior and subordinate</li> </ul>
 Training and Education	Unlock staff's potentials, foster continuous improvement knowledge, skills, performance and competencies	<ul style="list-style-type: none"> <li>Continuous learning within the company that is aligned with key performance indicators (KPIs)</li> <li>Encourage employee retention</li> </ul>	Employees	<ul style="list-style-type: none"> <li>Ongoing training and development of employees</li> </ul>



## SUSTAINABILITY STATEMENT

### FY2023 Key Sustainability Highlights



**74 % spending on local suppliers**  
(FY2022: 62%)



**Reduced energy consumption by 2.87%**  
compared to FY2022



**Reduced water consumption by 7.65%**  
compared to FY2022



**41% of women in the workforce (FY2022: 38%)**

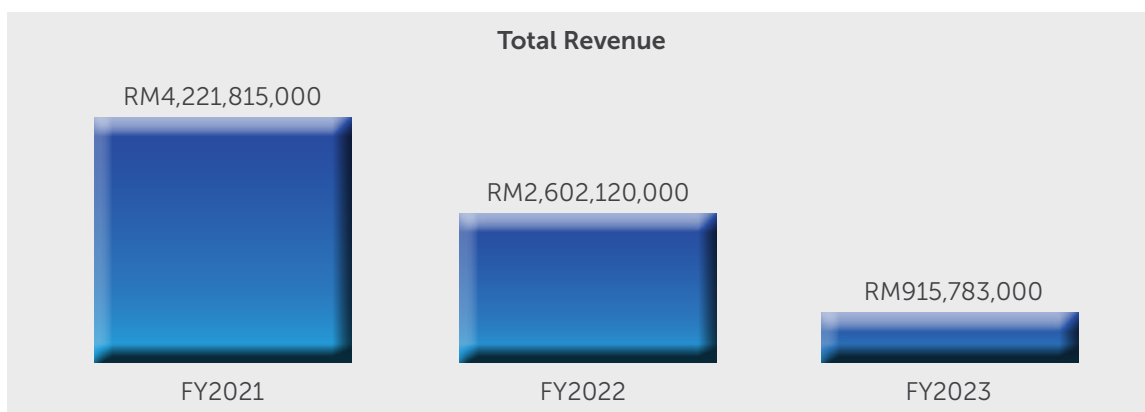
### 1.1 Economic

#### Economic Presence

The Group's core business operations revolve around the precision manufacturing and distribution of plastic injection moulded parts, along with secondary processes, sub-assembly, and full assembly, primarily catering to the electronics manufacturing industry.

Amidst the ever-increasing focus on environmental sustainability, the Group aptly recognizes the imperative of re-evaluating its strategic plan to ensure long-term prosperity. In response to the evolving business landscape, the Group places utmost significance on cultivating resilience and adaptability. Guided by a commitment to responsible financial management, it diligently maintains a business portfolio that aligns with environmentally sound practices, thereby striving to bestow enduring economic advantages upon its esteemed stakeholders.

This depiction encapsulates the Group's unwavering dedication to delivering sustained financial growth while embracing ecological responsibility, firmly establishing itself as a frontrunner in the pursuit of enduring success.



## SUSTAINABILITY STATEMENT

Over the past three fiscal years, there has been a consistent decline in total revenue, with a decrease of 38% from FY2021 to FY2022, followed by a further decline of 64.81% from FY2022 to FY2023. Notwithstanding the current circumstances surrounding the decline in total revenue, we remain resolute in our pursuit of growth and innovation. We are actively identifying and seizing emerging business prospects, ensuring that we stay at the forefront of industry trends and capitalize on untapped potential. By fostering an entrepreneurial mindset and fostering a culture of continuous improvement, we are poised to adapt, transform, and thrive.

For a detailed breakdown of our economic performance, please refer to pages 5 to 8 of our Annual Report.

Target for FY2023	Performance of FY2023
Target revenue of RM 800mil – 1.2bil	Revenue: RM915,783,000

### Anti-Corruption

The Group maintains a stringent zero-tolerance policy against bribery and corruption, upholding a steadfast commitment to conducting all business activities with the utmost ethics, responsibility, and transparency. In accordance with the Guidelines on Adequate Procedures outlined under Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009 ("MACC"), the Group has implemented an effective Anti-Bribery and Corruption ("ABC") Policy since FY2020.

In FY2023, various actions were undertaken to enhance the efficacy of the ABC Policy and framework. These actions encompassed the establishment of policies and procedures, effective communication, and robust enforcement. The ABC Policy is applicable to the Board, all personnel, customers, suppliers and any individuals affiliated with the Group.

To showcase our dedication to ABC, the Group has formed an ABC Compliance Committee, headed by the Finance Director, responsible for overseeing ABC-related matters. This unit submits regular ABC reports to the Audit Committee (AC), which evaluates the sufficiency and efficiency of current internal controls and management strategies in identifying and mitigating risks associated with bribery and corruption.

In FY2023, no cases of bribery and corruption were reported, indicating our impeccable track record (FY2022: Nil). Our commitment to upholding this record in FY2024 remains steadfast, as we persist in implementing effective controls and procedures related to ABC.

The ABC Policy is available on the Company's website at <http://www.ataims.com.my>

Target for FY2023	Performance of FY2023
Zero corruption and bribery case	Achieved. Zero case of anti-bribery and anti-corruption reported

### Supply Chain Management

#### • Procurement and Supplier Management

We recognise the importance of our suppliers and contractors in supporting us in delivering high-quality products and services to our customers. We are committed to align with them to fulfil our mission of providing the best quality products and services, while also promoting sustainability in our business management.

To ensure the alignment of our suppliers and contractors with our stringent standards and expectations, we employ a comprehensive assessment framework encompassing specific areas and criteria. These assessments serve as a robust mechanism for evaluating the performance of our valued partners. The criteria considered during these evaluations include:

- Quality
- Cost
- Delivery
- Terms of Payment
- Conflict of Interest
- ABC Practice

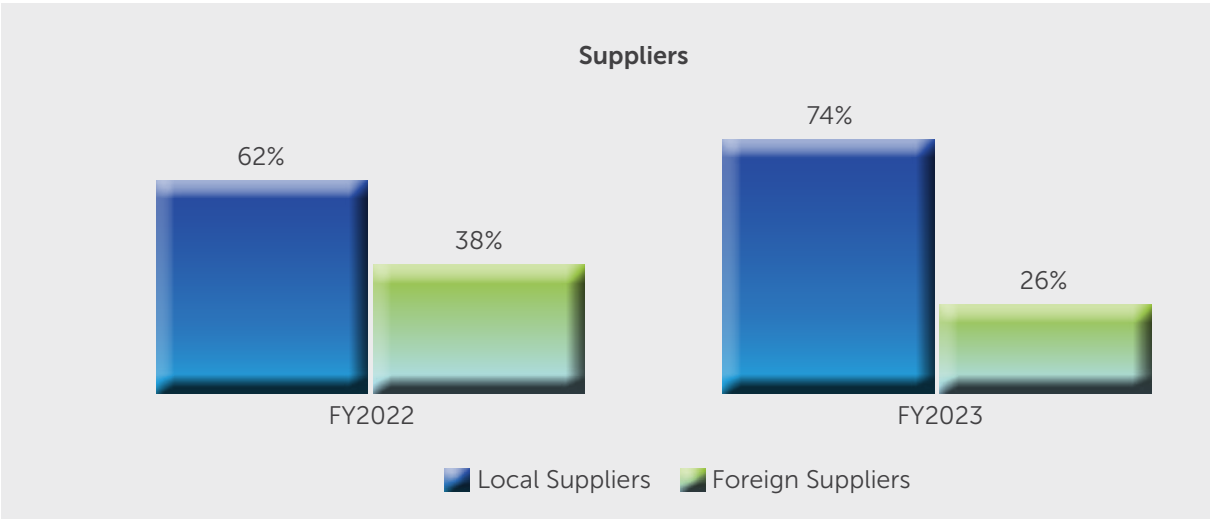
SUSTAINABILITY STATEMENT

In addition, we actively collaborate with our suppliers to ensure their comprehensive understanding and compliance with our stringent Restriction of Hazardous Substances (RoHS) requirements. These requirements prohibit the supply of materials containing specific hazardous substances to the Group.

By fostering this close partnership and enforcing strict adherence to RoHS, we aim to protect the environment and uphold our commitment to sustainability.

Local Procurement

With an extensive supplier network encompassing both domestic and international sources, the Group consistently endeavours to procure materials and products from local vendors located near our operational facilities. By adopting this approach, we can bolster the agility and efficiency of our supply chain, resulting in reduced lead times for our valued customers. In FY2023, our local suppliers accounted for 74% of the Group’s total spend (FY2022: 62%). This demonstrates our commitment to supporting local businesses and economies, while also benefiting from the advantages of a more agile and efficient supply chain.



Target for FY2023	Performance of FY2023
At least 65% spending on local suppliers	Achieved 74% local suppliers

Product & Service Quality

The Group places utmost importance on ensuring the exceptional quality of its products and services, recognizing their direct impact on customer satisfaction and financial performance. As such, we have undertaken substantial endeavours to enhance our quality standards, leaving no stone unturned in our pursuit of excellence. Each of our subsidiaries has demonstrated commendable progress in this regard, continuously striving to refine processes and diligently adhere to pertinent statutory and regulatory requirements. Through our unwavering commitment to uncompromising quality, we have been able to deliver products of the highest calibre to our esteemed customers. This unwavering dedication has also resulted in the solidification of our reputation as a dependable and trustworthy provider of goods and services.

Notably, the Group proudly holds a credible accreditation for its operational processes. These esteemed accreditations serve as tangible evidence of our solid commitment to excellence, affirming our adherence to rigorous standards and industry best practices. They further fortify our credibility and provide quality assurance to our valued customers that we consistently uphold the most stringent quality benchmarks throughout our operations.

## SUSTAINABILITY STATEMENT

Name Accreditation	Provider Entities	Scope of Approval	Issue Date	Expiry Date
ISO 9001:2015	ATA Industrial (M) Sdn Bhd	Manufacture of home appliances (Vacuum cleaner, fan humidifier, purifier, heater fan, lighting product including secondary processes such as silk screen and spray printing)	24-Dec-20	20-Oct-23
	Winsheng Plastic Industry Sdn. Bhd.	Manufacturing of precision plastics including secondary and assembly processes for the electronic and electrical industries	19-Oct-21	18-Oct-24
ISO 14001:2015	Winsheng Plastic Industry Sdn. Bhd.	Manufacturing of precision plastics including secondary and assembly processes for the electronic and electrical industries	24-May-23	23-May-26
ISO 13485:2016	Winsheng Plastic Industry Sdn. Bhd.	Manufacture of Precision plastic components used for medical devices	29-Jan-22	28-Jan-25
ISO 22000:2018	Winsheng Plastic Industry Sdn. Bhd.	Manufacture of plastic component for food packaging application	24-Jun-22	17-Jun-23
ISO 45001:2018	Winsheng Plastic Industry Sdn. Bhd.	Manufacturing of precision plastics including secondary and assembly processes for the electronic and electrical industries	13-Sep-21	12-Sep-24
IATF 16949:2016	Winsheng Plastic Industry Sdn. Bhd.	Manufacturing secondary processing and sub-assemblies of plastic injection parts	19-Oct-21	18-Oct-24

As part of our commitment to quality the Group diligently pursues certifications endorsed by the International Organization for Standardization (ISO) and the International Automotive Task Force (IATF) to support our products, services, and overall quality management systems. These certifications provide independent verification that our products and services meet recognised industry standards and instil confidence in our stakeholders.

### 1.2 Environmental

#### Addressing Task Force on Climate Related Financial Disclosures ("TCFD")

The Group recognises the potential impacts of climate change on businesses and is committed to assessing the risks and opportunities associated with it. In line with Bursa Malaysia's requirements, the Group is actively working to meet the TCFD standards by disclosing financial information related to climate change. The Group aims to achieve compliance with these standards by FY2025, demonstrating our dedication to transparency and being a responsible corporate entity.

## SUSTAINABILITY STATEMENT

### Energy

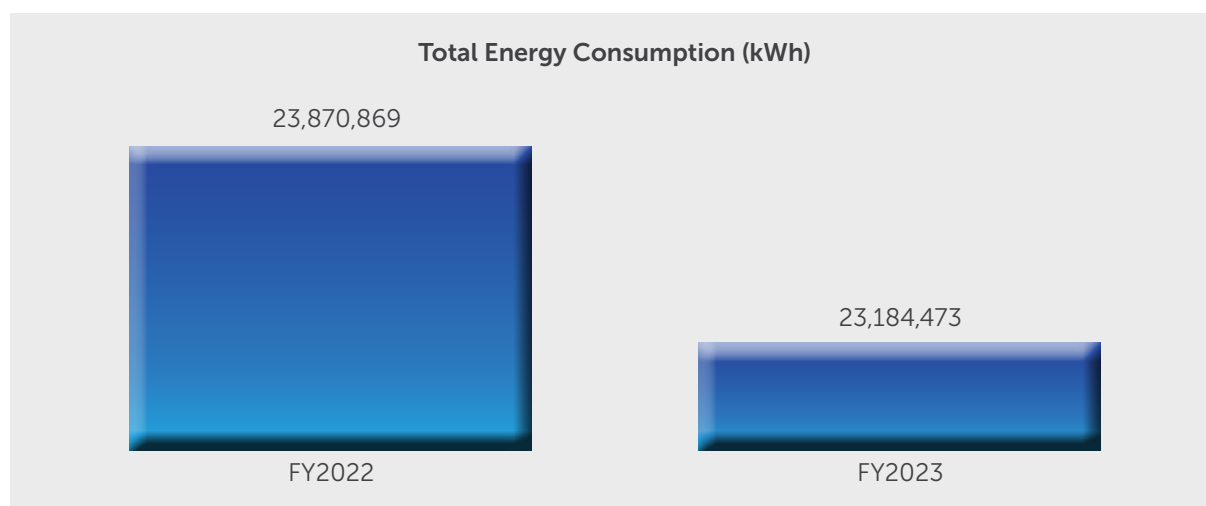
Effective energy management is a vital component for the Group, especially within the realm of electronic device production, where energy consumption plays a pivotal role. To ensure optimal energy efficiency, we implement rigorous monitoring and management practices, which include careful scrutiny of electricity bills, as well as the proactive replacement of existing appliances with energy-efficient systems. Through these measures, we continuously strive to minimize our energy footprint and promote sustainability in our operations.

We prioritize routine maintenance and calibration of our machinery to optimize performance and minimize energy consumption. Through effective energy management practices, we not only reduce our carbon footprint but also generate cost savings and enhance financial performance. Our commitment to ongoing improvement in energy management drives our efforts to minimize environmental impact and promote sustainability throughout our operations.

We have taken several proactive initiatives aimed at reducing our overall electricity consumption. These measures include:

- Equipment optimization: We have optimized the settings and operations of our machinery and equipment to ensure they operate at peak efficiency, minimizing energy wastage
- LED lamp replacement
- Light sensor / timer replacement
- Setting cooling control at recommended temperature (24° C to 26 °C)
- Switching off lights and other electrical devices when they are not being used
- Monitoring air leakage

The following chart shows the Group's energy consumption for FY2022 and FY2023:



In FY2022, the energy consumption amounted to 23,870,869 kWh, experiencing a decline of 3% in FY2023, reaching an energy consumption of 23,184,473 kWh. This decline in energy usage was primarily driven by the shutdown of a few plants.

