

The logo for ATA, featuring the letters 'ATA' in a bold, red, italicized sans-serif font, set against a light blue rounded rectangular background.

ATA

ATA IMS BERHAD

Registration Number: 198901012846 (190155-M)

ANNUAL
REPORT
2021

CONTENTS

06

CORPORATE
INFORMATION

17

SUSTAINABILITY
STATEMENT

59

DIRECTORS' REPORT
AND AUDITED FINANCIAL
STATEMENTS

07

GROUP
STRUCTURE

30

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

127

ANALYSIS OF SECURITIES

08

FINANCIAL
HIGHLIGHTS

47

STATEMENT OF
DIRECTORS'
RESPONSIBILITIES

130

LIST OF PROPERTIES

10

CHAIRMAN'S STATEMENT
AND MANAGEMENT
DISCUSSION & ANALYSIS

48

STATEMENT OF RISK
MANAGEMENT AND
INTERNAL CONTROL

131

NOTICE OF ANNUAL
GENERAL MEETING AND
STATEMENT
ACCOMPANYING THE
NOTICE OF ANNUAL
GENERAL MEETING

13

OUR BOARD OF
DIRECTORS

54

AUDIT COMMITTEE
REPORT

16

OUR SENIOR
MANAGEMENT TEAM

57

OTHER DISCLOSURES



01

Passion For Excellence



A close-up photograph of industrial machinery, likely a CNC machine, with a blue and purple color overlay. The image shows various mechanical components, including a vertical column, a horizontal arm, and a rotating table. The lighting is dramatic, with strong highlights and shadows, creating a sense of depth and precision. The overall tone is futuristic and technological.

02

Unlock Transformative Innovation



03

Empowering Capabilities

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
Datuk Balachandran A/L Govindasamy	Chief Operating Officer cum Executive Director
Mr. Koh Win Ton	Independent Non-Executive Director
Ms. Wong Chin Chin	Independent Non-Executive Director
Mr. Lee Kok Jong	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

Tricor Corporate Services Sdn Bhd
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

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

PRINCIPAL BANKERS

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

AUDITORS

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

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

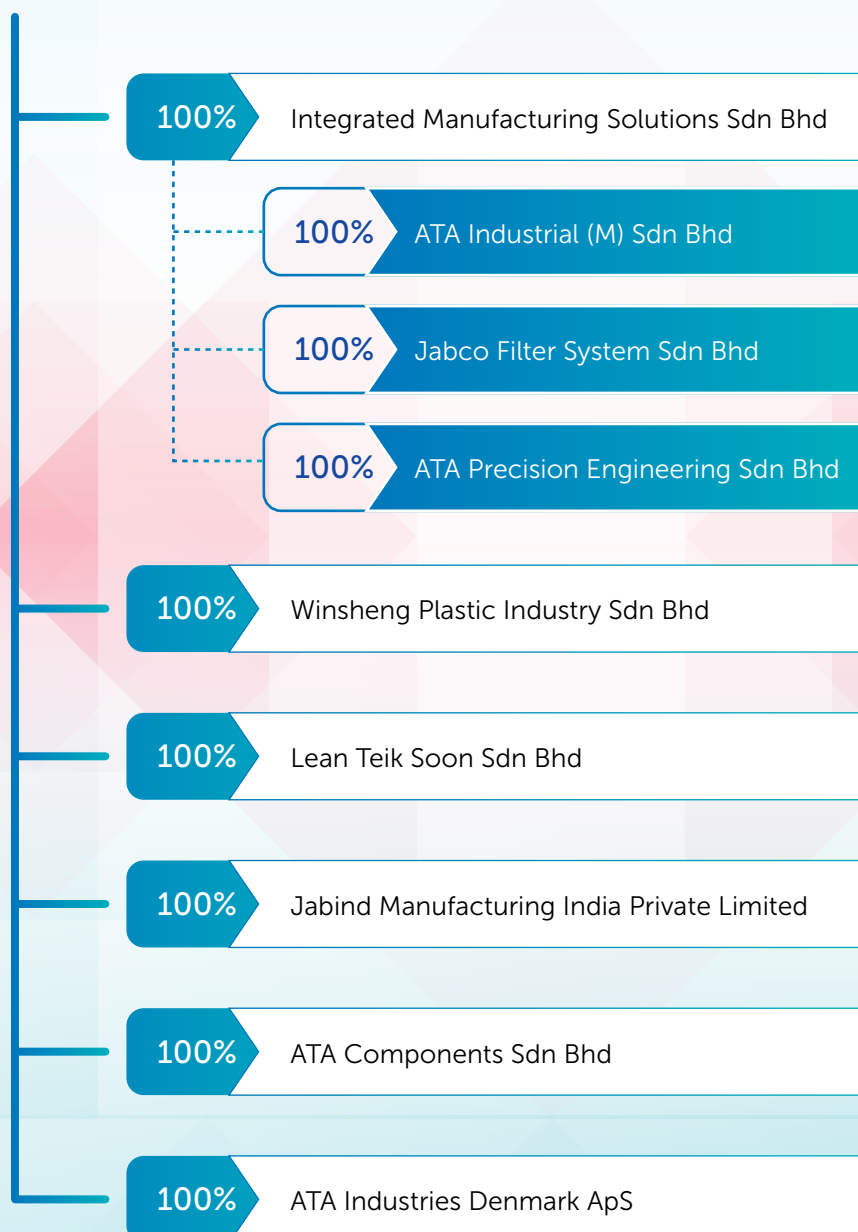
KPSN & Associates LLP,
1st Floor, 128, Crown Court,
Cathedral Road, Chennai 600086, India.
Tel : +91 44 4500 0259

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)

	2021	2020	2019	2018	2017
Revenue	4,221,815	3,352,243	2,908,560	2,306,630	1,814,769
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	252,398	161,447	190,140	147,947	111,433
Profit before Tax (PBT)	192,038	106,798	152,499	127,725	96,510
Profit after Tax (PAT)	150,300	76,270	112,941	94,002	79,128

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

	2021	2020	2019	2018	2017
Shareholders' Funds	790,696	666,929	630,101	421,640	208,378
Total Assets	2,335,762	1,906,450	1,644,615	1,093,590	780,277
Net Current Assets	481,430	375,963	373,084	177,776	133,906
Total Borrowings	552,861	463,731	361,793	158,553	116,350
Cash and Cash Equivalents	351,208	359,627	270,633	154,828	153,149

PER SHARE METRICS

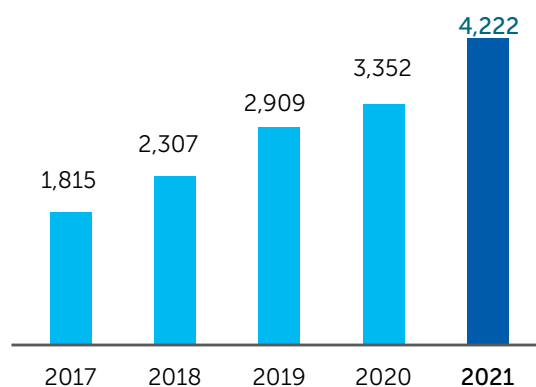
Earning per Share (sen)	12.49	6.33	9.83	8.96	7.67
Net Assets per Share (RM)	0.66	0.55	0.52	0.37	0.20

FINANCIAL RATIOS

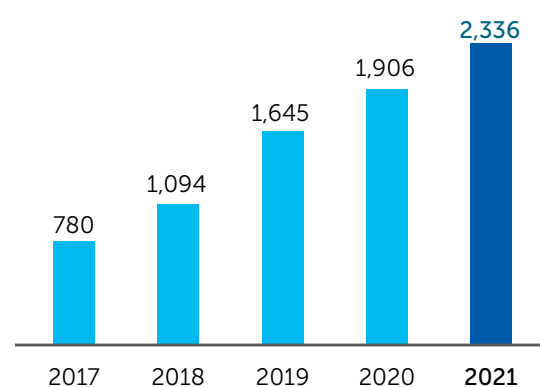
Current Ratio (times)	1.34	1.34	1.42	1.28	1.25
EBITDA Margin (%)	5.98	4.82	6.54	6.41	6.14
Debt to Equity (times)	0.70	0.70	0.57	0.38	0.56
Return on Equity (%)	19.01	11.44	17.92	22.29	37.97

FINANCIAL HIGHLIGHTS

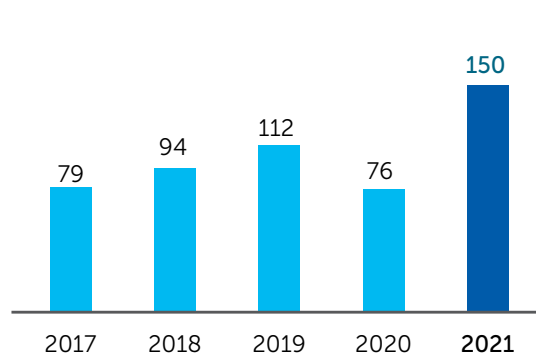
Revenue (RM' Millions)



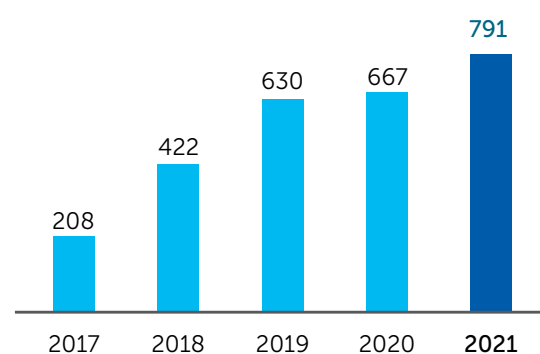
Total Assets (RM' Millions)



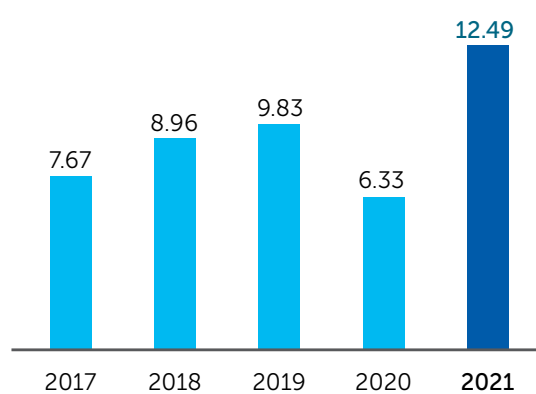
Profit After Tax Attributable to Equity Holder (RM' Millions)



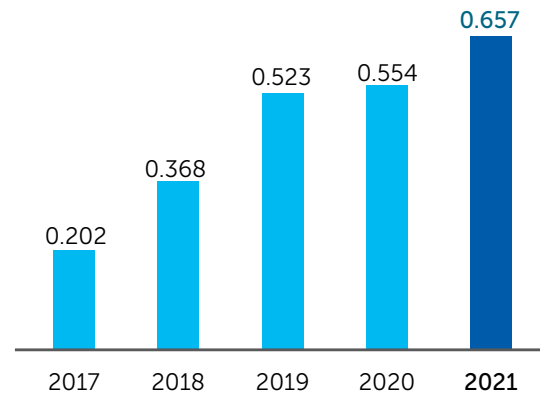
Shareholders' Funds (RM' Millions)



Basic Earnings per Share (RM' Millions)



Net Asset per Share (RM' Millions)



The financial information stated above for financial year 2017 refers to the financial results of IMS group due to reverse accounting as described in Note 2(a) Basis of consolidation of the Audited Financial Statements on page 73 of this Annual Report.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Valued Shareholders,

FY2021 was a challenging year as the COVID-19 pandemic brought unprecedented challenges to economies worldwide. While the Malaysia government imposed restrictions to curb the spread of COVID-19, ATA IMS Berhad and its subsidiaries ("the Group") remained resilient and quickly adopted new standard of operations in order to navigate through the global health crisis. The pandemic taught us valuable lessons in managing a crisis, as well as being flexible and dynamic to adapt to the new normal. Despite the tough operating environment, we were able to rise above the challenges and continue our positive growth trajectory by expanding our business and capitalising on new growth opportunities.

BUSINESS OVERVIEW

FY2021 was our highest revenue year on record with RM4.2 billion in revenue, up 26% year-on-year. We also recorded our highest ever profit before tax of RM192 million, up 80% year-on-year. This was achieved despite disruptions in operations in the first quarter of FY2021 during which the Malaysian government imposed the Movement Control Order ("MCO") in order to curb the spread of COVID-19 across the country. In early January 2021, the Group also made a voluntary decision to temporarily halt production as a preventive measure to stem the spread of COVID-19 infections.

The strong revenue performance was attributable to the increase in orders from our main customer as the worldwide stay-at-home trend saw an increased demand for home appliances. We also saw an increased contribution from new customers whose production commenced during the year. The resilience of our dedicated team was also key in our smooth and strong production recovery post-MCO.

Despite the challenges presented by the pandemic, we stayed on track to expand our capacity. In the first quarter of FY2021, we expanded our operations into two new production and warehouse facilities at Pasir Gudang. The two rented facilities, in line with the Group's asset light strategy, are located just 5 kilometres away from the port. To support our strong order momentum from customers, the Group also purchased new machines to expand our overall injection moulding capacity.

As part of our efforts to streamline our operations, we decided to discontinue operations of PT Winsheng Plastic and Tooling Industry ("PTWSP"), which is our subsidiary incorporated in Indonesia primarily engaged in tooling fabrication and plastic injection moulding. The voluntary liquidation is not expected to have any material impact on the earnings and net assets of the Group as the investment in PTWSP and amount owing to Winsheng Plastic Industry Sdn Bhd ("WSP") had been fully impaired in the previous financial years.



▲ Pasir Gudang Facility

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL HIGHLIGHTS

	FY2021 RM'000	FY2020 RM'000	Year-on-Year Comparison %
Revenue	4,221,815	3,352,243	26%
Earnings before interest, taxes, depreciation, and amortisation	252,398	161,447	56%
Profit before tax	192,038	106,798	80%
Profit after tax	150,300	76,270	97%
Property, plant and equipment	368,851	337,103	9%
Inventories	458,487	369,182	24%
Trade and other receivables	984,553	716,068	37%
Cash and cash equivalents	351,208	359,627	-2%
Trade and other payables	965,374	752,845	28%
Total loans and borrowings	552,861	463,731	19%

The Group delivered our best results on record with RM4.2 billion in revenue up 26% year-on-year, and RM192 million in profit before tax, up 80% year-on-year. This was driven by higher orders from our main customer, and increasing contribution from newer customers.

The Group also recorded higher total assets of RM2.3 billion, reflecting a 23% growth from last year. This was primarily due to increase in property, plant and equipment, trade receivables as well as higher inventories in line with the increase in top-line.

Investment in capital expenditure for the FY2021 amounted to RM72 million, primarily utilised for purchase of injection machines and assembly lines at the new Pasir Gudang facility.

The Group maintained a strong financial position with cash and cash equivalents of RM351 million as of 31 March 2021. Total borrowings increased by RM89 million to RM553 million, mainly due to hire purchase for capital expenditures as well as utilisation of trade line facilities for working capital purposes.

STRATEGIC PRIORITIES

The Group has strategically built up a full suite of Electronics Manufacturing Services ("EMS") capabilities from design and engineering, supply chain management, mould design and fabrication, plastic injection moulding to box build assembly. By offering a full suite of capabilities under one roof, it significantly sharpens our competitive advantage to win new business and improve profitability margins moving forward. Being vertically integrated enables us to achieve operational synergies and enhances our visibility and control across the entire supply chain, which in turn strengthen our value proposition to customers.

As our customers are world renowned brand names and industry leaders whose products are integrated with cutting-edge technology, we will remain focused on deepening these long-term partnerships and supporting them to launch new products, scale up and capture new business opportunities, which will in turn add value to our shareholders. We will continue to work hard in delivering consistent execution and operational excellence in order to achieve the best outcomes for our customers.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

With the proliferation of new technologies that change how devices are connected, the Group is in an advantageous position to tap on the growth in areas such as Internet of Things ("IoT"). While we are positive on the growth in connected devices, we will also continue to be selective in identifying new customers that are the right fit and can create the most value to the Group.

RISING POSITION IN GLOBAL EMS RANKING

I am pleased to share that in the latest survey conducted by Manufacturing Market Insider, ATA IMS Berhad secured its position as the world's 23rd largest EMS provider, up four positions from the previous year. Ranked alongside the world's largest EMS companies, we are now listed as the largest EMS provider headquartered in Malaysia in terms of revenue size.

LOOKING FORWARD

In light of the resurgence of COVID-19 cases in Malaysia and the tighter MCO mandated by the government, there will still be challenges and uncertainty ahead. However, the Group will continue to remain vigilant and responsive as the crisis evolves. We remain optimistic on our long-term growth trajectory as we continue to strengthen our core capabilities and deepen partnerships with our customers.

DIVIDEND

In view of the Group's strong financial performance, the Board of Directors is pleased to propose a final dividend of 3.35 sen per ordinary share for FY2021 (subject to the approval of shareholders at the upcoming Annual General Meeting).

APPRECIATION

Our achievements in FY2021 would not have been possible without the support and contributions by our various stakeholders. I would like to thank our customers and suppliers for your continued trust and support, which has helped us stay resilient and focused during the pandemic.

To our management team and staff, I would like to thank you for all the great work in FY2021 and truly appreciate your dedication to achieve the best results for the company.

I would also like to thank the Board for your invaluable advice that contributed to our success.

To our shareholders, thank you for your trust and confidence in the Group, we look forward to your continued support as we emerge stronger from the pandemic.

DATO' SRI FOO CHEE JUAN

Executive Chairman

OUR BOARD OF DIRECTORS

DATO' SRI FOO CHEE JUAN

60, 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. In 2020, the Group received global recognition and was ranked 23rd amongst the world's Top 50 EMS companies, according to Manufacturing Market Insider.

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

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

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

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

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

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

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

OUR BOARD OF DIRECTORS

DATUK BALACHANDRAN A/L GOVINDASAMY

47, Malaysian, Male

Chief Operating Officer (COO) & Executive Director

Datuk Balachandran A/L Govindasamy was appointed to the Board on 13 February 2018.

Datuk Balachandran A/L Govindasamy obtained a Diploma in Electronics from Federal Institute of Technology, Malaysia in 1995, and is a Qualified Lead assessor after completing his training in Advanced Environment Management Systems Auditing Course in 2004. He has 26 years of work experience in the electronics manufacturing sector and has been with ATA Industrial (M) Sdn Bhd for the last 20 years.

Datuk Balachandran is the Group Chief Operating Officer and is responsible for the Group's operations.

KOH WIN TON

48, Malaysian, Male

Independent Non Executive Director

Mr. Koh Win Ton was appointed to the Board on 21 March 2017. He holds 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 SK & Associates and has more than 20 years of experience in the accounting and tax profession as well as commercial sector in Malaysia, Singapore, Hong Kong and China. He joined one of the big four international accounting firms in 1996 and was exposed to a wide range of professional services including audit, tax and business advisory. In 1999, he joined a manufacturing company as the Financial Controller where he was responsible to oversee the internal control system as well as the finance and accounts departments. In 2001, he extended his exposure to China where he was appointed as the General Manager by a PLC in Malaysia to set up a factory in the southern part of China. In 2003, he was transferred back to Singapore to oversee the Group accounts department, and preparation of PLC's annual report as well as quarterly reporting and the internal audit function.

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

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

OUR BOARD OF DIRECTORS

WONG CHIN CHIN

56, Malaysian, Female
Independent Non Executive Director

Ms. Wong Chin Chin was appointed to the Board on 21 March 2017. She was appointed as a member of the Audit Committee and a member of the Nominating and Remuneration Committee on 21 March 2017.

She holds a Bachelor of Laws (LLB.) from the University of Sydney and was admitted as a Barrister of the Supreme Court of New South Wales in 1990 and to the Malaysian Bar in 1991.

She has advised financial institutions, insurance companies, manufacturers, wholesalers, retailers and specialty traders, travel and leisure operators and renewable energies companies on their mergers and acquisitions. She has advised on privatisation of companies via selective capital reduction, take-over, acquisition of assets and transfer of listing status. She has also advised in the restructuring of debt via schemes of arrangements and has acted for both issuers and underwriters in initial public offerings and in the rights issue of shares and/or warrants. This includes the initial public listing of a Special Purpose Acquisition Company in the oil & gas sector and in the listing of stapled securities on the Main Market of Bursa Malaysia.

Chin Chin is also experienced in real estate transactions in Malaysia which includes, amongst others, complex transactions involving commercial and industrial lands, commercial / office buildings, ground leases, built-to-suit leases, sale and lease back.

She has been recognised as a distinguished practitioner by Asialaw Leading Lawyers and also acknowledged as a key partner of the firm in Capital Markets and Corporate/M&A transactions by Legal 500 Asia Pacific. Further, she has been recognised for her work pertaining to investment funds and M&A as a highly regarded practitioner by the IFLR1000. In addition, she has also been recognised as one of Malaysia's top 100 lawyers by the Asia Business Law Journal and as a ranked practitioner by Chambers & Partners.

She is also an independent non-executive director of Shopper360 Limited (listed on the Catalist Board of the Singapore Stock Exchange) and serves as the chairman of its Nomination Committee and a member of its Audit Committee.

LEE KOK JONG

46, Malaysian, Male
Independent Non Executive Director

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

Mr. Lee commenced his career with Lo Hock Ling & Co. in Singapore in 1999 where he started as an Audit Assistant and rose to the rank of Audit Manager. He was assigned and managed the audit portfolios of various industries ranging from trading, manufacturing, service providers, investment holding, sales and marketing and information technologies.

He set up his own accountancy practice in Malaysia in the year 2005 and currently provides various services to a wide clientele including corporate secretarial services, compliance advisory and tax planning advisory services.

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

Note:

Saved as disclosed, none of the Directors have:

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

OUR SENIOR MANAGEMENT TEAM

The executive function in the Group is spearheaded by the Executive Chairman, namely Dato Sri' Foo Chee Juan and assisted by Dato' Fong Chiu Wan and Datuk Balachandran A/L Govindasamy, 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

47, Malaysian, Male
Finance Director

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

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

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

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

Note:

Saved as disclosed, none of the senior management have:

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

An aerial photograph of a vast, vibrant green field. A light-colored, winding path cuts through the grass. In the middle distance, a small group of people, including adults and children, are walking along the path. A large, semi-transparent blue geometric shape, resembling a stylized 'S' or a series of overlapping triangles, is positioned on the left side of the image, partially covering the field and the path. The text 'Sustainability Statement' is written in white, bold, sans-serif font within the blue area.

Sustainability Statement

SUSTAINABILITY STATEMENT

OBJECTIVE

As a leading EMS company listed on Bursa Malaysia, ATA IMS Berhad ("ATA") is committed to its role in delivering long-term economic growth and contributing to the environmental and social well-being of the communities it operates in. The Group fully recognises the importance of sustainability and how it creates positive impact and delivers long-term value to all our stakeholders. Sustainability efforts carried out by the Group during the financial year are reported in this statement, reflecting the Group's steadfast belief to operate in a sustainable manner.

SCOPE

This Sustainability Statement covers our core business units which are located in Johor, Malaysia. These include (i) ATA Industrial (M) Sdn Bhd, (ii) Jabco Filter System Sdn Bhd and (iii) Winsheng Plastic Industry Sdn Bhd, collectively referred to as "the Group".

This Statement discloses basic principles, policies, material sustainability matters, management's initiatives and activities executed during the period from 1st April 2020 to 31st March 2021.

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

SUSTAINABILITY PRINCIPLES

ATA's sustainability management is guided by its Sustainability Framework which is developed in alignment with Bursa Malaysia Listing Requirements and with reference to the Bursa Malaysia Sustainability Reporting Guide. The Board is committed to being accountable and transparent in its sustainability performance, which is based upon the following principles:

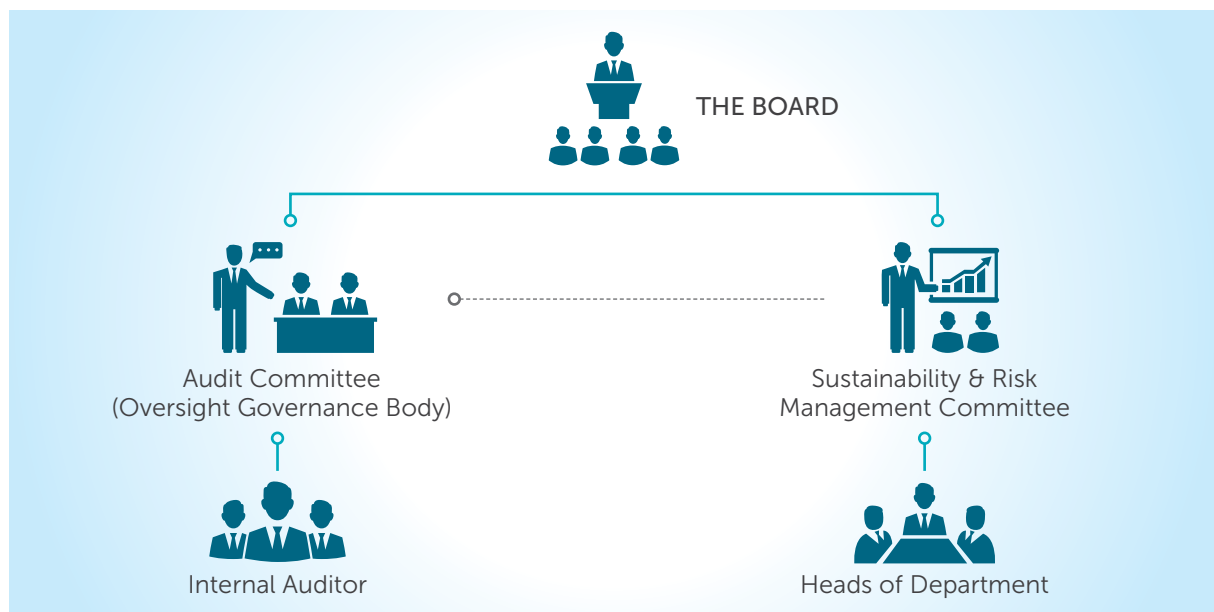
- To observe and comply with all relevant legislation, regulations, recommended trade practices and codes of practice applicable and relevant to the Group;
- To consider sustainability matters and integrate these considerations into the Group's business operations and implementation of business strategies;
- To manage sustainability matters in a structured and systematic manner, whereby sustainability management is embedded throughout the Group and sustainability matters are to be documented, continuously assessed and managed with reporting to the Board on scheduled intervals or as and when the materiality of the sustainability matters requires such reporting;
- To continuously promote, train and communicate with all employees, suppliers, business partners and other relevant stakeholders to ensure that they are aware of sustainability management and are committed to implementing and measuring sustainability activities as part of the Group's strategy to take into consideration economic, environment, social and governance aspects;
- To continuously engage and communicate with all relevant stakeholders for the identification, assessment and management of material sustainable issues; and
- To strive to improve the Group's sustainability performance over time.

SUSTAINABILITY STATEMENT



SUSTAINABILITY GOVERNANCE STRUCTURE

ATA's responsibility and commitment to sustainability begins with an established governance structure. The Board of Directors is ultimately responsible for the Group's sustainability strategy and management, and is supported by the Audit Committee ("AC") and the Sustainability and Risk Management Committee ("SRMC"). The AC takes on an oversight role in respect of the Group's sustainability strategy and policy while the SRMC is responsible for implementation of the sustainability framework approved by the Board. The SRMC is assisted by the Heads of Department across ATA's business and operational units to manage and monitor sustainability efforts on a day-to-day basis.



MATERIALITY ASSESSEMENT

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

Sustainability issues are considered material if:

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



Stakeholder
Engagement



Determine
Sustainability Issues



Categorisation &
Prioritisation



Process Review

SUSTAINABILITY STATEMENT



STAKEHOLDER ENGAGEMENT

The Group believes the importance in understanding the views and interests of our stakeholders in order to conduct business sustainably. Our stakeholder groups are those that have an impact on our business or have the potential to be affected by our business. We are actively engaged with stakeholder groups and carefully consider each group's interests and concerns. The Group highly values stakeholders' feedback in helping it achieve excellence in sustainability.

The following table shows the different engagement methods employed across the stakeholder groups, including their main areas of concern.

Stakeholder Group	Sustainability Concerns	Engagement Methods
Customers	<ul style="list-style-type: none"> Timely delivery of high quality manufacturing products and services Resilient and dynamic supply chain management Competitive pricing Protection of confidential information Innovation and development 	<ul style="list-style-type: none"> Regular communication and meetings Quarterly business reviews Customer audits Quality assurance evaluation Customer feedback survey
Suppliers	<ul style="list-style-type: none"> Fair and competitive business conduct Payment terms 	<ul style="list-style-type: none"> Regular communication and meetings Supplier evaluation and registration Supplier audits Manufacturing collaborations
Employees	<ul style="list-style-type: none"> Fair and competitive remuneration and benefits Fair employment practices Workplace health and safety Career development and training opportunities 	<ul style="list-style-type: none"> Employee handbook Induction briefings On-the-job training and workshop Performance appraisals Learning and development programmes Regular communication and meetings
Shareholders	<ul style="list-style-type: none"> Financial performance Business outlook Shareholder value and returns 	<ul style="list-style-type: none"> Annual General Meetings Regular analysts and investor meetings Annual reports Quarterly results Company website
Government	<ul style="list-style-type: none"> Regulatory requirements Economic and environmental issues Community development 	<ul style="list-style-type: none"> Meetings and dialogues Participation in government programmes and initiatives Consultations Site inspections
Local Communities	<ul style="list-style-type: none"> Job creation for local communities Support for community development Environmental issues 	<ul style="list-style-type: none"> Donations and financial aids Community engagement programmes Company website and social media platforms

SUSTAINABILITY STATEMENT



CATEGORISATION OF SUSTAINABILITY ISSUES

We have categorised key sustainability matters into three main areas namely Economic, Environment and Social.



Economic

- Business Performance and Growth
- Business Integrity and Governance
- Supply Chain Management

Social

- Occupational Health and Safety
- COVID-19 Response
- Ethical Labour Practices
- Workplace Diversity
- Employment Development and Training
- Employee Engagement
- Communication Channels
- Employee Compensation and Benefits
- Community

Environment

- Waste Management
- Noise Pollution
- Air Emissions

SUSTAINABILITY STATEMENT



ECONOMIC

As a listed company on Bursa, the Group is committed to deliver long-term economic value to its stakeholders. The three key areas that we focus on to achieve economic growth in a sustainable manner are Business Performance and Growth, Business Integrity and Governance and Supply Chain Management.

Business Performance and Growth

For the financial year ended March 2021, ATA's revenue grew 26% on account of higher sales order from existing customers, as well as positive development of new customer relationships. For more information on our financials, please see page 8 of the Annual Report.

ATA takes a disciplined approach in its investment in new facilities and production lines. Our management carefully evaluates order visibility and forecasts before investing to expand total production capacity. During the financial year, the Group moved into a new facility in Pasir Gudang to cater for new projects. At the same time, the Group also steadily increased its injection moulding capacity to cater for higher orders from customers.

ATA is committed to being a one-stop electronics manufacturing service provider that offers vertically integrated capabilities in design and engineering, mould design and fabrication, plastic injection moulding to box build assembly. We are able to manufacture components such as wire harness and filter in-house, allowing us to have better control on the supply chain. Our ability to leverage deep integrations and synergies across the value chain enables us to provide the best value for customers.

Customer diversification remains a top priority for ATA. In the last few years, the Group has increased its focus on developing new customer relationships. We have gained good traction with a number of new customers, especially due to rising costs in China and US-China trade tensions.

Business Integrity and Governance

The Group is committed to conduct all business affairs in an ethical, responsible and transparent manner. We are guided by the Code of Ethics and Conduct, which sets out the core principles in relation to ethical business practices.

In FY2021, ATA established its Anti-Corruption and Bribery ("ABC") Policy, outlining its zero-tolerance on any and all form of gratification, as well as the procedures and controls to ensure strict compliance across the Group. The Whistle-blowing Policy was also further enhanced with detailed procedures on how employees and the public are able to report any wrongdoings or bribery via confidential and secured channels.

For more information on ATA's business governance, please refer to the Statement of Corporate Governance on pages 30 to 46 of this Annual Report.

Supply Chain Management

ATA's supply chain practices are governed by the Group's Code of Ethics and ABC Policy. All vendors are carefully evaluated on their capability and integrity before being admitted into the Group's list of qualified suppliers. Suppliers are to comply with Restriction of Hazardous Substances ("RoHS") standard that prohibits materials with certain specific hazardous substances to be supplied to the Group.

We seek to build collaborative long-term working relationships with our suppliers. Annual supplier evaluations and ad-hoc reviews are conducted to ensure continued compliance with industry standards.

ATA has a wide network of suppliers both locally and overseas. As and when feasible, we seek to source locally from vendors located in close proximity to our operations. Local suppliers serve to enhance the speed and flexibility of our supply chain and provide shorter lead times for our customers. During the financial year, local suppliers made up 68% of the Group's total spend.



SUSTAINABILITY STATEMENT



At ATA, we recognise our employees for their valuable contributions to the organisation every day. We believe in providing them a safe and secure workplace and an environment that empowers them to grow and perform.

Occupational Health and Safety

The Group believes that the health and safety of employees is critical for the organisation's sustainability. We place a strong focus in safeguarding our employees' well-being and instilling a healthy and safe work culture.