Target for FY2023	Performance of FY2023
To reduce 5% of electricity consumption as previous year	Reduced 3% of electricity consumption from FY2022

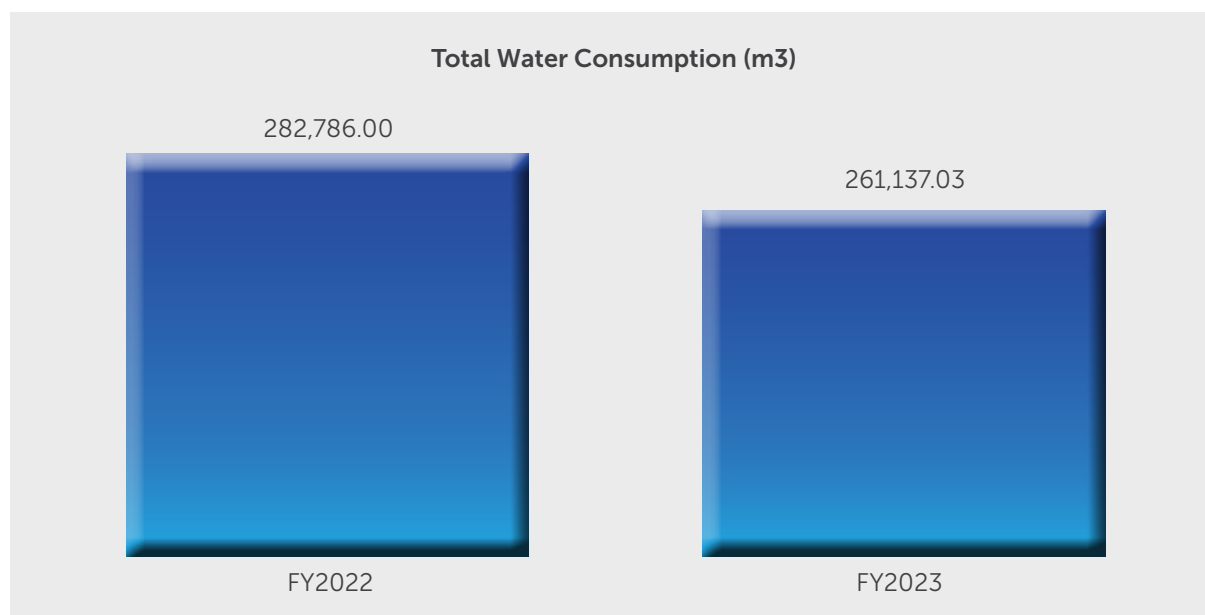
## SUSTAINABILITY STATEMENT

### Water Management

The Group places significant emphasis on reducing water consumption, recognizing its crucial role for businesses in various industries, especially those heavily reliant on water for operations such as manufacturing and industrial activities that is necessary in cooling systems for maintaining optimal temperatures and safeguarding equipment from damage. While acknowledging its intricacies, the Group remains dedicated to implementing a range of water-saving initiatives. These efforts aim to minimize our environmental footprint, reduce water-related costs, and enhance our overall sustainability. In FY2023, we successfully implemented several water-saving initiatives which includes the following:

- **Employee education:** We conduct regular awareness campaigns and training sessions to educate our employees on the importance of water conservation. By fostering a sense of responsibility and understanding, we encourage our staff to make conscious efforts to use water efficiently.
- **Leak detection and repair:** We have robust systems in place to monitor water leakages and faulty taps. Swift action is taken to rectify any identified issues, minimizing water wastage.
- **Utilizing stormwater:** As part of our sustainable approach, we harness stormwater as an alternative water source. This collected water is then utilized for non-potable purposes such as irrigation, landscaping, and toilet flushing. By reducing reliance on traditional drainage systems and employing alternative water management methods, we effectively reduce overall water consumption.

The chart presented illustrates the Group's water consumption for both FY2022 and FY2023:



Water consumption has decreased from 282,786.00 m3 in FY2022 to 261,137.03 m3 in FY2023, with a 8% reduction in FY2023 compared to FY2022. The decrease in water consumption during FY2023 was attributed to the Group minimizing the operations and shutting down a few plants.

Target for FY2023	Performance of FY2023
To reduce 3-5% of water consumption as previous year	Achieved. Reduced 8% of water consumption from FY2022

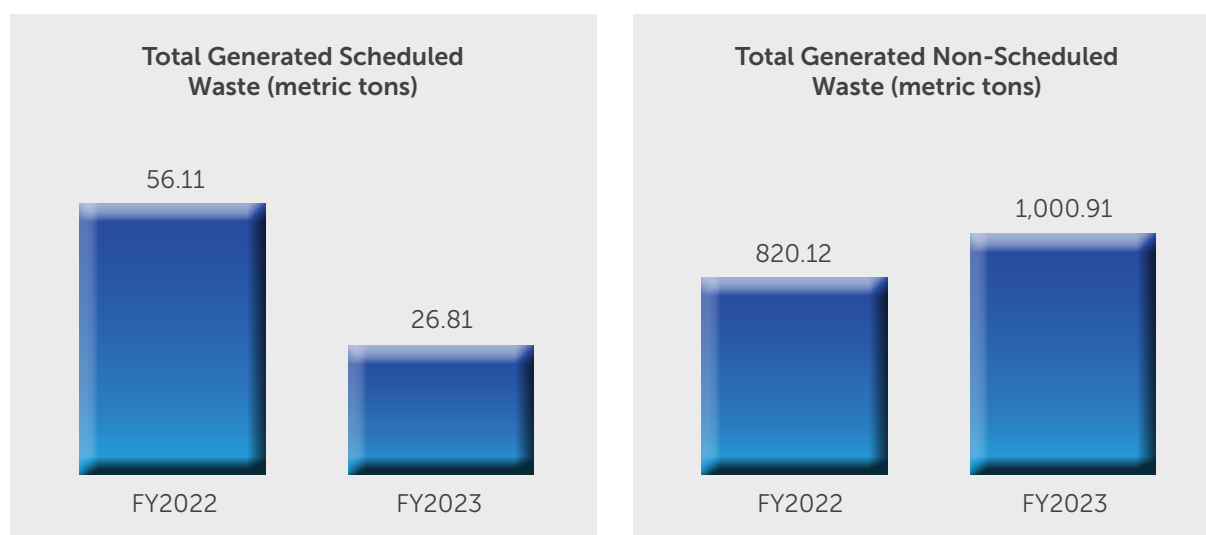
## SUSTAINABILITY STATEMENT

### Waste Management

To effectively manage waste generated from our operational and manufacturing activities, the Group has implemented comprehensive measures. These measures include the segregation and labelling of waste, as well as the proper storage and segregation of scheduled and non-scheduled waste. Our Waste Management Standard Operating Procedures (SOP) serve as a guideline to monitor the disposal and handling of waste. We prioritize compliance with regulations set forth by government and relevant agencies, such as the Department of Environment (DOE). By adhering to these regulations, we ensure responsible waste management practices and minimize the environmental impact of waste.

Furthermore, we actively pursue recycling and reusing options for non-scheduled waste. By implementing sustainable waste management strategies, we aim to reduce the amount of waste sent to landfills and promote the circular economy. Through our robust waste management practices, we strive to mitigate the environmental impact of waste generation and contribute to a cleaner and more sustainable future.

The charts below illustrate the total generated scheduled waste and total generated non-scheduled waste within the Group for FY2022 and FY2023:



In FY2023, the Group generated 26.81 metric tons of scheduled waste (FY2022: 56.11 metric tons) and 1,000.91 metric tons of non-scheduled waste (FY2022: 820.12 metric tons).

Target for FY2023	Performance of FY2023
Zero environmental compliance violation	Achieved. Zero environmental compliance violation in FY2023

The increase in non-scheduled waste can be attributed to specific factors within our operations. One contributing factor is the packing and unpacking of numerous production line items that needed to be returned to customers following the termination of contracts. This process resulted in a higher volume of waste generated. Furthermore, the consolidation of our buildings also played a role in the increased disposal activities. The consolidation process often necessitates the disposal of materials and equipment that are no longer required or are incompatible with the consolidated facilities.

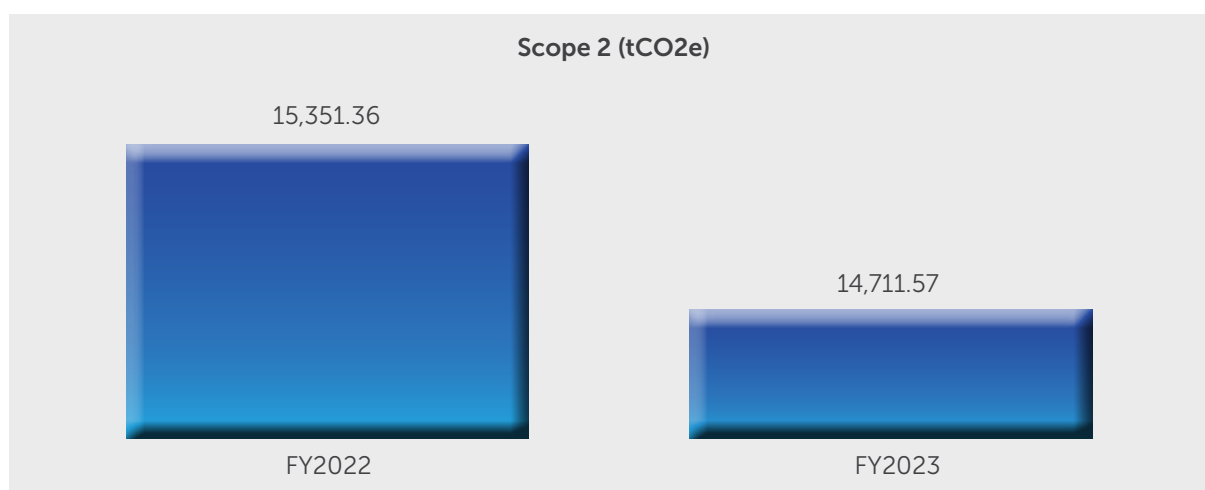
As a responsible organization, we acknowledge the impact of these activities on waste generation. Moving forward, we are actively exploring ways to mitigate waste generation through enhanced planning, recycling, and reuse initiatives. By implementing sustainable waste management practices, we aim to minimize our environmental footprint and contribute to a more circular and resource-efficient economy.

## SUSTAINABILITY STATEMENT

### Emissions

The Group is fully aware of the substantial environmental implications stemming from emissions and has identified it as a significant concern. Notably, greenhouse gas emissions, predominantly resulting from the combustion of fossil fuels, are the principal contributors to global warming. Therefore, we prioritize the evaluation and mitigation of climate change risks in light of increasingly stringent climate regulations. Currently, we are actively implementing measures to minimize, mitigate, and adapt to the impacts of climate change.

The Group is publishing its inaugural GHG emissions report, marking a significant milestone in our commitment to environmental transparency. In this report, we primarily focus on reporting our Scope 2 greenhouse gas (GHG) emissions, signifying our initial step in disclosing our environmental impact. Going forward, we aspire to broaden our reporting scope to encompass both Scope 1 and Scope 2 emissions in the upcoming year, thereby augmenting the comprehensiveness of our sustainability disclosures.



The decrease in Scope 2 greenhouse gas (GHG) emissions can be attributed to a reduction in energy consumption. This decline in energy usage was primarily driven by the strategic decision to shut down a few plants. Consequently, by curbing energy consumption, the Group successfully contributed to a notable decrease in Scope 2 GHG emissions.

Target for FY2023	Performance of FY2023
To reduce 5% of GHG emissions as previous year	Achieved. 4.17% decrease of GHG emissions from FY2022

### Environment Compliance

The Group demonstrates its dedication to addressing environmental impacts by adhering to international standards and local regulations. Our commitment focuses on minimizing negative effects on the environment while simultaneously enhancing operational efficiency across all stages of our business operations. To achieve this, we have implemented the Environmental Management System ("EMS") framework and obtained ISO14001:2015 accreditation, which signifies a strong commitment to environmental sustainability.

Additionally, the Group adheres to the Restriction of Hazardous Substances ("RoHS") requirements which is also an important step towards reducing the use of hazardous substances in products, which have significant environmental impacts during the product lifecycle.

Name Accreditation	Name of Company	Scope of Approval	Issue Date	Expiry Date
ISO 14001:2015	Winsheng Plastic Industry Sdn. Bhd.	Manufacturing of precision plastics including secondary and assembly processes for the electronic and electrical industries	24-May-23	23-May-26



## SUSTAINABILITY STATEMENT

There were no cases of non-compliance for FY2022 and FY2023. We are targeting to achieve the record of zero reports and penalties for FY2024.

Target for FY2023	Performance of FY2023
<ul style="list-style-type: none"> <li>Zero case of non-compliance to environmental regulations</li> <li>Zero fined imposed by environmental authorities</li> </ul>	<ul style="list-style-type: none"> <li>Achieved. Zero case of non-compliance in FY2023</li> <li>Achieved. Zero fine imposed by environmental authorities in FY2023</li> </ul>

### Noise Pollution

The Group acknowledges the adverse effects of machine usage in our production facilities, particularly in terms of noise pollution and its implications for public health and well-being. To address this concern and minimize excessive noise exposure to the surrounding community, we diligently monitor noise levels on a regular basis. By adhering to regulatory limits, we demonstrate our commitment to upholding a professional and responsible approach, safeguarding the tranquillity and quality of life for the local community.

We collect data during normal daily operations to accurately assess the noise levels in the measured area, and we conduct these inspections in compliance with DOE's Guidelines for Environmental Noise Limits and Control, established in 2019. In accordance with these guidelines, the recommended Equivalent Continuous Sound Level (LAeq) for industrial zones during the day is 70.0 dB (A), while at night, it is 65.0 dB(A). We effectively manage our operational activities to ensure that noise levels consistently adhere to these guidelines.

In FY2022, our subsidiaries Jabco Filter System Sdn. Bhd. and Winsheng Plastic Industry Sdn Bhd has engaged with an independent consultant to conduct a Boundary Noise Monitoring assessment. The outcome of the assessment revealed that both subsidiaries achieved an average noise level that falls within the limits specified by the DOE Guidelines for Environmental Noise Limits and Control in 2019. This achievement demonstrates our strong commitment to noise reduction and serves as a testament to our ongoing efforts in mitigating noise impacts. We remain dedicated to continuously implementing various initiatives aimed at further reducing noise levels in our operations.

Target for FY2023	Performance of FY2023
<ul style="list-style-type: none"> <li>Noise level below 70.0dBs for day, 65.0dBs for night.</li> <li>Zero fine on noise level compliance</li> </ul>	<ul style="list-style-type: none"> <li>Achieved. Noise level below 70.0dBs for day, 65.0dBs for night.</li> <li>Achieved. Zero case of non-compliance in FY2023</li> </ul>

## 2.3 Social

### Occupational Health and Safety

In line with the Safety and Health Policy, various safety measures and training programmes are implemented by the Group to ensure the safety and well-being of our employees. Some of these safety measures include conducting regular safety audits, identifying and mitigating workplace hazards, providing personal protective equipment ("PPE"), and ensuring compliance with all relevant safety and health regulations.

In FY2023, 12 health and safety committee meetings were held by the Group, which centered around workplace accidents, preventative measures and practices aimed at minimizing workplace hazards. These proactive discussions and initiatives were designed to foster a safe working environment for all employees. The certification under ISO 45001:2018 Occupational Health and Safety Management System by the Group in FY2023, demonstrated the Group's commitment to continuously improve its health and safety practices and comply with international standards.

Following are the initiatives in place to reduce health and safety risks:

- Having a Safety and Health Policy in place
- Personal Protective Equipment ("PPE") for staff
- Conducting Safety and Health trainings such as fire drill, emergency response training, first-aid training

## SUSTAINABILITY STATEMENT

The Safety Department conducted several training programmes to ensure that our employees are equipped with the knowledge on health and safety. The following table illustrates the occupational health and safety training recorded in FY2023.