Our Occupational Safety and Health policy sets out clear guidelines and promotes a culture of individual ownership and responsibility. The policy and its goals are based on the assessment of workplace hazards and risks. Overall, the policy takes a systematic approach in addressing issues ranging from working conditions to social relationships, which in turn have an effect on the physical and mental health of our employees.

We take a proactive approach in the medical surveillance of our employees who are exposed to potential health hazards. Such medical surveillance is conducted by an Occupational Health Doctor based on the Chemical Health Risk Assessment ("CHRA") to monitor and identify any changes in health conditions of the employees. The frequency of medical surveillance is done in compliance with the requirements of Regulations 27(2), Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulations 2000. Employees also have

access to on-site medical clinics for medical treatment during working hours.

On top of regular medical surveillance, we also actively monitor and evaluate the safety and quality of our workplace environment. For example, chemical exposure monitoring is conducted to assess the concentration of contaminants in the air. During the year, the Safety Department also engaged with the Department of Occupational Safety and Health ("DOSH") to discuss about workplace ergonomics, as per Guidelines on Ergonomics Risk Assessment at Workplace 2017, to further refine and enhance working conditions for our employees.

We take workplace accidents very seriously. Employees are required to report all incidents, regardless of severity, promptly to the Safety Department. Detailed investigations will then be conducted and followed with implementation of corrective and preventive action plans. Upon completion of the investigation, a report will be prepared and submitted to DOSH, Department of Labour office and Social Security Organisation ("SOCSO").

The Safety Department rolled out additional trainings during the year to enhance employees' knowledge and readiness on safety. In November 2020, the Safety Department organised an internal training in collaboration with Perkeso on the topic of Vision Zero Campaign. Through this training, employees were able to learn about Vision Zero, which is a strategic approach for preventing workplace accidents and promoting employee health and well-being.



SUSTAINABILITY STATEMENT

COVID -19 Response

From the onset of the COVID-19 pandemic, ATA increased its focus on ensuring the health and safety of its employees. The Group promptly established a taskforce to address critical issues and swiftly rolled out COVID-19 policies and procedures, which were disseminated to all employees across various sites.

To raise awareness about COVID-19, multi-lingual posters were placed at prominent public areas to educate employees about possible symptoms, personal hygiene practices and what to do if feeling unwell. It is an ongoing practice for all employees to undergo temperature screening and check in via the MySejahtera app before entering ATA's premises. In addition, Personal Protective Equipment ("PPE") such as face masks are readily available and required to be worn at all times. Split teams or work-from-home arrangements were implemented where applicable. High contact places such as reception area, washrooms, canteen and lifts undergo increased frequency of cleaning

and disinfection up to three times daily. In order to minimise face-to-face interaction, employees are encouraged to conduct meeting online via video conference.

We remained vigilant and continued to prioritise all employees' safety. During the second lockdown, we ensured all foreign employees underwent polymerase chain reaction ("PCR") testing for thorough detection of potential cases. We also registered our workers under Ministry of International Trade and Industry's ("MITI") Program Immunisasi Industri Covid-19 Kerjasama Awam-Swasta ("PIKAS") which was launched to speed up vaccinations to critical manufacturing sub-sectors.

We ensured all our workplace standard operating procedures ("SOP") complied with government rulings. In January 2021, ATA hosted the Ministry of Health of Malaysia (Kementerian Kesihatan Malaysia) team at our site to demonstrate our stringent workplace SOP in response to COVID-19.



COVID-19 taskforce



Daily temperature checks



Split team or work-from-home



Multi-lingual
COVID-19 posters



Provision of hand sanitiser
and face mask



Increased workplace
sanitisation

▲ COVID-19 Measures

SUSTAINABILITY STATEMENT

Ethical Labour Practices

Our human rights commitment includes no forced labour or slavery, prevention of child labor, non-discrimination, fair disciplinary practices and no harsh or inhumane treatment to employees. All employees are offered fair wages no less than the minimum wage stipulated by the Malaysia's labour laws. Original travel documentations are held by our foreign workers.

In addition, the Group adopts a zero-recruitment cost policy such that our foreign workers are not required to pay any recruitment or agent fees to any third parties during the recruitment process.

Workplace Diversity

At ATA, we embrace diversity and provide equal and fair employment opportunities to people from various backgrounds regardless of gender,

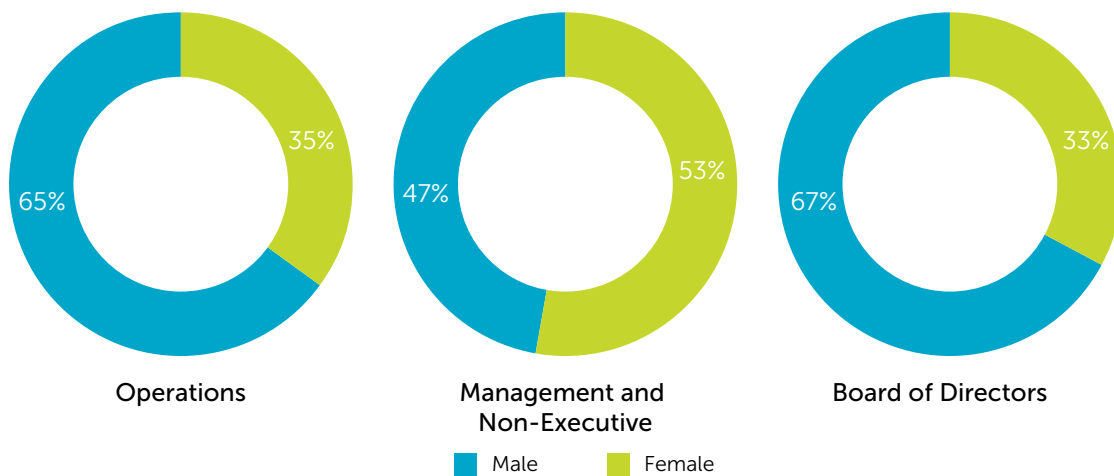
race, age, ethnicity, sexual orientation, disability, marital or social status, and other areas of potential differences. We value and respect our employees for their unique backgrounds, experiences and perspective.

We continue to promote and support women at our workplace and encourage them to grow professionally. For working mothers, they are entitled to maternity benefits such as special parking spaces for expecting mothers, nursing room facilities as well as flexible work-from-home arrangements during the COVID-19 pandemic.

In FY2021, our workforce had a total strength of 8,032 employees.

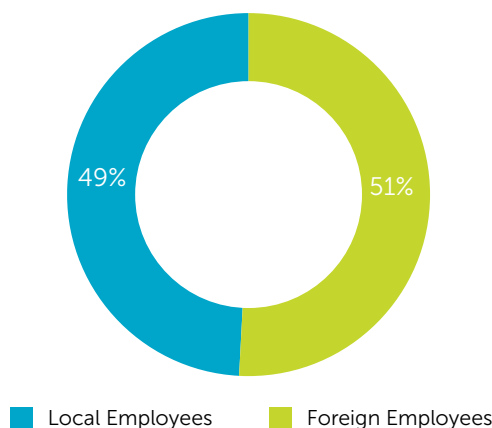
The distribution of women employees across different roles is as below. Moving forward, we endeavor to further increase women's representation across our workforce.

% of Women (as of March 2021)



The distribution of our workforce in terms of local versus foreign employees is as below. We support the local community by engaging locals in various roles across our organisation.

Workforce (as of March 2021)



SUSTAINABILITY STATEMENT

Employee Development and Training

In order to attract and retain the best talent, we strive to provide ample opportunities for our employees to learn and grow. We help foster employees' growth by encouraging them to participate in external training programmes and professional seminars to stay updated on the latest industry skills and knowledge. We also provide on-the-job and in-house training for employees to acquire hands-on experience and knowledge. Due to the pandemic in the last financial year, in-house trainings were conducted in smaller groups while some external trainings were switched online.

In addition, employees undergo annual goal setting and appraisals which give them the opportunity to review their performance and discuss their career development and training needs with their managers. Employees are also able to better understand and align with the Group's strategy and goals for the upcoming year.

Employee Engagement

We seek to cultivate team work and strong relations across the workforce. In FY2021, we were unable to organise large gatherings in-person due to COVID-19 lockdown. However, employees were still able to celebrate festivals in smaller groups within their own departments with packed food while maintaining social distancing. We look forward to resuming our company dinners and team building activities when the COVID-19 situation subsides.

Communication Channels

We have established a Whistle-blowing Policy to provide a safe and confidential channel for employees to report misconduct, non-compliance or any other matters related to work. Recognising that it takes courage to raise an issue, we ensure that the person's identity is protected during the reporting and investigating process.

We believe in promoting a respectful and safe work environment for all our employees. We expect every employee to play a part in creating a good working culture and discourage any misconduct that would jeopardise workplace harmony.

The Group has established various open lines of communication for employees to raise concerns. Grievances and workers satisfactory surveys are conducted by the Group's Human Resources ("HR") department for employees to highlight any issues. HR's contact number and Safecall's hotline are also made available on notice boards for employees to call in the event of emergency or there is a complaint. The HR department strives to handle all matters in an amicable and supportive way.

Employee Compensation and Benefits

The Group offers competitive compensation and benefits to its employees, taking into account work performance, qualifications and experience.

Employee benefits include:



Personal Accident Insurance (GPA)



Hospital & Surgical Insurance Plan (GHS)



Group Term Life Insurance



Access to on-site clinic



Established network of panel clinics



Maternity and Paternity Leave



Compassionate Leave



Marriage Leave



Accommodation allowances

SUSTAINABILITY STATEMENT

Community

The Group values the importance of giving back and fostering meaningful relationships with the local communities. As such, we encourage our employees to make a positive difference by volunteering time, talent and resources to various beneficiaries. Due to the pandemic, we had to put on hold several community activities that were usually organised such as blood donation drives as well as orphanage and old folks' home visits. We look forward to resume these community initiatives once the pandemic subsides.

Amidst the pandemic, the Group remained committed to giving back to community via donations to non-profit organisations. In December 2020, Chief Operating Officer Datuk Balachandran A/L Govindasamy pledged a sponsorship for Newspaper in Education ("Nie") and donated 1,500 school bags to be distributed to needy students. NiE is a programme run by The Star and supported by the Education Ministry to promote literacy among students by using newspaper as a teaching tool.

We strive to continue our efforts in engaging and supporting the local community with the aim to create positive long-term impact to the beneficiaries.



SUSTAINABILITY STATEMENT



ENVIRONMENTAL

We are committed to be a responsible partner in our communities by being environmentally conscious across our value chain. We strive to minimise the impact of our operations on the environment. Through our efforts, we aim to play our part in ensuring the sustainability of the planet's resources.

We have established an Environmental Management System ("EMS") that is guided by our Environmental Policy. Our Environmental Policy outlines our responsibility to protect the environment while providing customers with quality products. We aim to:

- Comply with all applicable environmental laws, regulations, requirements and customer standards.
- Reduce waste, prevent pollution and control the use of environmentally hazardous substances in our manufacturing processes.
- Launch environmental programmes, continuously monitor and improve our controls through training as well as regularly review our environmental performance.
- Ensure the policy is documented, implemented, maintained, communicated, understood and disseminated to all employees within the Group.

As a result of the Group's continuous effort in integrating environmental values in its operations, our subsidiaries have been accredited with ISO 14001: 2015, which is the international industry standard for Environmental Management Systems. The Group also complied with Restriction of Hazardous Substances ("RoHS") requirement.

Waste Management

We strive to reduce our waste outputs as much as possible and ensure proper disposal of waste materials. As an EMS provider, we have a proper system to manage scheduled waste. Scheduled waste is defined as any waste falling within the categories of waste listed in the First Scheduled of the Environmental Quality (Scheduled Wastes) Regulations 2005, Environmental Quality Act 1974. On the production floor, specific waste bins and storage areas are assigned to handle scheduled waste. We ensure that they are collected by registered collectors for proper disposal. Apart from scheduled waste and municipal solid waste, all other outputs are considered non-scheduled waste and are collected in separate bins labelled as general waste. Overall, this segregation system enhances the control and visibility in our waste disposal process.

Furthermore, we responsibly track and monitor our sewage and industrial effluents discharge. Sewage refers to any liquid waste or wastewater discharge containing human, animal, domestic matter in suspension or solution. On the other hand, industrial effluent refers to waste in the form of liquid or wastewater generated from manufacturing processes or any other activities occurring at the industrial premise. We conduct our monitoring as per Malaysian Environmental Quality Act 1974, Environmental Quality (Industrial Effluent) Regulations 2009 and Environmental Quality (Sewage) Regulation 2009 under Existing Sewage Treatment System.



SUSTAINABILITY STATEMENT

Noise Pollution

We are mindful that the usage of machines may result in noise from our production facilities. In order to mitigate excessive noise exposure to external parties, we conduct regular noise monitoring to ensure we are within the regulatory threshold. Data will be collected during normal routine daily operations such that it will be a true reflection of the noise level in the area being measured. These inspections are conducted in accordance with the Guidelines for Environmental Noise Limits and Control set by the Department of Environment ("DOE").

Air Emissions

The Group has undertaken initiatives to track and minimise its emission footprint due to business operations. We regularly conduct stack emission monitoring. Stacks are essentially large industrial chimneys designed to emit and disperse hot air, particulate matter, and pollutants into the atmosphere at certain heights such that they do not constitute danger to surrounding life on the ground. We conduct regular checks to keep track of the air coming out of the emission points to ensure that we comply with emission standards set by the Environmental Quality (Clean Air) Regulations 2014. We also regularly conduct ambient air monitoring, according to DOE's Ambient Air Quality Standard 2020. The objective of this is to observe and understand the state of the surrounding, outdoor air. Data is collected under normal operating conditions of the area to ensure true reflection of air quality.



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 2017 ("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 2021 ("CG Report") which is available on the Company's website at 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 is responsible in setting the strategic direction and providing stewardship of the Group in order to achieve its objectives and goals. The Board is committed in leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in the best interests of ATA. The Directors, collectively and individually, are aware of their responsibilities to all stakeholders for the manner in which the affairs of the Group are managed. The Board sets the Group's values and standards and ensures that its obligations to stakeholders are understood and met.

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:

- Reviewing and adopting the strategic plan of the Group;
- Overseeing and evaluating the conduct of the Group's businesses;
- Identifying principal risks and ensuring that the risks are properly managed;
- Establishing a succession plan for the Group;
- Developing and implementing an investor relations programme or shareholder communication policy;
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including compliance with applicable laws and regulations; and
- Ensuring the adequacy and effectiveness of the Group's Anti-Bribery and Corruption ("ABC") Management and ABC Policy 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.

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

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;
- Acquisition 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";
- Setting of authority levels (i.e. limits of authority), including changes thereof;
- Group's policies i.e Risk Management policy, Anti-Bribery and Corruption policy, Code of Ethics and Conduct, Whistleblowing Policy and all other policies required by LR;
- Corporate announcements to Bursa Securities, the SC or other relevant authorities;
- Remuneration of Directors (except for fees which are to be approved by shareholders);
- Appointment and removal of the Company Secretary; and
- Other relevant matters as may be determined by the Board from time to time.

1.2 Chairman of the Board

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

The Board Chairman is responsible for:

- a) Leading the Board in setting the values and standards of ATA and providing leadership for the Board so that it can perform its responsibilities effectively;
- b) Maintaining a relationship of trust between the Executive and Non-Executive Directors and managing interface between the Board and management;
- c) Ensuring effective communication with shareholders and relevant stakeholders;
- d) Leading the Board in establishing and monitoring 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 CEO and Chairman

The Board adopted the Practice 1.3 of the MCCG 2017 whereby the Chairman and CEO are held by different individuals in order to promote accountability and facilitate division of responsibilities between them. While the Chairman is responsible in leading the Board towards the Group's objective, the CEO focuses on the business and day-to-day management and operations of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part I. Board Responsibilities

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

1.4 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 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 and decisions made by the Board are properly recorded by the Company Secretaries by way of minutes of meetings. The conclusions and the minutes of the previous meeting are distributed to the Board and Committee members prior to the next 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 advices 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.

1.5 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.

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.

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 Access to information and advice

Senior management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advices 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.

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 the Company's website at 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 recognised standards in order to advance business 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 the Company's website at www.ataims.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part I. Board Responsibilities

3. Promoting Good Business Conduct and Healthy Corporate Culture

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 the Company's website at 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 the Company's website at www.ataims.com.my.

Part II. Board Composition

4. Objectivity of the Board

4.1 Independent Directors

The Board consists of six (6) members comprising three (3) Executive Directors, and three (3) Independent Non-Executive Directors. Therefore, the Board's composition is 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 2017 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 are 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part II. Board Composition

4. Objectivity of the Board

4.2 Tenure of Independent Directors

Practice 4.2 of the MCCG 2017 recommends that the tenure of an Independent Director does not exceed the term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. In the event the Board intends to retain such Director as an Independent Non-Executive Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting, normally the Annual General Meeting.

If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process.

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

4.3 Policy on tenure of Independent Directors

Currently, ATA does not implement any policy to limit the tenure of Independent Directors to nine years as the Board is of the opinion that the long tenures of independent directors and familiarity would not erode the Board's objectivity.

As to date, none of the three Independent Directors has served the Board for a cumulative of nine (9) years.

4.4 Diversity of Board and management

The Group acknowledges the importance of boardroom and management diversity. 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.

4.5 Gender diversity

The Board acknowledges the MCCG 2017's call and support for gender diversity in a Board's composition. The Board believes that appointment of Board members, regardless of gender, should be based on experience, character, integrity and competence as these are essential criteria for an effective Board. The position of Group CEO is currently held by a female Director, and two (2) out of the six (6) Board members are female.

4.6 Diversity in sourcing Board members

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

4.7 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part II. Board Composition

5. Board Evaluation

5.1 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 customised questionnaires which include the following:

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

NRC goes through all the evaluation forms in order to come to a conclusion. All assessment and evaluations carried out by the NRC are documented in the minutes of meetings. Overall, NRC is satisfied with the composition of the Board and performance of the Board in terms of the Directors' capacity, integrity and commitment towards the Group. All three Independent Directors also had fulfilled the criteria for Independent Director as defined under LR.

5.2 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.

5.3 Time commitment

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

Notwithstanding that no specific quantum of time has been fixed, all the Board members are required to notify the Board before accepting any new directorship. Any Director is, while holding office, at liberty to accept Board appointment in other companies so long as the appointment is not in conflict with ATA's business and does not affect the discharge of his/her duty as a Director of ATA. To ensure the Directors have the time to focus and 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 (5) 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part II. Board Composition

5. Board Evaluation

5.3 Time commitment

Name	Designation	Attendance	Percentage (%)
Dato' Sri Foo Chee Juan	Executive Chairman cum Executive Director	5/5	100
Dato' Fong Chiu Wan	CEO cum Executive Director	5/5	100
Datuk Balachandran A/L Govindasamy	COO cum Executive Director	5/5	100
Koh Win Ton	Independent Non-Executive Director	5/5	100
Wong Chin Chin	Independent Non-Executive Director	5/5	100
Lee Kok Jong	Independent Non-Executive Director	5/5	100

5.4 Directors' training

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part II. Board Composition

5. Board Evaluation

5.4 Directors' training

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	• Anti-Bribery and Anti-Corruption Training	23 September 2020
Dato' Fong Chiu Wan	• Anti-Bribery and Anti-Corruption Training	23 September 2020
Datuk Balachandran A/L Govindasamy	• Anti-Bribery and Anti-Corruption Training	23 September 2020
Koh Win Ton	<ul style="list-style-type: none"> • Meeting & passing of written resolutions under Companies Act 2016 • Webinar Series : 2021 Budget Seminar • A practical look at share issue, reduction of capital & redemption of preference shares • Beneficial Ownership Reporting • Anti-Bribery and Anti-Corruption Training 	16 December 2020 15 December 2020 6 November 2020 12 October 2020 23 September 2020
Wong Chin Chin	<ul style="list-style-type: none"> • SID Corporate Governance Roundup 2020 • Beneficial Ownership Reporting • Anti-Bribery and Anti-Corruption Training 	17 November 2020 12 October 2020 23 September 2020
Lee Kok Jong	<ul style="list-style-type: none"> • LHDNM-CTIM Tax Forum 2021 • Transfer Pricing • Transfer Pricing – What is transfer pricing and its compliance • Company Secretaries Training Significant 2.0 • Budget Seminar 2021 • Tricor Tax and 2021 Malaysian Budget • Beneficial Ownership Reporting • Anti-Bribery and Anti-Corruption Training • National Tax Conference 2020 • What are the temporary relief measures for listed issuers during COVID-19 Pandemic 	23 March 2021 25 February 2021 18 January 2021 12 to 14 January 2021 27 November 2020 18 November 2020 12 October 2020 23 September 2020 25 to 26 August 2020 15 May 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part III Remuneration

6. Level and Composition of Remuneration of Directors and Senior Management

6.1 Remuneration Policy and Procedure

Practice 6.1 of the MCCG 2017 recommends 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 the Company's website at www.ataims.com.my.

6.2 Nominating and Remuneration Committee

The Board recognises the importance of the Nominating and Remuneration Committee ("NRC") in the selection and assessment of Directors as well as in other aspects of corporate governance in assisting the Board to discharge its fiduciary and leadership functions.

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
<u>Chairman</u>		
Lee Kok Jong	Independent Non- Executive Director	1/1
<u>Members</u>		
Koh Win Ton	Independent Non- Executive Director	1/1
Wong Chin Chin	Independent Non- Executive Director	1/1

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part III Remuneration

6. Level and Composition of Remuneration of Directors and Senior Management

6.2 Nominating and Remuneration Committee

- Reviewed and recommended to the Board of Director's for the approval of Policy and Procedure on Nomination and Selection of Director which will be applied with effect from 23rd February 2021. The objective of this Policy and Procedure is to enable ATA to adhere to required criteria, appropriate evaluation and selection procedures in seeking and recommending candidate that possess the qualification, leadership skills, knowledge, competency and integrity required to direct and oversee the Group in the best interests of its stakeholders.

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 the Company's website at www.ataims.com.my.

7. Disclosure of Directors' and Senior Management's Remuneration

7.1 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	Defined Contribution RM'000	Total RM'000
Dato' Sri Foo Chee Juan	Executive Chairman Cum Executive Director	-	2,686	544	384	3,614
Dato' Fong Chiu Wan	CEO cum Executive Director	-	2,686	544	384	3,614
Datuk Balachandran A/L Govindasamy	COO cum Executive Director	-	2,241	633	299	3,173
Koh Win Ton	Independent Non- Executive Director	100	-	-	-	100
Wong Chin Chin	Independent Non- Executive Director	100	-	-	-	100
Lee Kok Jong	Independent Non- Executive Director	100	-	-	-	100

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part III Remuneration

7. Disclosure of Directors' and Senior Management's Remuneration

7.2 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	Other Key Senior Management
350,000 - 400,000	-	1
3,150,000 - 3,200,000	1	-
3,600,000 - 3,650,000	2	-

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I. Audit Committee

8.1 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.

8.2 Policy that requires cooling-off period for a former key audit partner

The AC has a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) 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.

8.3 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I. Audit Committee

8.3 Assessment of suitability, objectivity and independence of external auditor

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

- a) AC is to obtain written assurance from the external auditors, at the conclusion of the audit works, confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
- b) Ex-employees of the Group's external auditor joining the Group must be pre-approved by the Group Financial Controller for non-managerial employees or by the AC for managerial employees;
- c) A former key audit partner is required to observe two (2) years cooling off period before being appointed as an AC member;
- d) Practices on the rotation of audit partner by external auditor in compliance to Malaysian regulations and ethical guidance;
- e) Declaration from the external auditors, on an annual basis, information about their policies and processes as well as monitoring system in relation to ethics and independence which shall be in compliance with relevant regulatory requirements;
- f) Assurance from external auditors that representatives of the external auditors assigned to the engagements with the Group are independent and clear of potential conflict of interest, that they have no family, financial, employment, investment or any other business relationship with the Group, other than that in the normal course of business; and
- g) Commitment between the Group and the external auditors not only apply to the audit services but also extended to non-audit services which were provided by the external auditors or an affiliated firm of the external auditors. Guidelines for non-audit services in relation to term of engagement, approval for engagement, type of allowable non-audit services and fees structure shall be adhered to accordingly.

In this regard, the AC had assessed the independence of KPMG PLT as external auditors of ATA as well as reviewed the level of non-audit services rendered by KPMG PLT to the Group for the financial year under review. The AC was satisfied with the technical competency and audit independence of KPMG PLT. Having satisfied itself with the performance of and 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 32nd Annual General Meeting.

8.4 Composition of AC

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

8.5 Competency of AC

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Part II. Risk Management and Internal Control Framework

9 Effective Risk Management and Internal Control Framework

9.1 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.

9.2 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.

10 Effective Governance, Risk Management and Internal Control framework

10.1 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.

10.2 Internal auditors' resources

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part I. Communication with Stakeholders

11. Continuous Communication between ATA and Stakeholders

11.1 Effectiveness, transparency and regularity communication

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

ATA takes into account Practice 11.0 of the MCCG 2017 which recommends continuous communication between ATA and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

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

1) ATA's website

Through the Group's website (www.ataims.com.my) 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.

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: +607 334 0911
Fax No.: +607 334 5912
Email: winton.koh@ataims.com.my

3) Announcement to Bursa Securities

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part I. Communication with Stakeholders

11. Continuous Communication between ATA and Stakeholders

11.1 Effectiveness, transparency and regularity communication

4) Annual Report

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

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

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

Part II. Conduct of General Meetings

12. Engagement of shareholders at AGM

12.1 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 12.1 MCCG 2017, the Notice of the 31st 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 scrutinise 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.

12.2 Attendance of Directors

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

During the 31st AGM held last year, all Directors were present and all questions raised by shareholders were addressed in the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2017, 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 3 August 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITY

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

The Directors are responsible for the following, that:

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

This Statement was approved by the Board on 3 August 2021.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

A. 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 2021 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") 2017 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.

B. Board Responsibility

The Board which has diverse and extensive knowledge and ability is accountable for the overall corporate governance and business strategy of the Group and is entrusted to be able to ensure the best utilisation of the Group's resources for the best interest of its shareholders and to safeguard the Group's assets. Therefore, the Board 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.

In this regards, the Board acknowledges governance, risk management and internal control system as integral parts of the Group's business operations and affirms that the Group has in place an ongoing process for identifying, assessing, evaluating, managing and mitigating significant risks across the Group.

This involves the Board 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").

To enhance the implementation and execution for its corporate governance and risk oversight responsibilities, 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 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.

C. Group Risk Management Framework

A formal comprehensive structured risk management framework has been established to help identify the key risks faced by the Group, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks. Risk management processes have been put in place throughout the Group and ongoing reviews on the process are carried out for the year under review and up to the date of the Annual Report. This forms the structured risk management process to manage risk to be within its risk appetite and to maximise the opportunity identified on the Group basis in order to provide reasonable assurance to achieve its objectives.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The principles, practices and process of the risk management framework established by the Board are, in all material aspects, guided by ISO 31000:2018 – Risk Management Guidelines. The risk management framework clearly defines the risk management's objectives and processes, along with clear roles and responsibilities of the Board, AC (the governance oversight role), SRMC, risk owners, key sustainability & risk officers and outsourced Internal Audit Function.

The Group uses Key Risk Registers 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 Risks Profile from SRMC and was satisfied with the existing risk management processes and internal controls in place.

Overall, the risk management process is overseen by SRMC and involves all the HODs within the Group with governance oversight by the AC. The 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.

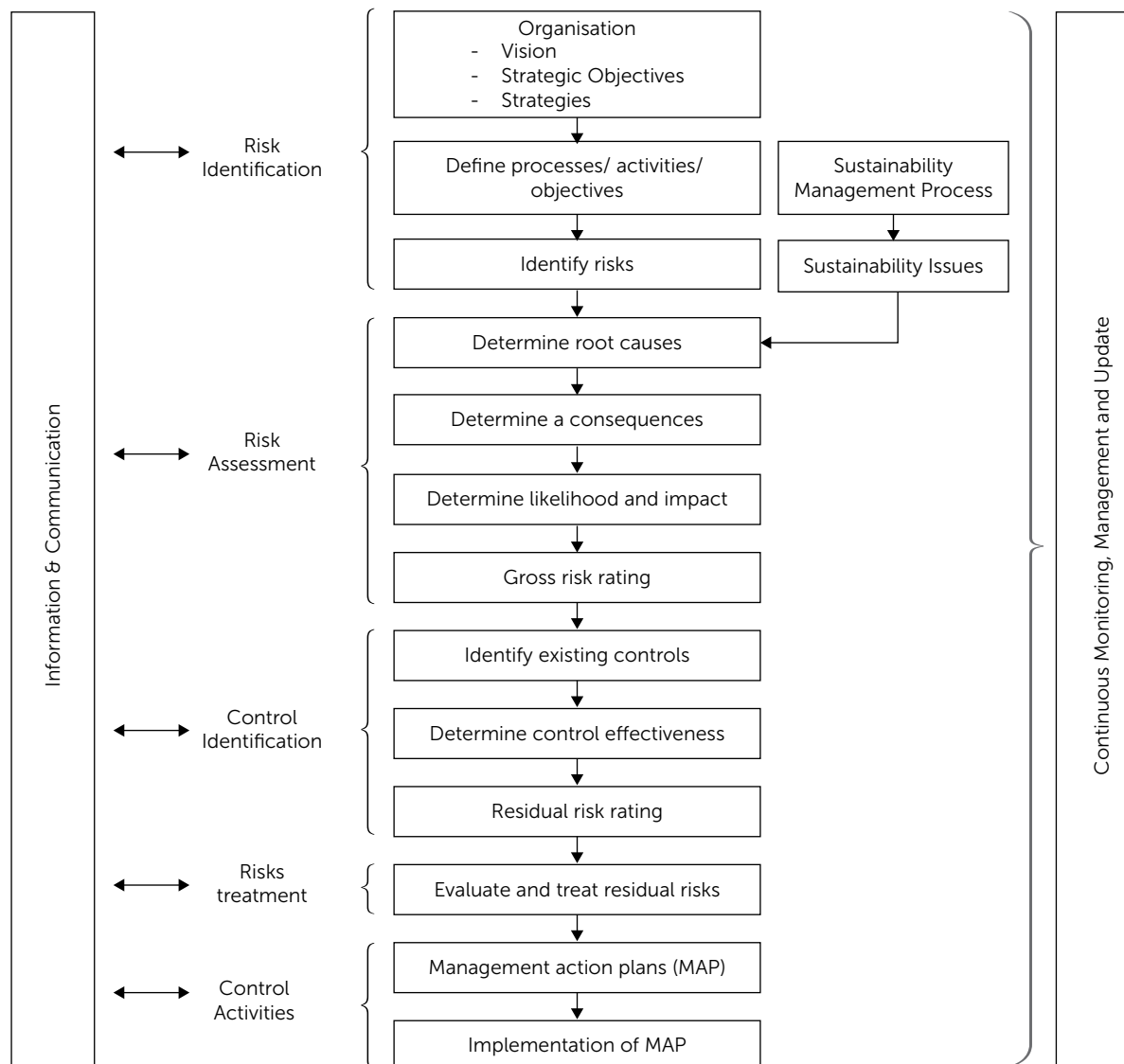
The above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

During the financial year under review, SRMC conducted a review and assessment exercise on existing strategic, governance, financial, fraud and key operational risks and opportunities of the Group and incorporated into the Key Risk Registers for ongoing risk and opportunities monitoring. Key Risk Report (included but not limited to, Key Risks Profile, existing control activities for risks mitigation and opportunities optimisation, likelihood and impact rating used and risk management process employed for review and assessment exercise by the management) was compiled and tabled to the AC for its review and deliberation on its adequacy and effectiveness. Results of its review have been reported to the Board, which assumed the primary responsibility of the risk management of the Group.

To align the Group's anti-bribery activities to the Adequate Procedures Principle II – Risk Assessment per Guidelines on Adequate Procedures Pursuant to Subsection 5 of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 and compliance with Paragraph 15.29(c) of Main Market Listing Requirements, SRMC and risk owners performed bribery risk assessment during the financial year under review with Bribery Risk Report (consists of key bribery risks profile) prepared and tabled to the Audit Committee and Board for review and deliberation.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The risk assessment process is illustrated by the following diagram:



D. Internal Control System

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

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

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

- Annual business plans, strategies and budgets are presented by senior executive management to the Board for review and approval;
- An organisational structure which formally defines lines of responsibilities, accountabilities of performance and controls and delegation of authority is in place;
- Effective and efficient information and communication infrastructures and channels, i.e. computerised systems, secured intranet, electronic mail system and modern telecommunication, are put in place so that operation data and management information can be collected and communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders;
- Quarterly financial reports with comprehensive information on financial performance and key business indicators are reviewed by the Audit Committee and approved by the Board;
- The Board and the AC meet at least once every quarter to discuss matters raised by management and Internal Auditor on corporate and operation matters. Any potential financial and non-financial risks; monitoring and control measures; and significant changes in the business and environment will be discussed;
- Operation meetings between senior management and HODs are conducted to address ongoing operational issues and the senior management will report key issues to either Executive Chairman, CEO or COO for further deliberation and decision;
- Executive Chairman, CEO and COO receive and review financial reports from each business unit on monthly basis and/or when necessary;
- The tone from the top on integrity and ethical values are enshrined in the Code of Ethics and Conduct to ensure that working environments and conditions are safe and healthy, conflicts of interest are avoided, workers are treated with respect and dignity, confidentiality is observed, good personal behaviour is exhibited and business operations are conducted ethically;
- Recruitment, staff entitlement and termination guidelines are in place and documented in the Employee Handbook. Code of conduct at work and company's rules and regulations are communicated to all employees upon their employment;
- Anti-Bribery and Corruption ("ABC") Policy and it's framework was established on 20 May 2020 in conjunction to the introduction of Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, with the aim to ensure zero tolerance to any act of bribery or corruption throughout the organisation. 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 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;

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

- 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; and
- Internal and external quality and surveillance audits are conducted on a regular basis to ensure compliance. The external audits are conducted by assessors certified by the accreditation bodies and the following ISO Certifications at the Group's Manufacturing Divisions were renewed during the year:
 - ISO 13485:2016 Quality Management System in Medical Device;
 - ISO 14001:2015 Environmental Management System;
 - ISO 22000:2005 Manufacturing of Plastic Component for Food Packaging Application (to be replaced by ISO 22000:2018 in July 2021);
 - OHSAS 18001:2007 Occupational Health and Safety Management (replaced by ISO 45001:2018 with effect from April 2021) ;
 - ISO 9001:2015 Quality Management System; and
 - IATF 16949:2016 Quality Specification for Automotive Industry Supply Chain.