Training and Programme	Type of Training	Duration
Emergency Response Training	External	3 Days
Fire Drill	Internal	1 Hour
Flood Drill	Internal	1 Hour
Chemical Drill	Internal	1 Hour
Safety and Health Committee Training	External	2 Days
First Aid and CPR Training	External	2 Days
Forklift Training	External	2 Days
Chemical Handling Training	External	2 Days
PPE Training	Internal	1/2 Day
Machinery Safety and Guarding Programme	Internal	1/2 Day
Warehouse Safety and Material Handling Programme	Internal	1/2 Day
Electrical Safety	Internal	1/2 Day



*Fire drill in September 2022*



*Group photo with Bomba personnel after Emergency Response Training in January 2023*

## SUSTAINABILITY STATEMENT



*Emergency Response Training in January 2023*

The table below illustrates the number of incidents that have occurred in FY2022 and FY2023:

FY2022							
Types of accidents	Catastrophic / Disability	Major Accident	Minor Accident	First Aid	Near Miss	Fatality	LTI Days
Total	0	3	2	11	0	0	128

FY2023							
Types of accidents	Catastrophic / Disability	Major Accident	Minor Accident	First Aid	Near Miss	Fatality	LTI Days
Total	0	7	10	0	1	0	153

Within the context of workplace safety, accidents are categorized based on the length of sick leave they entail. A major accident is characterized by an incident resulting in more than four working days of sick leave, indicating a more severe injury or illness requiring an extended recovery period. Conversely, a minor accident pertains to an incident that imposes three working days or fewer of sick leave, suggesting a relatively less serious injury or illness enabling a swifter return to work.

Overall, the Group's total number of major accident cases increased by 133% from three (3) cases in FY2022 to seven (7) cases in FY2023 and minor accident cases increased by 400% from two (2) cases in FY2022 to ten (10) in FY2023. The Group's total number of major cases in FY2023 resulting in LTI increased by 20% to 153 days as compared to FY2022 which is 128 days. To mitigate the high accident rate within the Group going forward, we must prioritize safety protocols, implement comprehensive training programs, and foster a culture of vigilance and adherence to safety guidelines.

As a result, the Group is required to dedicate substantial resources to train these new employees in the operation and handling of complex machinery, which demands specialized knowledge. Despite training efforts, the unfamiliarity of the newer employees with the machineries may contribute to an increased likelihood of accidents occurring.

Following the reported incidents, The Group conducted thorough investigations to gather detailed information. Subsequently, preventive action plans were developed and implemented. To ensure thorough documentation, an Incident Report Form was utilized to record the incidents and detail the corresponding corrective measures that have been implemented. The Incident Report Form includes the following information:

- How did the incident happen
- What corrective action was carried out
- What preventive action suggested to avoid another incident
- Whether the incident is reported to the HSE within 24 hours



## SUSTAINABILITY STATEMENT



*First aid training*

Target for FY2023	Performance of FY2023
<ul style="list-style-type: none"> <li>Zero case of non-compliance to OHS regulations</li> <li>Zero case of fatalities</li> <li>50% of reduction of LTI Days</li> </ul>	<ul style="list-style-type: none"> <li>Achieved. Zero of breach OHS regulations in FY2023</li> <li>Achieved. Zero case of fatalities in FY2023</li> <li>20% increase in LTI days</li> </ul>

### Ethical Labour Practices, Anti-Harassment and Non-Discrimination

The Group firmly believes in the importance of ethical labour practices, as they are essential for maintaining a positive reputation, attracting and retaining talented employees, and ensuring the well-being of our workers. Our commitment to human rights encompasses various essential principles. We strictly prohibit forced labour and child labour, promoting a workplace that is free from such exploitative practices. We also strive to create a non-discriminatory environment where every employee is treated with respect and fairness, regardless of factors such as race, gender, religion, age, or any other protected characteristic.

The Group's recruitment and hiring procedures for foreign workers are thorough, involving multiple checks from the sending country to the receiving country (Johor Bahru, Malaysia). These steps are meant to stop employees from paying recruitment fees and to stop them from submitting any documents or worker-related deposits to labour brokers or other third parties.

Given that 57% of our workforce consists of foreign workers, we employ a rigorous evaluation procedure when hiring factory workers. We perform due diligence evaluations to see if hiring through labour agents connected to the Group reflects our dedication to upholding ethical hiring practices.

The main goal of the evaluation is to determine how well the hiring methods follow moral hiring guidelines. It emphasizes the significance of having a clear and transparent procedure for legitimately recruiting employees while upholding human rights and valuing their dignity.

The foundation of ethical recruitment principles is based on some internationally recognized human rights standards, specifically referencing to the following:

- the conventions of the International Labour Organisation ("ILO")
- the General Principles and Operational Guidelines for Fair Recruitment
- the Dhaka Principles for Migration with Dignity by the Institute for Human Rights and Business ("IHRB"),
- the International Recruitment Integrity System (IRIS) by the International Organisation for Migration ("IOM"),
- the United Nation Guiding Principles on Business and Human Rights; and
- industry-specific codes of conduct and best practices such as those established by the Responsible Business Alliance ("RBA").

## SUSTAINABILITY STATEMENT



We strictly forbid any form of inhumane treatment, which includes but is not limited to sexual harassment, sexual abuse, physical abuse, verbal abuse, corporal punishment, mental or physical coercion, or any threat of such treatment towards workers. We are committed to creating a respectful and inclusive work environment and have clear policies and procedures for reporting incidents of harassment or discrimination. We provide training to all employees to ensure they understand their rights and responsibilities, and promoting this culture is a core part of our values.

Full details of the Group's Code of Conduct is published in the Company's website at <https://www.ataims.com.my/investor-relations>

Target for FY2023	Performance of FY2023
<ul style="list-style-type: none"> <li>Zero case of discrimination, harassment and violence</li> <li>Zero case of forced labour and child labour</li> </ul>	<ul style="list-style-type: none"> <li>Achieved. Zero case of discrimination, harassment and violence in FY2023</li> <li>Achieved. Zero case of forced labour and child labour in FY2023</li> </ul>

## SUSTAINABILITY STATEMENT

### Diversity and Equal Opportunity

We embrace a diverse workforce and recognize that differences in gender, ethnicity, social backgrounds, and other factors contribute to broader viewpoints and understanding in work groups and departments.

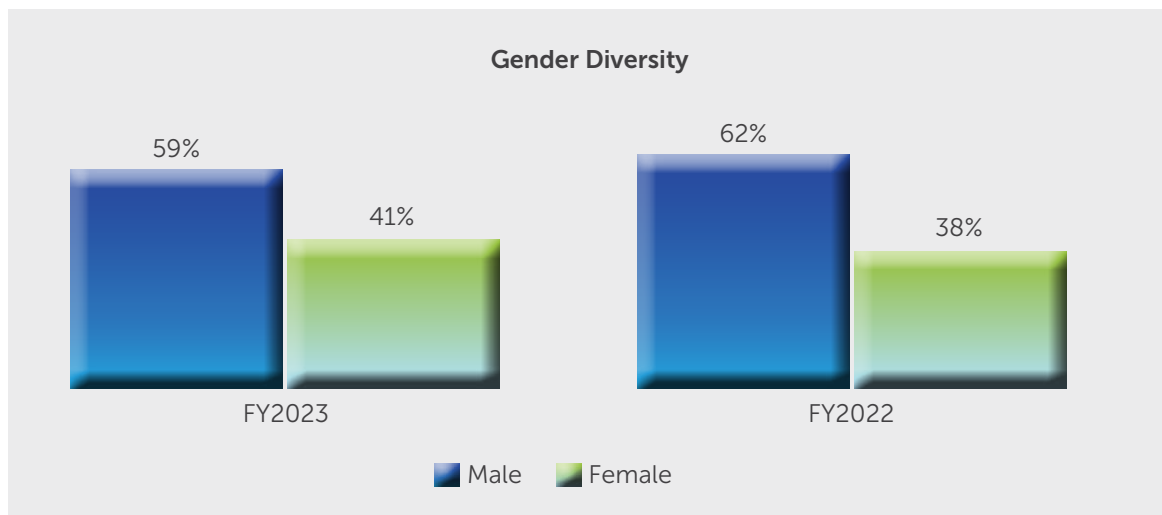
We believe that an effective board is built upon character, experience, skill, and competence regardless of gender. The Group is dedicated to promoting women in the workplace and aims to achieve at least 30% female representation on the Board of Directors, as recommended by MCCG2021. Currently, the Board consists of six members, of whom two are women, representing approximately 33% female representation on the Board. The Group is committed to creating an organisation that supports diversity and equal opportunity for all employees.

In FY2023, the Group's total workforce reported 3,967 employees. Given the nature of our manufacturing business, the workforce is predominantly male. However, there has been a positive increase in the percentage of female employees, rising from 38% in FY2022 to 41% in FY2023. In FY2023, 43% of our employees were local (FY2022: 53%) and 57% of our employees were foreign (FY2022: 47%). To increase the number of local employees, we focused on recruiting local talent by partnering with vocational schools such as JV Skills Training Centre to tap into local talent pools. We would also invest in training and skills development programs to enhance the capabilities of local employees, and provide opportunities for professional development, including workshops, certifications, and mentoring programs. This will increase the competitiveness of local candidates and make them more suitable for positions within the company.



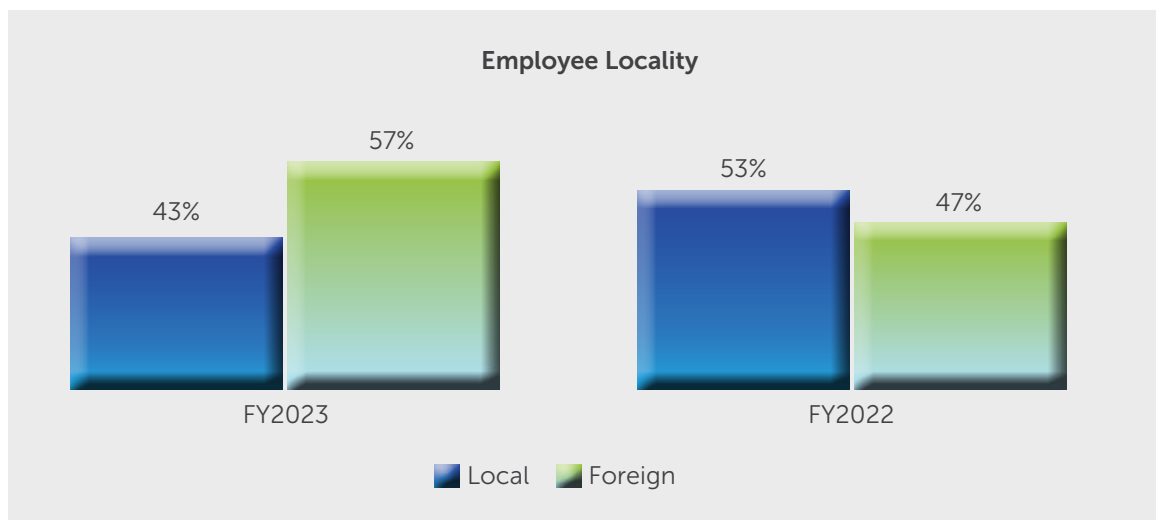
*Job fair programme at JV Skills in August 2022*

The chart below illustrates the gender diversity in the Group for FY2023 and FY2022:



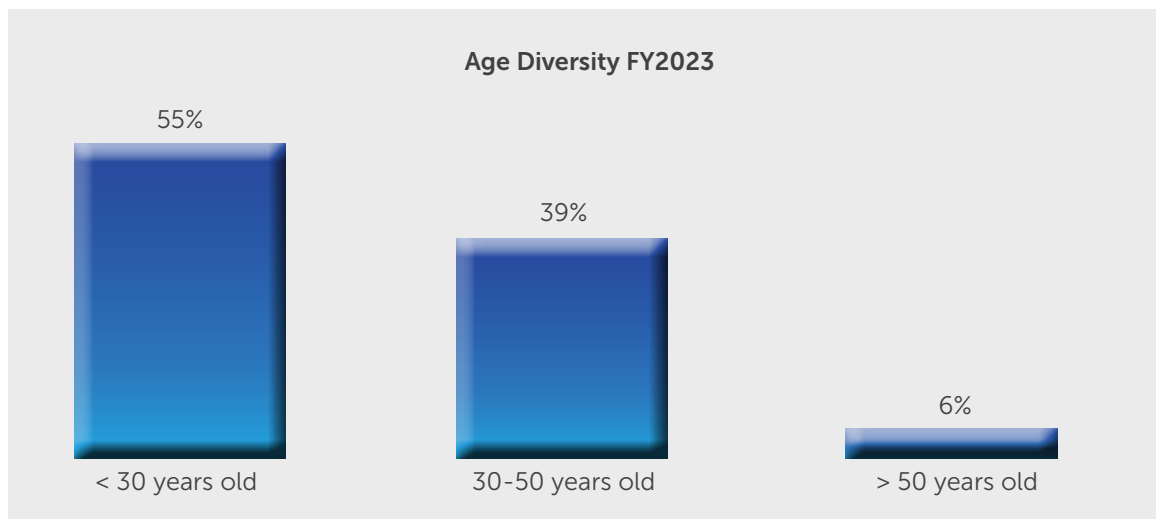
## SUSTAINABILITY STATEMENT

The chart below shows the breakdown of employee locality in the Group for FY2023 and FY2022.



Having a diverse workforce that includes employees from different age groups is important to us because it allows us to benefit from a diverse range of talents and experiences. We believe that our more seasoned employees can act as mentors for their younger colleagues and help pass down the organization's practices and cultures.

The number of employees by age groups in the Group for FY2023 is as follows:



Target for FY2023	Performance of FY2023
<ul style="list-style-type: none"> <li>• Increase the percentage of female employees compared to previous year</li> <li>• Achieve 55% local employees</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved 41% female employees in FY2023 (FY2022: 38%)</li> <li>• 43% local employees in FY2023 (FY2022: 53%)</li> </ul>



## SUSTAINABILITY STATEMENT

We value our employees and are dedicated to providing fair and competitive compensation by benchmarking against industry salary standards and employment benefits.

A list of employee benefits are as follows:

Types of Benefits	Description
Paid Leave Entitlement	Annual Leave, Medical Leave, Maternity Leave, Paternity Leave, Marriage Leave, Compassionate Leave
Allowances	Shift Allowance, Travelling Allowance, Outstation Allowance, Handphone Allowance, Outstation Meal Allowance
Fringe Benefits	Mileage Claim, Entertainment Claim, Accommodation Claim
Healthcare	Medical Benefits, Hospitalisation Benefits

- Employee Engagement**

We proactively promote positive relationships among employees by organising company activities and events that prioritise team building. These initiatives not only foster stronger teamwork but also serve as a valuable platform for enhancing employee engagement and facilitating communication across different levels within the Group.

We organised the Season X Holiday Celebration on 22 December 2022 to celebrate the holiday season and create a festive atmosphere. The event brought together 250 employees who were filled with joy and united in celebration. It featured several highlights, including a holiday-themed photography contest with 180 participants showcasing their creative talents. Additionally, 15 of our in-house talented performers from within the Group mesmerised the audience with an enchanting dance performance that perfectly captured the spirit of the occasion. To promote camaraderie, we also organised themed games that allowed employees to actively participate and enjoy the festivities.





## SUSTAINABILITY STATEMENT

The Group recognises the importance of fostering a vibrant and inclusive work environment, and to further enhance employee engagement and celebrate diversity, it has organised various events and celebrations. Among these, the Group arranged a joyous Chinese New Year Celebration, embracing the cultural significance of this festive occasion.



Additionally, in recognition of International Women's Day, the Group organised a special event to honour and appreciate the contributions of women within the organisation. The event highlighted the achievements, strengths, and talents of women employees and provided a platform for discussions and insights on gender equality and empowerment.



By organising these meaningful celebrations, the Group demonstrates its commitment to fostering a sense of community, inclusivity, and appreciation for the diverse backgrounds and perspectives of its employees.

### Training and Education

The Group has a dedicated team to arrange and organise training and development programmes for employees. These programmes are designed to provide learning opportunities and help employees acquire new talents and skills. The Group encourages all employees, especially new joiners, to participate in these training programmes to stay updated on the latest industry knowledge and skills. By participating in these programs, the employees understand the necessary competencies to perform effectively towards the Groups objectives.

The following table illustrates the summary of trainings in FY2023:

Training Programme	Type of Training	Duration	No. of Participants	Training Fees (RM)
Training provided by an International Responsible Business Conduct Advisory firm	In-house	14 hours	25	8,000.00
Training provided by an International Responsible Business Conduct Advisory firm	In-house	14 hours	25	8,500.00
Train the Trainer for Supervisor	In-house	21 hours	18	9,000.00
Kursus Kesianaan Majikan Dalam Pengajian dan Penginapan yang Kondusif	Public	7 hours	2	1,198.00
	<b>Total</b>	<b>56 hours</b>	<b>70</b>	<b>26,698.00</b>

## SUSTAINABILITY STATEMENT

In FY2023, the Group invested RM26,698.00 and conducted 56 training hours to support our employees' professional development and career advancement. This investment in our employees helps to foster a sense of loyalty and encourages them to grow alongside with us in terms of knowledge and expertise, and to work collaboratively as a team. The Group's commitment to ESG practices was further reinforced through an enriching training session facilitated by a third-party consultant. This training proved to be a significant milestone for us as we delved into the realms of sustainability, responsible social engagement, and robust governance structures.

The training session was attended by a diverse group of 32 individuals, including Executives, Senior Executives, Directors, Managers, Assistant Managers, Operational Managers, Officers, and Engineers. The training provided interactive sessions and expert guidance, enabling participants to develop a comprehensive understanding of the significance of incorporating Environmental, Social, and Governance (ESG) considerations into our business operations. Moreover, it emphasised the need to align our strategies with global standards and best practices in order to foster sustainable and responsible business practices.

The training has provided us with valuable tools and insights that empower us to effectively incorporate ESG principles into our decision-making processes. This integration of ESG considerations ensures that our operations are characterized by responsible and sustainable practices. As a result, our commitment to cultivate a culture of sustainability and responsible corporate citizenship has been revitalized. We are driven to create positive impacts for our stakeholders and the broader community, advancing us closer to our goal.

Target for FY2023	Performance of FY2023
<ul style="list-style-type: none"> <li>8 average hours per employee per year</li> <li>RM 360,000.00 budget allocated for training and development</li> </ul>	<ul style="list-style-type: none"> <li>0.8 average hours per employee</li> <li>Invested RM26,698.00 for training and development in FY2023</li> </ul>



## SUSTAINABILITY STATEMENT

### Local Communities

- **Our Contribution to External Communities**

Our subsidiary, Winsheng Plastic Industry Sdn Bhd, took part in a commendable corporate social activity by actively participating in the Corporate Smart Internship (CSI) Program for Paroled People. This initiative not only showcases our dedication to fostering job placement continuity but also emphasizes our commitment to community service.

The CSI Program, organized by SOCSO (Social Security Organization) and the Malaysian Prison Department, aims to facilitate the career growth of parolees and make a positive contribution to society through valuable internship opportunities. Winsheng Plastic Industry Sdn Bhd wholeheartedly embraced this program and warmly welcomed 50 parolees to work with them, enabling them to gain practical experience and valuable skills.

Through the participation in the CSI Program, Winsheng Plastic Industry Sdn Bhd not only provided valuable work experience and skill development opportunities to the parolees but also played a role in their successful reintegration into society. This initiative exemplifies our dedication to corporate social responsibility and our belief in the potential of every individual to make positive changes in their lives.

### Going Forward

As part of our commitment to sustainability, we are dedicated to continuously reviewing and enhancing our environmental policies and procedures to ensure they align with the international best practices and standards. Our aim is to not only meet but exceed regulatory requirements related to environmental protection. By doing so, we strive to minimise our environmental footprint and contribute to a healthier planet.

Engaging with our stakeholders is paramount to our sustainability journey. We believe in open and transparent communications about our sustainability goals, progress, and challenges. We are committed to sharing information regarding our sustainability initiatives with stakeholders, including employees, customers, suppliers, local communities, and investors. We value their perspectives and seek their feedback and input to understand their expectations and concerns. By incorporating their insights, we can better shape and implement our sustainability strategy in a way that addresses their needs and aspirations.





## SUSTAINABILITY STATEMENT

### GRI Content Index

GRI Standard	Disclosure Item	Section Reference	Page
<b>GRI 2: General Disclosure 2021</b>			
<b>1. The organisation and its reporting practices</b>			
2-1	Organisation details	Introduction	2-3
2-2	Entities included in the organisation's sustainability reporting	Reporting Standards, Scope and Boundary	16
2-3	Reporting period, frequency and contact point	Reporting Standards, Scope and Boundary Feedback	16
<b>2. Activities and workers</b>			
2-6	Activities, value chain and other business relationship	Management Discussion and Analysis in Annual Report	6-8
2-7	Employees	Ethical Labour Practices, Anti-Harassment and Non-Discrimination Diversity and Equal Opportunity	35
<b>3. Governance</b>			
2-9	Governance structure and composition	Sustainability Governance	16
2-10	Nomination and selection of highest governance body	Corporate Governance Overview Statement section in the Annual Report	52-55
2-11	Chair of the highest governance body	Corporate Governance Overview Statement section in the Annual Report	48
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance Corporate Governance Overview Statement section in the Annual Report	16 47-48
2-13	Delegation of responsibility for managing impacts	Corporate Governance Overview Statement section in the Annual Report	46-50
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance	16
2-15	Conflict of interest	Corporate Governance Overview Statement section in the Annual Report	50-51
2-16	Communication of critical concerns	Anti-Corruption	25
2-17	Collective knowledge of the highest governance body	Corporate Governance Overview Statement section in the Annual Report	47-48
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Overview Statement section in the Annual Report	55-57
2-19	Remuneration policies	Corporate Governance Overview Statement section in the Annual Report	57-58

## SUSTAINABILITY STATEMENT

GRI Standard	Disclosure Item	Section Reference	Page
2-20	Process to determine remuneration	Corporate Governance Overview Statement section in the Annual Report	57-58
2-21	Annual total compensation ratio	Corporate Governance Overview Statement section in the Annual Report	59
<b>4. Strategy, policies and practices</b>			
2-23	Policy commitments	Policy and Procedures for Excellent Governance	17
2-24	Embedding policy commitments	Policy and Procedures for Excellent Governance	17
2-25	Processes to remediate negative impacts	Anti-Corruption	25
2-26	Mechanism for seeking advice and raising concerns	Anti-Corruption	25
2-27	Compliance with laws and regulations	Corporate Governance Overview Statement section in the Annual Report	46-48
<b>5. Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	Categories of stakeholders, their respective concerns, communication channels, frequency of engagement and the department and/ person in charge are stated	18-19
<b>GRI 3: Material Topics 2021</b>			
3-1	Process to determine material topics	Identifying and Addressing Materiality Matters	19-20
3-2	List of material topics	Identifying and Addressing Materiality Matters	19-20
3-3	Management of material topics	Identifying and Addressing Materiality Matters	19-20
<b>GRI 201: Economic Performance 2016</b>			
201-1	Direct economic value generated and distributed	Economic Presence	24-25
<b>GRI 204: Procurement Practices 2016</b>			
204-1	Proportion of spending on local suppliers	<ul style="list-style-type: none"> <li>Comparison of local and foreign procurement expenditures are stated for all entities</li> <li>Supply Chain Management – Local Procurement</li> </ul>	25-26
<b>GRI 205: Anti-Corruption 2016</b>			
205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption	25
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption	25

## SUSTAINABILITY STATEMENT

GRI Standard	Disclosure Item	Section Reference	Page
<b>GRI 302: Energy 2016</b>			
302-1	Energy consumption within the organisation	Environment - Energy	28
302-4	Reduction of energy consumption	Environment - Energy	28
<b>GRI 303: Water and Effluent 2016</b>			
303-1	Interactions with water as shared resource	Environment – Water Management	29
303-5	Water consumption	Environment – Water Management	29
<b>GRI 305: Emissions 2016</b>			
305-2	Energy indirect (Scope 2) GHG emissions	Environment - Emissions	31
305-5	Reduction of GHG emissions	Environment - Emissions	31
<b>GRI 306: Waste 2020</b>			
306-1	Waste generation and significant waste-related impacts	Environment – Waste Management	30
306-2	Management of significant waste-related impacts	Environment – Waste Management	30
306-3	Waste generated	Environment – Waste Management	30
<b>GRI 401: Employment</b>			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social – Diversity and Equal Opportunity	37-38
<b>GRI 403: Occupational Health and Safety 2018</b>			
403-1	Occupational health and safety management system	Social – Occupational Health and Safety	32-35
403-2	Hazard identification, risk assessment, and incident investigation	Social – Occupational Health and Safety	32-35
403-4	Worker participation, consultation, and communication on occupational health and safety	Social – Occupational Health and Safety	32-35
403-5	Worker training on occupational health and safety	Social – Occupational Health and Safety	32-35
403-8	Workers covered by an occupational health and safety management system	Social – Occupational Health and Safety	32-35
403-9	Work-related injuries	Social – Occupational Health and Safety	32-35
403-10	Work-related ill health	Social – Occupational Health and Safety	32-35
<b>GRI 404: Training and Education 2016</b>			
404-1	Average hours of training per year per employee	Social – Training and Development	40-41
404-2	Programs for upgrading employee skills and transition assistance programs	Social – Training and Development	40-41
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	Social – Diversity and Equal Opportunity	37-38

## 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 2023 ("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 applying the principles necessary to ensure that 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 ("ABC") 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 powers 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 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 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 Roles 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 objectives, 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 a Anti-Bribery and Corruption ("ABC") Policy with the objective to take reasonable and proportionate measures to ensure the business environment is free of 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 our business strategic and decision making as our effort towards global commitment of transition to a net zero economy.

The Group Chairman provides leadership and direction for the sustainability priorities while heads of departments drives the implementation of the priorities on day-to-day operations by proactively engaging with internal and external stakeholders. An ESG team has been established to oversee the implementation of sustainability indicators, sets targets and monitors progress of the Group's ESG objectives.

##### 4.2 Sustainability priorities and initiatives

The Board is aware on 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 45 of this Annual Report.

##### 4.3 Board's engagement

Management is responsible to provide timely updates 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 of 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 department 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 taken 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 brought 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 limit tenure of Independent Directors to nine years without further extension

The Independent Director Tenure Policy that has been implemented by the Group allows an Independent Director to continue to serve on the Board after nine years 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 12-year 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 the 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.

##### 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, the 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.

##### 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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### Part II. Board Composition

#### 6. Board Evaluation

##### 6.3 Time commitment

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 fulfill 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	7/7	100
Dato' Fong Chiu Wan	Executive Director cum CEO	7/7	100
Dharma Rajah Nadarajah (appointed on 9 May 2022)	Executive Director cum COO	6/6	100
Koh Win Ton	Independent Non- Executive Director	7/7	100
Lee Kok Jong	Independent Non- Executive Director	7/7	100
Elizabeth Shanti A/P Frank Louis	Independent Non- Executive Director	7/7	100

##### 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### Part II. Board Composition

#### 6. Board Evaluation

##### 6.4 Directors' training

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>Corporate Briefing on Sustainability and Environmental, Social and Governance (ESG)</li> </ul>	7 December 2022
Dato' Fong Chiu Wan	<ul style="list-style-type: none"> <li>Credit Suisse Global Supertrends Conference 2022</li> <li>BOS Investment Themes : Beyond 2023 – Opportunities on the Horizon</li> <li>BOS : Deciphering the Markets</li> </ul>	17 August 2022 3 January 2023 14 March 2023
Dharma Rajah Nadarajah (appointed 9 May 2022)	<ul style="list-style-type: none"> <li>ICDM Mandatory Accreditation Program</li> </ul>	4 to 6 July 2022
Koh Win Ton	<ul style="list-style-type: none"> <li>Data Compliance Report 2022</li> <li>National Tax Seminar 2022 - Budget 2023</li> </ul>	29 September 2022 7 March 2023
Lee Kok Jong	<ul style="list-style-type: none"> <li>Malaysian Tax Conference 2022</li> <li>SSM National Conference 2022</li> <li>Continuing Professional Development webinar</li> <li>Conversation with Audit Committee</li> <li>National Tax Seminar 2022 – Budget 2023</li> </ul>	21 & 22 June 2022 26 & 27 July 2022 12 August 2022 17 November 2022 7 March 2023
Elizabeth Shanti A/P Frank Louis	<ul style="list-style-type: none"> <li>ICDM Mandatory Accreditation Program</li> <li>Virtual Conference on Corporate and Commercial Law</li> </ul>	12 to 14 April 2022 17 to 21 October 2022

#### 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).

## 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)

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

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	2/2
<b><u>Members</u></b>		
Koh Win Ton	Independent Non- Executive Director	2/2
Elizabeth Shanti A/P Frank Louis	Independent Non-Executive Director	2/2

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	-	1,436	-	-	167	1,603
Dato' Fong Chiu Wan	Executive Director cum CEO	-	1,310	-	-	157	1,467
Dharma Rajah Nadarajah (appointed on 9 May 2022)	Executive Director cum COO	-	1,083	-	-	130	1,213
Koh Win Ton	Independent Non-Executive Director	60	-	-	-	-	60
Elizabeth Shanti A/P Frank Louis	Independent Non-Executive Director	60	-	-	-	-	60
Lee Kok Jong	Independent Non-Executive Director	60	-	-	-	-	60

## 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 fall within the following bands:

Range of Remuneration (RM)	Number of Key Senior Management	
	Directors	Management/ Finance Director
350,001 - 400,000		1
1,200,001 - 1,250,000	1	
1,450,001 - 1,500,000	1	
1,600,001 - 1,650,000	1	

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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.

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

## 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

- 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 fulfillment 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 34th 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.

#### 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

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

#### 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. This 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.

### 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 of 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.

## 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 of communication

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.

##### 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.



## 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

##### 13.1 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 33rd 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 with. 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 33rd 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

For FY2022, the Company did not have a virtual platform for its AGM, but used Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") platform for the shareholders registration for attendance of the AGM.

The shareholders are allowed to appoint any person(s) as their proxies to attend, participate and vote in his stead at the general meeting. However, shareholders are welcome to raise any questions through the email [info@ataims.com.my](mailto:info@ataims.com.my) and management would endeavour to reply and provide the necessary information requested.

The poll results of each resolution were announced at the Bursa Malaysia Securities Berhad after the AGM via Bursa LINK on the same day.

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

During the 33rd Annual General Meeting, all Board members and senior management were present 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. Shareholders may also contact our Company Secretary for any request such as hard copy of annual report.

## 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

##### 13.5 Infrastructure of AGM

During the 33rd Annual General Meeting, the Company had engaged TIIH to provide and support online registration for attendance of the AGM.

##### 13.6 Circulation of AGM minutes

The minutes of the AGM was published on the Company's website within 30 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 26 July 2023.

## 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 with 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 26 July 2023.

# 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 2023 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 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.

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 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.