E. Internal Audit Function

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

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

The 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. During the financial year under review, 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.

Based on the formal evaluation of internal audit function performed, resources and qualification, continuous professional development of outsourced internal audit function and review of the works performed and deliverables by the outsourced internal audit function during the financial year, AC and the Board are satisfied with the independence and objectivity, resources and competency of the internal audit processes and results.

During the financial year under review, based on the risk-based internal audit plan reviewed by AC and approved by the Board on recommendation by AC, the outsourced internal audit function had conducted visits at the group's main operation plant to assess its adequacy and effectiveness of its internal control system for the production processes, management information system, ABC management (including its compliance with Group policies and procedures) and 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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

During the financial year under review, the AC met with the outsourced internal audit function without the presence of management to enhance independence and promote free flow of information.

The AC reviews the internal audit reports to assess the effectiveness and adequacy of the risk management, including bribery and corruption risks as well as overall internal control system, for reporting of its findings to the Board. During the year, the AC 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. The Group had incurred RM73,100 for Internal Audit fees during the financial year.

F. 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 2021, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in 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.

G. Assurance from Management

For the financial year ended 2021 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.

H. 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 3 August 2021.

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 2021 in compliance with Paragraph 15.15 (1) of the Listing Requirements of the Bursa Securities.

MEMBERS

Koh Win Ton

Chairman, Independent Non-Executive Director

Wong Chin Chin

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 8.1 of the Malaysian Code on Corporate Governance 2017 ("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
Wong Chin Chin	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

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 and one (1) private session with the Internal Auditors without the presence of management.

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;

AUDIT COMMITTEE REPORT

- Reviewed the EA's Audit Status Memorandum and Management Letter for improving internal controls based on their observations made during the course of the external audit, management's response to the issues and findings was that these issues and findings will be discussed internally with the management team and ensure that they are resolved; and
- Assessed the performance, independence and objectivity of EA through a prescribed Suitability and Independence Checklist.

B. Internal Audit

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

C. Internal Control, Risk Management and Financial Reporting

- Reviewed the Group's Quarterly Interim Financial Statements before a recommendation is made to the Board for approval;
- Reviewed the Group's annual Audited Financial Statements and confirmed with management and External Auditors that the Audited Financial Statements have been prepared in compliance with applicable Malaysian Financial Reporting Standards;
- Reviewed the new accounting policies adopted by the Group to ensure compliance with the applicable approved Malaysian Financial Reporting Standards;
- Reviewed the Group's annual Financial Budgets and Capital Expenditure Budget and recommended to the Board for approval;
- Review of recurrent related party transactions on quarterly basis to ensure transactions involved related parties are free from conflict of interest;
- Received and reviewed the Key Risk Report and Key Risk Registers presented by the management to ensure the adequacy of the scope of coverage and acceptability of the residual risks and proposed management action plans with the results on its review and recommendation reported to the Board;
- Advised and reviewed the implementation of Anti-Bribery and Corruption ("ABC") Policy and its framework in accordance to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, as well as assessed 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 and Internal Auditor respectively, on the performance of ABC management and reported the finding and recommendations to the Board;
- Advised and reviewed the dividend payout to shareholders during the year;
- Advised and reviewed the voluntary winding up of PT Winsheng Plastic and Tooling Industry;
- Advised the Corporate Exercise in regards to share buy-back and reviewed the share buy-back statement and mandate for recurrent related party transaction dated 25 August 2020 as well as attended Annual General Meeting on 23 September 2020 to address issues raised by shareholders before seeking shareholders' approval;

AUDIT COMMITTEE REPORT

- Advised and reviewed the updated Board Charter on the new role for AC and Board in regards to the implementation of ABC management and made recommendation to the Board for approval; 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 52 to 53 of this Annual Report.

This Audit Committee Report is made in accordance with a resolution of the Board of the Directors dated 3 August 2021.

OTHER DISCLOSURES

Share Buy-Back

Subsequent to the Shareholders' approval obtained at an Extraordinary General Meeting on 21 October 2019, where the Company was granted authority to purchase its own ordinary shares of up to 10% of the entire issued paid-up share capital, the Company had on 23 July 2020 undertaken a Share Buy Back totaling of 1,507,400 ordinary shares ranging from RM1.25 to RM1.27 each, with a total consideration paid amounting RM1,896,730.

On 23 September 2020, there was a renewal of Authority for Share Buy Back whereby Shareholders' approval were obtained at the Annual General Meeting, which granted the Company authority to purchase its own ordinary shares of up to 10% of the entire issued and fully paid share capital.

Audit Fees

The Audit fees payable to the External Auditors of the Company and the Group for the financial year ended 31 March 2021 were as follows:

Audit Fees	Company (RM)	Group (RM)
Messrs KPMG PLT	65,000	295,500
Other auditors	-	52,874

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 2021 were as follows:

Non Audit Fees	Company (RM)	Group (RM)
Messrs KPMG PLT and its affiliates	13,000	52,500
Other auditors and its affiliates	-	37,367

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 2021, there were Related Party Transactions entered into by subsidiary 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 or trading nature pursuant to paragraph 10.09 of the Listing Requirements of Bursa Securities at the forthcoming AGM.

OTHER DISCLOSURES

During the 31st AGM held on 23 September 2020, the Company obtained a shareholders' mandate for recurrent related party transactions of a revenue or trading nature between Winsheng Plastic Industry Sdn Bhd ("Winsheng") and ATA Industrial (M) Sdn Bhd ("AIM") with Microtronics Technology Sdn Bhd ("Microtronics") as follows :

Transacting party within the Group	Transacting party	Nature of transactions	Shareholders' Mandate approved during the previous AGM on 23 Sep 2020	Actual aggregate value of transactions from 24 Sep 2020 to 31st Mar 2021
Winsheng (Provider)	Microtronics (Recipient)	Sales of plastic and assembly parts in the ordinary course of business	20,000,000	841,345
Winsheng (Recipient)	Microtronics (Provider)	Purchase of assembly parts in the ordinary course of business	20,000,000	4,427,389
AIM (Recipient)	Microtronics (Provider)	Purchase of assembly parts in the ordinary course of business	1,300,000,000	579,204,829
AIM (Provider)	Microtronics (Recipient)	Sales of plastic and assembly parts in the ordinary course of business	36,000,000	9,770,545

Utilisation of Proceeds

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

PRINCIPAL ACTIVITIES

The 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
Profit for the year	150,300	40,895

RESERVES AND PROVISIONS

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

DIVIDENDS

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

- i) In respect of the financial year ended 31 March 2020 as reported in the Directors' Report of that year:
 - a dividend of 2.00 sen per ordinary share totalling RM24,057,272 declared on 18 August 2020 and paid on 28 October 2020.

- ii) In respect of the financial year ended 31 March 2021:

The Directors proposed a final dividend of 3.35 sen per ordinary share totalling RM40,295,931 for the financial year ended 31 March 2021 subject to the approval of the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect the proposed final dividend, which will be accounted for in the statement of changes in equity as an appropriation of retained earnings in the financial year ending 31 March 2022.

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
 Datuk Balachandran A/L Govindasamy
 Mr. Koh Win Ton
 Ms. Wong Chin Chin
 Mr. Lee Kok Jong

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

DIRECTORS' INTERESTS IN SHARES

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

Name of Directors	Interest	Number of ordinary shares			
		At 1 April 2020 '000	Bought '000	Sold '000	At 31 March 2021 '000
Company					
Dato' Sri Foo Chee Juan	Deemed ⁽¹⁾	406,896	-	-	406,896
Dato' Fong Chiu Wan	Direct	314,066	-	-	314,066
Datuk Balachandran A/L Govindasamy	Direct	8,431	92	(315)	8,208
	Deemed ⁽²⁾	86,005	-	-	86,005

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

⁽²⁾ Deemed interested by virtue of his equity interest in PP Tech Limited.

By virtue of Dato' Sri Foo Chee Juan's and Dato' Fong Chiu Wan's substantial interest 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 2021 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company or of related corporations) by reason of a contract made by the Company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than sales and purchases in the ordinary course of business to/from companies in which the Directors have substantial financial interests as disclosed in Note 28 to the financial statements.

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

ISSUE OF SHARES

At the Annual General Meeting held on 23 September 2020, the shareholders of the Company renewed their approval for the Company to repurchase its own shares up to 10% of the Company's share capital and the maximum fund allocated for the repurchase shall not exceed the aggregate of the retained profits of the Company at the time of the purchase. During the financial year, the Company repurchased from the open market a total of 1,507,400 of its issued ordinary shares with an average repurchase price of RM1.26. The repurchase transactions were financed by internally generated funds and the repurchased shares are being held as treasury shares and carried at cost.

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

During the financial year, the total premium paid for insurance effected for Directors and officer of the Group and of the Company is RM24,500.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

AUDITORS

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

The auditors' remuneration is disclosed in Note 19 to the financial statements.

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

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

.....
Dato' Fong Chiu Wan
Director

Date: 3 August 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Property, plant and equipment	3	368,851	337,103	-	-
Right-of-use assets	4	6,908	8,225	-	-
Investments in subsidiaries	5	-	-	1,321,414	1,323,166
Goodwill on consolidation	6	76,414	76,414	-	-
Total non-current assets		452,173	421,742	1,321,414	1,323,166
Inventories	7	458,487	369,182	-	-
Contract assets	8	86,541	36,109	-	-
Trade and other receivables	9	984,553	716,068	58,327	39,119
Current tax assets		2,587	3,722	-	-
Derivative financial assets	10	213	-	-	-
Cash and cash equivalents	11	351,208	359,627	137	2,751
Total current assets		1,883,589	1,484,708	58,464	41,870
Total assets		2,335,762	1,906,450	1,379,878	1,365,036
Equity					
Share capital	12	1,338,445	1,338,445	1,338,445	1,338,445
Reserves	12	(547,749)	(671,516)	41,199	26,258
Total equity attributable to owners of the Company		790,696	666,929	1,379,644	1,364,703
Liabilities					
Loans and borrowings	13	118,293	109,557	-	-
Lease liabilities		5,178	6,781	-	-
Deferred tax liabilities	14	19,436	14,438	-	-
Total non-current liabilities		142,907	130,776	-	-
Loans and borrowings	13	434,568	354,174	-	-
Lease liabilities		2,019	1,592	-	-
Trade and other payables	15	965,374	752,845	234	333
Contract liabilities	8	198	134	-	-
Total current liabilities		1,402,159	1,108,745	234	333
Total liabilities		1,545,066	1,239,521	234	333
Total equity and liabilities		2,335,762	1,906,450	1,379,878	1,365,036

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 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	16	4,221,815	3,352,243	47,850	27,180
Cost of sales		(3,916,389)	(3,150,748)	-	-
Gross profit		305,426	201,495	47,850	27,180
Other income		9,201	13,006	-	-
Distribution expenses		(72,110)	(55,365)	-	-
Administrative expenses		(38,309)	(33,296)	(781)	(878)
Other expenses		(1,702)	(10,715)	(6,177)	(177)
Results from operating activities		202,506	115,125	40,892	26,125
Finance income		7,302	9,818	27	91
Finance costs	17	(17,770)	(18,145)	-	-
Net finance (costs)/income		(10,468)	(8,327)	27	91
Profit before tax		192,038	106,798	40,919	26,216
Tax expense	18	(41,738)	(30,528)	(24)	(31)
Profit for the year	19	150,300	76,270	40,895	26,185
Other comprehensive (expense)/income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation/					
Other comprehensive (expense)/income for the year, net of tax		(579)	585	-	-
Total comprehensive income for the year attributable to owners of the Company		149,721	76,855	40,895	26,185
Basic earnings per ordinary share (sen)	20	12.49	6.33		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

		Attributable to owners of the Company					
		Non-distributable		Distributable			
Group	Note	Share capital RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Reverse accounting reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2019		1,338,445	-	59	(1,104,436)	395,630	629,698
Foreign currency translation differences for foreign operation/ Total other comprehensive income for the year		-	-	585	-	-	585
Profit for the year		-	-	-	-	76,270	76,270
Total comprehensive income for the year		-	-	585	-	76,270	76,855
Contributions by and distributions to owners of the Company							
Dividends to owners of the Company/ Total transactions with owners of the Company	21	-	-	-	-	(39,624)	(39,624)
At 31 March 2020/1 April 2020		1,338,445	-	644	(1,104,436)	432,276	666,929
Foreign currency translation differences for foreign operation/ Total other comprehensive expense for the year		-	-	(579)	-	-	(579)
Profit for the year		-	-	-	-	150,300	150,300
Total comprehensive (expense)/income for the year		-	-	(579)	-	150,300	149,721
Contributions by and distributions to owners of the Company							
Own shares acquired	12	-	(1,897)	-	-	-	(1,897)
Dividends to owners of the Company	21	-	-	-	-	(24,057)	(24,057)
Total transactions with owners of the Company		-	(1,897)	-	-	(24,057)	(25,954)
At 31 March 2021		1,338,445	(1,897)	65	(1,104,436)	558,519	790,696

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

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 RM'000	
At 1 April 2019		1,338,445	-	39,697	1,378,142
Profit and total comprehensive income for the year		-	-	26,185	26,185
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company/ Total transactions with owners of the Company	21	-	-	(39,624)	(39,624)
At 31 March 2020/1 April 2020		1,338,445	-	26,258	1,364,703
Profit and total comprehensive income for the year		-	-	40,895	40,895
<i>Contributions by and distributions to owners of the Company</i>					
Own shares acquired	12	-	(1,897)	-	(1,897)
Dividends to owners of the Company	21	-	-	(24,057)	(24,057)
Total transactions with owners of the Company		-	(1,897)	(24,057)	(25,954)
At 31 March 2021		1,338,445	(1,897)	43,096	1,379,644

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities					
Profit before tax		192,038	106,798	40,919	26,216
Adjustments for:					
Bad debts written off		449	-	-	-
Depreciation :					
- Property, plant and equipment		39,213	33,266	-	-
- Right-of-use assets		3,377	3,238	-	-
Finance income		(7,302)	(9,818)	(27)	(91)
Finance costs	17	17,770	18,145	-	-
(Reversal of impairment loss)/Impairment loss on:					
- Trade receivables		(51)	117	-	-
- Other receivables		-	205	-	158
- Amounts due from subsidiaries		-	-	4,039	-
- Investments in subsidiaries		-	-	2,138	-
Loss/(Gain) on disposal of property, plant and equipment		54	(14)	-	-
Gain arising from lease modification		(2)	(495)	-	-
Unrealised (gain)/loss on foreign exchange		(4,874)	7,365	-	-
Inventories:					
- Allowance for slow moving		506	930	-	-
- Write-down to net realisable value		96	417	-	-
Fair value gain on derivative instruments		(213)	-	-	-
Operating profit before changes in working capital		241,061	160,154	47,069	26,283
Change in inventories		(89,907)	(152,651)	-	-
Change in contract assets		(50,432)	8,106	-	-
Change in trade and other receivables		(268,883)	23,086	(50,427)	(22,683)
Change in trade and other payables		202,132	106,289	(99)	(511)
Change in contract liabilities		64	(84)	-	-
Cash generated from/(used in) operations		34,035	144,900	(3,457)	3,089
Dividend received		-	-	27,180	45,220
Interest received		-	-	27	91
Tax paid		(35,605)	(38,176)	(24)	(31)
Net cash (used in)/from operating activities		(1,570)	106,724	23,726	48,369