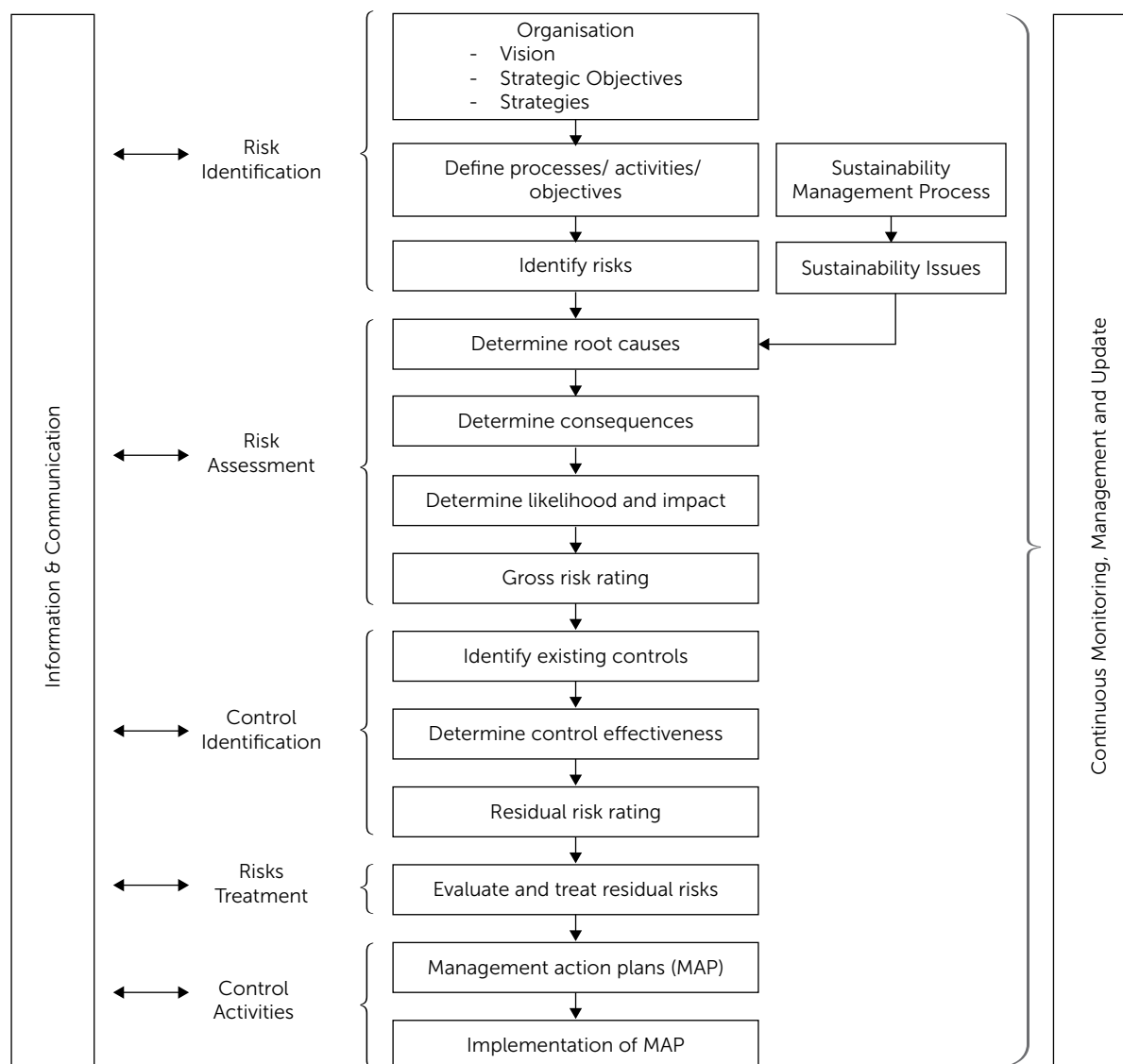
**Key Risk Registers** were used for the identification of risks, the possibility of risks occurring, the potential impacts to the Group and acting as important risk monitoring records. SRMC updates the Key Risk Registers with the assistance and feedback from the risk owners and also through the results 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 are 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 Function, 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 once every half year with Internal Auditor on corporate and operation matters. Any potential financial and nonfinancial 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

- In the year 2023, the Group collaborated closely with an international and independent professional services firm to complete the validation step of their previous assessment regarding compliance with the International Labour Organisation's 11 indicators of forced labour. The validation confirmed that all required actions and recommendations have been properly implemented;
- In response to past allegations, the Group also engaged an international business conduct advisory organisation specialising in the electronics industry to make improvements, including to strengthen competencies, knowledge and processes and to provide training. The advisory organisation also in February 2023 completed the validation of all the corrective and preventive actions taken by the Group in response to the aforementioned allegations;
- Internal and external quality and surveillance audits are conducted on an as needed 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;
- ISO 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 function 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 Audit 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 per one (1) engagement with oversight performed by the director. 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 two of the group's subsidiaries' operation plant to assess its adequacy and effectiveness of its internal control system on the production management, sales and marketing and credit control management, as well as recurrent related party transactions. Findings (including root cause(s)) and reports included follow up reports on the previous audit, together with management's actions were presented to the AC for review and subsequent report to the Board. 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.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

**Internal audit fees** of RM 50,600.00 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 2023, 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 2023 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.

### 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 26 July 2023.

# 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 2023 in compliance with Paragraph 15.15 (1) of the Listing Requirements of the Bursa Securities.

## MEMBERS

### Koh Win Ton

Chairman, Independent Non-Executive Director

### Elizabeth Shanti A/P Frank Louis

Member, Independent Non-Executive Director

### Lee Kok Jong

Member, Independent Non-Executive Director

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 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 Malaysian Code on Corporate Governance 2021 ("MCCG"), the AC Chairman is not the Chairman of the Board of Directors of the Company.

## 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	Independent Non-Executive Director	5/5

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 any 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 approve the Directors' Fit and Proper Policy;
- Reviewed and approve the Independent Director Tenure Policy;
- Reviewed and approve the Non-Assurance Services Pre-Approval Policy;
- Reviewed and approve the updated Delegated Financial Authority Manual;
- Received and reviewed the Company's Sustainability Targets for the FYE 2023 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 71 to 72 of this Annual Report.

This Audit Committee Report is made in accordance with a resolution of the Board of the Directors dated 26 July 2023.



## OTHER DISCLOSURES

### Share Buy-Back

The Company did not seek Shareholders mandate for authority to purchase its own shares during the last Annual General Meeting.

### Audit Fees

The Audit fees payable to the External Auditors of the Company and the Group for the financial year ended 31 March 2023 were as follows:

Audit Fees	Company (RM)	Group (RM)
Messrs KPMG PLT	105,000	335,500
Other auditors	-	51,672

### 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 2023 were as follows:

Non Audit Fees	Company (RM)	Group (RM)
Messrs KPMG PLT and its affiliates	13,500	320,585
Other auditors and its affiliates	-	22,500

### 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 2023, 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 33rd AGM held on 24 August 2022, the Company obtained a shareholders' mandate for recurrent related party transactions of a revenue or trading nature between Winsheng Plastic Industry Sdn Bhd ("Winsheng"), ATA Industrial (M) Sdn Bhd ("AIM") and ATA Components Sdn Bhd ("ATA Components"), 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 24 Aug 2022	Actual aggregate value of transactions from 25 August 2022 to 31 Mar 2023
Winsheng (Provider)	Microtronics (Recipient)	Sales of plastic and assembly parts in the ordinary course of business	25,000,000	6,049,080
Winsheng (Recipient)	Microtronics (Provider)	Purchase of assembly parts in the ordinary course of business	10,000,000	210,547
AIM (Recipient)	Microtronics (Provider)	Purchase of assembly parts in the ordinary course of business	100,000,000	35,797,287
AIM (Provider)	Microtronics (Recipient)	Sales of plastic and assembly parts in the ordinary course of business	10,000,000	2,571,266
ATA Components (Provider)	Microtronics (Recipient)	Sales of wire harness and components in the ordinary course of business	10,000,000	148,678

### Utilisation of Proceeds

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

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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

#### 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	254,539	251,625
Non-controlling interests	88	-
	254,627	251,625

#### 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

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any 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  
 Mr. Dharma Rajah Nadarajah\*\* (appointed on 9 May 2022)

\*\* These Directors are also Directors of the Company's subsidiaries.

The name of the Director of the Company's subsidiaries in office since the beginning of the financial year to the date of their report (not including those Directors listed above) is:

Mr. Chua Lai Heng

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

### 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:

		Number of ordinary shares			
		At 1 April 2022 '000	Bought '000	Sold '000	At 31 March 2023 '000
Name of Directors	Interest				
Company					
Dato' Sri Foo Chee Juan	Direct	1,290	-	-	1,290
	Deemed <sup>(1)</sup>	407,396	-	-	407,396
Dato' Fong Chiu Wan	Direct	316,066	-	-	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 2023 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 shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 March 2023 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	180	-
Remuneration	-	3,829
Contribution to state plans	-	454
	180	4,283
Transactions with a company in which certain Directors who have substantial financial interests		
Sales	-	15,786
Purchases	-	91,478
Lease income	-	2,040
Transportation charges	-	178

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.

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

### 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

The total premium paid for insurance effected for Directors and officers of the Group and of the Company is RM23,293 for coverage up to 28 January 2023.

### 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.

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

### OTHER STATUTORY INFORMATION *cont'd*

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 and goodwill, allowance for slow moving inventories and onerous contracts as disclosed in Notes 3, 6, 8 and 15 to the financial statements of the Group and impairment loss on investments in certain subsidiaries as disclosed in Note 5 to the financial statements of the Company, the financial performance of the Group and of the Company for the financial year ended 31 March 2023 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.

### AUDITORS

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

The details of auditors' remuneration of the Group and the Company during the financial year are as follows:

	Group RM'000	Company RM'000
Auditors' remuneration		
- Statutory audit		
KPMG PLT		
- Current year	336	105
- Under provision in prior year	40	40
Other auditors	52	-
- Non-audit fees		
KPMG PLT	8	8
Local affiliates of KPMG PLT	313	5
Other auditors	23	-
	772	158

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: 26 July 2023

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 MARCH 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Assets</b>					
Property, plant and equipment	3	207,282	361,423	-	-
Right-of-use assets	4	85	926	-	-
Investments in subsidiaries	5	-	-	467,641	715,894
Goodwill on consolidation	6	-	76,414	-	-
Deferred tax assets	7	282	-	-	-
<b>Total non-current assets</b>		<b>207,649</b>	<b>438,763</b>	<b>467,641</b>	<b>715,894</b>
Inventories	8	80,047	314,785	-	-
Contract assets	9	32,042	52,811	-	-
Trade and other receivables	10	154,310	433,148	9,668	13,217
Current tax assets		30,827	28,618	-	-
Cash and cash equivalents	11	255,904	200,672	266	121
		553,130	1,030,034	9,934	13,338
Assets classified as held for sale	12	15,496	3,223	-	-
<b>Total current assets</b>		<b>568,626</b>	<b>1,033,257</b>	<b>9,934</b>	<b>13,338</b>
<b>Total assets</b>		<b>776,275</b>	<b>1,472,020</b>	<b>477,575</b>	<b>729,232</b>
<b>Equity</b>					
Share capital	13	1,338,445	1,338,445	1,338,445	1,338,445
Reserves	13	(854,655)	(599,867)	(861,252)	(609,627)
<b>Equity attributable to owners of the Company</b>		<b>483,790</b>	<b>738,578</b>	<b>477,193</b>	<b>728,818</b>
<b>Non-controlling interests</b>		<b>107</b>	<b>195</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>483,897</b>	<b>738,773</b>	<b>477,193</b>	<b>728,818</b>
<b>Liabilities</b>					
Loans and borrowings	14	94,250	137,079	-	-
Lease liabilities		-	88	-	-
Deferred tax liabilities	7	-	11,091	-	-
<b>Total non-current liabilities</b>		<b>94,250</b>	<b>148,258</b>	<b>-</b>	<b>-</b>
Loans and borrowings	14	53,941	117,854	-	-
Lease liabilities		88	1,016	-	-
Trade and other payables	15	143,773	466,119	278	414
Contract liabilities	9	326	-	-	-
Current tax liabilities		-	-	104	-
<b>Total current liabilities</b>		<b>198,128</b>	<b>584,989</b>	<b>382</b>	<b>414</b>
<b>Total liabilities</b>		<b>292,378</b>	<b>733,247</b>	<b>382</b>	<b>414</b>
<b>Total equity and liabilities</b>		<b>776,275</b>	<b>1,472,020</b>	<b>477,575</b>	<b>729,232</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 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	16	915,783	2,602,120	-	-
Cost of sales		(960,939)	(2,518,337)	-	-
<b>Gross (loss)/profit</b>		(45,156)	83,783	-	-
Other income		13,969	8,323	435	-
Distribution expenses		(12,181)	(42,914)	-	-
Administrative expenses		(23,403)	(34,243)	(1,342)	(1,291)
Other expenses		(180,955)	(16,643)	(250,614)	(609,233)
<b>Results from operating activities</b>		(247,726)	(1,694)	(251,521)	(610,524)
Finance income		3,921	4,699	-	1
Finance costs	17	(9,252)	(16,568)	-	-
<b>Net finance (costs)/income</b>		(5,331)	(11,869)	-	1
<b>Loss before tax</b>		(253,057)	(13,563)	(251,521)	(610,523)
Tax expense	18	(1,570)	1,412	(104)	(7)
<b>Loss for the year</b>	19	(254,627)	(12,151)	(251,625)	(610,530)
<b>Other comprehensive (expense)/income, net of tax Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operation		(249)	288	-	-
<b>Total comprehensive loss for the year</b>		(254,876)	(11,863)	(251,625)	(610,530)
<b>Loss attributable to:</b>					
Owners of the Company		(254,539)	(12,110)	(251,625)	(610,530)
Non-controlling interest		(88)	(41)	-	-
<b>Loss for the year</b>		(254,627)	(12,151)	(251,625)	(610,530)
<b>Total comprehensive loss attributable to:</b>					
Owners of the Company		(254,788)	(11,822)	(251,625)	(610,530)
Non-controlling interest		(88)	(41)	-	-
<b>Total comprehensive loss for the year</b>		(254,876)	(11,863)	(251,625)	(610,530)
Basic loss per ordinary share (sen)	20	(21.16)	(1.01)		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2023

Group	Note	Attributable to owners of the Company					Non-controlling interest	Total equity
		Share capital	Treasury shares	Exchange fluctuation reserve	Reverse accounting reserve	Retained earnings		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 April 2021</b>		1,338,445	(1,897)	65	(1,104,436)	558,519	-	790,696
Foreign currency translation differences for foreign operation/								
<b>Total other comprehensive income for the year</b>		-	-	288	-	-	-	288
Loss for the year		-	-	-	-	(12,110)	(41)	(12,151)
<b>Total comprehensive income/ (loss) for the year</b>		-	-	288	-	(12,110)	(41)	(11,863)
<i>Contributions by and distributions to owners of the Company</i>								
Dividends to owners of the Company	21	-	-	-	-	(40,296)	-	(40,296)
<b>Total transactions with owners of the Company</b>		-	-	-	-	(40,296)	-	(40,296)
Acquisition of a subsidiary	22	-	-	-	-	-	236	236
<b>At 31 March 2022</b>		1,338,445	(1,897)	353	(1,104,436)	506,113	195	738,773

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2023

cont'd

Group	Note	Attributable to owners of the Company						Non-controlling interest	Total equity
		Share capital	Treasury shares	Exchange fluctuation reserve	Reverse accounting reserve	Retained earnings	Total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2022		1,338,445	(1,897)	353	(1,104,436)	506,113	738,578	195	738,773
Foreign currency translation differences for foreign operation/									
Total other comprehensive expense for the year		-	-	(249)	-	-	(249)	-	(249)
Loss for the year		-	-	-	-	(254,539)	(254,539)	(88)	(254,627)
Total comprehensive loss for the year		-	-	(249)	-	(254,539)	(254,788)	(88)	(254,876)
At 31 March 2023		1,338,445	(1,897)	104	(1,104,436)	251,574	483,790	107	483,897

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

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 MARCH 2023

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/ (Accumulated losses) RM'000	
At 1 April 2021		1,338,445	(1,897)	43,096	1,379,644
Loss and total comprehensive loss for the year		-	-	(610,530)	(610,530)
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company	21	-	-	(40,296)	(40,296)
<b>Total transactions with owners of the Company</b>		-	-	(40,296)	(40,296)
At 31 March 2022/1 April 2022		1,338,445	(1,897)	(607,730)	728,818
Loss and total comprehensive loss for the year		-	-	(251,625)	(251,625)
At 31 March 2023		1,338,445	(1,897)	(859,355)	477,193

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

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 MARCH 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>					
Loss before tax		(253,057)	(13,563)	(251,521)	(610,523)
Adjustments for:					
Depreciation:					
- Property, plant and equipment		44,678	47,988	-	-
- Right-of-use assets		648	2,019	-	-
Finance income		(3,921)	(4,699)	-	(1)
Finance costs	17	9,252	16,568	-	-
Bad debt written off		-	-	1,844	-
(Reversal of impairment loss)/					
Impairment loss on:					
- Trade receivables		-	(25)	-	-
- Amounts due from subsidiaries		-	-	516	3,233
- Investments in subsidiaries		-	-	248,253	606,000
- Goodwill		76,414	127	-	-
Property, plant and equipment:					
- Written off		6,672	161	-	-
- Gain on disposal		(2,786)	(3,362)	-	-
- Impairment loss		76,235	12,000	-	-
(Reversal of)/Provision for:					
- restoration costs		(290)	1,100	-	-
- litigation claims		24	2,700	-	-
- onerous contracts		14,715	-	-	-
Gain on derecognition of lease liabilities		(27)	-	-	-
Unrealised gain on foreign exchange		(3,026)	(1,994)	-	-
Inventories:					
- Allowance for slow moving		26,504	9,277	-	-
- Write-down to net realisable value		1,503	343	-	-
- Written off		1,692	-	-	-
<b>Operating (loss)/profit before changes in working capital</b>		(4,770)	68,640	(908)	(1,291)
Change in inventories		205,039	134,082	-	-
Change in contract assets		20,769	33,730	-	-
Change in trade and other receivables		278,838	551,830	1,189	41,877
Change in trade and other payables		(324,835)	(474,870)	(136)	180
Change in contract liabilities		326	(198)	-	-
Change in derivative financial assets		-	213	-	-
<b>Cash generated from operations</b>		175,367	313,427	145	40,766
Interest received		-	-	-	1
Tax paid		(15,152)	(33,004)	-	(7)
<b>Net cash from operating activities</b>		160,215	280,423	145	40,760

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

## STATEMENTS OF CASH FLOWS

### FOR THE YEAR ENDED 31 MARCH 2023

*cont'd*

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	23	(13,446)	(57,451)	-	-
Acquisition of a subsidiary, net cash and cash equivalents acquired	22	-	(58)	-	(480)
Proceeds from disposal of property, plant and equipment		21,568	7,392	-	-
Change in pledged deposits		-	8,982	-	-
Interest received		3,921	4,699	-	-
<b>Net cash from/(used in) investing activities</b>		<b>12,043</b>	<b>(36,436)</b>	<b>-</b>	<b>(480)</b>
<b>Cash flows from financing activities</b>					
Repayment of term loans		(5,080)	(4,414)	-	-
Repayment of bankers' acceptances		(48,850)	(223,666)	-	-
Repayment of supply chain financing		-	(78,644)	-	-
(Repayment of)/Proceeds from hire purchase liabilities		(42,064)	2,136	-	-
Repayment of lease liabilities		(796)	(2,130)	-	-
Repayment of revolving credits		(10,000)	(23,000)	-	-
Dividends paid to owners of the Company		-	(40,296)	-	(40,296)
Interest paid		(9,252)	(16,568)	-	-
<b>Net cash used in financing activities</b>		<b>(116,042)</b>	<b>(386,582)</b>	<b>-</b>	<b>(40,296)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>56,216</b>	<b>(142,595)</b>	<b>145</b>	<b>(16)</b>
Effect of exchange rate fluctuation on cash held		(236)	293	-	-
<b>Cash and cash equivalents at 1 April 2021/2022</b>		<b>199,924</b>	<b>342,226</b>	<b>121</b>	<b>137</b>
<b>Cash and cash equivalents at 31 March</b>	<b>11</b>	<b>255,904</b>	<b>199,924</b>	<b>266</b>	<b>121</b>

Cash outflows for leases as a lessee

		Group	
	Note	2023 RM'000	2022 RM'000
<b>Included in net cash from operating activities</b>			
Payment relating to short-term leases	19	15,157	22,156
<b>Included in net cash from financing activities</b>			
Payment of lease liabilities		796	2,130
Interest paid in relation to lease liabilities	17	20	244
<b>Total cash outflows for leases</b>		<b>15,973</b>	<b>24,530</b>

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

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 MARCH 2023

cont'd

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

Group	At 1 April 2022 RM'000	Net changes from financing cash flows RM'000	Derecogni- -tion of leases RM'000	At 31 March 2023 RM'000
Hire purchase liabilities	125,138	(42,064)	-	83,074
Term loans	52,281	(5,080)	-	47,201
Bankers' acceptances	64,766	(48,850)	-	15,916
Revolving credits	12,000	(10,000)	-	2,000
Lease liabilities	1,104	(796)	(220)	88
<b>Total liabilities from financing activities</b>	<b>255,289</b>	<b>(106,790)</b>	<b>(220)</b>	<b>148,279</b>

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	Remeasure- -ment of leases combination RM'000	At 31 March 2022 RM'000
Hire purchase liabilities	94,090	2,136	-	-	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>256</b>	<b>(4,219)</b>	<b>255,289</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 2023 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 2023 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 26 July 2023.

## 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 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 – 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 and International Tax Reform – Pillar Two Model Rules*

#### *MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024*

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

## 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 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, where applicable.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impact 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 5 - Impairment of investments in subsidiaries
- Note 6 - Goodwill on consolidation
- Note 15 - Provisions
- Note 26.4 - 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)(ii)) 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*

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.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### (v) Derecognition *cont'd*

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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### (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.

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.

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, contract assets and non-current assets (or disposal groups) classified as asset held for sale 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) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

##### (i) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

##### (ii) Restoration cost

A provision for restoration cost is recognised for the costs to be incurred for restoration of the factory building upon vacating the premise as agreed with the landlord.

#### (o) 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.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (o) Revenue and other income *cont'd*

##### (iii) 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.

##### (iv) 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.

#### (p) 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.

#### (q) 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.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (q) Income tax *cont'd*

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.

#### (r) Earnings per ordinary share

The Group presents basic and diluted earnings per share, if any, 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, if any, 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.

#### (s) 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.

#### (t) 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.

#### (u) 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 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	-	(11,511)	-	-	-	-	(11,511)
At 31 March 2022/ 1 April 2022	126,882	412,980	23,027	7,418	36,329	688	607,324
Additions	-	3,961	469	48	34	-	4,512
Disposals/Written off	-	(54,401)	(1,134)	(3,081)	(8,829)	-	(67,445)
Reclassification	-	688	-	-	-	(688)	-
Translation differences	-	31	(47)	-	-	-	(16)
Transfer to assets held for sale	-	(35,056)	-	-	-	-	(35,056)
At 31 March 2023	126,882	328,203	22,315	4,385	27,534	-	509,319
<b>Accumulated depreciation</b>							
At 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	-	(8,288)	-	-	-	-	(8,288)
At 31 March 2022/ 1 April 2022	13,398	183,141	13,995	5,314	18,053	-	233,901
Depreciation charge	2,020	37,251	2,211	742	2,454	-	44,678
Disposals/Written off	-	(36,222)	(437)	(2,759)	(3,655)	-	(43,073)
Translation differences	-	10	(13)	-	-	-	(3)
Transfer to assets held for sale	-	(21,701)	-	-	-	-	(21,701)
At 31 March 2023	15,418	162,479	15,756	3,297	16,852	-	213,802

## 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/ 1 April 2022	-	6,791	535	-	4,674	-	12,000
Impairment loss	-	70,546	3,533	340	1,816	-	76,235
At 31 March 2023	-	77,337	4,068	340	6,490	-	88,235
<b>Carrying amounts</b>							
At 1 April 2021	115,504	223,657	8,874	2,402	17,726	688	368,851
At 31 March 2022/ 1 April 2022	113,484	223,048	8,497	2,104	13,602	688	361,423
At 31 March 2023	111,464	88,387	2,491	748	4,192	-	207,282

## 3.1 Impairment loss

Due to the termination of contracts with a major customer of the Group, the Group assessed the excess production capacity based on the revised business plans. The Group has assessed the recoverable amount based on the higher of value-in-use calculation and the fair value less costs of disposals.

The recoverable value of the assets amounting to RM207,282,000 are determined based on fair value less costs of disposal and the Group recognised an impairment loss of RM76,235,000 in the statement of profit or loss and other comprehensive income in the current financial year.



## NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*3.1 Impairment loss *cont'd*

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the impairment assessment.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach for land: Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as land size. The most significant input into this valuation approach is price per square foot.	Historical transaction data are used due to absence of recent transactions (Price per square foot of comparable properties range from RM84 - RM94).	The estimated fair value would increase/(decrease) if the price per square foot is higher (lower).
Depreciated replacement cost method for buildings.	Gross replacement cost of the buildings with appropriate deductions based on age and assets condition.	The estimated fair value would increase/(decrease) if the gross replacement cost is higher/(lower) and depreciation is lower/(higher).
For machineries and equipment, the method involved determining the market value that reflects recent transacted prices of plant and machineries of similar age and specifications.	Comparison to machineries and equipment which have been sold or market value of the type of machine fitted with the same specifications of similar nature or as closed in similarity.	The estimated fair value would increase/(decrease) if the sales price/market value of recent transactions based on similar age and specifications are higher/(lower).
	Useful lives and residual values.	The estimated fair value would increase/(decrease) if the useful lives and the residual values of the machines are higher/(lower).

## 3.2 Carrying amounts of land and buildings

Included in the carrying amount of land and buildings are:

	Group	
	2023 RM'000	2022 RM'000
Freehold land	39,463	39,463
Buildings	72,001	74,021
	111,464	113,484

## NOTES TO THE FINANCIAL STATEMENTS

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

## 3.3 Land and buildings subject to operating lease

Certain land and buildings of the Group with carrying amounts of RM25,054,000 (2022: RM25,360,000) are leased to a company in which certain Directors have substantial financial interests.

The following are recognised in profit or loss:

	Group	
	2023 RM'000	2022 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 RM111,464,000 (2022: RM113,484,000) are charged to licensed banks as securities for bank borrowings as disclosed in Note 13.

The net carrying amount of the assets pledged for hire purchase liabilities is RM83,896,000 (2022: RM131,438,000).

## 4. RIGHT-OF-USE ASSETS

	Land RM'000	Factories RM'000	Hostels RM'000	Total RM'000
<b>Group</b>				
At 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 2022/1 April 2022	214	712	-	926
Depreciation	(129)	(519)	-	(648)
Derecognition**	-	(193)	-	(193)
At 31 March 2023	85	-	-	85

\* In prior year, the Group reassessed the lease term and determined that it was not reasonably certain to exercise the renewal option of certain factories. The Group revised the carrying amount of the right-of-use assets for the remeasurement of lease liability.

\*\* Derecognition of the right-of-use assets during the year as a result of lease termination.

The Group leases a piece of land for 2 years with an option to renew the lease after that date. Lease payments are increased upon renewal of lease term to reflect current market rentals.

## NOTES TO THE FINANCIAL STATEMENTS

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

## 4.1 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>2023</b>			
Lease assets	88	-	-
<b>2022</b>			
Lease assets	1,104	235	80

## 5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Cost of investments	1,253,595	1,253,595
Amount due from a subsidiary	85,787	85,787
	1,339,382	1,339,382
Less: Impairment losses	(871,741)	(623,488)
	467,641	715,894

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 (2022: 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 fair value is determined based on the adjusted net assets in accordance with the Company's accounting policies as disclosed in Note 2(u).

During the financial year, the Company provided additional impairment loss of RM248,253,000 because the adjusted net assets value of certain subsidiaries are lower than the carrying amount of the respective investments.

## NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES *cont'd*

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

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	
			2023 %	2022 %
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	60
Newtec Sdn. Bhd.**	Malaysia	Dormant	100	-
<b><i>Subsidiaries 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. ("JABCO")*	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.

\*\* Newly incorporated on 17 August 2022.

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 2021	76,414
Acquisition through business combination	127
At 31 March 2022	76,541
At 1 April 2022/31 March 2023	76,541
<b>Accumulated impairment loss</b>	
At 1 April 2021	-
Impairment loss	127
At 31 March 2022/1 April 2022	127
Impairment loss	76,414
At 31 March 2023	76,541
<b>Carrying amounts</b>	
At 1 April 2021	76,414
At 31 March 2022/1 April 2022	76,414
At 31 March 2023	-

**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.

In the current financial year, the Group recognised an impairment loss on goodwill allocated to the manufacture, assembly and sale of plastic injection moulded parts of RM76,414,000 as a result of the loss of major customer.

In the previous financial year, there was no impairment made in respect of goodwill as the recoverable amount were higher than the carrying amount of the CGU.

## NOTES TO THE FINANCIAL STATEMENTS

6. GOODWILL ON CONSOLIDATION *cont'd**Goodwill cont'd*

The recoverable amount for the goodwill in previous financial year 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 3-year plan with no estimated terminal value and zero growth rate.
- (ii) Revenue for year 2024 was projected based on actual forecast provided by its customers and no subsequent anticipated revenue growth.
- (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.

## 7. DEFERRED TAX ASSETS/(LIABILITIES)

## Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Group</b>						
Property, plant and equipment	-	-	(12,228)	(25,466)	(12,228)	(25,466)
Right-of-use assets	-	-	(20)	(222)	(20)	(222)
Inventories	9,065	1,208	-	-	9,065	1,208
Contract assets	-	-	(1,798)	(2,719)	(1,798)	(2,719)
Trade receivables	3	39	-	-	3	39
Lease liabilities	21	265	-	-	21	265
Provisions	4,229	2,501	-	-	4,229	2,501
Unabsorbed capital allowances	1,607	12,928	-	-	1,607	12,928
Unutilised tax losses	-	472	-	-	-	472
Unrealised exchange differences	-	-	(597)	(97)	(597)	(97)
	14,925	17,413	(14,643)	(28,504)	282	(11,091)
Set off of tax	(14,643)	(17,413)	14,643	17,413	-	-
Net tax assets/(liabilities)	282	-	-	(11,091)	282	(11,091)

## NOTES TO THE FINANCIAL STATEMENTS

7. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

## Unrecognised deferred tax assets

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

	Group	
	2023	2022
	RM'000	RM'000
Deductible temporary differences	21,324	384
Unabsorbed capital allowances	89,276	1,181
Unutilised tax losses	62,972	10,786
	173,572	12,351

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.