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

cont'd

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	22	(9,705)	(36,511)	-	-
Proceeds from disposal of property, plant and equipment		1,157	14	-	-
Change in pledged deposits		9,346	(3,074)	-	-
Increase in investment in subsidiaries		-	-	(386)	(6,034)
Interest received		7,302	9,818	-	-
Net cash from/(used in) investing activities		8,100	(29,753)	(386)	(6,034)
Cash flows from financing activities					
Repayment of term loans		(2,107)	(3,086)	-	-
Proceeds from/(Repayment of) bankers' acceptances		73,601	(4,426)	-	-
(Repayment of)/Proceeds from supply chain financing		(19,306)	97,950	-	-
Repayment of hire purchase liabilities		(39,504)	(19,951)	-	-
Payment of lease liabilities		(3,234)	(3,125)	-	-
Proceeds from revolving credits		30,000	-	-	-
Dividends paid to owners of the Company		(24,057)	(39,624)	(24,057)	(39,624)
Repurchase of treasury shares		(1,897)	-	(1,897)	-
Interest paid		(17,770)	(18,145)	-	-
Net cash (used in)/from financing activities		(4,274)	9,593	(25,954)	(39,624)
Net increase/(decrease) in cash and cash equivalents		2,256	86,564	(2,614)	2,711
Effect of exchange rate fluctuation on cash held		(662)	-	-	-
Cash and cash equivalents at 1 April		340,632	254,068	2,751	40
Cash and cash equivalents at 31 March	11	342,226	340,632	137	2,751

Cash outflows for leases as a lessee

		Group	
	Note	2021 RM'000	2020 RM'000
Included in net cash from operating activities			
Payment relating to short-term leases	19	18,277	16,049
Covid-19 related rent concessions income	19	(30)	-
Included in net cash from financing activities			
Payment of lease liabilities		3,234	3,125
Interest paid in relation to lease liabilities	17	489	547
Total cash outflows for leases		21,970	19,721

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

cont'd

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

Group	At 1 April 2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Acquisition of new hire purchase liabilities (Note 22) RM'000	Derecog -nition of leases RM'000	At 31 March 2020/ 1 April 2020 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Acquisition of new hire purchase liabilities (Note 22) RM'000	Derecog -nition of leases RM'000	At 31 March 2021 RM'000
Hire purchase liabilities	74,337	(19,951)	-	32,095	-	86,481	(39,504)	-	47,113	-	94,090
Term loans	61,888	(3,086)	-	-	-	58,802	(2,107)	-	-	-	56,695
Bankers' acceptances	219,257	(4,426)	-	-	-	214,831	73,601	-	-	-	288,432
Supply chain financing	-	97,950	-	-	-	97,950	(19,306)	-	-	-	78,644
Revolving credits	5,000	-	-	-	-	5,000	30,000	-	-	-	35,000
Lease liabilities	13,183	(3,125)	8,121	-	(9,806)	8,373	(3,234)	2,158	-	(100)	7,197
Total liabilities from financing activities	373,665	67,362	8,121	32,095	(9,806)	471,437	39,450	2,158	47,113	(100)	560,058

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 2021 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 2021 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 3 August 2021.

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 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION *cont'd*

(a) Statement of compliance *cont'd*

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

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

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

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

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 4 - Extension options and incremental borrowing rate in relation to leases
- Note 5 - Impairment of investments in subsidiaries
- Note 6 - Goodwill on consolidation
- 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.

The Group has early adopted Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions* and Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*. The amendment introduces an optional practical expedient for leases in which the Group is a lessee - i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the Covid-19 coronavirus pandemic are lease modifications. There is no significant financial impact on the adoption of Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions* and Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(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.

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(j)(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(j)(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(j)(ii)).

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

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

Financial liabilities

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

(a) *Fair value through profit or loss*

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

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

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

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

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

(b) *Amortised cost*

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(iii) Regular way purchase or sale of financial assets

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

Trade date accounting refers to:

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

Settlement date accounting refers to:

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

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

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

(iv) Financial guarantee contracts

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

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

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

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

(v) Derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(vi) Offsetting

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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

(iii) Depreciation *cont'd*

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

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

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

(e) Leases

(i) Definition of a lease

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Leases *cont'd*

(ii) Recognition and initial measurement *cont'd*

(a) As a lessee *cont'd*

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.

The Group has applied Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions* and Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Covid-19 pandemic are lease modification. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Leases *cont'd*

(ii) Recognition and initial measurement *cont'd*

(b) As a lessor *cont'd*

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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.

(h) 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(j)(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.

(i) 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.

(j) Impairment

(i) Financial assets

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(j) Impairment *cont'd*

(i) Financial assets *cont'd*

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

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

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

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

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

(ii) Other assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(j) Impairment *cont'd*

(ii) Other assets *cont'd*

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.

(k) 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.

(l) 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*

(l) 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.

(m) Revenue and other income

(i) Revenue

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

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

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

(ii) Interest income

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

(iii) Dividend income

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

(iv) Lease income

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

(v) Government grants

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(n) 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.

(o) Income tax

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

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

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

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

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

Unutilised reinvestment allowance is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(p) Earnings per ordinary share

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

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

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

(q) 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.

(r) 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.

(s) 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
Group							
At cost							
At 1 April 2019	126,882	269,939	15,340	5,278	24,469	-	441,908
Additions	-	64,165	3,221	1,603	4,108	688	73,785
Disposals/Written off	-	(37)	-	(37)	-	-	(74)
Translation differences	-	(101)	(5)	-	(6)	-	(112)
At 31 March 2020/ 1 April 2020	126,882	333,966	18,556	6,844	28,571	688	515,507
Additions	-	64,965	2,373	37	4,714	-	72,089
Disposals/Written off	-	(12,062)	(378)	(129)	(83)	-	(12,652)
Translation differences	-	92	3	-	6	-	101
At 31 March 2021	126,882	386,961	20,554	6,752	33,208	688	575,045
Accumulated depreciation							
At 1 April 2019	7,339	115,856	8,325	2,571	11,142	-	145,233
Depreciation charge	2,019	26,504	1,738	955	2,050	-	33,266
Disposals/Written off	-	(37)	-	(37)	-	-	(74)
Translation differences	-	(18)	(2)	-	(1)	-	(21)
At 31 March 2020/ 1 April 2020	9,358	142,305	10,061	3,489	13,191	-	178,404
Depreciation charge	2,020	31,909	1,973	989	2,322	-	39,213
Disposals/Written off	-	(10,926)	(355)	(128)	(32)	-	(11,441)
Translation differences	-	16	1	-	1	-	18
At 31 March 2021	11,378	163,304	11,680	4,350	15,482	-	206,194
Carrying amounts							
At 1 April 2019	119,543	154,083	7,015	2,707	13,327	-	296,675
At 31 March 2020/ 1 April 2020	117,524	191,661	8,495	3,355	15,380	688	337,103
At 31 March 2021	115,504	223,657	8,874	2,402	17,726	688	368,851

NOTES TO THE FINANCIAL STATEMENTS

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

3.1 Carrying amounts of land and buildings

Included in the carrying amount of land and buildings are:

	Group	
	2021 RM'000	2020 RM'000
Land	39,463	39,463
Buildings	76,041	78,061
	115,504	117,524

3.2 Land and buildings subject to operating lease

Certain land and buildings of the Group with carrying amounts of RM25,667,000 (2020: RM25,973,000) are leased to a company in which certain Directors have substantial financial interests.

The following are recognised in profit or loss:

	Group	
	2021 RM'000	2020 RM'000
Lease income	2,040	2,040

3.3 Security

The land and buildings, plant and machineries of the Group with carrying amounts of RM117,603,000 (2020: RM119,624,000) 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 RM143,676,000 (2020: RM135,446,000).

4. RIGHT-OF-USE ASSETS

	Land RM'000	Factories RM'000	Hostels RM'000	Total RM'000
Group				
At 1 April 2019	-	12,456	197	12,653
Addition	233	7,888	-	8,121
Depreciation	(39)	(3,030)	(169)	(3,238)
Derecognition*	-	(9,311)	-	(9,311)
At 31 March 2020/1 April 2020	194	8,003	28	8,225
Addition	-	-	2,158	2,158
Depreciation	(116)	(1,573)	(1,688)	(3,377)
Derecognition*	-	-	(98)	(98)
At 31 March 2021	78	6,430	400	6,908

* Derecognition of the right-of-use assets during 2021 is as a result of partial termination (2020 was as a result of lease modification).

NOTES TO THE FINANCIAL STATEMENTS

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

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

4.1 Significant judgements and assumptions in relation to leases

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

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

4.2 Extension options

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

Group	Lease liabilities recognised (discounted) RM'000	Potential future lease payments not included in lease liabilities (discounted) RM'000	Historical rate of exercise of extension options %
2021			
Lease assets	7,197	2,106	80
2020			
Lease assets	8,373	213	90

5. INVESTMENTS IN SUBSIDIARIES

	Company 2021 RM'000	2020 RM'000
Cost of investments	1,253,115	1,252,729
Amount due from a subsidiary	85,787	85,787
Less: Impairment losses	1,338,902 (17,488)	1,338,516 (15,350)
	1,321,414	1,323,166

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES *cont'd*

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 (2020: 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 cost to sell and the value in use. The Company is required to estimate the recoverable amount based on forecasting and discounting future cash flows which involves estimation uncertainties.

During the financial year, the Company provided the impairment loss of RM2,138,000 because the investment cost of the said subsidiaries are deemed irrecoverable.

In previous financial year, the Company reversed the impairment loss of RM6,760,000 which was no longer required because the investment cost of the said subsidiary in the process of being strike off had been written off.

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	
			2021 %	2020 %
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

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES *cont'd*

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %

Subsidiary of WPI

PT. Winsheng Plastic and Tooling Industry &*@	Indonesia	Tooling fabrication and plastic part manufacture	-	100
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Subsidiary of IMS

ATA Industrial (M) Sdn. Bhd. ("AIM")	Malaysia	Manufacturing and sales of precision plastic injection moulded parts and assembly of electrical and electronic components and products	100	100
Jabco Filter System Sdn. Bhd.*	Malaysia	Manufacturing and sales of air filters and sterilizers	100	100
ATA Precision Engineering Sdn. Bhd.*	Malaysia	Design and fabrication of tools and moulds	100	100

& The subsidiary is in the process of being liquidated as at year end.

* Not audited by KPMG PLT.

@ Management account was used for the preparation of consolidated financial statements. In the opinion of the Directors, the results and financial position of this subsidiary is not material to the consolidated financial statements.

6. GOODWILL ON CONSOLIDATION

	Goodwill RM'000
Group	
At cost/Carrying amount	
At 1 April 2019/31 March 2020	76,414
At 1 April 2020/31 March 2021	76,414

Goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS

6. GOODWILL ON CONSOLIDATION *cont'd*

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

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

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

- i) Cash flows were projected based on 5-year plan and an estimated terminal value with zero growth rate.
- ii) Revenue were projected based on growth rate of 19.5% - 24.9% on historical sales performance.
- iii) Profit margins were estimated based on historical performance.
- iv) A pre-tax discount rate of 15% was applied in determining the recoverable amount. The discount rate was estimated based on the industry's weighted average cost of capital.

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

Based on the sensitivity analysis, any reasonably possible change in the key assumptions applied is not likely to cause the carrying amount of goodwill to exceed its recoverable amount.

7. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
Raw materials	320,613	261,237
Work-in-progress	115,654	91,983
Finished goods	22,220	15,962
	458,487	369,182
Recognised in profit or loss:		
- Inventories recognised as cost of sales	3,915,787	3,149,401
- Write-down to net realisable value	96	417
- Allowance for slow moving	506	930

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

NOTES TO THE FINANCIAL STATEMENTS

8. CONTRACT WITH CUSTOMERS

	Group	
	2021 RM'000	2020 RM'000
Contract assets	86,541	36,109
Contract liabilities	(198)	(134)

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

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

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

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade				
Trade receivables	911,457	650,151	-	-
Non-trade				
Other receivables, deposits and prepayments	73,096	65,917	553	87
Due from subsidiaries	-	-	57,774	39,032
	73,096	65,917	58,327	39,119
	984,553	716,068	58,327	39,119

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

Included in trade receivables of the Group are RM3,212,000 (2020: RM11,275,000) due from companies in which certain Directors have substantial financial interests.

Included in other receivables, deposits and prepayments are:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Due from companies in which certain Directors have substantial financial interests	869	-	-	-
Other receivables	30,836	23,391	-	5
Deposits	8,003	8,523	1	1
Prepayments	33,388	34,003	552	81
	73,096	65,917	553	87

NOTES TO THE FINANCIAL STATEMENTS

10. DERIVATIVES FINANCIAL ASSETS

	2021		2020	
	Nominal value RM'000	Financial assets RM'000	Nominal value RM'000	Financial assets RM'000
Group				
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	36,106	213	15,429	-

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

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed deposits with licensed banks	97,141	71,865	-	-
Cash and bank balances	254,067	287,762	137	2,751
Cash and cash equivalents in the statements of financial position	351,208	359,627	137	2,751
Less: Pledged deposits	(8,982)	(18,328)	-	-
Bank overdrafts	-	(667)	-	-
Cash and cash equivalents in the statements of cash flows	342,226	340,632	137	2,751

Included in fixed deposits of the Group are amounts of RM8,982,000 (2020: RM18,328,000) pledged to banks to secure banking facilities granted to the subsidiaries.

Fixed deposits of the subsidiaries amounting to RM8,345,000 (2020: RM14,843,000) are registered in the name of certain Directors held in trust for the subsidiaries.

12. CAPITAL AND RESERVES

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2021 RM'000	2020 RM'000	2021 '000	2020 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares	1,338,445	1,338,445	1,204,371	1,204,371

NOTES TO THE FINANCIAL STATEMENTS

12. CAPITAL AND RESERVES *cont'd*

Reserves

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Distributable				
Retained earnings	558,519	432,276	43,096	26,258
Non-distributable				
Exchange fluctuation reserve	65	644	-	-
Reverse accounting reserve	(1,104,436)	(1,104,436)	-	-
Treasury shares	(1,897)	-	(1,897)	-
	(547,749)	(671,516)	41,199	26,258

Ordinary shares

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

Exchange fluctuation reserve

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

Reverse accounting reserve

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

Treasury shares

At the Annual General Meeting held on 23 September 2020, 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.

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

At 31 March 2021, a total of 1,507,400 repurchased shares are being held as treasury shares. The number of outstanding shares in issue after the set off is 1,202,863,599.

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

NOTES TO THE FINANCIAL STATEMENTS

13. LOANS AND BORROWINGS

	Group	
	2021 RM'000	2020 RM'000
Secured		
Non-current		
Hire purchase liabilities	65,936	54,927
Term loans	52,357	54,630
	118,293	109,557
Current		
Hire purchase liabilities	28,154	31,554
Term loans	4,338	4,172
Bankers' acceptances	288,432	214,831
Supply chain financing	78,644	97,950
Revolving credits	35,000	5,000
Bank overdrafts	-	667
	434,568	354,174
	552,861	463,731

Securities

The loans and borrowings are secured by way of:

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

Significant covenants

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

AIM

- i) gearing ratio of the Group, shall not exceed 1.0 time;
- ii) gearing ratio of the subsidiary shall not exceed 1.5 times; and
- iii) dividend declared shall not exceed profit for the year.

WPI

- i) gearing ratio of the Group, shall not exceed 1.5 times;
- ii) advances to related companies shall be capped at RM2 million; and
- iii) dividend declared shall not exceed 50% of profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

14. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment	-	-	(19,137)	(15,514)	(19,137)	(15,514)
Right-of-use assets	-	-	(1,658)	(1,974)	(1,658)	(1,974)
Inventories	1,056	577	-	-	1,056	577
Contract assets	-	-	(3,199)	(1,575)	(3,199)	(1,575)
Trade receivables	50	50	-	-	50	50
Lease liabilities	1,727	2,009	-	-	1,727	2,009
Provisions	1,217	229	-	-	1,217	229
Unrealised exchange differences	508	1,760	-	-	508	1,760
	4,558	4,625	(23,994)	(19,063)	(19,436)	(14,438)
Set off of tax	(4,558)	(4,625)	4,558	4,625	-	-
Net tax liabilities	-	-	(19,436)	(14,438)	(19,436)	(14,438)

Unrecognised deferred tax assets

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

	Group	
	2021	2020
	RM'000	RM'000
Deductible temporary differences	65	389
Unabsorbed capital allowances	831	423
Unutilised tax losses	9,702	9,281
	10,598	10,093

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

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

Pursuant to the Finance Act 2018, unutilised tax losses can only be carried forward up to 7 consecutive year of assessment.