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

	Group	
	2023	2022
	RM'000	RM'000
2027	-	662
2028	7,424	7,569
2029	757	1,571
2030	439	439
2031	257	257
2032	6,592	288
2033	47,503	-
	62,972	10,786

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



## NOTES TO THE FINANCIAL STATEMENTS

7. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*Unrecognised deferred tax assets *cont'd*

Movements in temporary differences during the year are as follows:

Group	At 1 April 2021 RM'000	Recognised in profit or loss (Note 18) RM'000	Arising from business combination (Note 22) RM'000	At 31 March 2022/ 1 April 2022 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31 March 2023 RM'000
Property, plant and equipment	(19,137)	(6,319)	(10)	(25,466)	13,238	(12,228)
Right-of-use assets	(1,658)	1,436	-	(222)	202	(20)
Inventories	1,056	152	-	1,208	7,857	9,065
Contract assets	(3,199)	480	-	(2,719)	921	(1,798)
Trade receivables	50	(11)	-	39	(36)	3
Lease liabilities	1,727	(1,462)	-	265	(244)	21
Provisions	1,217	1,284	-	2,501	1,728	4,229
Unabsorbed capital allowances	-	12,928	-	12,928	(11,321)	1,607
Unutilised tax losses	-	472	-	472	(472)	-
Unrealised exchange differences	508	(605)	-	(97)	(500)	(597)
	(19,436)	8,355	(10)	(11,091)	11,373	282

## 8. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
Raw materials	61,559	262,531
Work-in-progress	12,766	40,216
Finished goods	5,722	12,038
	80,047	314,785
Recognised in profit or loss:		
- Inventories recognised as cost of sales	931,240	2,508,717
- Write-down to net realisable value	1,503	343
- Allowance for slow moving	26,504	9,277
- Inventories written off	1,692	-

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

## NOTES TO THE FINANCIAL STATEMENTS

## 9. CONTRACT WITH CUSTOMERS

	Group	
	2023 RM'000	2022 RM'000
Contract assets	32,042	52,811
Contract liabilities	(326)	-

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 and contract liabilities balances during the year.

## 10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Trade</b>					
Trade receivables	26.4	132,274	391,999	-	-
<b>Non-trade</b>					
Other receivables, deposits and prepayments		22,036	41,149	20	43
Due from subsidiaries		-	-	9,648	13,174
		22,036	41,149	9,668	13,217
		154,310	433,148	9,668	13,217

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

Included in trade receivables of the Group are RM4,282,000 (2022: RM1,078,000) due from companies in which certain Directors have substantial financial interests.

Included in other receivables, deposits and prepayments are:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Due from companies in which certain Directors have substantial financial interests	1,021	887	-	-
Other receivables	4,723	15,050	-	-
Deposits	6,206	8,323	1	1
Prepayments	10,086	16,889	19	42
	22,036	41,149	20	43

## NOTES TO THE FINANCIAL STATEMENTS

## 11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	36,852	9,648	-	-
Cash and bank balances	219,052	191,024	266	121
<b>Cash and cash equivalents in the statements of financial position</b>	<b>255,904</b>	<b>200,672</b>	<b>266</b>	<b>121</b>
Less: Bank overdrafts	-	(748)	-	-
<b>Cash and cash equivalents in the statements of cash flows</b>	<b>255,904</b>	<b>199,924</b>	<b>266</b>	<b>121</b>

## 12. ASSETS CLASSIFIED AS HELD FOR SALE

The Group is committed to dispose certain property, plant and equipment and is actively seeking buyers for the assets.

At 31 March 2023, the assets classified as held for sale comprise the following:

	Note	2023 RM'000	2022 RM'000
<b>Assets classified as held for sale</b>			
Property, plant and equipment	3	15,496	3,223

The carrying value of property, plant and equipment is the same as its carrying value before it was reclassified to held for sale.

Included in assets classified as held for sales is carrying amount from prior year amounting to RM2,141,000 (2022: NIL).

## NOTES TO THE FINANCIAL STATEMENTS

## 13. CAPITAL AND RESERVES

## Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2023	2022	2023	2022
	RM'000	RM'000	'000	'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

## Reserves

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Distributable</b>				
Retained earnings/(Accumulated losses)	251,574	506,113	(859,355)	(607,730)
<b>Non-distributable</b>				
Exchange fluctuation reserve	104	353	-	-
Reverse accounting reserve	(1,104,436)	(1,104,436)	-	-
Treasury shares	(1,897)	(1,897)	(1,897)	(1,897)
	(854,655)	(599,867)	(861,252)	(609,627)

## 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 24 August 2022, 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.

At 31 March 2023, a total of 1,507,400 (2022: 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 (2022: 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	
	2023 RM'000	2022 RM'000
<b>Secured</b>		
<b>Non-current</b>		
Hire purchase liabilities	51,783	90,026
Term loans	42,467	47,053
	94,250	137,079
<b>Current</b>		
Hire purchase liabilities	31,291	35,112
Term loans	4,734	5,228
Bankers' acceptances	15,916	64,766
Revolving credits	2,000	12,000
Bank overdrafts	-	748
	53,941	117,854
	148,191	254,933

**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) jointly and severally guaranteed by certain Directors of the Company; and
- iii) corporate guarantee by the Company.

## 15. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables	82,366	298,543	-	-
Other payables and accrued expenses	61,407	167,576	278	414
	143,773	466,119	278	414

## NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES *cont'd*

Included in trade payables of the Group are RM11,806,000 (2022: RM71,134,000) 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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment creditors	3,447	12,381	-	-
Due to Directors	337	432	180	229
Due to companies in which certain Directors have substantial financial interests	652	165	-	-
Provision for restoration costs	200	1,100	-	-
Provision for litigation claims	2,724	2,700	-	-
Provision for onerous contracts	14,715	-	-	-
Other payables and accrued expenses	39,332	150,798	98	185
	61,407	167,576	278	414

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.

The provision for onerous contracts relate to the estimated potential obligations arising from open purchase orders from suppliers that are not yet fulfilled by the Group and the Company.

The movements for respective provisions during the year are as follows:

Group	Restoration costs RM'000	Litigation claims RM'000	Onerous contracts RM'000	Total RM'000
At 1 April 2021	-	-	-	-
Provision made during the year	1,100	2,700	-	3,800
At 31 March 2022/1 April 2022	1,100	2,700	-	3,800
Provision made during the year	200	24	14,715	14,939
Provision used during the year	(610)	-	-	(610)
Provision reversed during the year	(490)	-	-	(490)
At 31 March 2023	200	2,724	14,715	17,639

## NOTES TO THE FINANCIAL STATEMENTS

## 16. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
- Over time	915,783	2,602,120	-	-

## 16.1 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 criteria and the Group has rights to payment for work performed	Credit period of 60 to 90 days from invoice date	Assurance warranties of 15 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.

## 17. FINANCE COSTS

	Group	
	2023	2022
	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	9,232	16,324
Interest expenses on lease liabilities	20	244
	9,252	16,568



## NOTES TO THE FINANCIAL STATEMENTS

## 18. TAX EXPENSE

Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Current tax expense</b>				
- Current year	10,077	11,577	104	7
- Prior years	2,866	(4,634)	-	-
	12,943	6,943	104	7
<b>Deferred tax benefit</b>				
- Origination and reversal of temporary differences	(11,718)	(11,682)	-	-
- Under provision in prior years	345	3,327	-	-
	(11,373)	(8,355)	-	-
	1,570	(1,412)	104	7
<b>Reconciliation of tax expense</b>				
Loss before tax	(253,057)	(13,563)	(251,521)	(610,523)
Income tax calculated using Malaysian tax rate of 24%	(60,734)	(3,255)	(60,365)	(146,526)
Non-deductible expenses	20,400	3,135	60,469	146,533
Non-taxable income	-	(7)	-	-
Effect of unrecognised deferred tax assets	38,693	22	-	-
	(1,641)	(105)	104	7
Under/(Over) provision in prior years	3,211	(1,307)	-	-
Tax expense	1,570	(1,412)	104	7

## NOTES TO THE FINANCIAL STATEMENTS

## 19. LOSS FOR THE YEAR

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Loss for the year is arrived at after charging/(crediting)</b>					
Auditor's remuneration:					
- Audit fees:					
- KPMG PLT					
- Current year		336	296	105	65
- Under provision in prior year		40	-	40	-
- Other auditors		52	59	-	-
- Non-audit fees:					
- KPMG PLT					
- Local affiliates of KPMG PLT		8	8	8	8
- Local affiliates of KPMG PLT		313	249	5	5
- Other auditors		23	39	-	-
Bad debt written off		-	-	1,844	-
Depreciation:					
- Property, plant and equipment	3	44,678	47,988	-	-
- Right-of-use assets		648	2,019	-	-
Expenses relating to short-term leases	a	15,157	22,156	-	-
Personnel expenses (including key management personnel):					
- Contribution to state plans					
- Wages, salaries and others		8,124	13,915	-	-
Net foreign exchange gain		148,421	266,802	180	229
Lease income		(5,782)	(4,783)	-	-
Property, plant and equipment:		(2,040)	(2,040)	-	-
- Written off		6,672	161	-	-
- Gain on disposal		(2,786)	(3,362)	-	-
- Impairment loss	3	76,235	12,000	-	-
Inventories:					
- Allowance for slow moving					
- Write-down to net realisable value		26,504	9,277	-	-
- Written off		1,503	343	-	-
(Reversal of)/Provision for:		1,692	-	-	-
- litigation claims					
- onerous contracts	15	24	2,700	-	-
- restoration costs		14,715	-	-	-
(Reversal of impairment loss)/		(290)	1,100	-	-
Impairment loss on:					
- Trade receivables					
- Amounts due from subsidiaries		-	(25)	-	-
- Investments in subsidiaries		-	-	516	3,233
- Goodwill	6	-	-	248,253	606,000
Wages subsidy from government	b	76,414	127	-	-
		(307)	(2,956)	-	-

**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.

**Note b**

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. LOSS PER ORDINARY SHARE

#### Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 March 2023 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2023 RM'000	2022 RM'000
Loss for the year attributable to owners	(254,539)	(12,110)

Weighted average number of ordinary shares are determined as follows:

	Group	
	2023 '000	2022 '000
Weighted average number of ordinary shares at 31 March	1,202,864	1,202,864
Basic loss per ordinary share (sen)	(21.16)	(1.01)

#### Diluted loss per ordinary share

There is no diluted loss per ordinary share as there is no outstanding dilutive potential ordinary shares.

### 21. DIVIDENDS

Dividends recognised by the Company were:

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

### 22. ACQUISITION OF A SUBSIDIARY

In prior year, 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 until 31 March 2022, accounting acquiree had contributed revenue of RM745,310 and net loss of RM60,774 to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

22. ACQUISITION OF A SUBSIDIARY *cont'd*

The fair value of the assets and liabilities arising from the acquisition were 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)

## 23. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Acquisition of property, plant and equipment represent:

	Group	
	2023 RM'000	2022 RM'000
Current year's additions of property, plant and equipment	4,512	59,525
Less: Amount financed by hire purchase	-	(28,645)
Less: Balances in respect of acquisition of property, plant and equipment included in other creditors		
- at end of year	(3,447)	(12,381)
- at beginning of year	12,381	38,952
Cash used in acquisition of property, plant and equipment	13,446	57,451

## NOTES TO THE FINANCIAL STATEMENTS

### 24. 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 2023 and 2022.

#### Major customers

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

	Revenue RM'000
<b>2023</b>	
Customer A	123,026
Customer B	88,907
	<b>211,933</b>
<b>2022</b>	
Customer A	1,851,199

### 25. CAPITAL COMMITMENTS

	Group	
	2023 RM'000	2022 RM'000
<b>Capital expenditure commitments</b>		
Property, plant and equipment		
Contracted but not provided for	172	841

### 26. FINANCIAL INSTRUMENTS

#### 26.1 Categories of financial instruments

All financial assets and liabilities are categorised as amortised cost in accordance with the Group's and Company's accounting policies as disclosed in Note 2(c).

#### 26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net gains/(losses) arising on:				
Financial assets at amortised cost	3,921	4,724	(2,360)	(3,232)
Financial liabilities at amortised cost	(3,450)	(11,541)	-	-
	<b>471</b>	<b>(6,817)</b>	<b>(2,360)</b>	<b>(3,232)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 26. FINANCIAL INSTRUMENTS *cont'd*

#### 26.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### 26.4 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.

##### *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 has significant concentration of credit risk from two (2022: one) major customers, which constitute approximately 30% (2022: 44%) 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.

## NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*26.4 Credit risk *cont'd*Trade receivables and contract assets *cont'd**Recognition and measurement of impairment loss cont'd*

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>2023</b>			
Current (not past due)	111,144	-	111,144
1 - 30 days past due	34,280	-	34,280
31 - 90 days past due	11,780	-	11,780
	157,204	-	157,204
<b>Credit impaired</b>			
More than 90 days past due	7,423	311	7,112
	164,627	311	164,316
Trade receivables	132,585	311	132,274
Contract assets	32,042	-	32,042
	164,627	311	164,316
<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

26. FINANCIAL INSTRUMENTS *cont'd*26.4 Credit risk *cont'd*Trade receivables and contract assets *cont'd**Recognition and measurement of impairment loss cont'd*

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

Group	Credit impaired/Total	
	2023 RM'000	2022 RM'000
Balance at 1 April	536	664
Net remeasurement of loss allowance	-	(25)
Amount written off	(225)	(103)
Balance at 31 March	311	536

## 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 RM119,506,000 (2022: RM213,392,000) 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.

*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.

## NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*26.4 Credit risk *cont'd***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.

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>2023</b>			
Low credit risk	9,648	-	9,648
Credit impaired	598	598	-
	10,246	598	9,648
<b>2022</b>			
Low credit risk	13,174	-	13,174
Credit impaired	7,272	7,272	-
	20,446	7,272	13,174

## NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*26.4 Credit risk *cont'd*Inter-company balances *cont'd**Recognition and measurement of impairment loss cont'd*

The movements in the allowance for impairment in respect of inter-companies during the year are shown below.

	Company	
	2023	2022
	RM'000	RM'000
Balance at 1 April	7,272	4,039
Net remeasurement of loss allowance	516	3,233
Written off	(7,190)	-
Balance at 31 March	598	7,272

## 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 and the Group and the Company. No allowance for impairment losses was required.

## 26.5 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*26.5 Liquidity risk *cont'd**Maturity analysis cont'd*

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 2023</b>							
<i>Non-derivative financial liabilities</i>							
Secured hire purchase liabilities	83,074	2.10 - 5.79	89,505	34,880	28,364	26,261	-
Secured term loans	47,201	4.30 - 6.92	59,892	6,878	6,851	17,968	28,195
Secured bankers' acceptances	15,916	3.30 - 6.00	15,916	15,916	-	-	-
Secured revolving credits	2,000	4.24	2,000	2,000	-	-	-
Lease liabilities	88	5.10	90	90	-	-	-
Trade and other payables	143,773	-	143,773	143,773	-	-	-
	<b>292,052</b>		<b>311,176</b>	<b>203,537</b>	<b>35,215</b>	<b>44,229</b>	<b>28,195</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

26. FINANCIAL INSTRUMENTS *cont'd*26.5 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>2023</b>				
<b><i>Non-derivative financial liabilities</i></b>				
Trade and other payables	278	-	278	278
Financial guarantees*	-	-	119,506	119,506
	<u>278</u>		<u>119,784</u>	<u>119,784</u>
<b>2022</b>				
<b><i>Non-derivative financial liabilities</i></b>				
Trade and other payables	414	-	414	414
Financial guarantees*	-	-	213,392	213,392
	<u>414</u>		<u>213,806</u>	<u>213,806</u>

\* The amount represents the outstanding banking facilities of subsidiaries as at the end of the reporting period.