NOTES TO THE FINANCIAL STATEMENTS

14. DEFERRED TAX LIABILITIES *cont'd*

Unrecognised deferred tax assets *cont'd*

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

	Group	
	2021 RM'000	2020 RM'000
2025	7,423	7,423
2026	757	757
2027	1,101	1,101
2028	421	-
	9,702	9,281

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

Movements in temporary differences during the year are as follows:

Group	At 1 April 2019 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31 March 2020/ 1 April 2020 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31 March 2021 RM'000
Property, plant and equipment	12,767	2,747	15,514	3,623	19,137
Right-of-use assets	3,037	(1,063)	1,974	(316)	1,658
Inventories	(327)	(250)	(577)	(479)	(1,056)
Contract assets	1,715	(140)	1,575	1,624	3,199
Trade receivables	(39)	(11)	(50)	-	(50)
Lease liabilities	(3,164)	1,155	(2,009)	282	(1,727)
Provisions	(316)	87	(229)	(988)	(1,217)
Unrealised exchange differences	410	(2,170)	(1,760)	1,252	(508)
	14,083	355	14,438	4,998	19,436

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables	788,193	643,161	-	-
Other payables and accrued expenses	177,181	109,684	234	333
	965,374	752,845	234	333

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES *cont'd*

Included in trade payables of the Group are RM193,662,000 (2020: RM62,499,000) 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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment creditors	38,952	23,681	-	-
Due to Directors	312	312	150	150
Due to companies in which certain Directors have substantial financial interests	2,058	-	-	-
Other payables and accrued expenses	135,859	85,691	84	183
	177,181	109,684	234	333

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

16. REVENUE

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
- Over time	4,221,815	3,352,243	-	-
Other revenue				
- Dividend income	-	-	47,850	27,180
	4,221,815	3,352,243	47,850	27,180

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 and the Group has rights to payment for work performed	Credit period of 60 to 90 days from invoice date	Assurance warranties of 15 to 24 months are given to certain customers

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

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

NOTES TO THE FINANCIAL STATEMENTS

17. FINANCE COSTS

	Group	
	2021 RM'000	2020 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	17,281	17,598
Interest expenses on lease liabilities	489	547
	17,770	18,145

18. TAX EXPENSE

Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax expense				
- Current year	39,712	28,193	22	19
- Prior years	(2,972)	1,980	2	12
	36,740	30,173	24	31
Deferred tax expense				
- Origination and reversal of temporary differences	5,390	92	-	-
- (Over)/Under provision in prior years	(392)	263	-	-
	4,998	355	-	-
	41,738	30,528	24	31
Reconciliation of tax expense				
Profit before tax	192,038	106,798	40,919	26,216
Income tax calculated using Malaysian tax rate of 24%	46,089	25,632	9,821	6,292
Non-deductible expenses	2,825	2,593	1,685	250
Non-taxable income	(8)	(222)	(11,484)	(6,523)
Utilisation of tax incentives	(3,925)	-	-	-
Effect of unrecognised deferred tax assets	121	282	-	-
	45,102	28,285	22	19
(Over)/Under provision in prior years	(3,364)	2,243	2	12
Tax expense	41,738	30,528	24	31

NOTES TO THE FINANCIAL STATEMENTS

19. PROFIT FOR THE YEAR

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the year is arrived at after charging/(crediting)					
Auditor's remuneration:					
- Audit fees:					
- KPMG PLT		296	306	65	75
- Other auditors		53	53	-	-
- Non-audit fees:					
- KPMG PLT		8	11	8	8
- Local affiliates of KPMG PLT		45	45	5	5
- Other auditors		37	35	-	-
Bad debts written off		449	-	-	-
Depreciation:					
- Property, plant and equipment		39,213	33,266	-	-
- Right-of-use assets		3,377	3,238	-	-
Expenses relating to short-term leases	a	18,277	16,049	-	-
Personnel expenses (including key management personnel):					
- Contribution to state plans		13,004	10,776	-	-
- Wages, salaries and others		367,649	304,957	300	300
Net foreign exchange (gain)/loss		(22,319)	412	-	-
Lease income		(2,040)	(2,040)	-	-
Gain arising from lease modification		(2)	(495)	-	-
Covid-19 related rent concessions income	b	(30)	-	-	-
Loss/(Gain) on disposal of property, plant and equipment		54	(14)	-	-
Inventories:					
- Allowance for slow moving		506	930	-	-
- Write-down to net realisable value		96	417	-	-
(Reversal of impairment loss)/					
Impairment loss on:					
- Trade receivables		(51)	117	-	-
- Other receivables		-	205	-	158
- Amounts due from subsidiaries		-	-	4,039	-
- Investments in subsidiaries		-	-	2,138	-
Fair value gain on derivative instruments		(213)	-	-	-
Wages subsidy from government	c	(2,563)	-	-	-

Note a

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

NOTES TO THE FINANCIAL STATEMENTS

19. PROFIT FOR THE YEAR *cont'd*

Note b

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

Note c

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

20. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2021 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021 RM'000	2020 RM'000
Profit for the year attributable to owners	150,300	76,270

Weighted average number of ordinary shares are determined as follows:

	Group	
	2021 '000	2020 '000
Weighted average number of ordinary shares at 31 March	1,203,330	1,204,371
Basic earnings per ordinary share (sen)	12.49	6.33

Diluted earnings per ordinary share

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

NOTES TO THE FINANCIAL STATEMENTS

21. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2021			
Final dividend 2020	2.00	24,057	28 October 2020
2020			
Final dividend 2019	3.29	39,624	27 September 2019

After the end of the reporting period, the following dividend was proposed by the Directors.

	Sen per share	Total amount RM'000
Final dividend 2021	3.35	40,296

The final dividend will be recognised in the subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

22. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Acquisition of property, plant and equipment represent:

	Group	
	2021 RM'000	2020 RM'000
Current year's additions of property, plant and equipment	72,089	73,785
Less: Amount financed by hire purchase	(47,113)	(32,095)
Less: Balances in respect of acquisition of property, plant and equipment included in other creditors		
- at end of year	(38,952)	(23,681)
- at beginning of year	23,681	18,502
Cash used in acquisition of property, plant and equipment	9,705	36,511

NOTES TO THE FINANCIAL STATEMENTS

23. 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 to 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 2021 and 2020.

Major customers

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

	Revenue RM'000
2021	
Customer A	3,626,384
2020	
Customer A	2,949,185

24. CAPITAL COMMITMENTS

	Group	
	2021 RM'000	2020 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	44,661	18,340

25. CONTINGENT LIABILITIES

	Company	
	2021 RM'000	2020 RM'000
Unsecured		
Corporate guarantees given to financial institutions for banking facilities of subsidiaries	520,115	433,175

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC")
- (b) Fair value through profit or loss ("FVTPL")
 - Mandatorily required by MFRS 9

Group	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
2021			
Financial assets			
Trade and other receivables	951,165	951,165	-
Derivative financial assets	213	-	213
Cash and cash equivalents	351,208	351,208	-
	1,302,586	1,302,373	213
Financial liabilities			
Loans and borrowings	(552,861)	(552,861)	-
Trade and other payables	(965,374)	(965,374)	-
	(1,518,235)	(1,518,235)	-
2020			
Financial assets			
Trade and other receivables	682,065	682,065	-
Cash and cash equivalents	359,627	359,627	-
	1,041,692	1,041,692	-
Financial liabilities			
Loans and borrowings	(463,731)	(463,731)	-
Trade and other payables	(752,845)	(752,845)	-
	(1,216,576)	(1,216,576)	-
		Carrying amount RM'000	AC RM'000
Company			
2021			
Financial assets			
Other receivables and deposits		58,327	58,327
Cash and cash equivalents		137	137
		58,464	58,464
Financial liabilities			
Trade and other payables		(234)	(234)

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*

26.1 Categories of financial instruments *cont'd*

	Carrying amount RM'000	AC RM'000
Company		
2020		
Financial assets		
Other receivables and deposits	39,119	39,119
Cash and cash equivalents	2,751	2,751
	41,870	41,870
Financial liabilities		
Trade and other payables	(333)	(333)

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) arising on:				
Financial assets at amortised cost	7,353	9,496	(4,012)	(67)
Fair value through profit or loss				
- Mandatorily required by MFRS 9	213	-	-	-
Financial liabilities at amortised cost	5,038	(18,010)	-	-
	12,604	(8,514)	(4,012)	(67)

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.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*

26.4 Credit risk *cont'd*

Trade receivables and contract assets *cont'd*

Risk management objectives, policies and processes for managing the risk cont'd

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's largest customer constitute approximately 82% (2020: 84%) of total trade receivables. The customer does not have any significant outstanding balances exceeding its normal credit terms as at the end of the reporting period.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions to recover long overdue balances.

As there are only few customers, the Group assesses the risk of loss of the customer individually based on their financial information past trend of payment and external credit ratings, where applicable.

The following table provides information about the exposure to credit risk and expected credit losses ("ECLs") for trade receivables and contract assets as at the end of the reporting date which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Current (not past due)	827,659	-	827,659
1 - 30 days past due	164,517	-	164,517
31 - 90 days past due	2,942	-	2,942
	995,118	-	995,118
Credit impaired			
More than 90 days past due	3,544	664	2,880
	998,662	664	997,998
Trade receivables	912,121	664	911,457
Contract assets	86,541	-	86,541
	998,662	664	997,998

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

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2020			
Current (not past due)	463,224	-	463,224
1 - 30 days past due	221,111	-	221,111
31 - 90 days past due	1,661	-	1,661
	685,996	-	685,996
Credit impaired			
More than 90 days past due	1,279	1,015	264
	687,275	1,015	686,260
Trade receivables			
Contract assets	651,166	1,015	650,151
	36,109	-	36,109
	687,275	1,015	686,260

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

Group	Credit impaired/Total 2021 RM'000	2020 RM'000
Balance at 1 April	1,015	1,195
Net remeasurement of loss allowance	(51)	117
Amount written off	(300)	(297)
Balance at 31 March	664	1,015

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 RM520,115,000 (2020: RM433,175,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*

26.4 Credit risk *cont'd*

Financial guarantees *cont'd*

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when subsidiaries' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company does not recognise any allowance for impairment losses.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company monitors the ability of subsidiaries to repay the balances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

The Company considers amounts due from subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when subsidiaries' financial position deteriorates significantly. The Company considers amounts due from subsidiaries to be credit impaired when:

- The subsidiary is unlikely to repay the amounts to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for amounts due from subsidiaries individually using internal information available.

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
2021			
Low credit risk	57,774	-	57,774
Credit impaired	4,039	4,039	-
	61,813	4,039	57,774
2020			
Low credit risk	39,032	-	39,032

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	2021 RM'000	2020 RM'000
Balance at 1 April	-	-
Net remeasurement of loss allowance	4,039	-
Balance at 31 March	4,039	-

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Risk management objectives, policies and processes for managing the risk

The Group and the Company monitor the exposure to credit risk on individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

Generally, the Group and the Company consider other receivables have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when other receivables' financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the other receivables when they are receivable, the Group and the Company consider the other receivables to be in default when the other receivables are not able to pay when demanded. The Group and the Company consider other receivables to be credit impaired when:

- The other receivables are unlikely to repay its balance to the Group and the Company in full; and
- The other receivables are continuously loss making and are having a deficit shareholders' fund.

The Group and the Company determine the probability of default for these debtors individually using information available.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*

26.4 Credit risk *cont'd*

Other receivables *cont'd*

Recognition and measurement of impairment loss cont'd

The following table provides information about the exposure to credit risk and ECLs for other receivables as at the end of the reporting period.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Low credit risk	31,705	-	31,705
2020			
Low credit risk	23,368	-	23,368
Credit impaired	169	146	23
	23,537	146	23,391

Company	Gross carrying amount/ Net balance	
	2021 RM'000	2020 RM'000
Low credit risk	-	5

The movements in the allowance for impairment in respect of other receivables during the financial year are shown below:

	2021 RM'000	2020 RM'000
Group		
At 1 April	146	99
Net remeasurement of loss allowance	-	205
Amount written off	(146)	(158)
At 31 March	-	146
Company		
At 1 April	-	-
Net remeasurement of loss allowance	-	158
Amount written off	-	(158)
At 31 March	-	-

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*

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.

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate/coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2021							
<i>Non-derivative financial liabilities</i>							
Secured hire							
purchase liabilities	94,090	2.45 - 5.79	104,049	32,555	26,401	45,089	4
Secured term loans	56,695	4.05 - 6.92	74,611	6,923	6,899	20,777	40,012
Secured bankers' acceptances	288,432	2.35 - 3.53	288,432	288,432	-	-	-
Supply chain financing	78,644	-*	78,644	78,644	-	-	-
Secured revolving credits	35,000	3.41 - 4.37	35,000	35,000	-	-	-
Lease liabilities	7,197	5.10	7,979	2,330	1,804	3,845	-
Trade and other payables	965,374	-	965,374	965,374	-	-	-
	1,525,432		1,554,089	1,409,258	35,104	69,711	40,016
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	35,893	35,893	-	-	-
Inflow	(213)	-	(36,106)	(36,106)	-	-	-
	1,525,219		1,553,876	1,409,045	35,104	69,711	40,016

* Interest is borne by the supplier.

NOTES TO THE FINANCIAL STATEMENTS

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	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group 2020							
<i>Non-derivative financial liabilities</i>							
Secured hire purchase liabilities	86,481	2.10 - 5.70	95,122	35,081	22,244	36,855	942
Secured term loans	58,802	4.55 - 6.92	75,417	5,344	5,292	15,732	49,049
Secured bankers' acceptances	214,831	2.98 - 4.39	214,831	214,831	-	-	-
Supply chain financing	97,950	-*	97,950	97,950	-	-	-
Secured revolving credits	5,000	5.11 - 6.01	5,000	5,000	-	-	-
Secured bank overdrafts	667	7.20	667	667	-	-	-
Lease liabilities	8,373	5.10	9,539	1,981	1,910	4,861	787
Trade and other payables	752,845	-	752,845	752,845	-	-	-
	1,224,949		1,251,371	1,113,699	29,446	57,448	50,778
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	15,429	15,429	-	-	-
Inflow	-	-	(15,429)	(15,429)	-	-	-
	1,224,949		1,251,371	1,113,699	29,446	57,448	50,778
Company 2021							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	234		234	234	-	-	-
Financial guarantees*	-		520,115	520,115	-	-	-
	234		520,349	520,349	-	-	-
2020							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	333	-	333	333	-	-	-
Financial guarantees*	-	-	433,175	433,175	-	-	-
	333		433,508	433,508	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*

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"), Japanese Yen ("JPY"), 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.

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	Denominated in		
			JPY RM'000	CNY RM'000	EUR RM'000
Group					
2021					
Trade and other receivables	65,153	36	-	-	-
Cash and cash equivalents	17,416	102	-	-	1,718
Trade and other payables	(250,211)	(4,336)	-	(41,748)	(2,559)
	(167,642)	(4,198)	-	(41,748)	(841)
2020					
Trade and other receivables	11,021	25	-	-	-
Cash and cash equivalents	19,849	15	-	-	-
Trade and other payables	(179,469)	(5,735)	(1,644)	(17,338)	(10,679)
	(148,599)	(5,695)	(1,644)	(17,338)	(10,679)

Currency risk sensitivity analysis

A 10% (2020: 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.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*

26.6 Market risk *cont'd*

Currency risk *cont'd*

Currency risk sensitivity analysis *cont'd*

	Profit or loss	
	2021	2020
	RM'000	RM'000
Group		
USD	12,741	11,294
SGD	319	433
JPY	-	125
CNY	3,173	1,318
EUR	64	812
	16,297	13,982

A 10% (2020: 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.

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	
	2021	2020
	RM'000	RM'000
Fixed rate instruments		
Financial assets	97,141	71,865
Financial liabilities	(424,719)	(314,685)
	(327,578)	(242,820)
Floating rate instruments		
Financial liabilities	(56,695)	(59,469)

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*

26.6 Market risk *cont'd*

Interest rate risk *cont'd*

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 RM431,000 (2020: RM452,000). This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

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 carried at fair value Level 2 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Group				
2021				
Financial assets				
Forward exchange contracts	213	-	213	213
Financial liabilities				
Hire purchase liabilities	-	(97,006)	(97,006)	(94,090)
2020				
Financial liabilities				
Hire purchase liabilities	-	(88,484)	(88,484)	(86,841)

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract provided by the bank.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS *cont'd*

26.7 Fair value information *cont'd*

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.

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 2021 and at 31 March 2020 were as follows:

	2021 RM'000	2020 RM'000
Total loans and borrowings (Note 13)	552,861	463,731
Lease liabilities	7,197	8,373
Total debts	560,058	472,104
Total equity attributable to owners of the Company less goodwill	714,282	590,515
Gearing ratio	0.78	0.80

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

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is also required to maintain a maximum gearing ratio of 1 to comply with bank covenants, failing which, the bank may call an event of default. The Group has complied with this covenant.

NOTES TO THE FINANCIAL STATEMENTS

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.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 9 and 15.