## 26.6 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

26. FINANCIAL INSTRUMENTS *cont'd*26.6 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>2023</b>				
Trade and other receivables	43,832	62	-	-
Cash and cash equivalents	126,779	549	-	-
Trade and other payables	(22,152)	(533)	(8,133)	(821)
	148,459	78	(8,133)	(821)
<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

*Currency risk sensitivity analysis*

A 10% (2022: 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	
	2023 RM'000	2022 RM'000
<b>Group</b>		
USD	(11,283)	(3,662)
SGD	(6)	109
CNY	618	1,229
EUR	62	(60)
	(10,609)	(2,384)

A 10% (2022: 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

26. FINANCIAL INSTRUMENTS *cont'd*26.6 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	
	2023	2022
	RM'000	RM'000
<b>Fixed rate instruments</b>		
Financial assets	36,852	9,648
Financial liabilities	(100,990)	(201,904)
Lease liabilities	(88)	(1,104)
	(64,226)	(193,360)
<b>Floating rate instruments</b>		
Financial liabilities	(47,201)	(53,029)

*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 RM359,000 (2022: RM403,000). This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

## NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*

## 26.7 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 not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Group			
2023			
Financial liabilities			
Hire purchase liabilities	(84,669)	(84,669)	(83,074)
2022			
Financial liabilities			
Hire purchase liabilities	(128,654)	(128,654)	(125,138)

## 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

### 27. 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 2023 and at 31 March 2022 were as follows:

	2023 RM'000	2022 RM'000
Total loans and borrowings (Note 14)	148,191	254,933
Lease liabilities	88	1,104
<b>Total debts</b>	<b>148,279</b>	<b>256,037</b>
 Total equity attributable to owners of the Company less goodwill	 483,790	 662,164
 <b>Gearing ratio</b>	 0.31	 0.39

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

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.

### 28. 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

28. 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 10 and 15.

	Group	
	2023 RM'000	2022 RM'000
<b>A. Companies in which certain Directors of the Company have substantial financial interest</b>		
Sales	15,786	37,834
Purchases	91,478	544,453
Lease income	2,040	2,040
Transportation charges	178	1,229
<b>B. Key management personnel</b>		
<i>Directors</i>		
- Fees	180	229
- Remuneration	3,829	5,550
- Contribution to state plans	454	546
Total short-term employee benefits	4,463	6,325
<i>Other key management personnel</i>		
- Wages, salaries and others	3,397	3,779
- Contributions to state plans	400	440
	3,797	4,219
	8,260	10,544
	Company	
	2023 RM'000	2022 RM'000
<b>A. Key management personnel</b>		
<i>Directors</i>		
- Fees	180	229

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

### 29. SIGNIFICANT EVENTS

In prior year, 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.

Subsequently, two other subsidiaries, namely WSP and JABCO had received notices of termination for contracts. The notice of termination for WSP was dated on 12 December 2022 for contracts between Dyson Manufacturing Sdn. Bhd. and WSP, namely (a) Preferred Supplier Contract for Supply of Components/Materials dated 13 April 2017, (b) Agreement for Supply of Goods and Services dated 15 July 2014 and (c) Framework Agreement for the Supply of Goods and Services dated 18 January 2018; The notice of termination for JABCO was dated on 22 December 2022 for contracts between Dyson Operations Pte Ltd and JABCO, namely (a) Preferred Supplier Contract for Supply of Components/Materials dated 14 June 2012, and (b) Equipment Loan Agreement dated 19 September 2014.

The effective date of the termination was on 1 June 2022 for AIM and 31 March 2023 for WSP and JABCO.

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 and goodwill, allowance for slow moving inventories and provision for onerous contract as disclosed in Notes 3, 6, 8 and 15 respectively.

### 30. SUBSEQUENT EVENTS

The subsidiaries, AIM and JABCO had received Writ of Summons and Statement of Claims dated 18 April 2023 and 18 May 2023 filed by Intag Industrial Supplies Sdn. Bhd. ("Intag") in the High Court of Malaya at Johor Bahru, Johor, claiming for RM2,579,000 from AIM and RM27,551,000 from JABCO and interest on the sum at the rate of 5% for unfulfilled open purchase orders.

The case of AIM is currently fixed for filing of affidavits and submissions, and hearing of the summary judgement application is fixed on 8 August 2023.

The case of JABCO is currently fixed for hearing of the summary judgement application on 27 September 2023.

In the Directors' opinion, the potential obligations, if any, has been assessed and provided for as disclosed in Note 15.

## 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 82 to 142 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2023 and of their financial performance and cash flows for the financial year then ended.

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

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

.....  
**Dato' Fong Chiu Wan**  
Director

Date: 26 July 2023

## 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 82 to 142 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 26 July 2023.

.....  
**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 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 82 to 142.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and their cash flows for the 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 2023, the carrying amount of the Group's property, plant and equipment was RM207 million. There was an impairment indicator that the carrying amount of the Group's property, plant and equipment may be higher than the recoverable amount as a result of termination of manufacturing contracts with a major customer. 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 higher of its value in use and the fair value less costs of disposal. The Group has estimated the recoverable amount of the assets based on the fair value less costs of disposal method. Using this basis, impairment loss amounting to approximately RM76.2 million was recognised in current year.

Due to the significance of the carrying value of property, plant and equipment, 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)

### Key Audit Matters *cont'd*

#### 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 that was assessed as possible indicators of impairment for relevant assets.
- Challenged 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.
- Verified the mathematical accuracy of management's calculations in arriving at recoverable amount for those assets subject to impairment testing and considered whether the assets tested are complete.
- Evaluated the assumptions and data used by management to derive the accounting estimates used in determining the fair value less costs of disposal.

#### Impairment on investment in subsidiaries - Company

Refer to Note 2(k)(ii) - Significant accounting policies: Impairment - other assets and Note 5 Investments in subsidiaries.

As at 31 March 2023, the Company's gross carrying amount of investments in subsidiaries amounted to RM1,339 million. There are indications that investments may be impaired as the net assets balances of certain subsidiaries were lower than the gross carrying amount of the investment.

The Company is required to estimate the recoverable amount based on higher of fair value less costs of disposal and the value in use and to recognise impairment loss if the recoverable amount is less than its carrying amount in accordance with MFRS 136 Impairment of Assets.

The Company had recognised additional impairment loss allowance of approximately RM248.3 million in current financial year.

In view of the significance of the carrying amount of investments and the inherent uncertainties and level of judgement required in evaluating the Company's assumptions and data used, impairment loss allowance 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 assessed the events or indicators of impairment affecting the cost of investment in subsidiaries
- We evaluated the methodology and approach applied in determining the recoverable amount.
- We assessed the appropriateness of key assumptions and data used in deriving the adjusted net assets value of the subsidiaries.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATA IMS BERHAD

Registration Number: 198901012846 (190155-M) (Incorporated in Malaysia)

### Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the 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.

### 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATA IMS BERHAD

Registration Number: 198901012846 (190155-M) (Incorporated in Malaysia)

### Auditors' Responsibilities for the Audit of the Financial Statements *cont'd*

- 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.

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.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATA IMS BERHAD

Registration Number: 198901012846 (190155-M) (Incorporated in Malaysia)

### 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: 03174/04/2025 J  
Chartered Accountant

Johor Bahru

Date: 26 July 2023

## ANALYSIS OF SECURITIES

### ORDINARY SHARE AS AT 30 JUNE 2023

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 2023

Size of Holdings	No. of Holders	%(*)	No. of Shares	%(*)
1 - 99	805	6.142	33,692	0.003
100 - 1,000	4,091	31.212	1,851,011	0.154
1,001 - 10,000	4,501	34.340	24,215,492	2.013
10,001 - 100,000	3,196	24.384	107,774,797	8.960
100,001 - 60,143,178 (*)	511	3.899	259,236,359	21.551
60,143,179 and above (**)	3	0.023	809,752,248	67.319
<b>TOTAL</b>	<b>13,107</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 2023

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 2023

SUBSTANTIAL SHAREHOLDERS	Direct Interest	No. of Shares Held		
		%(*)	Indirect Interest	%(*)
OREGON TECHNOLOGY SDN BHD	407,396,307	33.869	-	-
DATO' SRI FOO CHEE JUAN	-	-	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 2023

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 ACCOUNT)</i>	16,920,300	1.407
5.	BALACHANDRAN A/L GOVINDASAMY	9,869,400	0.820
6.	HSBC NOMINEES (ASING) SDN. BHD. SOCIETE GENERALE PARIS	7,331,800	0.610
7.	CHONG CHING YEE	7,235,600	0.602
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.	JAYSHREE A/P MAHENDRAN	5,200,000	0.432
11.	CHOO WING HONG	4,797,700	0.399
12.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAY MOY KOH (MY3164)</i>	3,556,500	0.296
13.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD <i>TA ISLAMIC FUND</i>	3,548,000	0.295
14.	MOHAMED AZAM SHAH BIN AZIZ MOHAMMED	3,500,000	0.291
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE KIAN KAH</i>	3,400,000	0.283
16.	LEE FOOK YUEN	3,000,000	0.249
17.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LIM TECK HUAT</i>	2,992,500	0.249
18.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR TAN ENG SIA</i>	2,900,000	0.241
19.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR CHAN CHOUN SIEN (PB)</i>	2,787,000	0.232

## ANALYSIS OF SECURITIES

## TOP THIRTY SHAREHOLDERS AS AT 30 JUNE 2023 (CONT'D)

No.	Shareholders	Number of Shares Held	% (*)
20.	LEE KIAN KAH	2,400,000	0.200
21.	LENG MENG TUCK	2,069,400	0.172
22.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MOHD RIZAL BIN MOHD JAAFAR (MY4343)</i>	2,033,000	0.169
23.	HSBC NOMINEES (ASING) SDN BHD <i>J.P. MORGAN SECURITIES PLC</i>	2,017,652	0.168
24.	CHING HEAN CHONG	1,800,000	0.150
25.	TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	1,724,000	0.143
26.	GUH HOLDINGS BHD	1,700,000	0.141
27.	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR JOHNNY TING KOK LING</i>	1,687,800	0.140
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE KIAN KAH</i>	1,650,000	0.137
29.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD FOR TA DANA OPTIMIX</i>	1,603,000	0.133
30.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KHOO FOOK HERNG (7000803)</i>	1,500,000	0.125
	Total	918,703,300	76.378

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>	26	16,783	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>	27	22,061	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>	24		
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>	25	6,849	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>	27	2,956	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>	27	2,804	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>	25	15,210	17 March 2016
8)	Lot 1572 Geran 128419 Mukim of Tebrau, District of Johor Bahru	Lot 1572, Jalan Dewani, Kawasan Perindustrian Temenggong, 81100 Johor Bahru, Johor.	Freehold	3 storey detached factory with office	1.43 acres/ 5,772m <sup>2</sup>	5	19,747	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>	23	25,054	15 May 2019

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** THAT THE THIRTY-FOURTH (34th) 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 TUESDAY, 29 AUGUST 2023 AT 2:30 P.M FOR THE FOLLOWING PURPOSES:

### AGENDA

#### Ordinary Business

- |    |   |  |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2023 and the Reports of the Directors and Auditors thereon. | <i>Please refer to Explanatory Note 12 (a) (i)</i> |
| 2. | To approve the Directors' fees of RM180,000-00 for the financial year ending 31 March 2024.   | <i>Resolution 1</i>                                |
| 3. | To re-elect the following Directors who are retiring in accordance with the Company's Constitution:-  |  |
|    | (i) Dato' Sri Foo Chee Juan - Clause 76(3)  | <i>Resolution 2</i>                                |
|    | (ii) Mr. Lee Kok Jong - Clause 76(3)  | <i>Resolution 3</i>                                |
| 4. | To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.                            | <i>Resolution 4</i>                                |

#### Special Business

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

- |    |   |                     |
|----|---|---------------------|
| 5. | <b>SPECIAL RESOLUTION<br/>- WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016</b> | <i>Resolution 5</i> |
|----|---|---------------------|

"THAT the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company under Section 85 of the Companies Act 2016 ("the Act"), read together with Clause 12(3) of the Constitution of the Company.

THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution 1- Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act."

## NOTICE OF ANNUAL GENERAL MEETING

### 6. **ORDINARY RESOLUTION 1** **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 and 76 OF THE COMPANIES ACT 2016**

*Resolution 6*

"THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights under Section 85 of the Companies Act 2016 ("the Act") and pursuant to Sections 75 and 76 of the Act, 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 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 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 ("AGM") of the Company held after the approval was given;
- b. the expiration of the period within which the next AGM 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.

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."

## NOTICE OF ANNUAL GENERAL MEETING

7. **ORDINARY RESOLUTION 2***Resolution 7***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**

"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 28 July 2023 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:

- 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;"

- 8. To transact any other ordinary business of which due notice shall have been given.

**BY ORDER OF THE BOARD,****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: 28 July 2023



## NOTICE OF ANNUAL GENERAL MEETING

### 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 16 August 2023. 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 or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:*
  - (i) *In hard copy form*  
  
*In the case of an appointment made in hard copy form, this proxy form 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.*
  - (ii) *Online*  
  
*In the case of an appointment made via online lodgement facility, please login to the link website at <https://tjih.online> and select "e-Services" to login. Please refer to the Administrative Guide on how to register to TIH Online and submit your Form of Proxy electronically.*
7. *Any authority pursuant to which such an appointment is made by a power of attorney must 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 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 2:30 p.m. on Sunday, 27 August 2023.*

## NOTICE OF ANNUAL GENERAL MEETING

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) **Resolution No. 2 & 3**

*Dato' Sri Foo Chee Juan and Mr. Lee Kok Jong are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 34th 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, strength in qualities and time commitment to effectively discharge their roles as Directors. The abovementioned Directors have also met the relevant criteria under the fit and proper assessment in accordance with the Directors' Fit and Proper Policy adopted by the Company.*

*The profiles of the Directors standing for re-election are provided on pages 9 to 11 of the Board of Directors' Profile in the 2023 Annual Report.*

(b) Special Business

(i) **Resolution No. 5**

**Special Resolution - Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016**

*The Special Resolution is pertaining to the waiver of pre-emptive rights granted to the shareholders under Section 85 of the Act. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive right. The Special Resolution if passed, would allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.*

## NOTICE OF ANNUAL GENERAL MEETING

(ii) **Resolution No. 6**

**Ordinary resolution 1 - Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

*Subject to passing the Special Resolution on the waiver of pre-emptive rights under Section 85 of the Companies Act 2016, the Ordinary Resolution 1 proposed under Resolution no. 6, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of the issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company ("Proposed General Mandate").*

*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 24 August 2022 and which will lapse at the conclusion of the 34th Annual General Meeting of the Company.*

(iii) **Resolution No. 7**

**Ordinary Resolution 2 - 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-Fourth (34th) 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 Tuesday 29 August 2023 at 2:30 p.m.

### Directors standing for election / re-election

There is no person standing for election as Director of the Company at this 34th AGM except for the following Directors who are seeking for re-election at the 34th AGM of the Company pursuant to the Company's Constitution as follows:

<u>Name of Director</u>	<u>Clause</u>
Dato' Sri Foo Chee Juan	76(3)
Mr. Lee Kok Jong	76(3)

Details of the directors who are standing for re-election and his/her shareholdings are set out in the Director's Profile on pages 9 to 11 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 56 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) (ii) of the Notice of 34th 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-Fourth (34<sup>th</sup>) Annual General Meeting of the Company to be held at the Conference Room, 6 Jalan Dewani 1, Kawasan Perindustrian Dewani, 81100 Johor Bahru, Johor on Tuesday, 29 August 2023 at 2:30 p.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 \_\_\_\_\_, 2023

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 16 August 2023. 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 or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
  - In hard copy form  
In the case of an appointment made in hard copy form, this proxy form 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.
  - Online  
In the case of an appointment made via online lodgement facility, please login to the link website at <https://tiih.online> and select "e-Services" to login. Please refer to the Administrative Guide on how to register to TIH Online and submit your Form of Proxy electronically.

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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 2.30 p.m. on Sunday, 27 August 2023.
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.

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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](mailto:info@ataims.com.my)