	Group	
	2021	2020
	RM'000	RM'000
A. Companies in which certain Directors of the Company have substantial financial interest		
Sales	29,711	15,421
Purchases	1,022,738	428,894
Lease income	2,040	2,040
Transportation charges	1,276	583
Labour charges	-	61
B. Key management personnel		
<i>Directors</i>		
- Remuneration	9,634	8,139
- Contribution to state plans	1,067	877
Total short-term employee benefits	10,701	9,016
<i>Other key management personnel</i>		
- Wages, salaries and others	4,329	4,217
- Contributions to state plans	504	504
	4,833	4,721
	15,534	13,737

NOTES TO THE FINANCIAL STATEMENTS

28. RELATED PARTIES *cont'd*

Significant related party transactions *cont'd*

		Company	
		2021	2020
		RM'000	RM'000
A.	Subsidiaries		
	Dividend receivable	47,850	27,180
B.	Key management personnel		
	Directors		
	- Remuneration	300	300

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

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 63 to 121 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 2021 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: 3 August 2021

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 63 to 121 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 above named Loh Choo Shien, NRIC: 741126-01-6517, MIA CA 22027, at Johor Bahru in the State of Johor on 3 August 2021.

.....
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 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 121.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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.

Goodwill impairment assessment - Group

Refer to Note 2(f) - Significant accounting policies: Intangible assets and Note 6 Goodwill on consolidation.

The key audit matter

Arising from the business combination, the Group has recognised a significant amount of goodwill of RM76 million, predominantly allocated to the cash generating unit ("CGU") that is expected to benefit from synergies of the business combination.

The Group conducted an impairment assessment on the CGU to identify if the recoverable amount is less than the carrying amount, indicating that the goodwill may be impaired. The Group determined the recoverable amount of the CGU based on its value-in-use, using discounted cash flows projections in which the Directors made judgements over certain key inputs, including revenue growth rates, profit margin, discount rates and terminal value growth rates.

We identified this as a key audit matter because of the significance of the amount of goodwill on acquisition in the financial statements. The estimation of the recoverable amount is based on forecasting and discounting future cash flows, which are inherently judgemental.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ATA IMS BERHAD

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

How the matter was addressed in our audit:

Our audit procedures performed in this area included, amongst others:

- We obtained the cash flows projections performed by the Group and considered whether there were material inconsistencies with the approved business plans and forecasts.
- We assessed the appropriateness of key assumptions used in particular those relating to revenue growth rates, profit margin, discount rates and terminal value applied to the cash flows projections, by comparing to the historical and current performance, internal business plans and forecasts and externally derived market data.
- We evaluated the Group's sensitivity analyses around the key assumptions including revenue growth rates, profit margin, discount rates and terminal value growth rates to the extent of the change that would result the assets to be impaired.
- We also assessed the Group's disclosures on the CGU's key assumptions used and sensitivity of the outcome of the impairment assessment to changes in key assumptions and determined whether the disclosures reflected the risks inherent in the valuation of goodwill.

Impairment on investment in subsidiaries - Company

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

The key audit matter

As at 31 March 2021, the Company's carrying amount of interests in subsidiaries amounted to RM1,321 million, including interests in IMS group and amount due from a subsidiary with a total amount of RM1,276 million, which the Company regards as one cash generating unit.

The Company is required to estimate the recoverable amount based on forecasting and discounting future cash flows and to recognise impairment loss if the recoverable amount is less than its carrying amount in accordance with MFRS 136 Impairment of Assets.

In view of the significance of the carrying amount of investments in IMS Group and the inherent uncertainties and level of judgement required in evaluating the Company's assumptions included within the cash flows projections, impairment on investments in subsidiaries is determined as a key audit matter.

How the matter was addressed in our audit

Our audit procedures performed in this area included, amongst others:

- We obtained the cash flows projections performed by the Company and considered whether there were material inconsistencies with the approved business plans and forecasts.
- We assessed the appropriateness of key assumptions used in particular those relating to revenue growth rates, profit margin, discount rates and terminal value applied to the cash flows projections, by comparing to the historical and current performance, internal business plans and forecasts and externally derived market data.
- We evaluated the Company's sensitivity analyses around the key assumptions including revenue growth rates, profit margin, discount rates and terminal value growth rates to the extent of the change that would result the assets to be impaired.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ATA IMS BERHAD

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

- 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.

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Yen Ing
Approval Number: 03174/04/2023 J
Chartered Accountant

Johor Bahru

Date: 3 August 2021

ANALYSIS OF SECURITIES

ORDINARY SHARE AS AT 30 JULY 2021

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 JULY 2021

Size of Holdings	No. of Holders	%(*)	No. of Shares	%(*)
1 - 99	815	9.574	34,253	0.003
100 - 1,000	4,078	47.903	1,873,273	0.156
1,001 - 10,000	2,563	30.107	10,203,279	0.848
10,001 - 100,000	753	8.845	23,641,121	1.965
100,001 - 60,143,180 *	301	3.536	359,438,825	29.882
60,143,181 and above **	3	0.035	807,672,848	67.146
TOTAL	8,513	100.00	1,202,863,599[^]	100.00

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 JULY 2021

DIRECTOR	Direct Interest	No. of Shares Held %(*)	Indirect Interest	%(*)
DATO' SRI FOO CHEE JUAN	-	-	407,396,307*	33.869
DATO' FONG CHIU WAN	314,066,157	26.110	-	-
DATUK BALACHANDRAN A/L GOVINDASAMY	8,519,400	0.708	86,005,134 [^]	7.150
KOH WIN TON	-	-	-	-
WONG CHIN CHIN	-	-	-	-
LEE KOK JONG	-	-	-	-

Note : * Deemed interested in the shares held by Oregon Technology Sdn. Bhd. ("Oregon") by virtue of his interest in Oregon.
[^] Deemed interested in the shares held by PP Tech Limited ("PPTech") by virtue of his interest in PPTech.
 (*) Based on the total number of issued shares net of 1,507,400 treasury shares.

SUBSTANTIAL SHAREHOLDERS AS AT 30 JULY 2021

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	314,066,157	26.110	-	-
PP TECH LIMITED	86,005,134	7.150	-	-
DATUK BALACHANDRAN A/L GOVINDASAMY	8,519,400	0.708	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.
[^] Deemed interested in the shares held by PP Tech Limited ("PPTech") by virtue of his interest in PPTech.
 (*) Based on the total number of issued shares net of 1,507,400 treasury shares.

ANALYSIS OF SECURITIES

TOP THIRTY SHAREHOLDERS AS AT 30 JULY 2021

No.	Shareholders	Number of Shares Held	% (*)
1.	OREGON TECHNOLOGY SDN BHD	407,396,307	33.869
2.	FONG CHIU WAN	314,066,157	26.110
3.	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED</i>	86,210,384#	7.167
4.	KENANGA NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR PHILLIP SECURITIES PTE LTD</i>	28,240,400	2.348
5.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	12,506,300	1.040
6.	CARTABAN NOMINEES (ASING) SDN BHD <i>BBH (LUX) SCA FOR FIDELITY FUNDS ASEAN</i>	10,643,000	0.885
7.	HONG LEONG ASSURANCE BERHAD <i>AS BENEFICIAL OWNER (LIFE PAR)</i>	10,396,500	0.864
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)</i>	9,204,900	0.765
9.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>BALACHANDRAN A/L GOVINDASAMY (JBA)</i>	8,519,400	0.708
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)</i>	8,151,300	0.678
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)</i>	7,115,200	0.592
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)</i>	6,081,900	0.506
13.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND</i>	6,058,600	0.504
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR MANULIFE INVESTMENT - HW FLEXI FUND</i>	6,041,700	0.502
15.	LEMBAGA TABUNG ANGKATAN TENTERA	5,863,500	0.487
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)</i>	5,691,000	0.473
17.	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND</i>	5,610,100	0.466
18.	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR MANULIFE INSURANCE BERHAD (EQUITY FUND)</i>	5,400,700	0.449

ANALYSIS OF SECURITIES

TOP THIRTY SHAREHOLDERS AS AT 30 JULY 2021

No.	Shareholders	Number of Shares Held	% (*)
19.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)</i>	5,172,700	0.430
20.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)</i>	4,840,600	0.402
21.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)</i>	4,367,700	0.363
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)</i>	4,193,600	0.349
23.	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL</i>	4,086,700	0.340
24.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>URUSHARTA JAMAAH SDN. BHD. (AFFIN 2)</i>	4,075,700	0.339
25.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>EXEMPT AN FOR DEUTSCHE BANK AG SINGAPORE (MAYBANK SG PWM)</i>	4,000,000	0.333
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAMEQUITY FUND)</i>	3,820,000	0.318
27.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND</i>	3,795,900	0.315
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	3,681,100	0.306
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>NATIONAL TRUST FUND (IFM AFFINHWANG)</i>	3,675,800	0.305
30.	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>TMF TRUSTEES MALAYSIA BERHAD FOR AFFIN HWANG WHOLESALE EQUITY FUND</i>	3,503,100	0.291
Total		992,410,248	82.504

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 ²	24	17,617	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 ²	25	22,991	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 ²	22		
4)	HSD187267 PTD62919 Mukim of Tebrau, District of Johor Bahru	No.15, Jalan Bayu, 81200 Johor Bahru, Johor.	Freehold	2 storey detached factory with office	1.2 acres/ 5,911m ²	23	7,148	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 ²	25	3,087	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 ²	25	2,885	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 ²	23	15,681	17 March 2016
8)	Lot 1572 Geran 128419 Mukim of Tebrau, District of Johor Bahru	Lot 1572, Jalan Dewani, Kawasan Perindustrian Dewani, 81100 Johor Bahru, Johor.	Freehold	3 storey detached factory with office	1.43 acres/ 5,772m ²	3	20,428	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 ²	21	25,667	15 May 2019

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE THIRTY-SECOND (32ND) ANNUAL GENERAL MEETING OF ATA IMS BERHAD WILL BE CONDUCTED ON A FULLY VIRTUAL BASIS VIA REMOTE PARTICIPATION AND ELECTRONIC VOTING VIA ONLINE MEETING PLATFORM AT TIIH ONLINE WEBSITE AT <https://tiih.online> ON THURSDAY, 23 SEPTEMBER 2021 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 2021 and the Reports of the Directors and Auditors thereon. *Please refer to Explanatory Note 8 (a) (i)*
2. To approve the Directors' fees of RM300,000-00 for the financial year ending 31 March 2022. *Resolution 1*
3. To re-elect the following Directors who are retiring in accordance with Clause 76(3) of the Company's Constitution:-
 - (i) Dato' Fong Chiu Wan *Resolution 2*
 - (ii) Datuk Balachandran a/l Govindasamy *Resolution 3*
4. To approve the payment of a single tier final dividend of 3.35 sen per ordinary share in respect of the financial year ended 31 March 2021. *Resolution 4*
5. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 5*

Special Business

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

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** *Resolution 6*

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021.

NOTICE OF ANNUAL GENERAL MEETING

THAT with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

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

7. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK ("PROPOSED SHARE BUY-BACK")

Resolution 7

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (a) the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase.

("Proposed Share Buy-Back")

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- i. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting; the authority is renewed, either unconditionally or subject to conditions;
- ii. the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or
- iii. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable law, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities of the time being in force:

- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or
- viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities of the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depository) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.

NOTICE OF ANNUAL GENERAL MEETING

8. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH THE RELATED PARTIES AS DISCLOSED UNDER PARAGRAPH 4.3 OF THE CIRCULAR TO SHAREHOLDERS

Resolution 8

"THAT approval be and is hereby given pursuant to Paragraph 10.09 and Practice Note 12 of the Bursa Malaysia Main Market Listing Requirements for the Company and its subsidiaries to enter into the category of Recurrent Related Party Transactions of a revenue or trading nature as set out in Paragraph 4.3 of the Circular to Shareholders dated 26 August 2021 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;"

9. 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: 26 August 2021

Notes:

1. *The 32nd AGM will be conducted on a fully virtual basis via online meeting platform at tiih online provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") in Malaysia via its TIH Online website at <https://tiih.online>. Members are to participate, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "Participate") remotely at this 32nd AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor. Members are advised to follow the procedures of RPV as stated in the Administrative Guide.*
2. *According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 1 June 2021 and including any amendment(s) that may be made from time to time, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to Participate in the meeting online.*

NOTICE OF ANNUAL GENERAL MEETING

3. *For the purpose of determining who shall be entitled to Participate this 32nd AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to make available to the Company a Record of Depositor as at 15 September 2021. Only members whose names appear on this Record of Depositors shall be entitled to Participate this 32nd AGM via RPV.*
4. *A member entitled to Participate at this 32nd AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to Participate in his/her place. A proxy may but need not be a member of the Company*
5. *A member of the Company who is entitled to Participate at the 32nd AGM of the Company may appoint not more than two (2) proxies to Participate instead of the member at the Annual General Meeting.*
6. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange*
7. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
8. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
9. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
10. *The appointment of a proxy may be made in a hard copy form or by electronic 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://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.
11. *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.*
12. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
13. *Last date and time for lodging this proxy form is 2.30 p.m. on Tuesday, 21 September 2021.*

NOTICE OF ANNUAL GENERAL MEETING

14. 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.
15. 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.

Explanatory Note on Ordinary and Special Business:

(a) Ordinary Business

(i) **Item 1 of Agenda**

This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

(ii) **Ordinary Resolution No. 2 & 3**

Dato' Fong Chiu Wan and Datuk Balachandran a/l Govindasamy are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 32nd AGM.

The Board of Directors has through the Nomination Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

The profiles of the Directors standing for re-election are provided on pages 13 to 14 of the Board of Directors' Profile in the 2021 Annual Report.

(b) Special Business

(iii) **Ordinary Resolution No. 6**

– Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The Proposed Resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

NOTICE OF ANNUAL GENERAL MEETING

The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as it will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

The Company has not issued any shares under the mandate granted to the Directors at the last Annual General Meeting of the Company held on 23 September 2020 and which will lapse at the conclusion of the 32nd Annual General Meeting of the Company.

**(iv) Ordinary Resolution No. 7
- Proposed Share Buy-Back**

The Proposed Resolution, if passed, will enable the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next annual general meeting of the Company.

The details of this Proposed Resolution are set out in Part B of the Statement to the Shareholders of the Company dated 26 August 2021 which is dispatched together with the Company's Annual report 2021.

**(v) Ordinary Resolution No. 8
- 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.

CLOSURE OF BOOKS

To determine shareholders' entitlement to the dividend payment, if approved at the 32nd Annual General Meeting of the Company, the Share transfer books and Register of Members will be closed on 13 October 2021.

The dividend, if approved, will be paid on 28 October 2021 to shareholders whose names appear in the Register of Members and Record of Depositors at the close of business on 13 October 2021.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (a) shares transferred into the depositor's securities account before 4:30 p.m. on 13 October 2021 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

The Thirty-Second Annual General Meeting (32nd AGM) of ATA IMS Berhad will be conducted on a Fully Virtual Basis via Remote Participation and Electronic Voting via Online Meeting Platform at TIH Online website provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its website at <https://tiih.online> on Thursday, 23 September 2021 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 32nd AGM except for the following Directors who are seeking for re-election at the 32nd AGM of the Company as follows:

<u>Name of Director</u>	<u>Clause</u>
Dato' Fong Chiu Wan	76(3)
Datuk Balachandran a/l Govindasamy	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 13 to 14 of the Annual Report.

Information on Board meetings

The details of attendance of directors at board meetings are set out on the Corporate Governance Overview Statement on page 37 of this Annual Report.



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-Second (32nd) Annual General Meeting of the Company will be conducted on a Fully Virtual basis via remote participation and electronic voting via online meeting platform at TIH Online website at <https://tihih.online> provided by Tricor Investor & Issuing House Services Sdn. Bhd. on Thursday, 23 September 2021 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		
RESOLUTION 8		

(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 _____, 2021

No. of Shares Held	
CDS Account No.	

Signature of shareholder(s)

Contact No. :

Notes:

- The 32nd AGM will be conducted on a fully virtual basis via online meeting platform at tihih online provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") in Malaysia via its TIH Online website at <https://tihih.online>. Members are to participate, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "Participate") remotely at this 32nd AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor. Members are advised to follow the procedures of RPV as stated in the Administrative Guide.
- According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 1 June 2021 and including any amendment(s) that may be made from time to time, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to Participate in the meeting online.
- For the purpose of determining who shall be entitled to Participate this 32nd AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to make available to the Company a Record of Depositor as at 15 September 2021. Only members whose names appear on this Record of Depositors shall be entitled to Participate this 32nd AGM via RPV.
- A member entitled to Participate at this 32nd AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to Participate in his/her place. A proxy may but need not be a member of the Company.
- A member of the Company who is entitled to Participate at the 32nd AGM of the Company may appoint not more than two (2) proxies to Participate instead of the member at the Annual General Meeting.
- If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
- Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

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10. 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://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.
11. 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.
12. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
13. Last date and time for lodging this proxy form is 2.30 p.m. on Tuesday, 21 September 2021.
14. 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.
15. 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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